

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S LIMITED  
REVIEW REPORT AND THE CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**SASA POLYESTER  
SANAYİ A.Ş. AND ITS SUBSIDIARY**

CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITOR'S  
LIMITED REVIEW REPORT FOR THE INTERIM  
PERIOD 1 JANUARY - 30 JUNE 2019

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR’S LIMITED  
REVIEW REPORT ORIGINALLY ISSUED IN TURKISH)**

**LIMITED REVIEW REPORT ON CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION**

**To the General Assembly of SASA Polyester Sanayi A.Ş.**

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of SASA Polyester Sanayi A.Ş. (“the Company”) and its subsidiary (together referred as “the Group”) as at 30 June 2019, and the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Condensed Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim condensed consolidated financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review of the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not present in accordance with TAS 34, in all material respects.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Osman Arslan, SMMM  
Partner

İstanbul, 9 August 2019

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**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019 AND AS AT 31 DECEMBER 2018**

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

		<b>Current Period</b>	<b>Prior Period</b>
	<b>Notes</b>	<b>(Reviewed) 30 June 2019</b>	<b>(Audited) 31 December 2018</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>1,557,517</b>	<b>1,483,362</b>
Cash and Cash Equivalents	3	50,270	28,272
Financial Investments	4	20,080	28,139
Trade Receivables	5	466,336	460,600
- Trade Receivables from Third Parties	5	371,805	388,694
- Trade Receivables from Related Parties	26	94,531	71,906
Other Receivables	7	238,013	331,978
- Other Receivables from Third Parties	7	3,020	2,002
- Other Receivables from Related Parties	26	234,993	329,976
Inventories	8	659,944	560,647
Prepaid Expenses	9	5,666	6,176
Other Current Assets	16	117,208	67,550
<b>Non - Current Assets</b>		<b>3,945,085</b>	<b>2,667,768</b>
Other Receivables	7	114	114
Investment Properties	10	3,086	3,198
Property, Plant and Equipment	11	2,819,989	2,169,390
Intangible Assets	12	1,266	1,098
Prepaid Expenses	9	364,881	196,282
Deferred Tax Asset	24	755,749	297,686
<b>TOTAL ASSETS</b>		<b>5,502,602</b>	<b>4,151,130</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>2,151,119</b>	<b>1,188,257</b>
Short - Term Borrowings	4	1,764,437	855,100
- Short - Term Borrowings	4	1,007,466	639,556
- Short - Term Portion of Long - Term Borrowings	4	756,971	215,544
Trade Payables	5	318,233	316,577
- Trade Payables to Third Parties	5	318,233	316,577
Payables Related to Employee Benefits	6	10,403	7,206
Other Payables	7	8,832	3,646
- Other Payables to Third Parties	7	8,832	3,646
Deferred Income	7	47,967	1,624
Current Tax Liabilities	24	-	3,227
Short - Term Provisions		1,247	877
-Other Short - Term Provisions	13	705	877
-Short - Term Provisions for Employee Benefits	15	542	-
<b>Non - Current Liabilities</b>		<b>1,331,915</b>	<b>1,227,643</b>
Long - Term Borrowings	4	1,285,893	1,186,329
- Long - Term Borrowings to Third Parties	4	1,285,893	1,186,329
Long - Term Provisions	15	46,022	40,920
- Long - Term Provisions for Employee Benefits	15	46,022	40,920
Deferred Tax Liability	24	-	394
<b>EQUITY</b>		<b>2,019,568</b>	<b>1,735,230</b>
Share Capital	17	830,000	605,000
Adjustments to Share Capital	17	13	13
Repurchased Shares	17	(2,594)	(1,594)
Restricted Reserves Appropriated from Profit	17	191,559	28,306
Other Comprehensive Income (Expenses) that will not be Reclassified			
to Profit or Loss	17	508,483	508,483
- Losses on Remeasurement of Defined Benefit Plans	17	(4,109)	(4,109)
- Gain on Revaluation of Property, Plant and Equipment	17	512,592	512,592
Prior Years' Losses	17	(6,540)	(2,384)
Net Profit for the Period	17	498,647	597,406
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,502,602</b>	<b>4,151,130</b>

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

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018**

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

		(Reviewed)	(Not Reviewed)	(Reviewed)	(Not Reviewed)
	Notes	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Revenue	18	1,260,775	634,473	953,761	534,024
Cost of Sales (-)	18	(1,089,630)	(514,453)	(744,249)	(401,448)
<b>GROSS PROFIT</b>		<b>171,145</b>	<b>120,020</b>	<b>209,512</b>	<b>132,576</b>
General Administrative Expenses (-)	19	(15,583)	(7,007)	(9,896)	(4,086)
Marketing Expenses (-)	19	(43,959)	(21,731)	(31,064)	(15,722)
Research and Development Expenses (-)	19	(346)	(203)	(597)	(396)
Other Income from Operating Activities	20	114,789	51,804	165,499	109,461
Other Expenses from Operating Activities (-)	20	(85,640)	(62,712)	(70,050)	(41,310)
<b>OPERATING PROFIT</b>		<b>140,406</b>	<b>80,171</b>	<b>263,404</b>	<b>180,523</b>
Income from Investing Activities	21	2,061	1,709	3,455	402
Expenses from Investing Activities (-)	21	(1,117)	(733)	(4,607)	(338)
<b>OPERATING PROFIT BEFORE FINANCE INCOME</b>		<b>141,350</b>	<b>81,147</b>	<b>262,252</b>	<b>180,587</b>
Finance Income	22	36,919	22,425	16,609	12,045
Finance Expenses (-)	23	(138,079)	(70,112)	(148,572)	(120,708)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>40,190</b>	<b>33,460</b>	<b>130,289</b>	<b>71,924</b>
<b>Tax Income from Continuing Operations</b>		<b>458,457</b>	<b>248,854</b>	<b>138,165</b>	<b>152,875</b>
- Current Tax Expense (-)	24	-	-	(662)	17,327
- Deferred Tax Income	24	5,927	10,131	23,405	20,126
- Deferred Tax Income with Incentive Certificate	24	452,530	238,723	115,422	115,422
<b>PROFIT FOR THE PERIOD</b>		<b>498,647</b>	<b>282,314</b>	<b>268,454</b>	<b>224,799</b>
<b>Other comprehensive income / expense</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>498,647</b>	<b>282,314</b>	<b>268,454</b>	<b>224,799</b>
<b>Total Comprehensive Income Attributable to:</b>					
Owners of the Company		498,647	282,314	268,454	224,799
Non - Controlling Interests		-	-	-	-
Earnings Per Share	25	0.6008	0.3401	0.3234	0.2708

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

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2019 AND 2018**

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

					Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Retained Earnings			
	Notes	Share capital	Adjustments to share capital	Repurchased Shares	Gain on Revaluation of Property, Plant and Equipment	Loss on remeasurement of defined benefit plans	Restricted reserves appropriated from profit	Prior years' losses	Net profit for the period	Total Equity
<b>1 January 2018</b>	<b>17</b>	<b>412,500</b>	<b>13</b>	<b>(1,594)</b>	<b>512,592</b>	<b>(4,109)</b>	<b>21,243</b>	<b>(6,387)</b>	<b>203,566</b>	<b>1,137,824</b>
Transfers		192,500	-	-	-	-	7,063	4,003	(203,566)	-
Total Comprehensive Income		-	-	-	-	-	-	-	268,454	268,454
<b>30 June 2018</b>	<b>17</b>	<b>605,000</b>	<b>13</b>	<b>(1,594)</b>	<b>512,592</b>	<b>(4,109)</b>	<b>28,306</b>	<b>(2,384)</b>	<b>268,454</b>	<b>1,406,278</b>
<b>1 January 2019</b>	<b>17</b>	<b>605,000</b>	<b>13</b>	<b>(1,594)</b>	<b>512,592</b>	<b>(4,109)</b>	<b>28,306</b>	<b>(2,384)</b>	<b>597,406</b>	<b>1,735,230</b>
Transfers	17	225,000	-	-	-	-	163,253	209,153	(597,406)	-
Dividend	17	-	-	-	-	-	-	(209,153)	-	(209,153)
Total Comprehensive Income		-	-	-	-	-	-	-	498,647	498,647
Loss on Repurchase Transactions on Shares	17	-	-	(1,000)	-	-	-	(4,156)	-	(5,156)
<b>30 June 2019</b>	<b>17</b>	<b>830,000</b>	<b>13</b>	<b>(2,594)</b>	<b>512,592</b>	<b>(4,109)</b>	<b>191,559</b>	<b>(6,540)</b>	<b>498,647</b>	<b>2,019,568</b>

