2014 Annual Report

YÜNSA

Total 2014 turnover 319 MTL

Affiliates:
Yünsa Germany, Yünsa USA, Yünsa UK and Yünsa Italy.

Agencies:
Germany, America, Austria, Czech Republic, Denmark, Finland, France, South Africa, India, Spain, Sweden, Italy, Israel, Japan, Canada, Korea, Norway, Russia, Serbia, Slovakia and Tunisia.

Factory:
Çerkezköy-Turkey

Design Offices:
Biella-Italy and Çerkezköy-Turkey

Export Countries:
USA, Germany, Australia, Austria, The United Arab Emirates, Bangladesh, Bosnia, Brasil, Bulgaria, Czech Republic, China, Denmark, Indonesia, Morocco, Finland, France, South Africa, South Korea, Croatia, India, Holland, Hong Kong, England, Persia, Ireland, Spain, Israel, Sweden, Switzerland, Italy, Japan, Cambodia, Canada, Lithuania, Lebanon, Hungary, Maltha, Mexico, Egypt, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Thailand, Taiwan, Tunisia, Ukraine, Jordan, Vietnam and New Zealand.

Agencies and representation offices over 20 countries.

More than 400 customers,
Exporting to more than 50 countries worldwide.

We have been aiming for high customer satisfaction with our sense of quality since the day we were established. We transport our fabrics blended with design and fashion to our customers all around the world. With our experience of 41 years, we feel the pride of being among the largest woolly producers of the world and we continue working for world leadership.


YÜNSA
ART OF FABRIC

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Agenda

AGENDA OF ORDINARY GENERAL ASSEMBLY MEETING ON MARCH 25, 2015

1. Opening and election of Chairman's Panel.
2. Reading and discussing the Annual Report of Board of Directors for the year 2014.
3. Reading the Auditors' Report for the year 2014.
4. Informing General Assembly about donations and aids provided during 2014.
5. Reading, discussing and approval of the financial statements of the year 2014.
6. Releasing Members of Board of Directors due to their activities in 2014.
7. Determination of the method, distribution and earning share rates of the profit of the year 2014.
8. Approval of Donation and Aid Policy.
9. Determination of the limit of the donations to be made by company in the year 2015.
10. Election of Board Members and specifying period of office thereof.
11. Determination of the wages of Board Members and the rights like daily allowance, premiums and bonuses.
12. Election of Auditor.
13. Authorization of Chairman and Board Members to conduct in the transactions listed in Articles 395 and 396 of Turkish Code of Commerce.

Letter From The Chairman

Dear Shareholders,

Europe's leader wool fabric producer Yünsa, continues its journey with its powerful brand and strategies that create value.

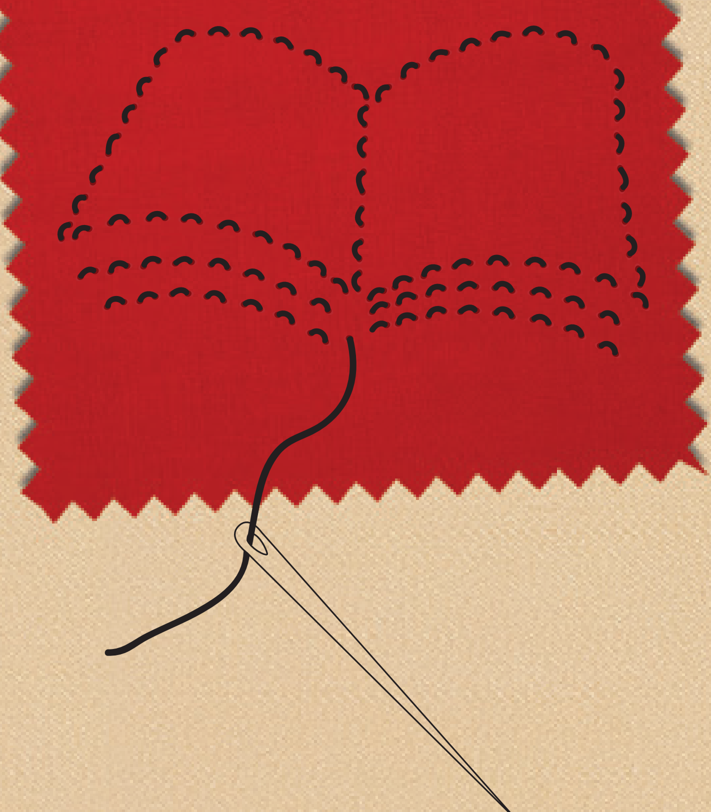
2014 has been a year which Yünsa grown in A and A+ upper segments and increased its profitableness with the operational perfection labor. It reinforced its power in the markets which it leads and exported over 50 countries. As a result of Research and Development efforts, it created difference with the new products and improvements in the production process. In consequence of these valuable developments, it was awarded first prize for the category 'Process Improving' in 'Efficiency Awards' held by Ministry of Science, Industry and Technology.

Long established leader company of our Innovational and Entrepreneur Industrial Group, Yünsa, aims to grow and increase its profitableness in 2015 with new service approach to upper segment customers, efficiency work which will take competitiveness to next level and new business model enterprises.

I thank to our employees who increase Yünsa's added value and assertiveness in the sector with their devoted effort, our shareholders who supports us all the time, our customers for the faith they have in our company, our suppliers and all of our partners and I salute them all.

Mehmet N. Pekarun

Board of Directors



Mehmet Nurettin PEKARUN
Chairman of the Board Of Directors

Mehmet Pekarun received his Industrial Engineering degree from Boğaziçi University and later obtained his MBA with Finance and Strategy Specialization from Purdue University. Mr. Pekarun started his career in 1993, at General Electric's (GE) Transportation Systems division in the USA. Between 1996 and 1999, he worked as a Finance Manager responsible for Turkey, Greece, and Eastern Europe at GE's Healthcare division in Europe. Between 1999 and 2000, he worked as the General Manager of GE Lighting Turkey. Between 2000 and 2005, he moved to GE Healthcare's Europe, Middle East, and Africa headquarter, first working as General Manager, Business Development and then as General Manager, Medical Accessories. Mr. Pekarun was appointed as the Chief Executive Officer of Kordsa Global on March 1, 2006 and as the President of Sabancı Holding's Tire, Reinforcement Materials, and Automotive Strategic Business Unit on 20 September 2010. Tire, Reinforcement Materials, and Automotive Strategic Business Unit was restructured as of March 1, 2011 and he is currently the President of Industry Strategic Business Unit.

Mehmet GÖÇMEN
Vice Chairman of the Board of Directors

Born in 1957, Mehmet Göçmen completed his post graduate degree in Industrial Engineering and Operational Research at Syracuse University in the USA after completing his BA Degree at METU Industrial Engineering and his High School education at Galatasaray High School. He began his professional career at Çelik Halat ve Tel San. AŞ in 1983. Mr. Göçmen later worked as General Manager at Lafarge Ekmel Beton AŞ and Business Development and Public Affairs Vice Chairman position at Lafarge Turkey between 1996 and 2002. Acted as Managing Director at Akçansa from June 2003 to July 2008, Göçmen was appointed as Sabancı Holding HR Group Head on 01 August 2008, co-managed such office with Cement Group Head as of 20 July 2009 and quit in 2010 from the former office. He continued to serve as Cement Group Head by 2014. In 2014 Göçmen has been appointed as the Energy Group Head where he is currently working.

