

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK  
VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 MARCH 2015**

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**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED BALANCE SHEET  
AT 31 MARCH 2015 AND 31 DECEMBER 2014**

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

	Notes	Unaudited 31 March 2015 USD (*)	Unaudited 31 December 2014 USD (*)	Unaudited 31 March 2015	Audited 31 December 2014
<b>ASSETS</b>					
Cash and Cash Equivalents		5.906.624	5.898.418	15.417.471	13.677.842
Trade Receivables		115.748.824	122.264.633	302.127.581	283.519.457
<i>Trade Receivables from Related Parties</i>		5.089.772	5.559.342	13.285.323	12.891.559
<i>Trade Receivables from Third Parties</i>		110.659.052	116.705.290	288.842.258	270.627.898
Other Receivables	5	2.070.121	2.920.552	5.403.431	6.772.467
<i>Other Receivables from Third Parties</i>		2.070.121	2.920.552	5.403.431	6.772.467
Derivative Financial Instruments	17	7.001.339	808.599	18.274.895	1.875.061
Inventories	6	186.528.894	195.611.272	486.877.718	453.602.979
Prepaid Expenses		9.958.671	6.775.896	25.994.124	15.712.626
Assets Related to Current Tax		2.649.642	4.192.643	6.916.095	9.722.321
Financial Investments		32.179	32.179	83.994	74.620
Other Current Assets		21.634.173	23.652.035	56.469.518	54.846.704
<b>Subtotal</b>		<b>351.530.468</b>	<b>362.156.228</b>	<b>917.564.827</b>	<b>839.804.077</b>
Non-Current Assets Held For Sale		1.839.965	1.891.129	4.802.677	4.385.340
<b>Current Assets</b>		<b>353.370.433</b>	<b>364.047.357</b>	<b>922.367.504</b>	<b>844.189.417</b>
Financial Investments		153.422	123.178	400.462	285.638
Other Receivables	5	6.081.622	7.235.460	15.874.249	16.778.309
<i>Other Receivables from Third Parties</i>		6.081.622	7.235.460	15.874.249	16.778.309
Investment Property	8	9.630.449	9.630.448	25.137.397	22.332.047
Property, Plant and Equipment	7	402.864.701	425.095.962	1.051.557.443	985.755.026
Intangible Assets		27.262.463	30.888.310	71.160.481	71.626.902
<i>Goodwill</i>		17.468.074	19.662.412	45.595.167	45.595.167
<i>Other Intangible Assets</i>		9.794.389	11.225.898	25.565.314	26.031.735
Prepaid Expenses		4.172.531	4.161.488	10.891.140	9.650.074
Deferred Tax Assets	15	8.838.605	8.946.215	23.070.527	20.745.377
Other Non-Current Assets		66.491	67.069	173.556	155.526
<b>Non-Current Assets</b>		<b>459.070.284</b>	<b>486.148.130</b>	<b>1.198.265.255</b>	<b>1.127.328.899</b>
<b>Total Assets</b>		<b>812.440.717</b>	<b>850.195.487</b>	<b>2.120.632.759</b>	<b>1.971.518.316</b>

(\*\*) US Dollar (“USD”) amounts presented above are translated from Turkish Lira (“TL”) for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 31 March 2015 and 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED BALANCE SHEET**

**AT 31 MARCH 2015 AND 31 DECEMBER 2014**

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

	Notes	Unaudited 31 March 2015 USD (*)	Unaudited 31 December 2014 USD (*)	Unaudited 31 March 2015	Audited 31 December 2014
<b>LIABILITIES</b>					
Short Term Borrowings	4	161.482.962	170.157.968	421.502.827	394.579.311
Short Term Portion of Long Term Borrowings	4	9.775.548	10.229.665	25.516.136	23.721.571
Trade Payables		64.135.797	67.454.118	167.407.257	156.419.355
<i>Trade Payables to Related Parties</i>		<i>1.999.394</i>	<i>1.517.030</i>	<i>5.218.817</i>	<i>3.517.840</i>
<i>Trade Payables to Third Parties</i>		<i>62.136.403</i>	<i>65.937.089</i>	<i>162.188.440</i>	<i>152.901.515</i>
Employee Benefit Obligations		1.965.892	2.026.004	5.131.371	4.698.100
Other Payables	5	4.938.548	6.873.930	12.890.598	15.939.956
<i>Other Payables to Third Parties</i>		<i>4.938.548</i>	<i>6.873.930</i>	<i>12.890.598</i>	<i>15.939.956</i>
Deferred Income		2.064.461	1.434.160	5.388.656	3.325.674
Short Term Provisions		5.627.527	5.329.379	14.688.970	12.358.296
<i>Short Term Provisions for Employee Benefits</i>		<i>5.609.114</i>	<i>5.308.653</i>	<i>14.640.910</i>	<i>12.310.236</i>
<i>Other Short Term Provisions</i>		<i>18.412</i>	<i>20.725</i>	<i>48.060</i>	<i>48.060</i>
Other Current Liabilities		30.694.485	6.789.185	80.118.745	15.743.441
<b>Current Liabilities</b>		<b>280.685.220</b>	<b>270.294.409</b>	<b>732.644.560</b>	<b>626.785.704</b>
Long Term Borrowings	4	58.392.759	59.889.812	152.416.779	138.878.485
Trade Payables		204.038	216.827	532.581	502.799
<i>Trade Payables to Third Parties</i>		<i>204.038</i>	<i>216.827</i>	<i>532.581</i>	<i>502.799</i>
Other Payables	5	4.097.340	4.902.036	10.694.876	11.367.331
<i>Other Trade Payables to Third Parties</i>		<i>4.097.340</i>	<i>4.902.036</i>	<i>10.694.876</i>	<i>11.367.331</i>
Government Grants		945.797	1.078.714	2.468.719	2.501.429
Long Term Provisions		13.424.528	14.491.191	35.040.702	33.603.623
<i>Long Term Provisions for Employee Benefits</i>		<i>13.424.528</i>	<i>14.491.191</i>	<i>35.040.702</i>	<i>33.603.623</i>
Deferred Tax Liabilities	15	31.053.155	30.643.146	81.054.945	71.058.392
<b>Non-Current Liabilities</b>		<b>108.117.617</b>	<b>111.221.726</b>	<b>282.208.602</b>	<b>257.912.059</b>
<b>Total Liabilities</b>		<b>388.802.837</b>	<b>381.516.135</b>	<b>1.014.853.162</b>	<b>884.697.763</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>Equity Attributable to Owners of the Company</b>		<b>336.008.814</b>	<b>382.388.361</b>	<b>877.050.208</b>	<b>886.720.375</b>
Share Capital		74.526.502	83.888.514	194.529.076	194.529.076
Share Premium		23.773.219	26.759.608	62.052.856	62.052.856
Shareholders' Contribution		144.010.152	162.100.694	375.895.300	375.895.300
<b>Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss</b>					
<i>Financial Assets Fair Value Reserve</i>		(103.498)	(116.500)	(270.151)	(270.151)
<i>Currency Translation Differences</i>		56.237.268	46.916.957	147.452.424	113.415.666
<i>Hedging Reserve</i>		5.605.427	651.783	14.631.286	1.511.419
<b>Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss</b>					
<i>Defined Benefit Plans Remeasurement Fund</i>		(1.179.647)	(1.327.834)	(3.079.114)	(3.079.114)
Restricted Reserves		11.783.506	13.263.749	30.757.308	30.757.308
Retained Earnings		17.012.653	14.984.707	44.406.426	34.748.037
Net Income for the Period		4.343.232	35.266.683	10.674.797	77.159.978
<b>Non-Controlling Interests</b>		<b>87.629.066</b>	<b>86.290.991</b>	<b>228.729.389</b>	<b>200.100.178</b>
<b>Total Equity</b>		<b>423.637.880</b>	<b>468.679.352</b>	<b>1.105.779.597</b>	<b>1.086.820.553</b>
<b>Total Liabilities and Equity</b>		<b>812.440.717</b>	<b>850.195.487</b>	<b>2.120.632.759</b>	<b>1.971.518.316</b>