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

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018**

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

		Current Period (Reviewed) 1 January- 30 June 2019	Prior Period (Reviewed) 1 January- 30 June 2018
	Notes		
<b>Cash Flows From Operating Activities:</b>			
<b>Profit For The Period Before Tax from Continuing Operations</b>		<b>40,190</b>	<b>130,289</b>
<b>Adjustments Related to Profit For The Period</b>		<b>70,635</b>	<b>104,588</b>
Adjustments Related To Amortization and Depreciation	10-11-12	7,001	8,657
Adjustments Related To Interest Income/Expenses		12,735	(775)
- Adjustments Related To Interest Expenses	23	27,233	4,545
- Adjustments Related To Interest Income	22	(16,130)	(6,846)
- Unearned Finance Income Related To Forward Sales		1,632	1,526
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment		(794)	1,278
- Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment	21	(794)	1,278
Adjustments Related to Provisions		7,377	3,662
- Adjustments Related to Provisions for Employee Benefits	15	7,377	3,662
Adjustments Related to General Provisions for Possible Risks	13	46	-
Adjustments Related to Unrealized Foreign Exchange Translation Differences	4	44,270	91,766
<b>Changes in Working Capital</b>		<b>91,088</b>	<b>(35,542)</b>
(Increase) / Decrease in Trade Receivables from Third Parties		(13,540)	(66,750)
- (Increase) / Decrease in Trade Receivables from Third Parties		69,255	(50,602)
- Increase in Trade Receivables from Related Parties		(82,795)	(16,148)
(Increase) / Decrease in Other Receivables Related to Operations		188,948	(259)
- (Increase) / Decrease in Other Receivables		188,948	(259)
Adjustments Related to Increase in Inventories		(99,360)	(75,832)
Increase in Prepaid Expenses		1,757	(5,755)
Increase in Other Current Assets		(49,658)	(12,795)
Increase in Trade Payables to Third Parties		7,666	122,374
Increase in Other Payables		5,735	174
Increase / (Decrease) in Deferred Income		46,343	(1,718)
Increase / (Decrease) in Debts for Employee Benefits		3,197	5,019
<b>Cash flows generated from operating activities</b>		<b>201,913</b>	<b>199,335</b>
Payments Related to Provisions of Employee Benefits	15	(2,275)	(2,802)
Tax Paid	24	(3,227)	(16,259)
<b>Net Cash Generated from / (Used in) Operating Activities</b>		<b>196,411</b>	<b>180,274</b>
<b>Cash Flows Used in Investing Activities:</b>			
Payments for Purchase of Property, Plant and Equipment and Intangible Assets		(670,825)	(687,376)
- Payments for Purchase of Property, Plant and Equipment and Intangible Assets	11	(500,979)	(540,008)
- Advances given for Purchase of Property, Plant and Equipment and Intangible Assets	9	(169,846)	(147,368)
Proceeds from Disposal of Property, Plant and Equipment and Intangible Assets		2,271	4,972
- Proceeds from Disposal of Property, Plant and Equipment		2,271	4,972
<b>Net Cash Used in Investing Activities</b>		<b>(668,554)</b>	<b>(682,404)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Borrowings		1,726,749	871,298
- Proceeds from Bank Loans	4	1,726,749	871,298
Payments Related to Borrowings		(893,375)	(342,633)
- Cash Outflow on Repayment of Bank Loans	4	(893,375)	(342,633)
- Other Payments			
Interest Paid	4	(54,130)	(26,694)
Interest Received	22	16,130	6,846
Dividends Paid	17	(209,153)	-
Net Change Related to Increase / Decrease in Other Receivables from Related Parties	26	(94,983)	(32,160)
Cash Outflows from the Company's Acquisition of its Shares and Other Equity Instruments		(5,156)	-
Other Proceeds / (Payments)	4	8,059	(10,613)
<b>Net Cash Generated From Financing Activities</b>		<b>494,141</b>	<b>466,044</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>21,998</b>	<b>(36,086)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	3	<b>28,272</b>	<b>84,933</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	3	<b>50,270</b>	<b>48,847</b>

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

## **SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

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

#### **NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP**

Sasa Polyester Sanayi A.Ş. (“the Company”) was incorporated on 8 November 1966 in Adana. The Group is mainly engaged in the production and marketing of polyester fiber, yarns and related products and polyester chips. The Group is a subsidiary of Erdemoğlu Holding A.Ş. (“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 2019, number of employees of the Company is 1,625 (31 December 2018: 1,512).

#### **Subsidiary**

The Company has founded its subsidiary, Sasa Dış Ticaret A.Ş. (“the Subsidiary”), with TL 2,000 paid in capital owning 100% of shares in accordance with the Board of Directors decision numbered 24 and dated 27 August 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”.

#### **Approval of Consolidated Financial Statements**

Board of Directors has approved the condensed consolidated financial statements and delegated authority for publishing it on 9 August 2019. General shareholders' meeting has the authority to modify the financial statements.

### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

#### **2.1 Basis of Presentation**

##### Basis of Presentation of Financial Statements and Significant Accounting Policies

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Accounting Standards and / Turkish Financial Reporting Standards (“TAS/IFRS”) and related attachments and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

The Group has prepared its condensed consolidated financial statements for the interim ended 30 June 2019 according to the TAS 34 “Interim Financial Reporting” standard within the scope of CMB's Communiqué Serial II, No: 14.1 and announcements that account for the Communiqué. Interim condensed consolidated financial statements and notes are presented according to the recommended formats by CMB, and by including necessary information.

Entities are allowed to prepare their interim financial statements as full set or condensed according to the TAS 34 standard. The Group has preferred to prepare condensed financial statements for interim periods. The Group's interim condensed consolidated financial statements do not include all disclosures and notes that are required for year-end consolidated financial statements and the financial statements must be evaluated together with the Group's financial statements as of 31 December 2018.

The condensed consolidated financial statements have been prepared in accordance with the formats of “IFRS Taxonomy Announcement” published by POA and “Financial Statement Examples and Guidelines for Use” published by CMB, on 15 April 2019.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.1 Basis of Presentation (cont’d)**

###### Basis of Presentation of Financial Statements and Significant Accounting Policies (cont’d)

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

The consolidated financial statements have been prepared in Turkish Lira on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. The consolidated financial statements have been prepared with all necessary adjustments and reclassifications for the fair presentation as per TAS/IFRS reflected on the legal records that are prepared on historical cost basis.

###### Preparation of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005, No:29 “ Financial reporting in Hyperinflationary Economies” (“IAS / TAS 29”) was not applied.

###### Comparative Information and Reclassification of Prior Period Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

###### Changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods’ financial statements. The accounting policies used in the preparation of these consolidated financial statements for the period ended 30 June 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

###### Basis of consolidation

As of 30 June 2019 and 31 December 2018, the details of the Company’s subsidiaries are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Sasa Dış Ticaret A.Ş.	100%	100%

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.1 Basis of Presentation (cont’d)**

###### Basis of consolidation (cont’d)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

###### Changes in Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the year ended 30 June 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018. Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.2 Offsetting**

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

##### **2.3 New and Revised Turkish Financial Reporting Standards**

###### a) Amendments to TFRSs that are mandatorily effective as of 2018

TFRS 16	<i>Leases</i>
TFRS 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to TAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to TAS 19 Employee Benefits	<i>Plan Amendment, Curtailment or Settlement</i>
Annual Improvements to TFRS Standards 2015–2017 Cycle	<i>Amendments to TFRS 3 Business Combinations, TFRS 11 Joint Arrangements, TAS 12 Income Taxes and TAS 23 Borrowing Costs</i>

##### **TFRS 16 Leases**

###### General impact of application of TFRS 16 Leases

TFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 will supersede the current lease guidance including TAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of TFRS 16 for the Group will be 1 January 2019.

In contrast to lessee accounting, TFRS 16 substantially carries forward the lessor accounting requirements in TAS 17.

###### Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to TFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with TAS 17 and TFRS Interpretation 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. TFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (cont’d)**

**2.3 New and Revised Turkish Financial Reporting Standards (cont’d)**

- a) Amendments to TFRSs that are mandatorily effective as of 2019 (cont’d)

**IFRS 16 Leases (cont’d)**

Impact on Lessee Accounting

*Operating leases*

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under TAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

- a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with TAS 36 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.3 New and Revised Turkish Financial Reporting Standards (cont’d)**

###### a) Amendments to TFRSs that are mandatorily effective as of 2019 (cont’d)

###### **IFRS 16 Leases (cont’d)**

###### Impact on Lessee Accounting (cont’d)

###### *Finance leases*

The main differences between IFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17.

###### Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

The implementation of IFRS 16 Leases accounting principles have no impact on the Group’s financial position and performance for the current and / or previous years.

###### **IFRS Interpretation 23 *Uncertainty over Income Tax Treatments***

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

###### **Amendments to TAS 28 *Long-term Interests in Associates and Joint Ventures***

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

###### **Amendments to TAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement***

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.3 New and Revised Turkish Financial Reporting Standards (cont’d)**

###### a) Amendments to TFRSs that are mandatorily effective as of 2019 (cont’d)

###### **Annual Improvements to TFRS Standards 2015–2017 Cycle**

*Annual Improvements to TFRS Standards 2015–2017 Cycle include amendments to TFRS 3 Business Combinations and TFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, TAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and TAS 23 Borrowing Costs in capitalized borrowing costs.*

Amendments and improvements no impact on the Group’s consolidated financial position and performance.

###### b) New and revised standards in issue but not yet effective

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 3	<i>Business Combinations</i>
Amendments to TAS 1	<i>Presentation of Financial Statements</i>
Amendments to TAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>

###### **TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

###### **Amendments to TFRS 3 *Business Combinations***

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### **NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.3 New and Revised Turkish Accounting Standards (cont’d)**

###### b) New and revised standards in issue but not yet effective (cont’d)

###### **Amendments to TFRS 3 *Business Combinations* (cont’d)**

- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

###### **Amendments to TAS 1 *Presentation of Financial Statements* and TAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material***

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

##### **2.4 Significant Accounting Estimations and Decisions**

Preparation of consolidated financial statements necessitates the usage of estimates and assumptions that can affect the amounts of reported assets and liabilities as at statement of financial position date, the explanation for the contingent assets and liabilities and the income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Group 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 Group management has determined that the cost of inventories is higher than the realizable value as of the reporting date. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

###### Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes and financial statements prepared in accordance with the tax legislation.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

##### 2.4 Significant Accounting Estimations and Decisions (cont’d)

###### Retirement benefit obligations

Retirement benefit obligations’ present value is determined through using certain assumptions under actuarial basis. These assumptions are also used in determining severance compensation’s net expense and include the discount ratio. Any change in such assumptions affects the value of the registered retirement benefit obligation. All actuarial gains and losses are recognized under the fund of actuarial loss/earnings fund for employee termination benefits under equity. This ratio is used to calculate for the fulfilment of obligations for severance compensation’s present value of estimated future cash outflows (Note: 15).

###### Useful lives of property, plant and equipment

Property, plant and equipment other than land and building are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### NOTE 3 - CASH AND CASH EQUIVALENTS

	<u>30 June 2019</u>	<u>31 December 2018</u>
Cash on hand	24	27
Cash on banks	50,246	28,245
-Demand deposits	50,246	25,231
-Time deposits	-	3,014
	<b>50,270</b>	<b>28,272</b>

The Group has not any time deposits as of 30 June 2019.

The details of time deposit as of 31 December 2018 as below:

<u>Currency</u>	<u>Interest Rate</u> (%)	<u>Maturity Date</u>	<u>31 December 2018</u>
Euro	2.90	4 January 2019	3,014 (*)
			<b>3,014</b>

(\*) Related amount is TL equivalent of 500,000 Euro.

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 4 - FINANCIAL INSTRUMENTS**

<b>Short - Term Financial Investments</b>	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Blocked deposits with maturity longer than 3 months (*)	20,080	28,139
<b>Total</b>	<b>20,080</b>	<b>28,139</b>

(\*) As of 30 June 2019, the Group has blocked bank deposit with maturity longer than 3 months, amounting to TL 20,080 which derived from Türk Eximbank loans (31 December 2018: TL 28,139).

<b>Short - Term Financial Borrowings</b>	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Short - term bank loans	1,007,466	639,556
Short - term portion of the long-term financial borrowings	756,971	215,544
	<b>1,764,437</b>	<b>855,100</b>

<b>Long - Term Financial Borrowings</b>	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Long - term bank loans	1,285,893	1,186,329
	<b>1,285,893</b>	<b>1,186,329</b>

Foreign currency denominated bank loans and corresponding interest expense accruals as at 30 June 2019 and 31 December 2018 are as follows:

<b>Principal</b>	<b><u>30 June 2019</u></b>			<b><u>31 December 2018</u></b>		
	<b>Weighted average effective interest rate (%)</b>	<b>Original amount (*)</b>	<b>TL</b>	<b>Weighted average effective interest rate (%)</b>	<b>Original amount (*)</b>	<b>TL</b>
<b>Original currency</b>						
TL	32.98	-	186,023	36.94	-	128,023
US Dollar	-	-	-	10.00	2,000	10,522
Euro	3.07	433,487	2,839,646	3.92	310,571	1,872,121
			<b>3,025,669</b>			<b>2,010,666</b>
<b>Faiz tahakkuku</b>						
TL		-	4,938		-	3,310
US Dollar		-	-		44	229
Euro		3,011	19,723		4,415	27,224
			<b>3,050,330</b>			<b>2,041,429</b>

(\*) Amounts in US Dollar and Euro are expressed in thousand US Dollar and Euro.

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 4 - FINANCIAL INSTRUMENTS (cont'd)**

The repayment schedule of the Group's financial borrowings is as follows:

	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Within 1 year	1,764,437	855,100
Within 1 - 2 year	294,443	241,270
Within 2 - 3 year	279,886	234,630
Within 3 - 4 year	224,033	222,386
Within 4 - 5 year	199,673	178,054
Later than 5 years	287,858	309,989
	<b><u>3,050,330</u></b>	<b><u>2,041,429</u></b>

**Reconciliation of the liabilities arising from financial activities**

Cash and noncash changes regarding the liabilities arising from financing activities of the Group is given below. Liabilities arising from financial activities are the cash flows that is recognized or will be recognized under the cash flows from financing activities at the consolidated statement of cash flow of the Group.

	<b><u>30 June 2019</u></b>	<b><u>30 June 2018</u></b>
Opening balance	2,041,429	920,803
Interest expense	27,233	4,545
Paid expense	(54,130)	(26,694)
Exchange difference	44,270	91,766
Capitalized borrowing costs	158,154	44,535
Proceeds from borrowings	1,726,749	871,298
Repayments to borrowings	(893,375)	(342,633)
<b>Closing balance</b>	<b><u>3,050,330</u></b>	<b><u>1,563,620</u></b>

**NOTE 5 - TRADE RECEIVABLES AND PAYABLES****Trade Receivables**

	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Trade receivables (*)	270,150	255,752
Cheques received (**)	101,826	133,113
Provision for doubtful receivables	(171)	(171)
	<b><u>371,805</u></b>	<b><u>388,694</u></b>
Receivables from related parties (Note 26)	94,531	71,906
	<b><u>466,336</u></b>	<b><u>460,600</u></b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 5 - TRADE RECEIVABLES AND PAYABLES (cont'd)****Trade Receivables (cont'd)**

- (\*) As of 30 June 2019, trade receivables are discounted by using monthly 2.38% for TL, 0.63% for US Dollar, 0.46% for Euro (As of 31 December 2018: 2.92% for TL, 0.75% for US Dollar, 0.54% for Euro).
- (\*\*) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and consist of TL 82,814 with maturities of less than three months (31 December 2018: TL 80,782).

<b>Overdue period</b>	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Up to 1 month	39,827	18,752
1 - 3 months	1,016	1,270
Over 3 months	110	254
	<b>40,953</b>	<b>20,276</b>

As of 30 June 2019 and 31 December 2018, due to existence of credit insurance, bank guarantee, mortgage and customer cheques, the Group has not allocated any provision in the consolidated financial statements relation to trade receivables that were past due but not impaired.

The analysis of overdue receivables and provision for doubtful receivables as follows:

<b>Overdue period</b>	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Over 6 months	171	171
	<b>171</b>	<b>171</b>

As of 30 June 2019, provision for doubtful receivables has been provided for trade receivables amounting to TL 171 (31 December 2018: TL 171).