Mevlüt Aydemir
Member of the Board of Directors

Born in 1948 in Erzincan, Mevlüt Aydemir graduated from İstanbul University, Faculty of Economics. He worked for the Ministry of Finance as a Public Accountant between 1972 and 1981. He has carried out various functions at Sabancı Holding since 1981 and served as a member of Board of Directors in the group companies. He has been a member of the Board of Directors of Sabancı Holding since May 2010.

Barış ORAN
Member of the Board of Directors

Graduated from Boğaziçi University Business Administration Department, Barış Oran has a MBA degree in University of Georgia. Began his career as an auditor in Price Waterhouse Coopers in 1995, Oran carried out functions in first audit and finance and treasury/ capital markets in Sara Lee Corp. Chicago IL between the years 1998 and 2003. Between 2003 and 2006, he served as Senior Manager at Ernst and Young responsible for first Minneapolis, MN, then in Europe, Middle East, Africa and India Regions. In 2006, he began his career in Kordsa Global and served as Internal Control Director, Global Finance Director and CFO, respectively. In 2011, appointed as H.Ö. Sabancı Holding Finance Director, since 2012 Oran has been the Head of H.Ö. Sabancı Holding Planning, Reporting and Financing Department, Members of Brisa, Enerjisa, Carrefoursa, Yünsa, Teknosa, Avivasa and Temsa Board of Directors and holds the title CPA.

Hüsnü PAÇACIOĞLU
Member of the Board of Directors

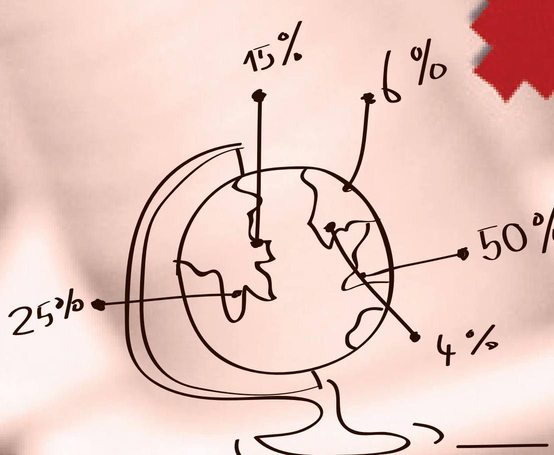
Hüsnü Paçacıoğlu earned his BSC in Industry Management from Middle East Technical University (Ankara, Turkey) in 1963. Between 1964-1968 he served as the Investment Specialist in Karabük Iron and Steel Works Enterprises and as Public Relations and Ankara Region Manager, Public Sector Sales Director, Professional and Technical Services Manager and Deputy General Manager in charge of Marketing, Sales, Products and Services (in chronological order) at IBM Turk between 1968-1996. Mr. Hüsnü Paçacıoğlu took over the position of General Secretary in Sabancı University in 1996 and held this position until 2005. Between 2006 and 2011, he served as Vice President of Board of Trustees and General Manager of the Hacı Ömer Sabancı Foundation (Sabancı Foundation). He is currently a member of Sabancı Foundation Board of Trustee and Executive Board since July 1, 2011, except his General Manager duty. Paçacıoğlu is the founding member of Safranbolu Culture and Tourism Foundation, Hisar Education Foundation and member of Board of Trustees of Spastic Children Foundation of Turkey (TSÇV) and Chairman and CEO of TSÇV and member of Information Foundation of Turkey.

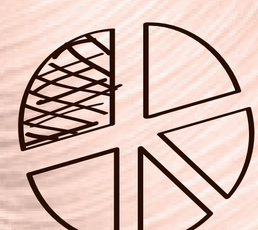
Mehmet KAHYA
Member of the Board of Directors

Received his double major BS, with Cum Laude in Chemical Engineering and Economics from Yale University Mehmet Kaya has MBA on Finance, Marketing and Operations Research with honor from Kellogg Graduate School of Management. Began his career as Sasa Management Services Chief in Sabancı Holding, Mehmet Kaya founded and presided MKM Inernational (Netherland) and Sibernetik Systems. Again joined as Vice President of Automotive Group, Mehmet Kaya served as Temsa Vice President and President, Toyotosa Vice President as well as Member of Sabancı Holding Planning and Direction Council and Board Members of Toyotasa, Temsa, Susa and Sapeksa. Mehmet Kahya served as Managing Member and Vice Chairman of Carnaud Metalbox and then President of Uzel Machinery and Executive Board Member of Uzel Holding, Vice President of DYO General Directorate and Paint Group, Member of Executive Board of Sarten Packaging, Vice Chairman of Gierlings Velpor and President of Assan Aluminuim. He is currently providing services in the fields of strategies, restructuring, profitability cycle, growth, acquisition and merger projects in the KRONUS company founded by him as well as serves as independent member of Board of Members of Yaşar Holding, DYO, Viking Kağıt, Çimsa, Sasa, Gamak; as consultant in Board of Directors and shareholders of Süperateş, Asaş, Dağbaşı Yatırım and Vorne.

Vision

To grow by making a difference in textile products and services and be a global power.





Mission

To be a leader organization which creates value and be preferred for its pioneer and challenging approach in different areas of textile.

Letter From The General Manager

Dear Shareholders,

2014 has been a year that we became distinct with our products, services and service quality at the impetuous market and competition conditions where commercial and operational perfection and innovation were at the forefront for our company.

Where the recession in Europe and Far East economies affected all markets negatively, growth in American economy has been very encouraging. It became very important for us to create alternative markets and segments for our company and enlarge our current business areas at the changing market conditions. Where the political events occurring both in our country and in the world and the economic uncertainty affected all the sectors, we turned this situation into an opportunity and achieved our goals.

Even though the effects of economic crisis of 2008 is not over yet, we foresee that there will be rapid rate of growth in 2015. The most important indicator of this, is the encouraging growth rates observed in USA.

One of the most important successes of 2014 which we focused on adding value with all our shareholders, has been the first place overall Turkey prize we have been awarded for the projects we carried out on efficiency area. The first place prize we have been awarded for the Category of Processes Improvement in Efficiency Prizes hold by Republic of Turkey Ministry of Industry and Technology is a success indicator for the TPM projects we have been carrying out since 2012 at area of perfection. We believe that, we will be getting positive results for the customer segmentation and pricing endeavoring we conduct for the sake of commercial perfection by 2015. 2014 has also been the year for investment to our employees, for Yünsa. We train all the Yünsa personnel in Yünsa Continuous Development Center that we established for contribution to our employees' development and we contribute to their both technical and personal development. With the studies of Inner Communication Department that we established in 2013, we concern our workers and we carry out studies for increasing company relation.

2014 has been a year which aggravated conditions of market and competition came to the forefront. In order to separate from our competitors under these rough conditions and create difference, we especially focused on A/A+ upper segment, women segment and Yünsa Touch sales. Where we stand now demonstrates the success of our sales strategies. Yünsa who is heading for world leadership; has been the biggest player in exportation of wool and wool mix fabrics and kept its position as the biggest wooly producer of Europe with its rich collections meeting customer expectations and requirements, powerful design team, ability for serving to different markets, rapid solution suggestions exclusive for its customers, rapid delivery and product variety.

Reviewing the activities of our company for 2014, we see that our business results are satisfactory in terms of both financial and organizational performance.

Evaluating our financial outcomes for 2014, we see that our turnover has increased by 18% proportionally to previous year and our net profit increased by almost double and reached TL 32.000.000.

It has been decided by the General Directorate of Stock Exchange that our company shall be included in Dividend Index of Exchange Istanbul for the term 02.02.2015 - 31.01.2016.

The fluctuations that will exist in exchange rates in 2015 and elections that will be held will make successful risk management and commercial and operational perfection more important. With the activities that we will conduct on this area as Yünsa, 2015 shall be a year that we maintain our profitability and sustainable growth.