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

# KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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

	Notes	Unaudited 1 January- 31 March 2015 USD (*)	Unaudited 1 January- 31 March 2014 USD (*)	Audited 1 January- 31 March 2015	Audited 1 January- 31 March 2014
<b>PROFIT OR LOSS</b>					
Sales	10	167.242.846	198.124.460	411.049.467	439.023.992
Cost of Sales (-)	10	(142.835.732)	(165.619.532)	(351.061.661)	(366.996.322)
<b>GROSS PROFIT</b>		<b>24.407.114</b>	<b>32.504.928</b>	<b>59.987.806</b>	<b>72.027.670</b>
Marketing Expenses (-)	11	(6.766.710)	(6.624.415)	(16.631.220)	(14.679.042)
General and Administrative Expenses (-)	11	(7.826.731)	(7.382.034)	(19.236.540)	(16.357.850)
Research and Development Expenses (-)	11	(137.022)	(482.052)	(336.773)	(1.068.178)
Other Operating Income	12	16.588.722	10.331.558	40.771.762	22.893.699
Other Operating Expenses (-)	12	(15.380.792)	(7.115.170)	(37.802.910)	(15.766.506)
<b>OPERATING PROFIT</b>		<b>10.884.581</b>	<b>21.232.815</b>	<b>26.752.125</b>	<b>47.049.793</b>
Income From Investing Activities	13	477.010	162.131	1.172.396	359.267
Expenses From Investing Activities (-)	13	(328.581)	(6.696)	(807.587)	(14.837)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSE</b>		<b>11.033.010</b>	<b>21.388.250</b>	<b>27.116.934</b>	<b>47.394.223</b>
Financial Income	14	-	654.788	-	1.450.945
Financial Expenses (-)	14	(4.958.142)	(1.490.662)	(12.186.122)	(3.303.157)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>6.074.868</b>	<b>20.552.376</b>	<b>14.930.812</b>	<b>45.542.011</b>
Tax Expense:					
- Current Tax Expense	15	(223.575)	(2.637.809)	(549.502)	(5.845.122)
- Deferred Tax Income/ (Expense)	15	(348.058)	(964.391)	(855.458)	(2.136.994)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>5.503.235</b>	<b>16.950.176</b>	<b>13.525.852</b>	<b>37.559.895</b>
<b>DISCONTINUED OPERATIONS</b>					
Net profit / (loss) for the period from discontinued operations	18	-	(747.904)	-	(1.657.280)
<b>PROFIT FOR THE PERIOD</b>		<b>5.503.235</b>	<b>16.202.272</b>	<b>13.525.852</b>	<b>35.902.615</b>
<b>PROFIT ATTRIBUTABLE TO:</b>					
- Owners of the Parent		4.343.232	14.067.367	10.674.797	31.171.877
- Non-Controlling Interests		1.160.003	2.134.906	2.851.055	4.730.738
Earnings per share;					
- thousand shares TL		0,22	0,72	0,55	1,60
Earnings per share from continuing operations;					
- thousand shares TL		0,22	0,76	0,55	1,69

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

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

	Unaudited 1 January- 31 March 2015	Unaudited 1 January- 31 March 2014
<b>PROFIT FOR THE PERIOD</b>	<b>13.525.852</b>	<b>35.902.615</b>
<b>Other Comprehensive Income: Income or Expenses That Will Be Reclassified to Profit or Loss</b>		
Currency translation differences	59.814.914	21.440.523
Hedging reserve gains	16.774.846	1.672.946
Tax (expense) related to other comprehensive income items (*)	(3.654.979)	(332.315)
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSE)</b>	<b>72.934.781</b>	<b>22.781.154</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>86.460.633</b>	<b>58.683.769</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
- Owners of the Parent	57.831.422	48.723.738
- Non-Controlling Interests	28.629.211	9.960.031

(\*) Tax expense related to other comprehensive income accounts consists of the deferred taxes of hedging reserves.

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

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

	Share Capital	Share Premium	Shareholders' Contribution	Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss			Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings		Equity Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
				Financial Assets Fair Value Reserve	Hedging Reserve	Currency Translation Differences			Defined Benefit Plans Remeasurement Fund	Retained Earnings			
<b>Balances at 1 January 2014</b>	<b>194.529.076</b>	<b>62.052.736</b>	<b>444.666.957</b>	<b>(270.151)</b>	<b>-</b>	<b>112.871.978</b>	<b>(1.268.696)</b>	<b>31.024.246</b>	<b>3.658.291</b>	<b>30.822.808</b>	<b>878.087.245</b>	<b>170.610.241</b>	<b>1.048.697.486</b>
Transfers	-	-	-	-	-	-	-	-	30.822.808	(30.822.808)	-	-	-
Total comprehensive income	-	-	-	-	1.340.631	16.211.230	-	-	-	31.171.877	48.723.738	9.960.031	58.683.769
<b>Balances at 31 March 2014</b>	<b>194.529.076</b>	<b>62.052.736</b>	<b>444.666.957</b>	<b>(270.151)</b>	<b>1.340.631</b>	<b>129.083.208</b>	<b>(1.268.696)</b>	<b>31.024.246</b>	<b>34.481.099</b>	<b>31.171.877</b>	<b>926.810.983</b>	<b>180.570.272</b>	<b>1.107.381.255</b>
<b>Balances at 1 January 2015</b>	<b>194.529.076</b>	<b>62.052.856</b>	<b>375.895.300</b>	<b>(270.151)</b>	<b>1.511.419</b>	<b>113.415.666</b>	<b>(3.079.114)</b>	<b>30.757.308</b>	<b>34.748.037</b>	<b>77.159.978</b>	<b>886.720.375</b>	<b>200.100.178</b>	<b>1.086.820.553</b>
Transfers	-	-	-	-	-	-	-	-	77.159.978	(77.159.978)	-	-	-
Dividends paid (*)	-	-	-	-	-	-	-	-	(67.501.589)	-	(67.501.589)	-	(67.501.589)
Total comprehensive income	-	-	-	-	13.119.867	34.036.758	-	-	-	10.674.797	57.831.422	28.629.211	86.460.633
<b>Balances at 31 March 2015</b>	<b>194.529.076</b>	<b>62.052.856</b>	<b>375.895.300</b>	<b>(270.151)</b>	<b>14.631.286</b>	<b>147.452.424</b>	<b>(3.079.114)</b>	<b>30.757.308</b>	<b>44.406.426</b>	<b>10.674.797</b>	<b>877.050.208</b>	<b>228.729.389</b>	<b>1.105.779.597</b>

(\*) A 34,70% gross, 33,4769% net dividend amounting to TL 67.501.589,37 has been decided to be distributed to shareholders representing the capital amounting to TL 194.529.076,00 in accordance with their legal conditions. The profit distribution is decided to be carried out in cash as of 29 May 2015.

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

# KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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

	Notes	Unaudited 1 January- 31 March 2015 USD (*)	Unaudited 1 January- 31 March 2014 USD (*)	Unaudited 1 January- 31 March 2015	Unaudited 1 January- 31 March 2014
<b>A. CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>(3.436.372)</b>	<b>(24.154.860)</b>	<b>(7.518.443)</b>	<b>(45.925.635)</b>
Profit for the period from continuing operations		6.182.116	19.754.850	13.525.852	37.559.895
Profit / loss from discontinued operations		-	(871.656)	-	(1.657.280)
<b>Adjustments to reconcile profit / loss for the period</b>					
Adjustments related to depreciation and amortization expenses		9.613.043	10.056.536	21.032.376	19.120.491
Adjustments related to retirement pay provision		54.051	420.723	118.258	799.921
Adjustments related to deferred taxes	15	390.995	1.124.006	855.458	2.137.073
Adjustments related to interest income	14	(136.432)	(323.839)	(298.500)	(615.716)
Adjustments related to interest expense	14	2.221.268	2.062.206	4.859.912	3.920.873
Adjustments related to (gain) / loss on sale of property, plant and equipment		(30.307)	(5.879)	(66.309)	(11.178)
Adjustments related to redemption of government grants		(18.678)	(746.757)	(40.865)	(1.419.809)
Adjustments related to inventory obsolescence	6	571.863	(242.146)	1.251.178	(460.392)
Adjustments related to personnel bonus accruals		3.609.665	3.712.918	7.897.587	7.059.371
Adjustments related to vacation pay provision		1.520.296	448.423	3.326.255	852.587
Adjustments related to employee retirement benefit provision		631.657	255.916	1.382.003	486.574
Adjustments related to provision for doubtful receivables		126.293	10.965	276.316	20.847
Adjustments related to insurance income accruals		(1.549)	(1.622.848)	(3.389)	(3.085.521)
Adjustments related to tax expense	15	251.155	3.074.277	549.502	5.845.122
Adjustments related to unrealized finance expenses on credit purchases		353.735	207.991	773.936	395.454
Adjustments related to unearned finance income on credit sales		(1.032.793)	(737.130)	(2.259.648)	(1.401.505)
Adjustments related to unrealized foreign exchange (gains) / losses		2.135.160	193.257	4.671.516	367.439
Adjustments related to fair value changes of derivative financial instruments		(1.665.345)	(168.803)	(3.643.609)	(320.945)
<b>Changes in working capital</b>					
Adjustments related to increase/ decrease in trade receivables		(9.015.592)	(42.913.251)	(19.725.213)	(81.590.965)
Adjustments related to increase/ decrease in inventories		(16.157.628)	(20.727.055)	(35.351.275)	(39.408.349)
Adjustments related to increase/ decrease in other short-term receivables		1.549.354	(6.206.678)	3.389.831	(11.800.756)
Adjustments related to increase/ decrease in other long-term receivables		406.517	1.422.360	889.419	2.704.334
Adjustments related to increase/ decrease in trade payables		6.054.916	19.939.261	13.247.550	37.910.517
Adjustments related to increase/ decrease in other long-term trade payables		13.612	89.327	29.782	169.838
Adjustments related to increase/ decrease in other short-term payables and liabilities		(6.621.643)	(3.938.705)	(14.487.493)	(7.488.659)
Adjustments related to increase/ decrease in other long-term payables and liabilities		(307.352)	426.553	(672.455)	811.006
Adjustments related to increase/ decrease in short-term benefits to employees		1.263.287	2.078.861	2.763.945	3.952.539
Adjustments related to increase/ decrease in prepaid expenses		(5.266.494)	(8.950.818)	(11.522.562)	(17.018.190)
Change in current assets related to current tax		1.282.611	-	2.806.225	-
Change in deferred income		942.906	(134.783)	2.062.983	(256.263)
Change in financial assets		5.996.557	705.113	13.119.867	1.340.631
Change in derivative financial instruments		(7.495.696)	873.916	(16.399.834)	1.661.576
Employee bonuses paid		(441.437)	(702.460)	(965.820)	(1.335.588)
Taxes paid		(251.155)	(2.504.022)	(549.502)	(4.760.897)
Adjustments related to increase/ decrease in retirement pay and employee benefits paid		(165.328)	(215.489)	(361.721)	(409.710)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(8.620.494)</b>	<b>(14.776.659)</b>	<b>(18.860.778)</b>	<b>(28.094.861)</b>
Purchase of property, plant, equipment and intangible assets		(8.820.103)	(15.005.242)	(19.297.504)	(28.529.467)
Proceeds from sale of property, plant and equipment		63.177	5.879	138.226	11.178
Interest received	14	136.432	222.704	298.500	423.428
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>14.957.241</b>	<b>38.435.500</b>	<b>32.724.947</b>	<b>73.077.415</b>
Proceeds from borrowings – net		17.178.509	40.497.706	37.584.859	76.998.288
Interest paid	14	(2.221.268)	(2.062.206)	(4.859.912)	(3.920.873)
<b>NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT BEFORE THE CURRENCY TRANSLATION DIFFERENCE IMPACT (A+B+C)</b>		<b>2.900.375</b>	<b>(496.019)</b>	<b>6.345.726</b>	<b>(943.081)</b>
<b>D. CURRENCY TRANSLATION DIFFERENCE IMPACT ON CASH AND CASH EQUIVALENTS</b>		<b>(2.892.169)</b>	<b>(21.201.477)</b>	<b>(4.606.097)</b>	<b>5.842.204</b>
<b>NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT (A+B+C+D)</b>		<b>8.206</b>	<b>(21.697.496)</b>	<b>1.739.629</b>	<b>4.899.123</b>
<b>E. CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD</b>		<b>5.898.418</b>	<b>27.595.914</b>	<b>13.677.842</b>	<b>52.468.112</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+B+C+D+E)</b>		<b>5.906.624</b>	<b>5.898.418</b>	<b>15.417.471</b>	<b>57.367.235</b>