Allowances for doubtful receivables are recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

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

	<b><u>1 January - 30 June 2019</u></b>	<b><u>1 January - 30 June 2018</u></b>
<b>Balance at 1 January</b>	<b>(171)</b>	<b>(3,100)</b>
Provision for the period	-	-
Provision cancelled during the period	-	-
<b>Balance at 30 June</b>	<b>(171)</b>	<b>(3,100)</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 5 - TRADE RECEIVABLES AND PAYABLES (cont’d)****Trade Payables**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Trade Payables	318,233	316,577
	<b>318,233</b>	<b>316,577</b>

As of 30 June 2019, trade payables are discounted by using monthly 2.38% for TL, 0.63% for USD, 0.46% for EUR (31 December 2018: 2.92% for TL, 0.75% for USD, 0.54% for EUR).

As of 30 June 2019, average turnover for trade receivables and trade payables are 64 days and 69 days, respectively (31 December 2018: 58 days and 49 days).

**NOTE 6 – PAYABLES RELATED TO EMPLOYEE BENEFITS****Payables Related to Employee Benefits**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Social security premiums payable	5,470	4,903
Due to personnel	4,933	2,303
	<b>10,403</b>	<b>7,206</b>

**NOTE 7 – OTHER RECEIVABLES, PAYABLES AND DEFERRED INCOME****Other Current Receivables**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Prepaid taxes and funds	572	567
Business and service advances	764	344
Deposits and guarantees given	98	62
Receivables from insurance indemnity	-	429
Other receivables	1,586	600
	<b>3,020</b>	<b>2,002</b>
Other receivables from related parties (Note: 26)	234,993	329,976
	<b>238,013</b>	<b>331,978</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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**NOTE 7 – OTHER RECEIVABLES, PAYABLES AND DEFERRED INCOME (cont’d)****Other Non Current Receivables**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Deposits and guarentees given	114	114
	<b>114</b>	<b>114</b>

**Other Payables**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Taxes and funds payable	8,832	3,644
Other	-	2
	<b>8,832</b>	<b>3,646</b>

**Deferred Income**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Order advances received (*)	47,967	1,624
	<b>47,967</b>	<b>1,624</b>

(\*) The Group’s advances, which received from its customers regarding fiber, yarn, textile chips products to be sold in the following period.

**NOTE 8 – INVENTORIES**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Raw materials	349,272	259,290
Intermediate goods	201,142	72,907
Finished goods	74,265	208,990
Spare parts	10,440	7,459
Work in progress	10,723	5,237
Scraps	5,092	519
Other	9,010	6,245
	<b>659,944</b>	<b>560,647</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 9 - PREPAID EXPENSES****Prepaid Expenses (Short-term)**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Prepaid insurance expenses	589	4,736
Other prepaid expenses	5,077	1,440
	<u>5,666</u>	<u>6,176</u>

**Prepaid Expenses (Long-term)**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Fixed asset advance (*)	364,163	194,317
Prepaid expenses	718	1,965
	<u>364,881</u>	<u>196,282</u>

(\*) Advance payments related to the Group’s new investment facilities for fiber, chips, poy-texturized, PET chips (MTR).

**NOTE 10 - INVESTMENT PROPERTIES**

The movement of investment properties and related depreciation for the years ended 30 June 2019 and 2018 are as follows:

	<u>1 January 2019</u>	<u>Additions</u>	<u>30 June 2019</u>
<b>Cost</b>			
Land	19	-	19
Building	10,319	-	10,319
Land improvements	1,045	-	1,045
Machine, plant and equipment	211	-	211
	<u>11,594</u>	<u>-</u>	<u>11,594</u>
<b>Accumulated depreciation</b>			
Buildings	7,462	47	7,509
Land improvements	827	4	831
Machine, plant and equipment	107	61	168
	<u>8,396</u>	<u>112</u>	<u>8,508</u>
<b>Net book value</b>	<u>3,198</u>		<u>3,086</u>

As of 30 June 2019, the Group has leased properties with the net book value of TL 278 (31 December 2018: TL 344) to the third parties through lease agreements. The Group has generated rent income of TL 150 (31 December 2018: TL 276) throughout the period resulting from these lease agreements.

The net carrying value of investment properties of The Group, is considered to reflect the fair value.

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 10 - INVESTMENT PROPERTIES (cont'd)**

	1 January 2018	Additions	Disposals	30 June 2018
<b>Cost:</b>				
Land	19	-	-	19
Buildings	10,319	-	-	10,319
Land improvements	1,045	-	-	1,045
Machine, plant and equipment	7,587	-	(6,069)	1,518
Vehicles	224	-	(224)	-
Furniture and fixtures	277	-	(277)	-
	<b>19,471</b>	<b>-</b>	<b>(6,570)</b>	<b>12,901</b>
<b>Accumulated depreciation</b>				
Buildings	7,363	46	-	7,409
Land improvements	819	2	-	821
Machine, plant and equipment	4,885	89	(4,353)	621
Vehicles	224	-	(224)	-
Furniture and fixtures	263	-	(263)	-
	<b>13,554</b>	<b>137</b>	<b>(4,840)</b>	<b>8,851</b>
<b>Net book value</b>	<b>5,917</b>		<b>(1,730)</b>	<b>4,050</b>

**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT**

The movement of property, plant and equipment and related accumulated depreciation for the accounting periods ended 30 June 2019 and 2018 is as follows:

	1 January 2019	Additions (*)	Disposals	30 June 2019
<b>Cost</b>				
Land	714,261	-	-	714,261
Land improvements	7,657	-	(265)	7,392
Buildings	52,402	-	(440)	51,962
Machine, plant and equipment	451,572	5,909	(17,267)	440,214
Vehicles	3,025	608	-	3,633
Furniture and fixtures	8,085	836	(190)	8,731
Construction in progress (*)	1,312,317	651,189	-	1,963,506
	<b>2,549,319</b>	<b>658,542</b>	<b>(18,162)</b>	<b>3,189,699</b>
<b>Accumulated depreciation</b>				
Land improvements	3,218	45	(144)	3,119
Buildings	45,987	261	(440)	45,808
Machine, plant and equipment	322,846	5,768	(15,911)	312,703
Vehicles	2,617	38	-	2,655
Furniture and fixtures	5,261	354	(190)	5,425
	<b>379,929</b>	<b>6,466</b>	<b>(16,685)</b>	<b>369,710</b>
<b>Net book value</b>	<b>2,169,390</b>			<b>2,819,989</b>

(\*) As of 30 June 2019, amounting to TL 158,154 borrowing cost was capitalized (31 December 2018: TL 112,780) (Note: 4).

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2018	Additions(*)	Disposals	30 June 2018
<b>Cost</b>				
Land	611,229	103,032	-	714,261
Land improvements	7,425	34	-	7,459
Buildings	59,420	216	(7,018)	52,618
Machine, plant and equipment	429,862	30,849	(8,111)	452,600
Vehicles	2,384	751	-	3,135
Furniture and fixtures	6,518	1,016	-	7,534
Construction in progress	368,319	447,736	-	816,055
	<b>1,485,157</b>	<b>583,634</b>	<b>(15,129)</b>	<b>2,053,662</b>
<b>Accumulated depreciation</b>				
Land improvements	6,336	42	(3,208)	3,170
Buildings	45,157	1,370	(1,555)	44,972
Machine, plant and equipment	320,580	5,466	(5,846)	320,200
Vehicles	2,336	121	-	2,457
Furniture and fixtures	4,531	682	-	5,213
	<b>378,940</b>	<b>7,681</b>	<b>(10,609)</b>	<b>376,012</b>
<b>Net book value</b>	<b>1,106,217</b>		<b>(4,520)</b>	<b>1,677,650</b>

(\*) In the statement of cash flows, acquisitions of fixed assets are presented amounting to TL 500,979 (2018: TL 540,008). Acquisition amount is calculated with deduction of capitalization of borrowing costs amounting to TL 158,154 (2018: TL 44,535) in addition of tangible and intangible assets amounting to TL 658,542 (2018: TL 584,543).

As of 30 June 2019, there is a mortgage on property, plant and equipment amounting to TL 571,440 (31 December 2018: TL 571,440). There is no debt related to property, plant and equipment purchased by finance lease.

#### Fair value measurement of the Group's freehold land and buildings

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings were performed on 31 December 2017 by İdeal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is authorized by Capital Markets Board, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

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**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Details of the Group’s freehold land and information about the fair value hierarchy as at 30 June 2019 are as follows:

<b>Fair value hierarchy as of reporting date</b>				
	<b>30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Land	714,261	-	714,261	-
	<b>714,261</b>	<b>-</b>	<b>714,261</b>	<b>-</b>

There were no transfers between Level 1 and Level 2 during the period.