To achieve a higher profitability with the sales we intend for especially A/A+, women fabric and cotton fabric segment that we named Yünsa Touch is one of our biggest aims. Innovational and entrepreneur perfection, commercial and operational perfection, human resources perfection and the projects we conduct relating to these subjects will be our company priorities in 2015.

With our experience over 40 years, we continue to add value to our sector, country and also the shareholders as Yünsa. Of course, we owe this success to all Yünsa family. I thank sincerely to all my workmates for their self-denying and increasing successful effort, to our shareholders for the faith they have in our company and the support they provide and to all our other shareholders and regard all.

F. Cem ÇELİKOĞLU

Management Team

Top Management

F. Cem ÇELİKOĞLU
General Manager
Born in 1962, Cem Çelikoğlu graduated from METU Faculty of Administrative Sciences, Department of International Relations. He has been working for our company since 17.12.1987 and was appointed as the General Manager of the Company on 01.12.2002.

Semih UTKU
Chief Financial Officer
Born in 1962, Semih Utku graduated from University of Baltimore with a BS degree in Business Administration-Finance. He joined our company on 01.06.1999 and he has been working as the Chief Financial Officer since 01.01.2000.

Bora BİRGİN
Chief Sales and Marketing Officer
Born in 1973, Bora Birgin graduated from University of Nottingham, Department of Industrial Economics. He received his master's degree at UMIST. He has been working for the company since 19.03.1998 and was appointed as the Chief Sales and Marketing Officer on 12.07.2010.

Management

Selami AKDAĞ
Dye Mill Manager
Born in 1957, Selami Akdağ graduated from METU, Department of Chemistry and received his master's degree in Business Administration at Istanbul University. He was appointed to his current position on 20.10.2014.

D. Hakan AYDINLIK
Product Development and Design Manager
Born in 1965, Hakan Aydınlık graduated from Marmara University, Faculty of Fine Arts. He has been working for our company since 03.07.1989 and was appointed to his current position on 01.12.1997.

Görkem AYGÜN
Marketing Manager
Born in 1976, Görkem Aygün graduated from Ankara University, Department of Business Administration. He has been working for our company since 01.09.2010 and was appointed to his current position on 15.04.2013.

Uğur BAŞDAŞ
Quality Control Manager
Born in 1974, Uğur Başdaş graduated from Çukurova University, Department of Industrial Engineering. He has been working as Quality Control Manager for our company since 11.11.2013.

Fikret DEĞERCAN
Maintenance and Energy Manager
Born in 1966, Fikret Değercan graduated from Istanbul Technical University, Department of Mechanical Engineering and received his master's degree in the same university. He has been working as Maintenance and Energy Manager for our company since 20.05.2014.

Gülden DOĞAN
Marketing Manager
Born in 1969, Gülden Doğan graduated from İstanbul University, Department of Chemical Engineering. She has been working as Marketing Manager for our company since 07.09.2010.

Melik ERDİNÇ
Supply Manager
Born in 1970, Melik Erdinç graduated from Istanbul University, Business Administration Department and received his master's degree in Finance – Management at Fairleigh Dickinson University. He has been working for our company since 26.07.1999 and was appointed to his current position on 01.01.2003.

Aslıhan Ece İRTİŞ
Finance Manager
Born in 1976, Aslıhan Ece İrtiş graduated from Bilkent University, Department of International Relations. She has been working for our company since 03.10.2005 and was appointed to her current position on 01.01.2013.

Hakan KONUŞKAN
Production Planning Manager
Born in 1968, Hakan Konuskan graduated from Boğaziçi University, Department of Industrial Engineering. He has been working for our company since 01.11.1993 and was appointed to his current position on 01.04.2013.

Lütfi Serde MOĞULKOÇ
Market Development Manager
Born in 1968, Lütfi Serde Moğulkoç graduated from Marmara University, Department of Textile Training. He has been working as Market Development Manager for our company since 02.01.2014.

Fuat ORHAN
Industrial Engineering Manager
Born in 1972, Fuat Orhan graduated from METU Department of Industrial Engineering. He has been working as Industrial Engineering Manager for our company since 21.04.2014.

Serhat ÖDÜK
Marketing Manager
Born in 1977, Serhat Ödük graduated from Boğaziçi University, Department of Political Science and International Relations. He has been working for our company since 30.04.2007 and was appointed to his current position on 12.07.2010.

Tamer ÖZKAN
Marketing Manager
Born in 1971, Tamer Özkan graduated from Bilkent University, Department of Economics. He has been working as Marketing Manager for our company since 15.04.2013.

Engin SARIBÜYÜK
Spinning and Weaving Mill Manager
Born in 1981, Engin Sarıbüyük graduated from Ege University, Department of Textile Engineering. He received his master's degree from Sabancı University. He has been working for our company since 27.12.2005 and was appointed to his current position on 01.02.2015.

Tamer TOK
Human Resources Manager
Born in 1967, Tamer Tok graduated from Ankara University, Faculty of Political Sciences and Department of Business Administration. He has been working for our company since 01.04.1996 and was appointed to his current position on 29.12.2006.

Fatma Filiz TUNCA
Product Development and Design Manager
Born in 1959, Fatma Filiz Tunca graduated from Ege University, Department of Textile Engineering. She has been working as Product Development and Design Manager for our company since 22.12.2014.

Murat YILDIRIM
Research and Development Manager
Born in 1968, Murat Yıldırım graduated from Uludağ University, Department of Textile Engineering. He has been working for our company since 19.07.1993 and was appointed to his current position on 01.04.2013.

Sinan YORGANCIGİL
Commercial Strategy and Pricing Manager
Born in 1978, Sinan Yorgancıgil graduated from Yıldız Technical University, Department of Chemistry Engineering. He received his master's degree from RWTH Aachen University in Chemistry Engineering. He has been working as Commercial Strategy and Pricing Manager for our company since 21.07.2014.

1973
Establishment of Çerkezköy Plant

1976
Production commenced

1980
Meanswear wool fabric and carpet production commenced

1989
Çerkezköy design office is opened

1990
Yünsa is publicly offered

2005
Fabric for uniform dressing production is commenced

2006
Certified with Eko-Tex Certificate

2007
Yünsa UK Office is opened

2008
Yünsa USA Office is opened

2009
Yünsa Germany Office is opened

Certified with M&S Fabric Test Accreditation

Participation in Turquality® Program

1997
Computerized design starts to be used for the first time

1998
Womenswear fabric production is commenced

Certification of ISO 9001 Quality Management System Certificate

2002
Italy/Biella design office is opened

2003
Upholstery fabric production is commenced

2004
Certification of ISO 14001 Environmental Management System Certificate

2010
Yünsa R&D Center is opened

CDP Carbon Transparency Reporting first and sole in textiles

2011
Certified with Hugo Boss Accreditation

2012
TPM Project is commenced

Received R&D Center Award

2013
Certification with ISO 50001 Energy Management System Certificate

2014
Productivity Awards Championship

YÜNSA

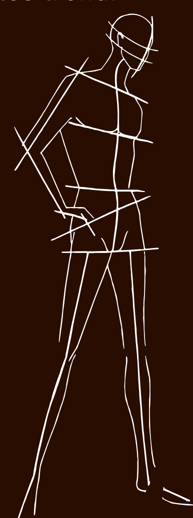
Product Lines

Menswear Fabrics
Womenswear Fabrics
Upholstery Fabric
Fabrics for Uniforms

Menswear

- Leader of the wool and worsted fabric production in menswear and trend creator.
- International knowledge and experience.
- Wide range of products considering the differences in international markets.
- Two new collections every year that creates trend.