(\*) US Dollar (“USD”) amounts presented above are translated from Turkish Lira (“TL”) for convenience purposes only, at the official TL average exchange rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

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



## KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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

#### NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi ("Kordsa Global" or the "Company") was established on 9 February 2006 as a subsidiary of Hacı Ömer Sabancı Sabancı Holding A.Ş. ("Sabancı Holding") and is registered in İstanbul, Turkey. The Company operates under Turkish Commercial Code.

The Group is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism and construction while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa Global is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa İstanbul ("BIST") since 1991. As of 31 March 2015, 8,89% of the Group's shares is listed on BIST. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows:

	<b>Capital Share %</b>
Hacı Ömer Sabancı Holding A.Ş.	91,11
Other	8,89
	<b>100,00</b>

Group's main shareholder and the party that holds the control is Hacı Ömer Sabancı Holding A.Ş.

Average number of employees within the Group is 4.007 (31 December 2014: 4.048).

The address of the registered office is as follows:

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.  
Sabancı Center Kule 2  
Kat: 17  
34330 4. Levent  
İstanbul

# KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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

### NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (cont’d)

#### Subsidiaries

In accordance with the operating country and segment reporting purpose, geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 31 March 2015 and 31 December 2014 are as follows:

#### 31 March 2015

<u>Subsidiaries</u>	<u>Country</u>	<u>Geographical division</u>	<u>Area of activity</u>
InterKordsa GmbH	Germany	Europe, Middle East and Africa	Single cord manufacture, industrial yarn and cord fabric trade
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Kordsa Brazil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade

#### 31 December 2014

<u>Subsidiaries</u>	<u>Country</u>	<u>Geographical division</u>	<u>Area of activity</u>
InterKordsa GmbH	Germany	Europe, Middle East and Africa	Single cord manufacture, industrial yarn and cord fabric trade
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Kordsa Brazil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade

(\*) Operating in Indonesia, the Company provides nylon 6.6 and polyester HMLS yarns along with the cord fabric manufacturing plants.

The Company’s shares are traded in Indonesia Stock Exchange (“IDX”).

#### Approval of the Financial Statements

Interim condensed consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 8 May 2015, and have been signed by the Finance and Purchasing Vice President Fatma Arzu Ergene and Global Finance Manager Mehmet Badem.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

Statement of Compliance with TAS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

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 were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations (“TAS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

Moreover, financial tables and notes are presented in accordance with the format declared by CMB on 7 June 2013.

Group prepared its consolidated financial statements for the period ended 31. March 2015 in accordance with Turkish Accounting Standard No:30 “Interim Financial Reporting”.

With regards to this communique, required notes and disclosures for annual consolidated financial statements are condensed or disincluded in accordance with TAS 34. Accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of 31 December 2014. Interim financial results alone are not indicative for the annual results.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB’s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied in the accompanying financial statements.

# KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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

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

#### 2.1 Basis of Presentation (cont'd)

##### Basis of Consolidation

The table below sets out all Subsidiaries and shows their shareholding rates at 31 March 2015:

<b>Subsidiaries</b>	<b>Direct and indirect ownership interest by the Group and its subsidiaries (%)</b>	<b>Proportion of effective interest (%)</b>
InterKordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Brazil	97,31	97,31
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester	99,97	60,20
Thai Indo Kordsa	64,19	38,65

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2014:

<b>Subsidiaries</b>	<b>Direct and indirect ownership interest by the Group and its subsidiaries (%)</b>	<b>Proportion of effective interest (%)</b>
InterKordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Brazil	97,31	97,31
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester	99,97	60,20
Thai Indo Kordsa	64,19	38,65

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 the amount of the investor's returns.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

**2.1 Basis of Presentation (cont'd)**

Basis of Consolidation (cont'd)

The Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group 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 the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

**2.1 Basis of Presentation (cont'd)**

Basis of Consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of profit or loss and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT and average USD exchange rate on 31 March 2015 of TL 2,4578 = USD 1 (2014: TL 2,2159= USD 1) and on TL 2,6102 = USD 1 (2014: 2,3189 = USD 1), respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The Effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

**2.2 Changes in Accounting Policies**

Significant changes in the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated.

**2.3 Changes in Accounting Estimates and Errors**

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

Identified accounting errors are corrected in financial statements retrospectively.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

**2.4 New and Revised Turkish Accounting Standards**

(a) Amendments to TAS affecting amounts reported and disclosures in the financial statements

None.

(b) New and revised standards effective from 2014 applied with no material effect on the Group's consolidated financial statements

Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24</i> <sup>1</sup>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1, TFRS 3, TFRS 13, TAS 40</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014.

**Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions***

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

**Annual Improvements to 2010-2012 Cycle**

**TFRS 2:** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

**TFRS 3:** Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

**TFRS 8:** Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

**TFRS 13:** Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

**TAS 16 and TAS 38:** Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

**TAS 24:** Clarify how payments to entities providing management services are to be disclosed.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

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

**Annual Improvements to 2011-2013 Cycle**

**TFRS 1:** Clarify which versions of TFRSs can be used on initial adoption (amends basis for conclusions only).

**TFRS 3:** Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

**TFRS 13:** Clarify the scope of the portfolio exception in paragraph 52.

**TAS 40:** Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

(c) New and revised TFRSs in issue but not yet effective

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

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>TFRS 9 and Mandatory Effective Date for Transition Disclosures</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to TFRS 11 and TFRS 1 Annual Improvements to 2011-2013 Cycle	<i>Accounting for Acquisition of Interests in Joint operations</i> <sup>1</sup>
Amendments to TAS 1 Annual Improvements to 2012-2014 Cycle	<i>TFRS 1</i> <sup>2</sup>
Amendments to TAS 27	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to TFRS 10 and TAS 28	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> <sup>2</sup>
Amendments to TFRS 10, 12 and TAS 28	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
	<i>Investment Entities: Implementations of Consolidation Exceptions</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 31 December 2015.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

**TFRS 9 Financial Instruments**

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

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

***Amendments to TFRS 9 and TFRS 7 TFRS 9 and Mandatory Effective Date for Transition Disclosures***

Mandatory effective date of TFRS 9 has been deferred until not before 1 January 2018.

***Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation***

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

***Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants***

This amendment include ‘bearer plants’ within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of ‘bearer plants’ as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

This amendment on TAS 16 and TAS 41 caused amendments on related parts of TAS 1, TAS 17, TAS 23, TAS 36, and TAS 40 respectively.

***Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations***

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TFRSs, except for those principles that conflict with the guidance in TFRS 11
- disclose the information required by TFRS 3 and other TFRSs for business combinations.

This amendment on TFRS 11 caused amendments on related parts of TFRS 1.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

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

**Annual Improvements to 2011-2013 Cycle**

**TFRS 1:** This amendment clarifies which TAS need to be applied in cases of first time adoption of TAS.

**Amendments to TAS 1 *Disclosure Initiative***

This amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports.

**Annual Improvements 2012-2014 Cycle**

**TFRS 5:** Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

**TFRS 7:** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

**TAS 34:** Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

Annual Improvements 2012-2014 Cycle caused amendments on related parts of TAS 19.

**Amendments to TAS 27 *Equity Method in Separate Financial Statements***

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

**Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

**Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception***

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014**

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

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

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

- A subsidiary that provides services related to the parent’s investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

**2.5 Significant Accounting Policies**

The interim condensed consolidated financial statements for the period ended 31 March 2015 are prepared in accordance with TAS 34 of TFRS for interim financial reporting. Condensed consolidated financial statements as of 31 March 2015 have been prepared in accordance with accounting policies applied during the preparation of consolidated financial statements for the period ended 31 December 2014 consistently. Accordingly, these financial statements should be reviewed in conjunction with consolidated financial statements for the period ended 31 December 2014.

**2.6 Critical Accounting Judgments, Estimates and Assumptions**

Preparation of the consolidated financial statements in accordance with Public Oversight Accounting and Auditing Standards Authority Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Critical accounting judgments, estimates and assumptions in the condensed consolidated financial statements as of 31 March 2015 are consistent with the critical accounting judgments, estimates and assumptions in the consolidated financial statements for the year ended 31 December 2014.

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**NOTE 3 - SEGMENT REPORTING**

The reportable geographical segments for segment reporting are as follows:

**a) Segment analysis for the period 1 January – 31 March 2015**

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	157.039.670	80.853.020	56.579.054	116.577.723	-	411.049.467
Intersegment revenues	17.021.994	11.319.133	-	7.873.131	(36.214.258)	-
Revenues	174.061.664	92.172.153	56.579.054	124.450.854	(36.214.258)	411.049.467
Segment operating expenses	(143.922.660)	(95.319.039)	(62.574.557)	(111.989.145)	37.342.008	(376.463.393)
Segment operating result	30.139.004	(3.146.886)	(5.995.503)	12.461.709	1.127.750	34.586.074
Unallocated expenses (*)						(7.833.949)
						<b>26.752.125</b>

**b) Segment analysis for the period 1 January – 31 March 2014**

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	180.236.018	96.943.513	56.401.105	105.443.356	-	439.023.992
Intersegment revenues	8.881.221	4.610.553	-	780.858	(14.272.632)	-
Revenues	189.117.239	101.554.066	56.401.105	106.224.214	(14.272.632)	439.023.992
Segment operating expenses	(151.218.897)	(98.957.086)	(60.290.016)	(90.400.980)	18.181.035	(382.685.944)
Segment operating result	37.898.342	2.596.980	(3.888.911)	15.823.234	3.908.403	56.338.048
Unallocated expenses (*)						(9.288.255)
						<b>47.049.793</b>

(\*) Income and expenses of Corporate Office, R&D Center and other unallocated consolidation adjustments are included in this line.

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 - SEGMENT REPORTING (cont'd)****c) Segment assets**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Europe, Middle East and Africa	792.576.054	771.266.356
Asia	774.997.100	678.277.247
South America	236.117.780	239.273.896
North America	316.244.827	280.057.288
<b>Segment assets (*)</b>	<b>2.119.935.761</b>	<b>1.968.874.787</b>
Unallocated assets	9.804.349	4.762.778
Less: Intersegment eliminations	(9.107.351)	(2.119.249)
<b>Total assets per consolidated financial statements</b>	<b>2.120.632.759</b>	<b>1.971.518.316</b>

(\*) Segment assets comprise mainly of operating assets and exclude deferred income tax assets, time deposits and available for sale financial assets.

The segment reporting in the basis of industry groups of reportable segments is as follows:

**a) External revenue**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Fabric	316.812.169	321.502.797
Nylon Yarn	71.679.514	94.093.122
Other	22.557.784	23.428.073
	<b>411.049.467</b>	<b>439.023.992</b>

**b) Segment assets**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Fabric	966.088.535	874.995.952
Nylon Yarn	588.824.593	582.350.501
Other	358.436.526	333.422.023
<b>Segment assets</b>	<b>1.913.349.654</b>	<b>1.790.768.476</b>
Unallocated assets	273.648.580	236.873.316
Less: Intersegment eliminations	(66.365.475)	(56.123.476)
<b>Total assets per consolidated financial statements</b>	<b>2.120.632.759</b>	<b>1.971.518.316</b>

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 – BORROWINGS**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Short-term borrowings	421.502.827	394.579.311
Short-term portion of long term borrowings	25.516.136	23.721.571
<b>Total short-term financial liabilities</b>	<b>447.018.963</b>	<b>418.300.882</b>
Long-term borrowings	152.416.779	138.878.485
<b>Total long-term financial liabilities</b>	<b>152.416.779</b>	<b>138.878.485</b>
<b>Total financial liabilities</b>	<b>599.435.742</b>	<b>557.179.367</b>

**Bank borrowings**

	<b>31 March 2015</b>		<b>31 December 2014</b>	
	<b>Weighted average effective interest rate %</b>	<b>TL</b>	<b>Weighted average effective interest rate %</b>	<b>TL</b>
<b>Short-term borrowings</b>				
TL borrowings	-	-	-	1.323.846
USD borrowings	4,14	176.100.885	4,36	146.650.098
Euro borrowings	0,92	245.391.546	0,96	246.605.367
Other borrowings	-	10.396	-	-
		<b>421.502.827</b>		<b>394.579.311</b>
<b>Short-term portion of long-term borrowings</b>				
USD borrowings	4,70	25.516.136	4,56	23.721.571
		<b>25.516.136</b>		<b>23.721.571</b>
<b>Total short-term borrowings</b>		<b>447.018.963</b>		<b>418.300.882</b>
<b>Long-term borrowings</b>				
USD borrowings	4,70	152.416.779	4,56	138.878.485
<b>Total long-term borrowings</b>		<b>152.416.779</b>		<b>138.878.485</b>

The redemption schedules of borrowings are summarized below:

	<b>31 March 2015</b>	<b>31 December 2014</b>
Up to 1 year	447.018.963	418.300.882
1 to 2 years	29.432.770	25.208.301
2 to 3 years	42.321.710	42.198.432
3 to 4 years	14.504.994	12.667.309
4 to 5 years	61.641.983	54.790.962
Over 5 years	4.515.322	4.013.481
	<b>599.435.742</b>	<b>557.179.367</b>

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 5 - OTHER RECEIVABLES AND PAYABLES**

<b>Other short-term receivables</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Taxes and other dues (*)	4.208.599	5.213.142
Other	1.194.832	1.559.325
	<b>5.403.431</b>	<b>6.772.467</b>

<b>Other long-term receivables</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Taxes and other dues (*)	11.691.877	14.654.839
Other	4.182.372	2.123.470
	<b>15.874.249</b>	<b>16.778.309</b>

<b>Other short-term payables</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Payables on property, plant and equipment purchases	5.626.760	5.565.308
Taxes and duties payable	5.913.511	8.697.424
Other	1.350.327	1.677.224
	<b>12.890.598</b>	<b>15.939.956</b>

<b>Other long-term payables</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Taxes and duties payable (**)	10.694.876	11.367.331
	<b>10.694.876</b>	<b>11.367.331</b>

(\*) Prepaid taxes and other withholding taxes mainly comprise the social security premiums and other tax receivables of Kordsa Brazil which are over paid in excess in previous periods and the Company has the right to recollect from the Federal Bureau of Taxation.

(\*\*) Taxes and duties payables mainly comprise of long term social security contributions and other tax payables of Kordsa Brazil.

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**NOTE 6 – INVENTORIES**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Finished goods	220.659.531	219.318.254
Raw materials and supplies	144.615.767	130.323.323
Semi-finished goods	59.603.237	46.079.469
Spare parts	39.793.422	37.436.504
Intermediate goods	16.154.570	10.371.228
Other inventories	17.130.653	19.077.128
	<b>497.957.180</b>	<b>462.605.906</b>
Less: Provision for obsolescence	(11.079.462)	(9.002.927)
	<b>486.877.718</b>	<b>453.602.979</b>

Movement schedules for provision for obsolescence for the periods ended 31 March 2015 and 2014 are as follows:

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Balances at 1 January	9.002.927	8.082.858
Additions	2.432.729	252.449
Reversals	(1.181.551)	(712.841)
Currency translation differences	825.357	182.839
<b>Balance at 31 March</b>	<b>11.079.462</b>	<b>7.805.305</b>

The amount of provision and reversals for inventory obsolescence for the periods ended 31 March 2015 and 2014 are accounted for under to cost of goods.