Income statement accounts related to depreciation and amortization of total (property plant and equipment, intangible assets, investment property) during the periods ended 30 June 2019 and 2018 are as follows:

	<b>1 January - 30 June 2019</b>	<b>1 January - 30 June 2018</b>
Production Cost (Note: 18)	5,895	7,403
General administrative expenses (Note: 19)	794	606
Research expenses (Note: 19)	244	341
Marketing, sales and distribution expenses (Note: 19)	68	307
	<b>7,001</b>	<b>8,657</b>

**NOTE 12 – INTANGIBLE ASSETS**

The movement of intangible assets and related accumulated amortization for the year ended 30 June 2019 and 2018 is as follows:

	<b>1 January 2019</b>	<b>Additions</b>	<b>30 June 2019</b>
<b>Cost</b>			
Rights	8,256	375	8,631
Development costs	7,641	216	7,857
	<b>15,897</b>	<b>591</b>	<b>16,488</b>
<b>Accumulated amortization</b>			
Rights	6,810	395	7,205
Development costs	7,989	28	8,017
	<b>14,799</b>	<b>423</b>	<b>15,222</b>
<b>Net book value</b>	<b>1,098</b>		<b>1,266</b>

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

**NOTE 12 – INTANGIBLE ASSETS (cont’d)**

	<b>1 January 2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2018</b>
<b>Cost</b>				
Rights	7,032	1,009	(1)	8,040
Development costs	7,641	-	-	7,641
	<b>14,673</b>	<b>1,009</b>	<b>(1)</b>	<b>15,681</b>
<b>Accumulated amortization</b>				
Rights	6,232	839	(1)	7,070
Development costs	7,611	-	-	7,611
	<b>13,843</b>	<b>839</b>	<b>(1)</b>	<b>14,681</b>
<b>Net book value</b>	<b>830</b>			<b>1,000</b>

The statement of income accounts in which total amortization for the year ended 30 June 2019 and 2018 are recognized, is presented in Note 11.

**NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES****Provision for Restructuring and Demand of Other Receivables**

	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Provision for restructuring and demand of other receivables (*)	705	877
	<b>705</b>	<b>877</b>

(\*) Provision for restructuring and demand of other receivables are consisting of reinstatements lawsuits which were filed by ex-workers against to the Group due to changes of business organizations and possible expenses of other receivables lawsuits. These lawsuits are pending as of balance sheet date, and it is in progress in labor courts.

	<b>1 January - June 2019</b>	<b>1 January - June 2018</b>
<b>Balance at 1 January</b>	<b>877</b>	<b>2,453</b>
Charge for the period (Note: 19)	46	-
Released provisions for the period	(218)	(1,043)
<b>Balance at 30 June</b>	<b>705</b>	<b>1,410</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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**NOTE 14 – COMMITMENTS**

Total commitments that are not included in the liabilities as of 30 June 2019 and 2018 are as follows:

**Commitments based on export incentive certificates**

	<b><u>30 June 2019</u></b>	<b><u>30 June 2018</u></b>
Total amount of export commitment of documents recorded	5,465,435	3,830,094
Total amount of export commitment of documents which are presently fulfilled but closing transactions are not concluded yet	4,926,907	3,708,127
Total amount of open export incentives	990,070	346,158
Open export incentives	90,191	23,784
	<b><u>30 June 2019</u></b>	<b><u>30 June 2018</u></b>
Open Letter of Credits	264,050	125,934

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

	<b><u>30 June 2019</u></b>				<b><u>31 December 2018</u></b>			
	TL Equivalent	TL	US Dollar	Euro	TL Equivalent	TL	US Dollar	Euro
A. CPMs given for Company's own legal entity (*)	1,262,207	584,688	-	103,427	1,202,289	608,422	-	98,518
B. CPMs given on behalf of fully consolidated companies	8,101	8,101	-	-	12,484	12,484	-	-
C. CPMs given in the normal course of business activities on behalf of third parties	-	-	-	-	-	-	-	-
D. Total amount of other CPMs								
- Total amount of CPMs given on behalf of the parent	-	-	-	-	-	-	-	-
- Total amount of CPMs given to 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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,270,308</b>	<b>592,789</b>	<b>-</b>	<b>103,427</b>	<b>1,214,773</b>	<b>620,906</b>	<b>-</b>	<b>98,518</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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**NOTE 14 - COMMITMENTS (cont'd)****Collaterals, pledges and mortgages 'CPM' given by the Group**

(\*) USD and EUR are expressed as USD 1,000 and EUR 1,000.

As of 30 June 2019, the percentage of the other CPM's given by the Group to the total equity is 0% (31 December 2018: 0%).

Mortgages and guarantees received at 30 June 2019 and 2018 are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Letter of guarantees received	153,854	48,446
Cheques and notes of guarantees received	2,912	2,758
	<u>156,766</u>	<u>51,204</u>

**NOTE 15 - PROVISION FOR EMPLOYEE TERMINATION BENEFITS****Provisions for short term employee benefits**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Provision for personnel expense	767	-
	<u>767</u>	<u>-</u>

	<u>1 January - June 2019</u>	<u>1 January - June 2018</u>
<b>Balance at 1 January</b>	-	-
Charge for the period	767	-
<b>Balance at 30 June</b>	<u>767</u>	<u>-</u>

**Provisions for long term employee benefits**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Provision for employment termination benefit:	41,647	37,252
Unused vacation provision	4,375	3,668
	<u>46,022</u>	<u>40,920</u>

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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#### NOTE 15 - PROVISION FOR EMPLOYEE TERMINATION BENEFITS (cont'd)

##### Provision for long term employee benefits (cont'd)

##### Unused Vacation Provision

The Group grants paid annual leave to its employees on condition that they have worked for at least one year from the day they start to work, including the trial period.

Movements of unused vacation allowances at 30 June 2019 and 2018 are as follows:

	<u>1 January - June 2019</u>	<u>1 January - June 2018</u>
Balance at 1 January	3,668	2,922
Charge for the period	1,060	340
Provision released	(353)	(57)
<b>Balance at 30 June</b>	<b>4,375</b>	<b>3,205</b>

##### Provision for Employment Termination Benefits

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

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated due to retirement, is called up for military service, whose employment is terminated without due cause excluding 25/2 article of labor law, who has fulfilled all requirements other than necessary age limit for retirement pension-pay according to the Social Security Institution, women who ends their employment in one year due to marriage or to lawful heirs of employees who 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 on pro-rata basis.

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

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

TFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

Accordingly following actuarial assumptions were used in the calculation of the total liability.

	<u>30 June 2019</u>	<u>30 June 2018</u>
Discount rate (%)	4.72	4.72
Retention rate to estimate probability of retirement (%)	98	98

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

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**NOTE 15 - PROVISION FOR EMPLOYEE TERMINATION BENEFITS (cont’d)**

**Provision for Employment Termination Benefits (cont’d)**

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 6.38 (1 January 2019: TL 6.02), which is expected to be effective from 1 July 2019, has been taken into consideration in calculating the provision for employment termination benefits of the Group.

Movements of provision for employment termination benefits:

	<u>1 January - June 2019</u>	<u>1 January - June 2018</u>
<b>Balance at 1 January</b>	<b>37,252</b>	<b>31,826</b>
Charge for the period	6,670	3,379
Paid during the period	(2,275)	(2,802)
<b>Balance at 30 June</b>	<b>41,647</b>	<b>32,403</b>

**NOTE 16 - OTHER ASSETS AND LIABILITIES**

**Other Current Assets**

	<u>30 June 2019</u>	<u>31 December 2018</u>
VAT return receivables from export and domestic market sales (*)	60,375	30,610
Deferred VAT	57,404	36,166
Deferred special consumption tax	-	774
	<b>117,779</b>	<b>67,550</b>

(\*) The Group applied for a VAT refund amounting to TL 38,492 as of 30 June 2019 and expects to collect it in cash in the next few months (31 December 2018: TL 12,642).

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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#### NOTE 17 - EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each Kr 1 nominal value of 83,000,000,000 shares (31 December 2018: 60,500,000,000). The shareholders and shareholding structure of the Group as of 30 June 2019 and 31 December 2018 are as follows:

	<u>30 June 2019</u>		<u>31 December 2018</u>	
	Share amount	Share percentage	Share amount	Share percentage
Erdemoğlu Holding A.Ş.	703,872	84.80	513,063	84.80
Other	126,128	15.20	91,937	15.20
<b>Share capital (*)</b>	<b>830,000</b>	<b>100</b>	<b>605,000</b>	<b>100</b>
Adjustments to share capital (**)	13		13	
<b>Total capital</b>	<b>830,013</b>		<b>605,013</b>	

(\*) On 3 May 2019, TL 225.000 (TL-Exact) capital increased by bonus issue and total capital is reached to TL 830.000 (TL-Exact).