Menswear fabric compositions:

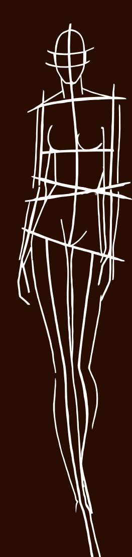


- 100% Wool
- Wool/Cashmere
- Wool/Lycra
- Wool/Polyester
- Wool/Cotton
- Wool/Linen
- Wool/Silk Blends
- Cotton
- Other Blends

Womenswear

- Among the leader companies of the world in Womenswear.
- An elegant and distinguished style; very wide range consisting of creative and innovational ideas, designs and colors.
- High quality designs used by leading world brands, powerful international collaboration.
- High technical accumulation of knowledge.

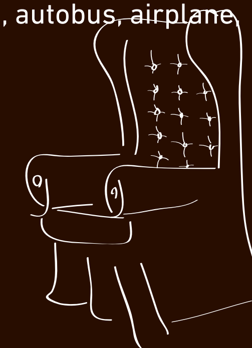
Womenswear fabric compositions:



- 100% Wool
- Wool/Viscous/Lycra
- Wool/Lycra
- Wool/Polyester/Lycra
- Cotton/Viscous
- Wool/Viscous/Lycra
- Viscous/Cotton
- Cotton/Linen/Lycra
- Other Blends

Upholstery Fabric

2003: A brand new area, Upholstery Fabric
Upholstery Fabric compositions in various patterns shaping with demands of customers used in mainly home textile like curtains, armchairs, office furniture; in special projects like hospital, hotel, cinema, airport, restaurant and in transportation sector like automobile, autobus, airplane, sheep upholsteries.



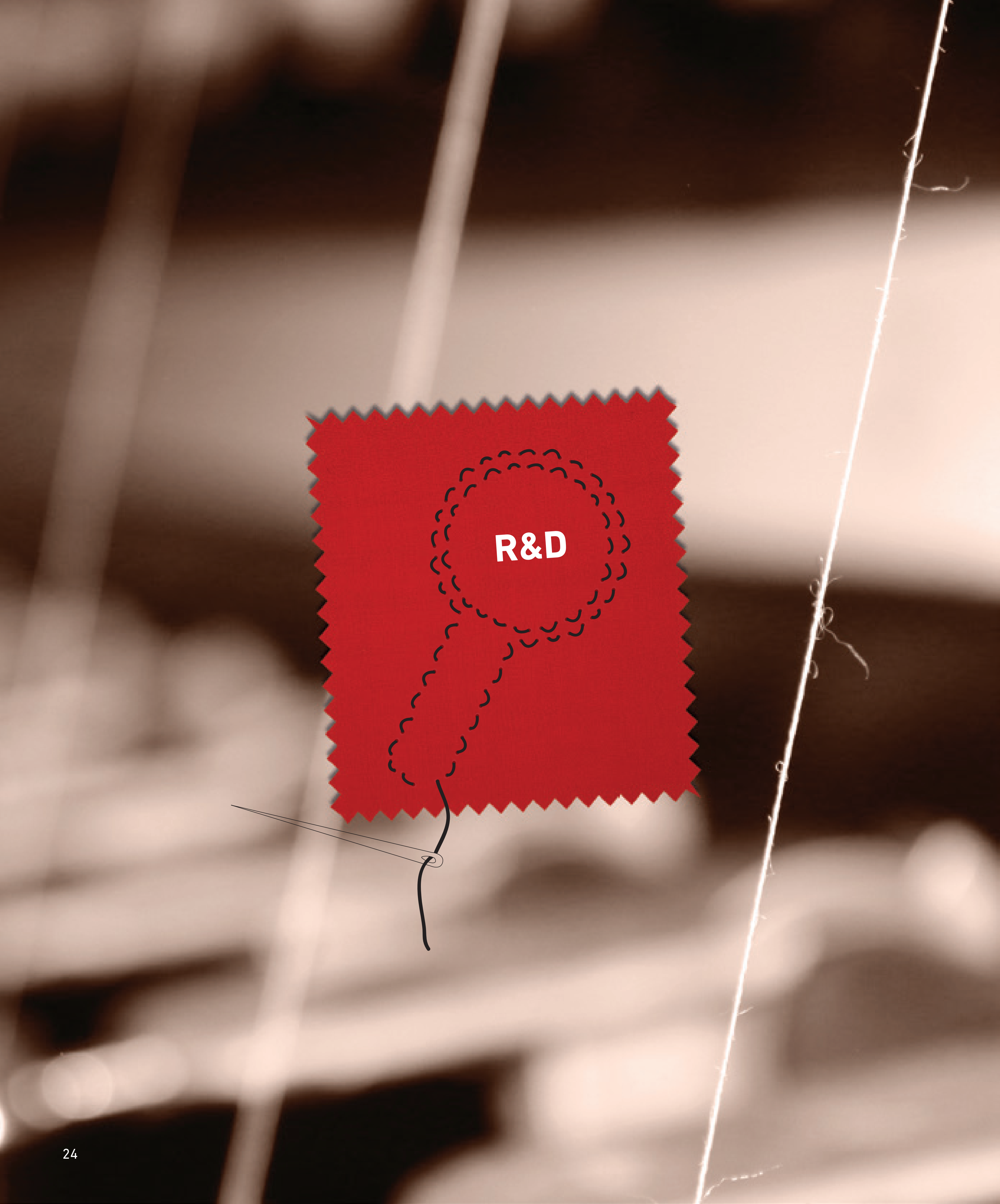
- 100% Wool
- Wool/Polyester
- Wool/Polyamide
- Other Blends

Fabrics for Uniforms

Production with knowledge and experience gained in menswear fabrics
Added value fabrics
International customers
Perfect service

Fabric compositions for uniforms:

- Wool/Polyester
- Wool/Polyester/Lycra
- 100% Wool
- Wool/Coolmax compositions
- Other Blends


R&D

Yünsa focuses on creating an integral and continuous innovation culture throughout the company.

Conducting technology and innovation practice systematically and developing innovative products with highly added value for reaching new markets and new customers is a must in the highly competitive environment of today's world.

Yünsa Research and Development Center was established in 2010 for the purpose of creating a participant climate that the innovation culture settles in and leading the sector regarding development of new technologies. In this Center, the aim is to develop innovative products, equipment and processes and implement projects which increase efficiency and lower production costs.

In Yünsa Idea Producing Center; a sustainable, leader and creative environment is formed where innovative ideas suitable for company objectives are turned into projects with collaboration of universities.

Yünsa Research and Development Center, holder of the Award of The Research and Development Center Having the Best Collaboration with Universities given at the first University-Industry Collaboration Summit held by Republic of Turkey Ministry of Science, Industry and Technology in 2012; started signing in mutual protocols for the purpose of carrying its collaboration with 16 universities within the scope of University-Industry Collaboration (USI).

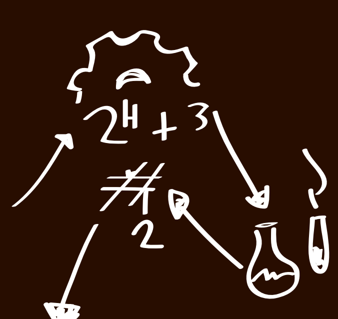
Besides developing joint research and development projects, these protocols cover also the subtitles of open innovation meetings, student internships, lab facilities, activities, publication subscriptions and technical tours and an initiative with 2 universities in 2014 has been made.