**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT**

The movement of property, plant and equipment for the period ended 31 March 2015 is as follows:

	<b>1 January 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>31 March 2015</b>
<b>Cost:</b>						
Land and land improvements	66.766.539	-	-	-	3.039.554	69.806.093
Buildings	299.268.144	-	-	5.283.559	14.747.922	319.299.625
Machinery and equipment	1.599.176.509	2.262.579	(8.186.119)	30.208.078	80.873.572	1.704.334.619
Motor vehicles	3.597.938	-	-	-	241.676	3.839.614
Furniture and fixtures	50.371.149	181.206	(2.672)	154.887	1.436.629	52.141.199
Construction in progress	74.948.739	16.687.152	-	(35.663.046)	3.526.353	59.499.198
	<b>2.094.129.018</b>	<b>19.130.937</b>	<b>(8.188.791)</b>	<b>(16.522)</b>	<b>103.865.706</b>	<b>2.208.920.348</b>
<b>Accumulated depreciation:</b>						
Land improvements	24.553.467	237.604	-	-	1.231.166	26.022.237
Buildings	164.531.820	1.642.909	-	-	5.757.891	171.932.620
Machinery and equipment	878.738.996	17.041.308	(8.114.203)	-	28.957.639	916.623.740
Motor vehicles	2.397.050	132.607	-	-	187.622	2.717.279
Furniture and fixtures	38.152.659	637.928	(2.671)	-	1.279.113	40.067.029
	<b>1.108.373.992</b>	<b>19.692.356</b>	<b>(8.116.874)</b>	<b>-</b>	<b>37.413.431</b>	<b>1.157.362.905</b>
<b>Net book value</b>	<b>985.755.026</b>					<b>1.051.557.443</b>

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (cont'd)**

The movement of property, plant and equipment for the period ended 31 March 2014 is as follows:

	<b>1 January 2014</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>31 March 2014</b>
<b>Cost:</b>						
Land and land improvements	68.938.797	4.219	-	-	859.242	69.802.258
Buildings	287.906.818	54.131	-	3.011.400	4.713.423	295.685.772
Machinery and equipment	1.445.482.663	2.023.917	-	25.749.952	29.135.032	1.502.391.564
Motor vehicles	3.775.325	33.443	(108.141)	33.593	108.140	3.842.360
Furniture and fixtures	50.258.393	180.827	-	2.124.603	1.341.126	53.904.949
Construction in progress	87.998.186	26.084.346	-	(32.272.054)	1.393.905	83.204.383
	<b>1.944.360.182</b>	<b>28.380.883</b>	<b>(108.141)</b>	<b>(1.352.506)</b>	<b>37.550.868</b>	<b>2.008.831.286</b>
<b>Accumulated depreciation:</b>						
Land improvements	22.649.279	482.138	-	-	241.581	23.372.998
Buildings	159.221.087	2.371.827	-	-	2.274.608	163.867.522
Machinery and equipment	839.688.091	14.445.620	-	-	14.526.599	868.660.310
Motor vehicles	3.347.563	127.784	(108.141)	-	89.062	3.456.268
Furniture and fixtures	37.978.510	715.971	-	-	954.411	39.648.892
	<b>1.062.884.530</b>	<b>18.143.340</b>	<b>(108.141)</b>	<b>-</b>	<b>18.086.261</b>	<b>1.099.005.990</b>
<b>Net book value</b>	<b>881.475.652</b>					<b>909.825.296</b>

# KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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### NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

TL 19.094.566 (31 March 2014: TL 17.442.195) of current period depreciation and amortisation expenses are included in cost of sales, TL 405.209 (31 March 2014: TL 406.405) is included in research and development expenses and TL 1.532.604 (31 March 2014: TL 1.271.891) is included in general administrative expenses. TL 1.200.012 of prior period depreciation and amortisation expenses are related to discontinued operations.

### NOTE 8 – INVESTMENT PROPERTY

Movement table of investment property for the periods 1 January – 31 March 2015 and 2014 are as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
<b>Balance at the beginning of the year</b>	<b>22.332.047</b>	<b>17.441.751</b>
Currency translation differences	2.805.350	453.553
<b>Closing balance</b>	<b>25.137.397</b>	<b>17.895.304</b>

Investment property belongs to PT Indo Kordsa located in the Asia Pacific Region.

### NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below:

#### a) Guarantees given:

	31 March 2015	31 December 2014
Pledges given to banks	167.683.814	153.986.755
Letter of guarantees	22.957.237	21.931.204
Letter of credits	3.493.708	21.108.245
Pledges	486.197	315.670
Pledges given for machinery and equipment	10.339.466	10.302.212
Other guarantees given	61.297	1.239.762
	<b>205.021.719</b>	<b>208.883.848</b>

#### b) Guarantees received:

	31 March 2015	31 December 2014
Letter of guarantees	9.549.184	10.099.767
Cheques and notes received as collateral	947.695	938.409
	<b>10.496.879</b>	<b>11.038.176</b>

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont’d)**

- i) During the preparation of the consolidated financial statements for the fiscal period 01 January to 31 December 2008, the Group found that a person employed in the accounting department of Kordsa Global İzmit had caused the Group to suffer loss through misappropriation of the Company’s assets, and in an attempt to recover the money embezzled by the employee the Group initiated legal proceedings with a claim of TL 4.774.030 without limiting its right to litigation and to claim any excess.
- ii) There are three lawsuits filed by the previous owner of the lands that, Nile Kordsa Company for Industrial Fabrics S.A.E, one of the subsidiaries of The Group, has acquired on 20 September 2012. The first trials of two of the lawsuits, claiming that the valuation of the lands were improperly performed, have ended in favour of The Company on 26 March 2013 and then appealed by the litigator. Review of the appeal of the lawsuit mentioned above has ended in favor of the Group on 4 June 2014 thus resulting in the closure of related cases.

# KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 MARCH 2015 AND 2014

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### NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont’d)

#### e) Guarantees, Pledges and Mortgages given by the Group (“GPM”):

31 March 2015	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
A. Total of GPMs given on behalf of own legal personality	205.021.719	16.714.803	65.178.873	6.221.870	6.263.971	61.298
B. Total of GPMs given on behalf of subsidiaries consolidated in full	56.596.001	-	21.682.630	-	-	-
C. GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D.Total amount of other GPM (*)	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the majority shareholder	-	-	-	-	-	-
ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	261.617.720	16.714.803	86.861.503	6.221.870	6.263.971	61.298
31 December 2014	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
A. Total of GPMs given on behalf of own legal personality	208.883.848	15.712.298	75.835.260	5.947.370	4.687.221	211.680
B. Total of GPMs given on behalf of subsidiaries consolidated in full	55.129.863	-	23.774.144	-	-	-
C. GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D.Total amount of other GPM (*)	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the majority shareholder	-	-	-	-	-	-
ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	264.013.711	15.712.298	99.609.404	5.947.370	4.687.221	211.680

(\*) The percentage of the Group’s other GPMs to the Group’s equity as of 31 March 2015 is 0% (31 December 2014: 0%).

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 10 - SALES AND COST OF GOODS SOLD**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Sales income (gross)	418.515.694	443.373.316
Sales returns (-)	(1.564.952)	(239.749)
Sales discounts (-)	(4.215.594)	(1.046.946)
Other sales discounts (-)	(1.685.681)	(3.062.629)
<b>Sales Income (Net)</b>	<b>411.049.467</b>	<b>439.023.992</b>
Cost of sales (-)	(351.061.661)	(366.996.322)
<b>Gross Profit</b>	<b>59.987.806</b>	<b>72.027.670</b>

**NOTE 11 - EXPENSES BY NATURE**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Personnel expenses	14.018.127	12.423.491
Distribution expenses	9.552.407	9.778.813
Consultancy expenses	2.231.673	1.855.759
Depreciation and amortization expenses	1.937.812	478.284
Rent expenses	543.188	514.438
Service, maintenance expenses	273.297	261.752
Other	7.648.029	6.792.533
	<b>36.204.533</b>	<b>32.105.070</b>

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 12 – OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Other operating income</b>		
Foreign exchange gains/ losses on trade receivables	31.830.995	14.630.327
Domestic production incentive income (*)	3.310.555	6.160.844
Unearned finance income on credit sales	2.259.648	1.401.505
Export incentive income	750.254	64.303
Rent income	31.895	29.919
Other	2.588.415	606.801
	<b>40.771.762</b>	<b>22.893.699</b>

(\*) Domestic production incentive income refers to the Brazilian Subsidiary’s sales tax return income on finished goods produced and sold in its own country.