(\*\*) Adjustment to share capital represents the difference between offset off amount of adjusted share capital amount of the Group and accumulated loss, and share capital amount before adjustments.

Shareholders' equity items of Group as at 30 June 2019 and 31 December 2018 prepared in accordance with the Communiqué No: XI-29 are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Share Capital	830,000	605,000
Adjustments to Share Capital	13	13
Repurchased Shares (*)	(2,594)	(1,594)
Restricted Reserves Appropriated from Profit	191,559	28,306
Prior Years' Losses	(6,540)	(2,384)
Loss on Remeasurement of Defined Benefit Plans	(4,109)	(4,109)
Gain on Revaluation of Property, Plant and Equipment	512,592	512,592
Net Profit for the Period	498,647	597,406
<b>Total Share Capital</b>	<b>2,019,568</b>	<b>1,735,230</b>

(\*) Between 24 November 2017 and 29 November 2017, the Group has repurchased a total of 159,388,400 shares within a price range of TL 6.40 - TL 6.69 (TL-Exact) with the total transaction amounting exactly to 10,532,055. As of 23 May 2019, the Group has repurchased a total of 1,000,000,000 shares within a price range of TL 5.07 - TL 5.29 (TL-Exact) with the total transaction amounting exactly to 5,155,926. As a result of the purchase transactions, total share of the Group has increased to TL 2,594,000 nominal value and 0.5069% rate.

## **SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

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#### **NOTE 17 – EQUITY (cont’d)**

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

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

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

In accordance with the Communiqué No: XI-29 and related announcements of CMB, effective from 1 January 2008, “Share capital”, “Restricted Reserves” and “Share Premiums” shall be carried at their statutory amounts. The valuation differences (such as differences arising from inflation adjustments) 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 appropriated from profit” and “Share premium” and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under “Prior years’ profits / losses”. Other equity items are presented at amounts that are valued under International Financial Reporting Standards.

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 1 February 2014.

## **SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

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#### **NOTE 17 – EQUITY (cont’d)**

##### **Dividend Distribution (cont’d)**

Companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. A minimum distribution rate has been determined as 50% of profit available for distribution according to dated 2013 Ordinary General Assembly decision which occurred in 24 March 2014.

Dividends shall be distributed to all existing shares equally, as soon as possible, regardless of their issuance and acquisition dates. In addition to the aforementioned, dividends shall be distributed to the shareholders on the date determined by the General Assembly following the approval of the General Assembly within the specified legal periods. Distribution of advance dividends to the shareholders is also possible by the decision of the Board of Directors, if the General Assembly authorizes, in accordance with the Group’s Articles of Association.

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

Sasa Polyester Sanayi A.Ş., a company of the Group, approved the capital increase through bonus issues amounting to TL 225,000 from the Net Profit for the Period and distribution of bonus share amounting to TL 209,153 from the Net Profit for the Period in the 28 March 2019 dated General Assembly. Application of the company for the capital increase through bonus issues to the Capital Market Board on 12 April 2019 for the Board approval is approved on 25 April 2019 and registered from Adana Registry of Commerce on 2 May 2019.

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

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**NOTE 18 - REVENUE AND COST OF SALES**

**Sales Income**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Polyester Fiber	582,338	300,262	454,816	253,099
Domestic sales	517,103	270,280	395,410	219,974
Foreign sales	65,235	29,982	59,406	33,125
Polyester Chips	537,467	244,255	413,911	241,540
Domestic sales	239,741	119,456	120,353	68,575
Foreign sales	297,726	124,799	293,558	172,965
Polyester Yarn	38,642	22,784	31,909	15,657
Domestic sales	38,642	22,784	31,909	15,657
Poy-Texturized	47,348	27,946	27,604	23,728
Domestic sales	47,348	27,946	27,604	23,728
Dmt	12,384	5,577	23,029	-
Domestic sales	127	-	-	-
Foreign sales	12,257	5,577	23,029	-
Commercial Commodity	36,851	27,946	-	-
Domestic sales	36,851	27,946	-	-
Other	5,745	5,703	2,492	-
Domestic sales	5,745	5,703	2,492	-
<b>Revenue</b>	<b>1,260,775</b>	<b>634,473</b>	<b>953,761</b>	<b>534,024</b>

**Cost of Sales**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Raw materials expense	901,153	497,453	607,862	356,650
Energy expenses	86,562	43,646	58,940	33,256
Labour expenses	43,489	26,075	41,540	23,953
Spare parts and maintenance expenses	14,993	8,165	12,419	5,102
Depreciation and amortization expenses (Note: 11)	4,821	3,324	6,314	4,586
Insurance expenses	2,322	1,171	2,345	1,853
Usage of work in progress	(8,486)	(10,421)	(1,665)	(2,703)
Other expenses	13,698	10,203	7,439	4,113
<b>Production Cost for the Period</b>	<b>1,058,552</b>	<b>579,616</b>	<b>735,194</b>	<b>426,810</b>
Usage of intermediate goods and finished goods	(18,712)	(98,438)	(25,035)	(50,150)
Cost of waste goods sold	5,301	3,644	2,407	1,666
Other idle period expense	9,397	3,590	5,625	4,348
Depreciation and amortization of idle period (Note: 11)	1,074	457	1,089	(2,353)
Cost of trade goods sold	34,018	25,584	24,969	21,127
<b>Cost of Goods Sold During the Period</b>	<b>1,089,630</b>	<b>514,453</b>	<b>744,249</b>	<b>401,448</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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**NOTE 19 - MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH AND  
DEVELOPMENT EXPENSES****Marketing Expenses**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Export and freight expenses	29,954	14,499	22,425	12,441
Taxes and duties expenses	7,033	3,522	3,624	245
Personnel expenses	3,803	2,134	2,740	1,158
Insurance expenses	492	235	522	265
Depreciation and amortization expenses (Note: 11)	68	34	307	152
Rent expenses	92	48	45	16
Energy expenses	15	10	12	5
Other expenses	2,502	1,249	1,389	1,440
	<b>43,959</b>	<b>21,731</b>	<b>31,064</b>	<b>15,722</b>

**General Administrative Expenses**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Personnel expenses	8,267	4,299	5,963	2,320
Consultancy expenses	1,782	1,145	571	295
Depreciation and amortization expenses (Note: 11)	794	396	606	306
Insurance expenses	603	206	258	151
Supplies, repair and maintenance expenses	674	336	341	81
Employee termination benefits	454	256	546	359
Energy expenses	236	123	189	84
Assisted services expenses	183	95	103	99
Restructuring provision expense (Note: 13)	46	46	-	64
Other expenses	2,544	105	1,319	327
	<b>15,583</b>	<b>7,007</b>	<b>9,896</b>	<b>4,086</b>

**Research and Development Expenses**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Depreciation and amortization expenses (Note: 11)	244	122	341	276
Personnel expenses	89	79	-	-
Repair and maintenance expenses	-	-	15	14
Raw material and supplies expenses	-	-	3	3
Other expenses	13	2	238	103
	<b>346</b>	<b>203</b>	<b>597</b>	<b>396</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
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**NOTE 20 – INCOME / EXPENSES FROM OPERATING ACTIVITIES****Other Operating Income**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Foreign exchange income from trade receivables/payables	90,183	37,754	152,021	99,483
Miscellaneous sales income	5,332	1,302	3,185	1,980
Late interest income related to receivables	2,690	854	3,037	1,620
Income from sale of raw materials	1,795	886	-	-
Provision released	-	-	57	57
Other income	14,789	11,008	7,199	6,321
	<b>114,789</b>	<b>51,804</b>	<b>165,499</b>	<b>109,461</b>

**Other Operating Expense**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Foreign exchange expense from trade receivables/payables	66,047	48,995	55,408	31,759
Cost of miscellaneous sales	3,737	2,534	787	342
Taxes and duties paid	6,249	5,202	1,467	1,232
Provision for unused vacation	864	578	340	340
Cost of raw materials sales	1,190	340	-	-
Other expenses	7,553	5,063	12,048	7,637
	<b>85,640</b>	<b>62,712</b>	<b>70,050</b>	<b>41,310</b>