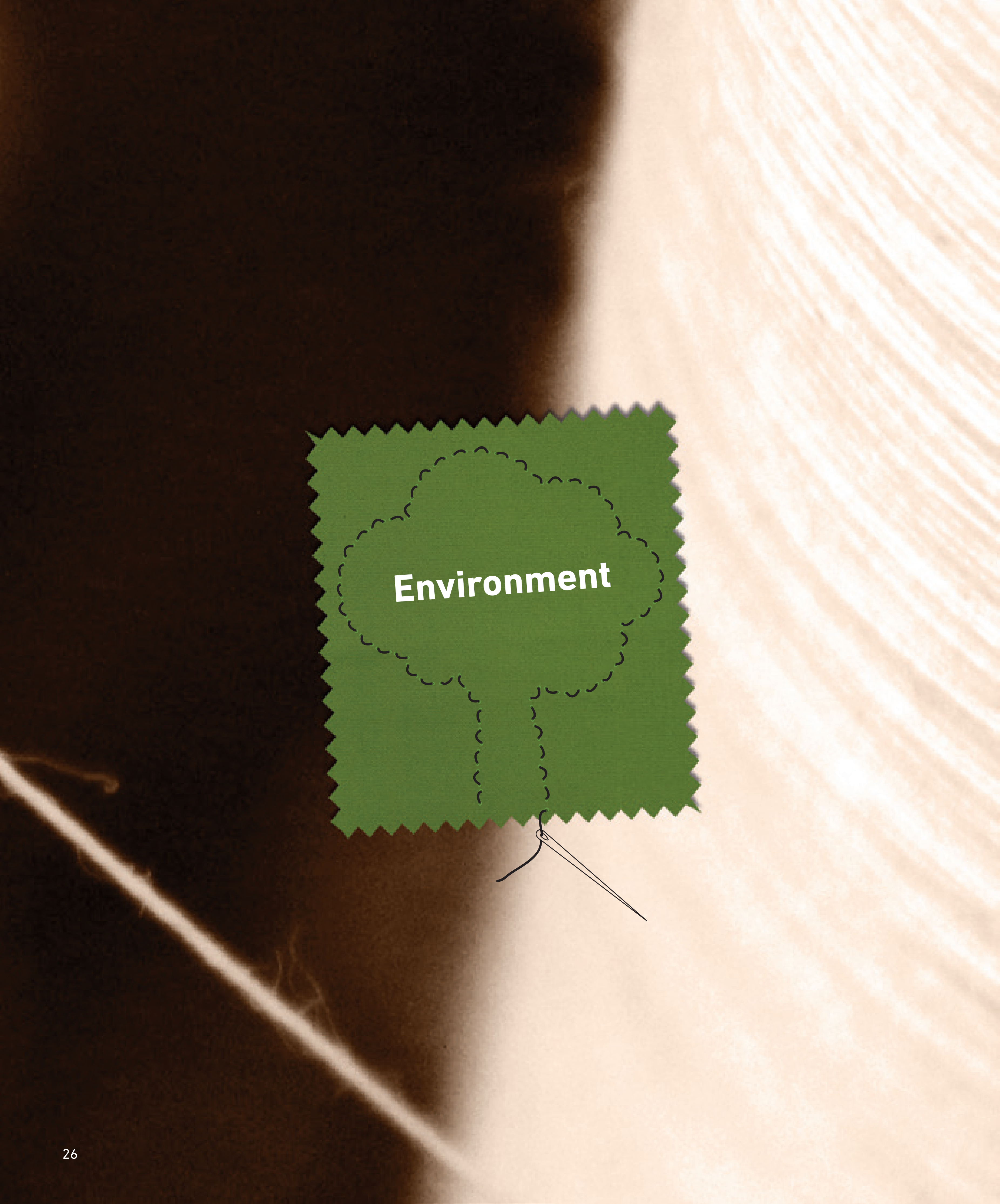
Yünsa Research and Development Center has been awarded a prize for the success it showed, within the frame of Technological Products Promotion and Marketing Support by Republic of Turkey Ministry of Science, Industry and Technology at the Regional Meeting of Public-University-Industry Collaboration.

In Research and Development Center by the end of 2014; 6 of them being public supported, 55 projects has been carried out; 15 of them being public supported, 110 projects has been completed and successful results has been achieved.

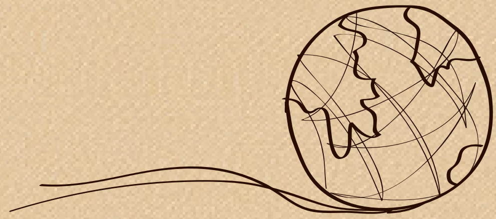
The results of its own projects at Yünsa Research and Development Center turning into scientific journals continued in 2014 also and 6 technical print out related to 5 projects has been published. Research report for a patent applied for in 2012 has come out positive. The process of receiving a probed patent providing protection for 20 years continues. Also in 2014, 3 inventions has been put under protection by petty patent application.

Pursuant to the Law Nr. 5476 Regarding Support for Research and Development Activities, Yünsa has benefited from the reduction incentive of income tax benefited over Research and Development Center personnel income, revenue stamps, Social Security Institution (SGK) employer share, Research and Development Center personnel salaries and Research and Development. Within the scope of the projects carried out in Yünsa Research and Development Center, incentives from The Scientific and Technological Research Council of Turkey (TUBITAK) and Republic of Turkey Ministry of Industry and Technology has been received.





Environment



Yünsa, in addition to its contribution to the country's economy and its wider employment opportunities, is also a brand that is sensitive to the environment which is the world's most precious value. It shows its respect to the environment by the projects it develops, the standards it implements and its use of natural resources in the most efficient way.

CDP (Carbon Disclosure Project)

Yünsa has shown its awareness about climate change and announced greenhouse gas emissions publicly by CDP. Yünsa, as the first firm in the textile sector, continued to disclosure in 2014 and was one of the volunteered companies in Turkey.

ISO 14001

Yünsa has been applying the ISO 14001 Environmental Management System since 2004. In this context, our impacts on the environment are evaluated and measures are being taken for the mitigation/elimination of these impacts.

Eco-Tex 100 Standard

Eco-Tex ® Standard 100 for textile products is a standard worldwide test and certification system at all stages of process for raw materials, intermediate and final products. Yünsa, which wants to provide seamless services to its customers in terms of health, has also renewed its Eco-Tex ® 100 certificate in 2014. In our production processes, no chemicals that are prohibited are used and our suppliers are also being closely monitored in this regard.

Waste Separation

Entire waste that arises during our processes are separated and sent to the licensed disposal/recycle institutions.

Clean Manufacturing

In 2014, Yünsa devised the Clean Manufacturing Plan and commenced the operations under this plan. Under this scope, the best manufacturing methods are identified and applied, which will minimize damages on the environment. In this regard, R&D project is initiated to recycle waste water into the production after its treatment and related works continue.

Natural Resource Use

Various R&D projects have been started in order to optimize the use of natural resources and reduce the environmental impact.

Environmental Training

Under the title "Single Point Training" environmental awareness training is continued in 2014 with the target of increasing awareness of workers on this issue.