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Other operating expenses</b>		
Foreign exchange gains/ losses on trade payables	33.716.497	10.674.908
Taxes and duties	2.042.808	2.022.547
Unrealized finance expense on credit purchases	773.936	259.050
Donations	701.379	2.300.500
Expenses of the customer damages	124.996	41.429
Other	443.294	468.072
	<b>37.802.910</b>	<b>15.766.506</b>

**NOTE 13 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Income from investing activities</b>		
Interest income	298.500	333.252
Gain on sale of property, plant and equipment	873.896	26.015
	<b>1.172.396</b>	<b>359.267</b>

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**NOTE 13 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES (cont'd)**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Expenses from investing activities</b>		
Loss on sale of property, plant and equipment	807.587	14.837
	<b>807.587</b>	<b>14.837</b>

**NOTE 14 – FINANCIAL INCOME/ EXPENSES**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Finance income</b>		
Foreign exchange gains	-	1.450.945
	<b>-</b>	<b>1.450.945</b>

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Finance expenses</b>		
Foreign exchange losses	7.199.810	-
Interest expenses	4.859.912	3.204.174
Other	126.400	98.983
	<b>12.186.122</b>	<b>3.303.157</b>

**NOTE 15 – TAXATION ON INCOME****Corporate tax**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Corporate tax payable	549.502	13.407.206
Less: Prepaid taxes	(549.502)	(13.407.206)
	<b>-</b>	<b>-</b>

Corporate Income Tax Law has been changed with the law numbered 5520 which was published on 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable in Turkey is 20% (2014: 20%). Corporate tax rate is applied to the taxable profit which is calculated by adding non-deductible expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives). No additional taxes are paid unless profit is distributed (except 19,8% withholding tax paid over used investment incentives).



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**NOTE 15 – TAXATION ON INCOME (cont’d)**

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.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentive

The revoked phrase “only attributable to 2006, 2007 and 2008” stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court’s issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carryforward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period’s income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court’s resolution No: E. 2012/93 K. 2012/9 (“Stay of Execution”) issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court’s decision was published in the official Gazette No: 28719 as at 26 July 2013.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira.

In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. As of 1 January 2005, forementioned conditions are not valid thus, there are no inflation adjustments.

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 which they relate.

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### NOTE 15 – TAXATION ON INCOME (cont’d)

#### Investment Incentive (cont’d)

Tax returns are open for 5 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.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to the Group are as follows:

Real property, investment equity, preferential rights, usufruct shares, founding shares, sales exemption:

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

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Apart from the abovementioned exemptions considered in the determination corporate income tax base, allowances stated in Corporate Income Tax Law Articles 8, 9 and 10 and Income Tax Law Article 40 are also taken into consideration.

The taxes on income reflected to consolidated income statements for the periods ended 31 March 2015 and 2014 are summarized as follows:

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Current period corporate tax expense	(549.502)	(5.845.122)
Deferred tax income / (expense)	(855.458)	(2.136.994)
	<b>(1.404.960)</b>	<b>(7.982.116)</b>

#### Deferred tax

	<b>31 March 2015</b>	<b>31 December 2014</b>
Deferred tax assets	23.070.527	20.745.377
Deferred tax liabilities	(81.054.945)	(71.058.392)
Deferred tax liability (net)	<b>(57.984.418)</b>	<b>(50.313.015)</b>

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**NOTE 15 – TAXATION ON INCOME (cont'd)**

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements.

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled in the future periods are as follows:

<b>Country</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Turkey	20,0%	20,0%
Egypt	30,0%	30,0%
Germany	30,0%	30,0%
United States	35,0%	35,0%
Brazil	21,5%	21,5%
Indonesia	25,0%	25,0%
Thailand	20,0%	20,0%

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 March 2015 and 31 December 2014 using the enacted tax rates are as follows:

	<b>Cumulative temporary differences</b>		<b>Deferred tax assets/(liabilities)</b>	
	<b>31 March 2015</b>	<b>31 December 2014</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Provision for employment termination benefits	36.634.819	37.670.311	8.029.266	8.277.830
Carried forward tax losses	2.218.138	-	443.628	-
Research and development deductions	-	-	-	-
Inventories	9.863.445	13.709.356	2.691.295	3.526.602
Doubtful receivable provision	1.151.690	1.023.161	434.648	386.141
Consignment sales adjustment	1.946.488	604.519	389.298	120.904
Unearned credit finance income	-	-	-	-
Finance income	407.198	664.065	81.440	132.813
Other	28.969.077	24.516.700	11.000.952	8.301.087
<b>Deferred tax assets</b>			<b>23.070.527</b>	<b>20.745.377</b>
Property, plant and equipment and intangibles	194.037.688	182.054.761	(70.353.988)	(64.443.268)
Other	53.504.785	33.075.620	(10.700.957)	(6.615.124)
<b>Deferred tax liabilities</b>			<b>(81.054.945)</b>	<b>(71.058.392)</b>
<b>Net deferred tax liability</b>			<b>(57.984.418)</b>	<b>(50.313.015)</b>

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#### NOTE 15 – TAXATION ON INCOME (cont'd)

Since it is not anticipated to be able to offset the financial losses of the Group's subsidiary Kordsa Brazil, which amounted to TL 63.389.447 as of 31 March 2015 (31 December 2014: TL 60.351.919), no deferred tax asset has been calculated and included in the above table. According to the Brazilian tax system, there is no time limitation for the carry forward of the financial losses. However, the maximum amount which can be offset within any given year is limited to the 30% of the total profit, which is subject to tax, of the related year.

	31 March 2015	31 December 2014
Deferred tax assets that are expected to be benefited from after one year	8.472.894	8.277.830
Deferred tax liabilities that are expected to be realized after one year	81.054.945	71.058.392

Movement table of deferred tax liability for the period 1 January-31 March 2015 and 2014 are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
<b>Balances at 1 January</b>	<b>(50.313.015)</b>	<b>(44.071.674)</b>
Current year deferred tax income / (expense) - net	(855.458)	(2.136.994)
Accounted for under equity	(3.654.979)	(332.315)
Currency translation differences	(3.160.966)	(583.487)
<b>Balances at 31 March</b>	<b>(57.984.418)</b>	<b>(47.124.470)</b>

#### NOTE 16 – RELATED PARTY DISCLOSURES

Bank balances:	31 March 2015	31 December 2014
Akbank T.A.Ş. - demand deposits	1.323.340	575.770
	<b>1.323.340</b>	<b>575.770</b>

	31 March 2015	31 December 2014
Akbank T.A.Ş. – bank borrowings	52.687	1.323.846

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**NOTE 16 – RELATED PARTY DISCLOSURES (cont'd)**

<b>Due from related parties:</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	13.226.613	12.820.148
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	56.247	48.033
Akbank A.G. (*)	2.463	2.318
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	13.509
Other	-	7.551
	<b>13.285.323</b>	<b>12.891.559</b>

(\*) Balance consists of the receivables from factoring transactions of Interkordsa.

<b>Due to related parties:</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	3.892.827	2.841.513
Bimsa	236.873	276.096
Sabancı Üniversitesi	1.016.319	5.100
Aksigorta A.Ş.	61.267	68.109
Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding")	-	19.252
Brisa	-	91.080
Other	11.531	216.690
	<b>5.218.817</b>	<b>3.517.840</b>

<b>Product sales</b>	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Brisa	<b>14.360.760</b>	<b>15.471.837</b>

<b>Service sales</b>	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Enerjisa Enerji Üretim A.S	15.084	-
	<b>15.084</b>	<b>-</b>

Service sales arise from invoicing of common services incurred for the above companies which operate in the same area.

<b>Product purchases</b>	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	9.632.142	9.633.049
	<b>9.632.142</b>	<b>9.633.049</b>

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**NOTE 16 – RELATED PARTY DISCLOSURES (cont’d)**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Services received</b>		
Aksigorta	1.042.430	1.123.286
Bimsa	527.184	630.062
Ak Emeklilik A.Ş.	486.663	294.995
Sabancı Üniversitesi	27.162	10.644
Teknosa	254	463
Sabancı Holding	323	-
Other	114.248	183.138
	<b>2.198.264</b>	<b>2.242.588</b>

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Property, plant and equipment purchases</b>		
Bimsa	247.903	-
	<b>247.903</b>	<b>-</b>

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Foreign exchange gains / (losses) - net</b>		
Akbank T.A.Ş.	<b>1.077.040</b>	<b>84.938</b>

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Rent expense</b>		
Sabancı Holding	<b>85.389</b>	<b>105.445</b>

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Rent income</b>		
Bimsa	15.290	14.255
Other	-	7.057
	<b>15.290</b>	<b>21.312</b>

**Remunerations:**

The Group defined its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the remunerations provided by the Group for the periods ended 31 March 2015 and 2014 are as follows:

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**NOTE 16 – RELATED PARTY DISCLOSURES (cont’d)**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
Short-term employee benefits	2.408.763	2.475.240
Other long-term benefits	31.412	21.875
Employee termination benefits	-	115.488
Post-employment benefits	56.490	52.523
	<b>2.496.665</b>	<b>2.665.126</b>

**Security and guarantee letters given:****31 March 2015**

<b>Related parties</b>	<b>Amount</b>	<b>Currency</b>	<b>Detail</b>	<b>Bank</b>
Kordsa Brazil	12.332.630	US Dollar	Loan Guarantee	IFC
Nile Kordsa	9.350.000	US Dollar	Loan Guarantee	IFC

**31 December 2014**

<b>Related parties</b>	<b>Amount</b>	<b>Currency</b>	<b>Detail</b>	<b>Bank</b>
Kordsa Brazil	13.860.360	US Dollar	Loan Guarantee	IFC
Nile Kordsa	9.913.784	US Dollar	Loan Guarantee	IFC

**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION*****Foreign exchange risk***

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira. Foreign Exchange risk is monitored with an analysis of foreign exchange positions. In addition, the Group aims to reduce foreign exchange risk arising from assets and liabilities by using currency and interest rate swap instruments. As of 31 March 2015, there are no swap transactions.