**NOTE 21 – INCOME / EXPENSES FROM INVESTING ACTIVITIES**

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Gain on sales of property, plant and equipment (*)	1,911	1,638	3,329	351
Rent income	150	71	126	51
Loss on sales of property, plant and equipment (*)	(1,117)	(733)	(4,607)	(338)
	<b>944</b>	<b>976</b>	<b>(1,152)</b>	<b>64</b>

(\*) Balance comprises from idle machinery and equipment sales in Group.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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#### NOTE 22 - FINANCIAL INCOME

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Foreign exchange income	20,789	13,866	9,763	8,252
Interest income	16,130	8,559	6,846	3,793
	<b>36,919</b>	<b>22,425</b>	<b>16,609</b>	<b>12,045</b>

#### NOTE 23 - FINANCIAL EXPENSES

	<b>1 January- 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January- 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Foreign exchange expenses	100,195	47,363	139,960	115,257
Interest expenses	27,233	18,392	4,545	3,779
Commission expenses	10,651	4,357	4,067	1,672
	<b>138,079</b>	<b>70,112</b>	<b>148,572</b>	<b>120,708</b>

#### NOTE 24 - TAX ASSETS AND LIABILITIES

##### Deferred taxes

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under Turkish Accounting Standards and financial statements that are prepared in accordance with Turkish Commercial Code and tax laws.

These differences usually result in the recognition of revenue and expenses in different reporting periods for International Financial Reporting Standards and tax purposes.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2018: %22).

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY**

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**NOTE 24 - TAX ASSETS AND LIABILITIES (cont’d)**

**Deferred taxes (cont’d)**

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 June 2019 and 31 December 2018 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred tax asset / (liabilities)	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Net difference between the tax base and carrying value of property, plant and equipment and intangible assets	184,735	159,021	36,947	31,804
Adjustment to exchange difference of investment advance given	52,241	48,595	11,493	10,691
Revaluation differences of property, plant and equipment	(569,546)	(569,546)	(56,955)	(56,955)
Investment incentives (*)	753,419	300,889	753,419	300,889
Provision for employee termination benefits	41,648	39,792	8,330	7,958
Valuation differences of inventories	1,368	570	301	125
Adjustments related to not realized sales	3,943	(3,618)	867	(796)
Provision for unused vacation	4,375	3,668	963	807
Provision for litigation	705	877	155	193
Provision for doubtful receivable	171	171	38	38
Provision for export expense	2,202	1,825	484	402
Adjustment for not accrued financial income	(9,204)	(2,403)	(2,025)	(529)
Adjustment for not accrued financial expenses	7,867	12,110	1,732	2,665
Deferred tax assets			813,862	355,572
Deferred tax liabilities			(58,113)	(58,280)
<b>Deferred tax assets</b>			<b>755,749</b>	<b>297,292</b>

(\*) Related balance is disclosed in ‘Government Grants and Incentives’.

	<u>30 June 2019</u>	<u>31 December 2018</u>
Sasa Polyester Sanayi A.Ş.	754,398	297,686
Sasa Dış Ticaret A.Ş.	1,351	(394)
<b>Deferred tax assets</b>	<b>755,749</b>	<b>297,292</b>

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### NOTE 24 - TAX ASSETS AND LIABILITIES (cont'd)

##### Deferred taxes (cont'd)

	1 January - 30 June 2019	1 January - 30 June 2018
<b>Balance at 1 January</b>	<b>297,292</b>	<b>(52,354)</b>
Deferred tax income for the period	5,927	23,342
Deferred tax income with incentive certificate	452,530	115,422
<b>Balance at 30 June</b>	<b>755,749</b>	<b>86,410</b>

Total taxes income for 30 June 2019 and 2018 have been reconciled to the current year tax income as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
<b>Profit from operations before tax</b>	<b>40,190</b>	<b>130,289</b>
Domestic income tax rate: 22%	(8,842)	(28,664)
Tax effects of:		
- non-deductible expenses	(923)	(38)
- effects of reduced corporate tax	452,530	115,422
- deductions related with investment incentive	17,422	53,191
- exemption of gains of associates	-	1,349
- other adjustments	(1,730)	(3,095)
<b>Tax expense recognised in profit or loss</b>	<b>458,457</b>	<b>138,165</b>

##### Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized (accumulated losses, if any, and investment discounts used, if preferred).

The effective tax rate in 2019 is 22% (2018: 22%) for the Group.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

#### NOTE 24 - TAX ASSETS AND LIABILITIES (cont’d)

##### Corporate tax (cont’d)

Corporate tax rate is applied to the taxable profit which is calculated by adding non-taxable expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives) and discounts (R&D discount) from accounting profit of the Group. No additional taxes are paid unless profit is distributed (except 19.8% withholding tax paid over used investment incentives according to the GVK temporary article).

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.

The Group makes advance tax calculations at the rate of 22% on its quarterly financial income and declares on 14th day of the second month after period and pays till 17 April (including Income Tax Law No. 5615, which was enacted on 4 April 2007 and the law related to amendments on the Laws, and declarations must be given related to March 2007).

The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated over corporate tax declaration. If advance tax amount that is paid remains in spite of the deduction, this amount can be returned in cash or offset to any other financial debt to government.

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 income for 30 June 2019 and 2018 comprises:

	<b><u>1 January- 30 June 2019</u></b>	<b><u>1 January- 30 June 2018</u></b>
Current period tax (expense) / income	-	(662)
Deferred tax income	458,457	138,827
<b>Total tax income</b>	<b>458,457</b>	<b>138,165</b>

  

	<b><u>30 June 2019</u></b>	<b><u>31 December 2018</u></b>
Corporate tax payable	17,422	107,197
Deductions related with investment incentive	(17,422)	(103,970)
<b>Provision for current tax</b>	<b>-</b>	<b>3,227</b>

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).

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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#### NOTE 24 - TAX ASSETS AND LIABILITIES (cont'd)

##### Government Grants and Incentives

As a result of, a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to Ministry of Economy General Directorate of Incentive Practices and Foreign Capital for incentive certificate, the incentive application related to the Polimer Production Facilities Investment is included in the Project-Based Government Incentives for Investments that is enacted with the resolution of the Council of Ministers, and it is approved by the 30.04.2018 dated Council of Ministers and published on the 23.06.2018 dated Official Gazette. The investment amount related to the incentive is TL 2,493,611 and the incentives for the investment are as follows:

- VAT Exemption,
- Custom Duty Exemption,
- VAT Return,
- Corporate Tax Reduction (tax reduction rate: 100%, investment contribution rate: 104%, available rate of the investment contribution amount for the investment period: 100%),
- Employer's National Insurance Contribution (10 years without a minimum amount limit),
- Income Tax Withholding Contribution (10 years),
- Qualified Personnel Contribution (maximum TL 10,000 thousand),
- Interest and/or Dividend Contribution (maximum 10 years as of loan usage date providing not exceeding TL 105,000 thousand),
- Energy Contribution (50% of energy consumption up to 10 years from the startup date providing not exceeding TL 300,000 thousand).

TL 121,392 amount of the reduction right of TL 865,501 that is calculated over the Group's expenses made until the balance sheet date is offset from the financial profit. The Group's tax reduction right to be used for future periods as of 30 June 2019 is TL 753,419.

#### NOTE 25 - EARNINGS PER SHARE

	1 January- 30 June 2019	1 April- 30 June 2019	1 January- 30 June 2018	1 April- 30 June 2018
Net profit	498,647	282,314	268,454	224,799
<i>Weighted average number of shares:</i>				
Weighted average number of ordinary shares (*)	83,000,000,000	83,000,000,000	83,000,000,000	83,000,000,000
Earnings per share with a nominal value of 1 TL (uncut TL)	0.6008	0.3401	0.3234	0.2708

(\*) Between 24 November 2017 and 29 November 2017, the Group has repurchased a total of 159,388,400 shares within a price range of TL 6.40 - TL 6.69 (TL-Exact) with the total transaction amounting exactly to 10,532,055. As of 23 May 2019, the Group has repurchased a total of 1,000,000,000 shares within a price range of TL 5.07 - TL 5.29 (TL-Exact) with the total transaction amounting exactly to 5,155,926. As a result of the purchase transactions, total share of the Group has increased to TL 2,594,000 nominal value and 0,5069% rate (Note: 17).