Awareness of Waste Companies

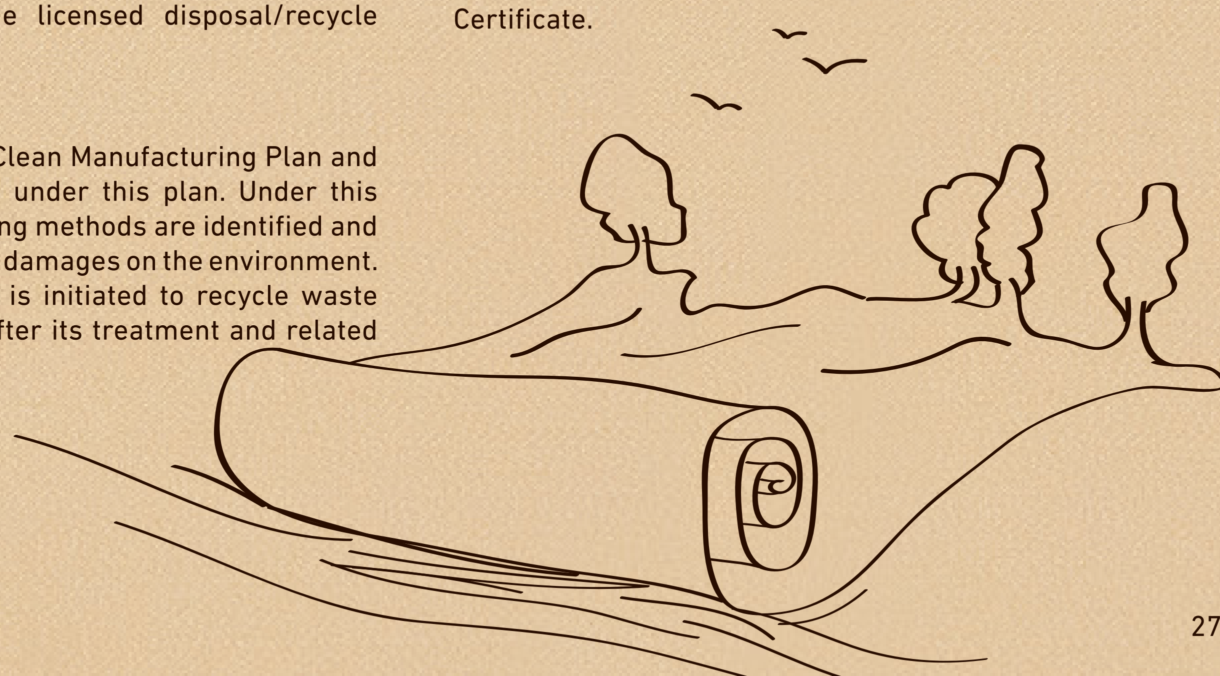
Waste companies are assessed in terms of ISO 9001, 14001 and other quality standards and environmental legislation in audits each year; areas for improvements are determined and companies are encouraged to take actions on deficiencies identified. These firms are provided with the trainings on environment and workplace safety and these trainings are audited as well as we contribute in their developments on these subjects.

COIZ – Çerkezköy Organized Industrial Zone – Environment Committee

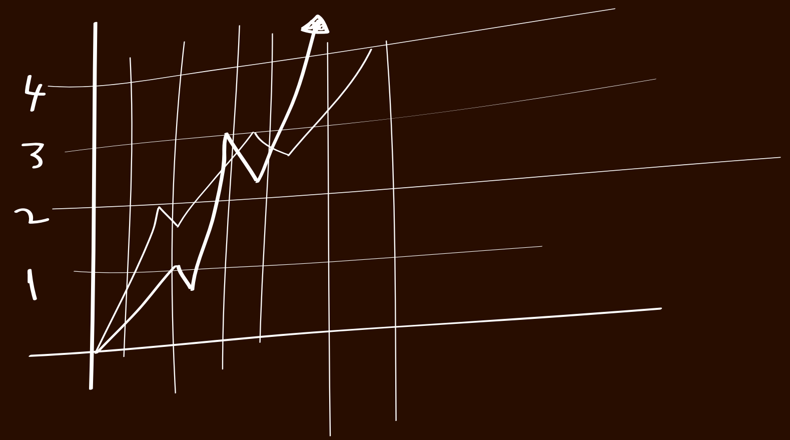
Yünsa is an active member of Environmental Committee established by COIZ. The objective of the committee is to enable all companies registered under the COIZ reaching better levels in environmental issues and having knowledge about the good application examples as shared by the companies.

ISO 50001

Due to the increasing importance of energy and energy management, today, the energy efficiency has reached a critical position. Therefore, having speeded up his works in the energy efficiency, Yünsa's activities in this field is certified with ISO 50001 Energy Management System Certificate.



Sales and Marketing



Yünsa, leader wool fabric producer of Turkey and Europe, maintains its effort uninterruptedly for realizing its vision of becoming the world leader of the industry and preserving its highly preferred brand position as regards to production, service quality, swiftness and flexibility and improve this even further.

Despite the fluctuations encountered in the markets, shrinking demand, uncertainty in world economy and tough competition conditions, Yünsa preserved its market share with its rich collections meeting requirements and expectations of the customers, powerful design team, ability to serve all around the world, powerful international sales network, service flexibility that it provides to the customers and its swiftness and showed its determination for the aim of "Becoming World Wool Fabric Industry Leader" once again.

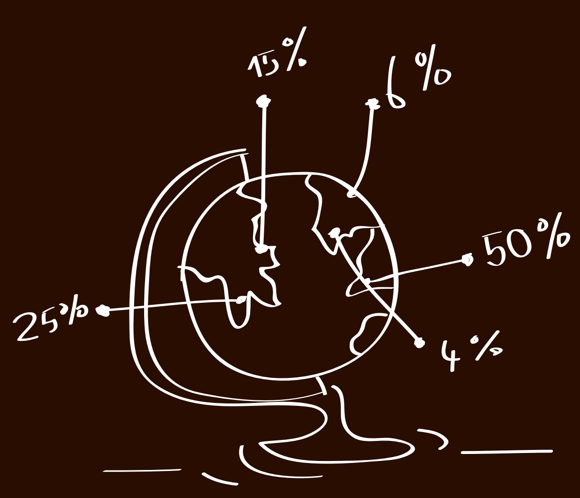
In the global competition environment where customers are the routers of the market and where besides fair price, high quality, rapid production and swift delivery ability is becoming more significant than usual, Yünsa differs from its competitors with its right marketing strategies, creative and particular product concepts and fast and agile moving structure.

Today, Yünsa works with over 400 customers over its powerful international sales network and exports to over 50 countries. Yünsa has subsidiaries in America, Germany, England, Italy and it has got agencies and representatives over 20 countries.