***Foreign currency position***

Group’s assets and liabilities denominated in foreign currencies at 31 March 2015 and 31 December 2014 are as follows:

	<b>31 March 2015</b>	<b>31 December 2014</b>
Assets	405.298.970	343.350.894
Liabilities	(545.359.030)	(504.943.411)
<b>Net foreign currency position</b>	<b>(140.060.060)</b>	<b>(161.592.517)</b>

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**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION (cont'd)**

31 March 2015	Total TL equivalent	US Dollars (*)	Euro (*)	Thai Baht (*)	Indonesian Rupiah ('000) (*)	Brazilian Real (*)	Other TL Equivalent
<b>Assets:</b>							
Trade receivables	276.666.649	43.764.596	30.291.802	309.943.160	59.630.994	52.977.417	2.109.671
Cash and cash equivalent	15.338.441	990.882	402.039	100.277.228	11.921.830	871.507	486.796
Other monetary receivables and assets	1.384.868	251.792	67.130	690.433	2.175.488	59.378	-
Other non-monetary receivables and assets	66.611.279	8.249.874	151.349	36.641.148	173.283.966	5.381.180	2.768.680
<b>Current assets</b>	<b>360.001.237</b>	<b>53.257.144</b>	<b>30.912.320</b>	<b>447.551.969</b>	<b>247.012.278</b>	<b>59.289.482</b>	<b>5.365.147</b>
Non-current assets held for sale	83.994	32.179	-	-	-	-	-
Other monetary receivables and assets	26.938.845	1.583.442	-	503.000	-	19.509.842	6.891.166
<b>Non-current assets</b>	<b>27.022.839</b>	<b>1.615.621</b>	<b>-</b>	<b>503.000</b>	<b>-</b>	<b>19.509.842</b>	<b>6.891.166</b>
<b>Total assets</b>	<b>387.024.076</b>	<b>54.872.765</b>	<b>30.912.320</b>	<b>448.054.969</b>	<b>247.012.278</b>	<b>78.799.324</b>	<b>12.256.313</b>
<b>Liabilities:</b>							
Trade payables	140.833.595	43.144.178	3.549.201	40.315.457	35.798.094	7.839.737	1.419.520
Financial payables	447.018.963	77.242.206	86.683.227	-	-	-	10.396
Other monetary payables and liabilities	37.648.151	6.651.850	1.262.882	56.420.577	21.253.201	7.985.080	1.450.355
<b>Total short-term liabilities</b>	<b>625.500.709</b>	<b>127.038.234</b>	<b>91.495.310</b>	<b>96.736.034</b>	<b>57.051.295</b>	<b>15.824.817</b>	<b>2.880.271</b>
Financial payables	152.416.779	58.392.535	-	-	-	-	-
Other monetary payables and liabilities	15.632.312	-	1.744.122	27.052.705	50.965.643	13.144.265	-
<b>Total long-term liabilities</b>	<b>168.049.091</b>	<b>58.392.535</b>	<b>1.744.122</b>	<b>27.052.705</b>	<b>50.965.643</b>	<b>13.144.265</b>	<b>-</b>
<b>Total liabilities</b>	<b>793.549.800</b>	<b>185.430.769</b>	<b>93.239.432</b>	<b>123.788.739</b>	<b>108.016.938</b>	<b>28.969.082</b>	<b>2.880.271</b>
Fair value of financial instruments used for foreign currency hedging	18.274.894	7.001.339	-	-	-	-	-
Hedged portion of foreign currency liabilities	248.190.770	34.350.000	56.000.000	-	-	-	-
<b>Net foreign currency asset / (liability) position</b>	<b>(140.060.060)</b>	<b>(89.206.665)</b>	<b>(6.327.112)</b>	<b>324.266.230</b>	<b>138.995.340</b>	<b>49.830.242</b>	<b>9.376.042</b>
<b>Monetary items net foreign currency asset / (liability) position</b>	<b>(473.137.003)</b>	<b>(138.807.878)</b>	<b>(62.478.461)</b>	<b>287.625.082</b>	<b>(34.288.626)</b>	<b>44.449.062</b>	<b>6.607.362</b>

(\*) The amounts are denominated in the related currency.



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**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION (cont'd)**

<b>31 December 2014</b>	<b>Total TL equivalent</b>	<b>US Dollars (*)</b>	<b>Euro (*)</b>	<b>Thai Baht (*)</b>	<b>Indonesian Rupiah ('000) (*)</b>	<b>Brazilian Real (*)</b>	<b>Other TL Equivalent</b>
<b>Assets:</b>							
Trade receivables	241.726.884	63.018.760	7.387.772	265.779.074	62.383.743	42.141.556	1.717.921
Cash and cash equivalent	13.562.431	2.242.079	223.759	59.741.542	9.068.196	799.513	1.141.028
Other monetary receivables and assets	1.690.202	243.396	46.399	1.044.947	4.673.650	57.506	-
Other non-monetary receivables and assets	59.712.847	5.697.044	432.847	32.473.526	193.883.006	4.948.204	2.535.620
<b>Current assets</b>	<b>316.692.364</b>	<b>71.201.279</b>	<b>8.090.777</b>	<b>359.039.089</b>	<b>270.008.595</b>	<b>47.946.779</b>	<b>5.394.569</b>
Other monetary receivables and assets	24.708.849	553.760	-	503.000	3.129.750	19.218.830	6.027.634
<b>Non-current assets</b>	<b>24.708.849</b>	<b>553.760</b>	<b>-</b>	<b>503.000</b>	<b>3.129.750</b>	<b>19.218.830</b>	<b>6.027.634</b>
<b>Total assets</b>	<b>341.401.213</b>	<b>71.755.039</b>	<b>8.090.777</b>	<b>359.542.089</b>	<b>273.138.345</b>	<b>67.165.609</b>	<b>11.422.203</b>
<b>Liabilities:</b>							
Trade payables	133.069.050	41.459.807	6.018.874	14.959.360	43.410.048	7.308.894	4.425.403
Financial payables	416.977.036	73.470.899	87.427.010	-	-	-	-
Other monetary payables and liabilities	39.001.242	7.126.794	1.036.350	59.437.751	31.081.735	9.752.996	1.061.977
<b>Total short-term liabilities</b>	<b>589.047.328</b>	<b>122.057.500</b>	<b>94.482.234</b>	<b>74.397.111</b>	<b>74.491.783</b>	<b>17.061.890</b>	<b>5.487.380</b>
Financial payables	138.878.485	59.889.628	-	-	-	-	-
Other monetary payables and liabilities	16.370.188	-	1.773.622	26.864.004	47.218.128	13.020.788	-
<b>Total long-term liabilities</b>	<b>155.248.673</b>	<b>59.889.628</b>	<b>1.773.622</b>	<b>26.864.004</b>	<b>47.218.128</b>	<b>13.020.788</b>	<b>-</b>
<b>Total liabilities</b>	<b>744.296.001</b>	<b>181.947.128</b>	<b>96.255.856</b>	<b>101.261.115</b>	<b>121.709.911</b>	<b>30.082.678</b>	<b>5.487.380</b>
Fair value of financial instruments used for foreign currency hedging	1.875.061	808.599	-	-	-	-	-
Hedged portion of foreign currency liabilities	239.352.590	35.100.000	56.000.000	-	-	-	-
<b>Net foreign currency asset / (liability) position</b>	<b>(163.542.198)</b>	<b>(75.092.089)</b>	<b>(32.165.079)</b>	<b>258.280.974</b>	<b>151.428.434</b>	<b>37.082.931</b>	<b>5.934.823</b>
<b>Monetary items net foreign currency asset / (liability) position</b>	<b>(462.533.015)</b>	<b>(115.856.954)</b>	<b>(88.597.926)</b>	<b>225.807.448</b>	<b>(42.454.572)</b>	<b>32.134.727</b>	<b>3.399.203</b>

(\*) The amounts are denominated in the related currency.