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**NOTE 26 - RELATED PARTY DISCLOSURES****a) Trade receivables from related parties:**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Özerdem Mensucat San. Tic. A.Ş.	45,625	51,920
Merinos Halı San. Tic. A.Ş.	48,831	19,986
Dinarsu İmalat ve Ticaret T.A.Ş.	75	-
	<b>94,531</b>	<b>71,906</b>

Trade receivables from related parties consist of textile chips, yarn, poy and fiber sales.

**b) Other receivables from related parties:**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Merinos Halı San. Tic. A.Ş.	129,026	158,009
Dinarsu İmalat ve Ticaret T.A.Ş.	105,967	171,967
	<b>234,993</b>	<b>329,976</b>

Other receivables from related parties valued in group companies to make use of the Group’s excessive funds in the most optimal way. Average maturity of the other receivables from related parties is 92 days as of 30 June 2019 (31 December 2018: 114 days). The Company’s receivables from related parties is denominated in Euro, and annual weighted average interest rate the receivables is 4.60% (31 December 2018 Euro: 4.20%).

**c) Sales to related parties:**

	<u>1 January - 30 June 2019</u>	<u>1 April- 30 June 2019</u>	<u>1 January - 30 June 2018</u>	<u>1 April- 30 June 2018</u>
	<b>Product</b>	<b>Product</b>	<b>Product</b>	<b>Product</b>
Merinos Halı San. Tic. A.Ş.	41,830	23,710	9,564	25,908
Özerdem Mensucat San. Tic. A.Ş.	41,294	30,253	33,987	193
Zeki Mensucat Sanayi ve Tic. A.Ş.	33,239	15,432	7	3,348
Dinarsu İmalat ve Ticaret T.A.Ş.	75	-	297	28
Merinos Mobilya Tekstil San. Tic. A.Ş.	-	-	28	-
	<b>116,438</b>	<b>69,395</b>	<b>43,883</b>	<b>29,477</b>

**d) Purchases from related parties:**

	<u>1 January - 30 June 2019</u>	<u>1 April- 30 June 2019</u>	<u>1 January - 30 June 2018</u>	<u>1 April- 30 June 2018</u>
	<b>Product</b>	<b>Product</b>	<b>Product</b>	<b>Product</b>
Merinos Halı San. Tic. A.Ş.	204	1	-	-
Merinos Mobilya Tekstil San. Tic. A.Ş.	174	21	38	-
	<b>378</b>	<b>22</b>	<b>38</b>	<b>-</b>

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**NOTE 26 - RELATED PARTY DISCLOSURES (cont’d)****e) Interest income from related parties:**

	<b>1 January - 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Dinarsu İmalat ve Ticaret T.A.Ş.	10,421	6,576	1,602	4,865
Merinos Halı San. Tic. A.Ş.	8,351	4,610	5,208	1,398
	<b>18,772</b>	<b>11,186</b>	<b>6,810</b>	<b>6,263</b>

Balance comprises from interest numbers calculated by the Group. The weighted Euro foreign exchange interest rate of the average interest for other receivables from related parties is 4.60% (31 December 2018 Euro: 4.20%)

**f) Financial foreign exchange income from related parties;**

	<b>1 January - 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Dinarsu İmalat ve Ticaret T.A.Ş.	15,979	6,146	9,639	9,668
Merinos Halı San. Tic. A.Ş.	6,396	931	13,708	6,044
Özerdem Mensucat San. Tic. A.Ş.	1,466	950	4,178	2,711
Zeki Mensucat San. Tic. A.Ş.	99	73	7	7
	<b>23,940</b>	<b>8,100</b>	<b>27,532</b>	<b>18,430</b>

**g) Remuneration of directors and key management personnel amounts**

As of 30 June 2019 and 2018, remuneration of directors and key management personnel amounts are as follows:

	<b>1 January - 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April- 30 June 2018</b>
Short-term benefits provided to key management	1,031	532	720	390
	<b>1,031</b>	<b>532</b>	<b>720</b>	<b>390</b>

**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS****Financial Risk Management***Financial risk factors*

The Group’s activities expose it to a variety of financial risks, including market risk, (currency risk, interest rate risk), credit risk, liquidity risk and funding risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

## SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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#### **NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)**

##### **Financial Risk Management (cont’d)**

###### *Financial risk factors (cont’d)*

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

##### **Market risk**

###### *Foreign exchange risk*

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

##### **Foreign Currency Position Table**

Assets and liabilities denominated in foreign currencies at 30 June 2019 and 31 December 2018 are as follows:

	<b>30 June 2019</b>		
	<b>TL Equivalent</b>	<b>USD</b>	<b>Euro</b>
Trade receivables	458,092	49,738	26,233
Monetary financial assets (Including cash and banks)	45,930	2,541	4,779
Other	597,853	8,249	84,018
<b>Current assets</b>	<b>1,101,875</b>	<b>60,528</b>	<b>115,030</b>
<b>Total assets</b>	<b>1,101,875</b>	<b>60,528</b>	<b>115,030</b>
Trade payables (Including other payables)	244,992	33,090	8,328
Financial liabilities	1,550,917	-	236,756
Other	47,196	8,189	10
<b>Short-term liabilities</b>	<b>1,843,105</b>	<b>41,279</b>	<b>245,094</b>
Financial liabilities	1,308,454	-	199,743
<b>Long-term liabilities</b>	<b>1,308,454</b>	<b>-</b>	<b>199,743</b>
<b>Total liabilities</b>	<b>3,151,559</b>	<b>41,279</b>	<b>444,837</b>
<b>Net foreign currency position</b>	<b>(2,049,684)</b>	<b>19,249</b>	<b>(329,807)</b>

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**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS  
(cont’d)**

**Foreign Currency Position Table (cont’d)**

	<b>31 December 2018</b>			
	<b>TL Equivalent</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>
Trade receivables	469,507	55,098	29,804	-
Monetary financial assets				
(Including cash and banks)	45,881	1,629	6,182	7
Other	582,136	2,058	94,776	-
<b>Current assets</b>	<b>1,097,524</b>	<b>58,785</b>	<b>130,762</b>	<b>7</b>
<b>Total assets</b>	<b>1,097,524</b>	<b>58,785</b>	<b>130,762</b>	<b>7</b>
Trade payables				
(Including other payables)	257,324	9,701	34,211	10
Financial liabilities	723,769	2,044	118,284	-
Other	2,743	510	10	-
<b>Short-term liabilities</b>	<b>983,836</b>	<b>12,255</b>	<b>152,505</b>	<b>10</b>
Financial liabilities	1,186,328	-	196,803	-
<b>Long-term liabilities</b>	<b>1,186,328</b>	<b>-</b>	<b>196,803</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,170,164</b>	<b>12,255</b>	<b>349,308</b>	<b>10</b>
<b>Net foreign currency position</b>	<b>(1,072,640)</b>	<b>46,530</b>	<b>(218,546)</b>	<b>(3)</b>

**Foreign Currency Sensitivity Analysis**

<b>As of 30 June 2019;</b>	<b><u>Profit / (Loss)</u></b>	
	<b><u>Appreciation of foreign currency</u></b>	<b><u>Depreciation of foreign currency</u></b>
10% change in US Dollar/TL parity:		
US Dollar net asset	11,078	(11,078)
US Dollar net hedged amount	-	-
<b>US Dollar Net Effect</b>	<b>11,078</b>	<b>(11,078)</b>
10% change in EUR/TL parity:		
EUR net asset	(216,046)	216,046
EUR net hedged amount	-	-
<b>EUR Net Effect</b>	<b>(216,046)</b>	<b>216,046</b>
<b>Total</b>	<b>(204,968)</b>	<b>204,968</b>

**SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARY****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

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

**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS  
(cont’d)****Foreign Currency Sensitivity Analysis (cont’d)**

<b>As of 31 December 2018;</b>	<b>Profit / (Loss)</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
10% change in US Dollar/TL parity:		
US Dollar net asset	24,478	(24,478)
US Dollar net hedged amount	-	-
<b>US Dollar Net Effect</b>	<b>24,478</b>	<b>(24,478)</b>
10% change in EUR/TL parity:		
EUR net asset	(131,739)	131,739
EUR net hedged amount	-	-
<b>EUR Net Effect</b>	<b>(131,739)</b>	<b>131,739</b>
10% change in GBP/TL parity:		
GBP net asset	-	-
GBP net hedged amount	-	-
<b>GBP Net Effect</b>	<b>(2)</b>	<b>2</b>
<b>Total</b>	<b>(107,263)</b>	<b>107,263</b>

**NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE**

As of 9 August 2019, the Group collected all other receivables from related parties, details seen in Note 26, and the Group has not any other receivables from related parties.