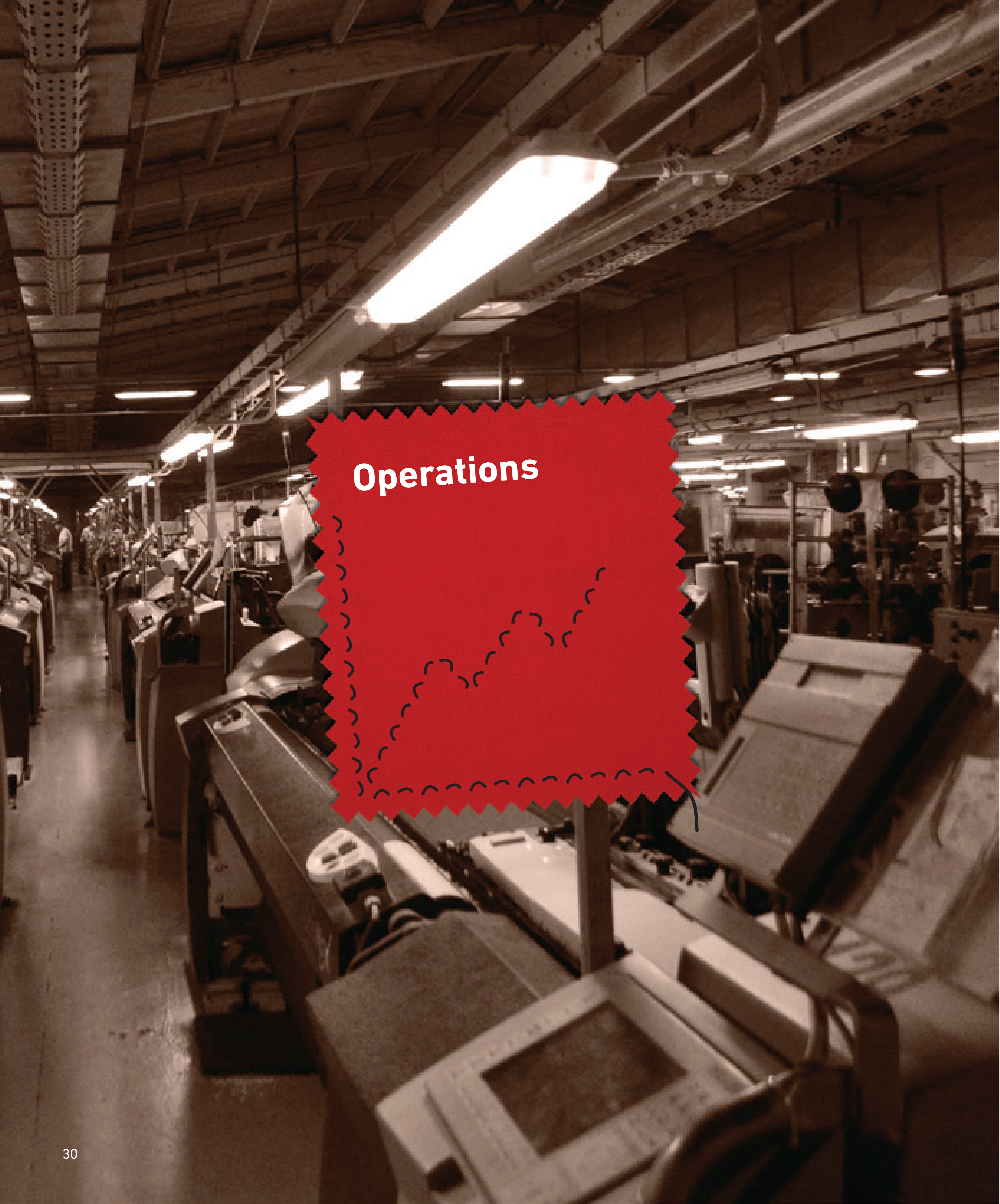
Attending the biggest and most important fashion/textile fairs from New York to London and Munich to Paris in 2014, Yünsa demonstrated its brand on the most important platforms of textile and fashion world and it also reflected the point where Turkish textile reached out to the visitors. By taking place in Turquality® which is the first and only government supported branding program, Yünsa demonstrates the power of Turkish brand in the world textile sector with Turquality®.

Increasing its market share in A/A+ segment, parallel to sustainable profitable growing strategy, Yünsa aims to continue its leadership in the market in 2015 with the fast delivery service it provides to the customers and different product concepts like Yünsa Touch.

Having a total endorsement of TL 319.000.000 in 2014, Yünsa will continue to focus on upper segment sales, new collections and customer satisfaction and branding it conducts for announcing its leader position in the sector, the differentiation it created and its sense of quality to domestic and foreign markets in 2015.



Operations



A. Investments

1. Developments in investments

In 2014, investments worth USD 245.848 were made for domestic and imported goods' subsidized investments in accordance with the Investment Subsidy Certificate number 102221, dated 03.08.2011 and granted by Ministry of Economy, General Directorate of Incentives Implementation and Foreign Direct Investment and investments worth USD 2.345.132 were made for domestic and imported goods' subsidized investments in accordance with the Investment Subsidy Certificate number B 108901, dated 29.08.2013, investments worth USD 2.036.960 were made for domestic and imported goods' subsidized investments in accordance with the Investment Subsidy Certificate number 112140, dated 10.10.2013.

Taking into consideration other unsubsidized investments, the company's investments reached approximately US$ 9,4 million on a USD basis and TL 20,2 million on a TRY basis in 2014.

2. Investment Incentives

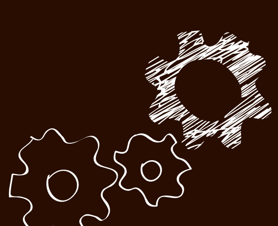
In 2014, the company benefited from the subsidies such as customs tax exemption and VAT exemption in accordance with its subsidy certificate.

B. Donations

Our company donated TRY 517.837 to various Turkish foundations and associations' not-for-profit during 2014.

C. Financial State

Monthly financial position reports of the company are presented to Sabancı Holding Industry Group Chairman by General Manager and Financial Affairs Vice General Director. At the meetings of the Board of Directors held regularly, Board Members are informed about; operating results, financial outcomes, realization rate of the planned operations and company's position against the specified strategic objectives.



Developments in Annual Turnover and Profitability

		2014	Annual Change
Turnover	(TRY)	319.058.534	18%
Gross Profit	(TRY)	74.762.655	20%

Breakdown of production in 2014:

		2014	Annual Change
Worsted yarn	(Tons)	3.869	14%
Fabric (Finishing)	(km)	13.426	8%

Breakdown of net fabric sales in 2014:

		2014	Annual Change
Textile	(TRY)	304.422.698	19%
Ready- to- wear	(TRY)	14.635.836	4%

2. Base Ratios

	2012	2013	2014
I-Financial Structure Ratios			
Total Liabilities / Total Assets	0,66	0,69	0,65
Equity / Total Assets	0,34	0,31	0,35
Borrowing Ratio	1,93	2,25	1,87
II - Liquidity Ratios			
Current Ratio	1,14	1,13	1,23
Acid-Test Ratio	0,62	0,68	0,74
III- Profitability Ratios			
Gross Profit Margin	20%	23%	23%
Net Profit Margin	3%	6%	10%
Earning Per Share	0,26	0,53	1,10

Risk Management and Internal Control Mechanism

Risk management and internal control mechanism is applied at every level of the Company.

Our company implements a company-wide Corporate Risk Management with the understanding that risks also involve opportunities in order to manage the risks in the most effective manner. Yünsa Corporate Risk Management is a planned, adaptable, consistent and ongoing process structured in the Company in order to identify and decide the measurements and strategies against, by defining, the factors creating threat and opportunity in achievement of company targets.

Company risks are followed up through main risk indicators as specified by the Holding and Company. These indicators are continuously monitored and reported periodically. The necessary actions for managing the risks as indicated by the main risk indicators are taken by the Company under the coordination of Sabancı Holding.

Company devised the Risk Management Policy which defines the risk management understanding, strategies, methods and approaches, role and responsibilities as well as creates a common language across the company. Under this policy; to better identify, measure and manage the risks, a Risk Management Unit is established in the company.

Risk Management Unit, within the framework of policies, standards and procedures approved by company management, determines main and critical risks of the company, works with risk managers to make recommendations in order to reduce, eliminate or transfer the risks involved, follows action plans of departments, realizes studies to determine the company's risk appetite and follows whether risks are managed within the framework of this appetite. Risk management unit continues these activities with full support, responsibility and active participation of the company's employees.

Corporate Governance Committee also performs the function of Committee for Earlier Diagnosis of the Risk. Corporate Governance Committee, in this frame, carries out works in order to diagnose earlier the risks which will jeopardize the existence, development and continuity of the Company and to apply the measurements necessary for the risks identified and to manage the risk and reviews the risk management systems at least annually.