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**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION (cont'd)**

TL equivalents of the foreign currencies where the Group operates are as follows:

	<b>31 March 2015</b>	<b>31 December 2014</b>
<b>Closing rates</b>		
US Dollars	2,6102	2,3189
Euro	2,8309	2,8207
Indonesian Rupiah (1000 units)	0,1995	0,1864
Brazilian Real	0,8137	0,8730
Thai Baht	0,0802	0,0703
Egyptian Pound	0,3421	0,3230
<b>Average rates</b>		
	<b>1 January - 31 March 2015</b>	<b>1 January - 31 March 2014</b>
US Dollars	2,4578	2,2159
Euro	2,7705	3,0255
Indonesian Rupiah (1000 units)	0,1920	0,1870
Brazilian Real	0,8584	0,9373
Thai Baht	0,0753	0,0678
Egyptian Pound	0,3292	0,3171

Foreign currency position as of 31 March 2015 and 31 December 2014 in regard to the changes in foreign currency rates is depicted in the table below:

**31 March 2015**

	<b>Profit/Loss</b>		<b>Equity</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
Change in USD against TL by 10%				
USD net assets/liabilities	(4.614.767)	4.614.767	29.591.633	(29.591.633)
Hedged USD (-)	-	-	-	-
<b>USD net effect</b>	<b>(4.614.767)</b>	<b>4.614.767</b>	<b>29.591.633</b>	<b>(29.591.633)</b>
Change in EURO against TL by 10%				
Euro net assets/liabilities	(650.112)	650.112	2.991.795	(2.991.795)
Hedged Euro (-)	-	-	-	-
<b>Euro net effect</b>	<b>(650.112)</b>	<b>650.112</b>	<b>2.991.795</b>	<b>(2.991.795)</b>
Change in other currency against TL by 10%				
Other currency net assets/liabilities	3.477.835	(3.477.835)	-	-
Hedged other currency (-)	-	-	-	-
<b>Other currency net effect</b>	<b>3.477.835</b>	<b>(3.477.835)</b>	<b>-</b>	<b>-</b>
	<b>(1.787.044)</b>	<b>1.787.044</b>	<b>32.583.428</b>	<b>(32.583.428)</b>

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**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION (cont'd)**

31 December 2014

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(1.581.565)	1.581.565	26.365.600	(26.365.600)
Hedged USD (-)	-	-	-	-
<b>USD net effect</b>	<b>(1.581.565)</b>	<b>1.581.565</b>	<b>26.365.600</b>	<b>(26.365.600)</b>
Change in EURO against TL by 10%				
Euro net assets/liabilities	(923.814)	923.814	2.944.233	(2.944.233)
Hedged Euro (-)	-	-	-	-
<b>Euro net effect</b>	<b>(923.814)</b>	<b>923.814</b>	<b>2.944.233</b>	<b>(2.944.233)</b>
Change in other currency against TL by 10%				
Other currency net assets/liabilities	2.650.891	(2.650.891)	-	-
Hedged other currency (-)	-	-	-	-
<b>Other currency net effect</b>	<b>2.650.891</b>	<b>(2.650.891)</b>	<b>-</b>	<b>-</b>
	<b>145.512</b>	<b>(145.512)</b>	<b>29.309.833</b>	<b>(29.309.833)</b>

Export and import transactions from and to Turkey for the periods ended 31 March 2015 and 2014 are as follows:

	31 March 2015		31 March 2014	
	Original balance	TL	Original balance	TL
Euro	30.285.493	84.051.334	35.439.851	107.540.857
US Dollars	22.695.940	55.748.727	15.836.843	35.155.886
<b>Total export</b>		<b>139.800.061</b>		<b>142.696.743</b>
			<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Import</b>			<b>77.678.840</b>	<b>90.831.237</b>

***Derivative financial instruments:***

The Group entered into foreign currency forward transactions with due date 2015 in order to manage the risks emerging from the sales transactions. The carrying values of the items hedged against the non-financial risk will be adjusted once the expected sales will take place.

The Group also uses fair value hedge with its derivative portfolio to hedge its trade receivables and payables from the effects of the exchange rate differences in the markets. According to this, the net-off figures of the exchange rate change in the balance sheet and the exchange rate change of the derivative portfolio are presented in the income statement and the effectiveness of the hedge accounting is evaluated at each balance sheet date.

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**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION (cont'd)**

<b>31 March 2015</b>	<b>Average Rate</b>	<b>Foreign Currency (TL)</b>	<b>Contract Value (TL)</b>	<b>Fair Value (TL)</b>
USD buy Euro sell				
Less than 3 months	1,2016	69.923.230	29.654.920	6.076.404
between 3-6 months	1,2014	52.654.740	22.366.940	6.086.738
between 6-9 months	1,2025	52.654.740	22.388.130	6.111.752
				<b>18.274.894</b>

<b>31 December 2014</b>	<b>Average Rate</b>	<b>Foreign Currency (TL)</b>	<b>Contract Value (TL)</b>	<b>Fair Value (TL)</b>
USD buy Euro sell				
Less than 3 months	1,2486	18.616.620	8.232.740	483.927
between 3-6 months	1,2491	18.616.620	8.235.280	473.538
between 6-9 months	1,2500	18.616.620	8.241.140	463.548
between 9-12 months	1,2500	18.616.620	8.251.630	454.048
				<b>1.875.061</b>

As of 31 March 2015, unrealised earnings arising from fair value differences on forward contracts that are accounted for in hedging reserves under equity amounts to TL 14.631.286 (31 December 2014: TL 1.511.419). Forward contracts are expected to be settled within 9 months period after balance sheet date thus the fund under equity to transfer to profit or loss statement.

**Hedging reserve movement table:**

	<b>1 January- 31 March 2015</b>	<b>1 January- 31 March 2014</b>
<b>Balances at 1 January</b>	<b>1.875.061</b>	<b>-</b>
Increases/ decreases	13.409.381	1.612.046
Income tax related to gains / losses recognized in other comprehensive income	(3.654.979)	(332.315)
Reclassified to profit or loss	3.001.823	60.900
<b>Balances at 31 March</b>	<b>14.631.286</b>	<b>1.340.631</b>

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**NOTE 17 – FOREIGN CURRENCY RISK AND POSITION (cont’d)**Hedges of net investments in foreign operations:

In case there are derivative financial instruments or non-derivative financial liabilities designated to hedge against the financial risks resulting from net investments in foreign operations;

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the ‘other gains and losses’ line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

The Company subjected the net investment in its foreign subsidiaries and the US Dollar and Euro borrowings in other subsidiaries to the hedge of a net investment in foreign operations. The Company accounted for the foreign exchange losses arising from the related borrowings amounting to TL 21.528.262 (31 December 2014: TL 8.092.838) under Currency Translation Reserves in Equity in accordance with TAS 39 and TFRS Interpretation 16.

**NOTE 18 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Assets held for sale comprise of the land in possession of Nile Kordsa Company for Industrial Fabrics S.A.E., one of the subsidiaries of the Group.

For the period 1 January – 31 March 2014 in the profit or loss statement, TL (1.174.160) of TL (1.657.280) loss is arising from Kordsa Argentina S.A. and the TL (483.120) loss is arising from KQNE.

**NOTE 19 - INTERESTS IN OTHER ENTITIES**

Financial information in respect of each of the Group’s subsidiaries that has material non-controlling interests is set out below:

Subsidiary	31 March 2015			
	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	%39,79	1.495.334	212.908.037	-
Other		1.355.721	15.821.352	
<b>Total</b>		<b>2.851.055</b>	<b>228.729.389</b>	

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**NOTE 19 - INTERESTS IN OTHER ENTITIES (cont'd)**

Subsidiary	31 December 2014			
	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	%39,79	14.632.382	185.150.969	-
Other		2.780.687	14.949.209	
<b>Total</b>		<b>17.413.069</b>	<b>200.100.178</b>	

**Summary balance sheet information:**

	PT Indo Kordsa Tbk	
	31 March 2015	31 December 2014
Cash and cash equivalents	11.786.726	9.430.876
Other current assets	261.537.061	222.030.082
Non-current assets	512.683.907	456.348.416
<b>Total assets</b>	<b>786.007.694</b>	<b>687.809.374</b>
Short-term borrowings	106.376.974	89.576.387
Other short-term liabilities	76.538.045	70.704.741
Long-term borrowings	116.246.627	103.166.395
Other long-term liabilities	31.640.070	27.779.062
<b>Total liabilities</b>	<b>330.801.716</b>	<b>291.226.585</b>
<b>Total equity</b>	<b>455.205.978</b>	<b>396.582.789</b>
<b>Equity attributable to owners of the parent</b>	<b>402.421.427</b>	<b>351.157.317</b>
<b>Non-controlling interests (**)</b>	<b>52.784.551</b>	<b>45.425.472</b>

**Summary profit or loss statement information:**

	PT Indo Kordsa Tbk	
	1 January - 31 March 2015	1 January - 31 March 2014
Sales	124.050.905	104.770.966
Depreciation and amortization	6.693.958	4.648.217
Operating profit/ (loss)	(4.498.171)	(2.947.029)
Net financial income/ (expense)	(4.095.967)	1.867.787
Profit/ (loss) before tax	9.609.244	15.108.674
Profit for the period	3.758.064	5.134.987

(\*) Consists of consolidated financial statements of PT Indo Kordsa Tbk, PT Indo Kordsa Polyester and Thai Indo Kordsa Co., Ltd.

(\*\*) Arises from the consolidation of Thai Indo Kordsa Co., Ltd. under PT Indo Kordsa Tbk.

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**NOTE 20 – EVENTS AFTER THE REPORTING PERIOD**

Sabancı Holding, the ultimate controlling party of the Group, declared on 6 May 2015 that its shares amounting up to 5% of the share capital of the Group is going to be liquidated at Borsa İstanbul within a year.