Company houses an Internal Audit Department for conducting audits, investigations and examinations in order to safeguard the rights and interests of the company, to develop suggestions against internal and external risks. Company Internal Audit Department reports periodically and directly to the Audit Committee of the Company consisting of Independent Members of Board of Directors, due to the principle of independence. Internal audit mechanism is under the responsibility of top management and reviewed regularly by Internal Audit Department of the Company.

The duties of the Internal Audit Department are to check the reliability and accuracy of financial statements of the Company as well as affiliates, to ensure that operations are performed in compliance with laws and ethical rules adopted by the Company, to furnish assurances to minimize the current and potential risks to the reasonable levels by having them identified upon analyzing the processes with a view to increase the operational effectiveness and productivity.

Committees

Audit Committee

Audit Committee consists of two persons who do not have direct executive functions, are knowledgeable and experienced on financial matters as well as independent members of Board of Directors. The Chairman of Audit Committee is Mehmet Kaya, Independent Member of Board of Directors, and member of Audit Committee is Hüsnü Paçacıoğlu, Independent Member of Board of Directors. The mandate of the Committee Members are the same as the term of Company's Board of Directors.

Chairman and Member of Audit Committee are appointed by Board of Directors. The reporting works of Audit Committee are executed by Internal Audit Unit of the Company. Reporter is designated by Chairman of Audit Committee. The necessary resources for Audit Committee to function and any kind of support are provided by Board of Directors.

The function of the Audit Committee is to inform Board of Directors of accounting system of the Company, financial reporting, public disclosure of financial data, functioning and effectiveness of the internal audit system and independent audit and support Company's works in compliance with laws and regulations, notably Legislation of Capital Market Board, principles of corporate management and ethical rules of the company and perform the function of supervision on the said issues. Audit Committee checks internal audit reports, confirms audit schedule and presents reports to the Board of Directors regarding the accuracy of the financial tables to be announced to public.

Audit Committee submits Chairman of the Board its activities, determinations and suggestions it come up with in relation with the function and responsibility area.

Audit Committee convenes in Head Quarter of the Company or another place upon invitation of Chairman of Audit Committee at least quarterly totaling at least four meetings.

Committee may be called to extraordinary meeting by Chairman of the Board or Chairman of the Committee. It may hold meetings with a specific agenda with auditor and managers.

Corporate Management Committee

The Chairman of Corporate Management Committee, consisting of three persons, is Hüsnü Paçacıoğlu, Independent

Member of the Board, its Member is Barış Oran, Member of the Board and CFO Semih Utku. The mandate of the committee members are the same as the term of Yünsa Yünlü Sanayi ve Ticaret AŞ's Board of Directors.

The objective of the Corporate Management Committee is to furnish suggestions which will render Corporate Management Principles of the Company to be harmonized with internationally recognized as well as Capital Market Board-defined corporate management principles and provide advices to ensure materialization and implementation of these principles, to monitor the compliance of the Company to these principles and perform improvement activities on these matters.

Committee observes and identifies if Corporate Management Principles are implemented in the company, if not, its justification and interest conflicts arising due to the failure in complete compliance with these principles and advises Board of Directors about improvements in corporate management implementations.

Committee, furthermore, performs the functions of Nomination Committee and Remuneration Committee, as stipulated in Corporate Management Principles.

Meeting agenda is determined by the Chairman of the Committee. Members and shareholders submit Chairman of Corporate Management Committee of the matters that they wish to be included in the agenda via reporters.

Meetings are convened in a place and date to be seen fit by the Chairman at least four times a year. At the beginning of each year, the annual meeting schedule of Corporate Management Committee is prepared by Chairman of the Committee and announced to all members. Management Committee documents and keeps records of all the works he performed and submits Board of Directors the reports containing all information about its works and meeting result. The persons who will be regarded as fit by Chairman may attend in meetings.

Any kind of resource and supports necessary for Committee to function are provided by the Board of Directors.

Early Risk Diagnosis Committee

Early Risk Diagnosis Committee is constituted by Board of Directors in order to diagnose early any kind of risks including strategic, operational, financial and other which may jeopardize the presence, development and continuity of the Yünsa Yünlü Sanayi ve Ticaret AŞ and implement the measurements and remedies necessary to do so and manage the risk.

The Chairman of Early Risk Diagnosis Committee is appointed among the independent members by Board of Directors of the Company. Committee is composed of, except for Chairman, at least one Member elected by Board of Directors. Committee is chaired by Independent Board Member Hüsnü Paçacıoğlu and its Member is Board Member Barış Oran. The tenure of the Committee Members is in parallel with tenure of the Company Board Members.

Early Risk Diagnosis Committee carries out works in order to define the risks which may jeopardize the presence, development and continuity of the company, to create the models and management systems for avoiding the crisis, to implement the necessary measurements related with early diagnosis, identification, risks and manage the risk.

It reviews the risk management systems at least once a year and observes the implementation of the applications related with the risk management in compliance with the Committee Resolutions.

Meeting agenda is determined by Committee Chairman. Board of Directors and Committee members notify Committee Chairman of the topics that they wanted to be included in the agenda. Committee may invite any manager to meeting and receive his/her opinions.

Policies

Remuneration For Board Of Directors And Top Level Directors Policy

This policy document defines the remuneration system and applications for our board members and top level directors having administrative responsibilities under the provisions of Capital Market Board.

A fixed remuneration, applicable for every Board Member is determined in the ordinary meeting of General Assembly every year.

Remuneration is paid to executive Board Members under the policy determined for the top level directors as follows:

In remuneration of the Independent Members of Board of Directors, no remuneration plan can be used based on company performance.

Remuneration is paid to members of Board of Directors on pro-rata basis by taking their commission period from their appointment to release dates. The expenses of members of Board of Directors incurred by them due to their contributions in company (travel, phone, insurance etc. expenses) can be met by the company.

Remuneration of the top level directors consists of two components as fixed and performance payments.

Our remuneration policy is arranged and applied in line with the criteria such as remuneration and vested benefits, fairness, objectivity, promoting high performance, competitive, rewarding and motivating.

Main targets of our remuneration policy is to determine the remuneration by stressing on the business size, performance, work-contribution, knowledge/skill and competencies, motivation of the employees by sustaining intra- and inter-company remuneration balance and competitiveness in the market and increasing the commitments and retention of workforce with suitable competence which will enable our company to reach our targets.

''Job Family Model' we implemented in our company, defines the organizational roles, examples of basic responsibilities, performance indicators, knowledge/skill/experience and competencies and our remuneration policy is based on an objective system founded on Job Family Model.

The aim of the ''Variable Salary Management'' in our company is again to encourage our employees to perform outstandingly by awarding the success and to embed a target-focused performance culture in our company in order to support our employees in meeting the budget targets of our company and achieving business results over their targets.

To support the salary management with additional benefits, "vested benefits" are dealt with as an important part of total award management. Vested benefits we offer contain such principles as appropriateness to market conditions, competitiveness and fairness.

Donation And Aid Policy

Yünsa Yünlü Sanayi ve Ticaret AŞ (Yünsa), under corporate social responsibility approach, allows donations and aids to be made, under principles prescribed by Capital Markets Code and Regulations, including without being limited, to real persons dealing activities in education, culture, art, environment and sports, non-governmental organizations, associations and foundations, universities, public institutions and corporations.

Any and all donations and aids made as per Yünsa management's resolution shall be in compliance with Yünsa vision, mission and policies, and by considering the ethical values of Yünsa. Such donations and aids may be granted in two ways; cash or in kind.

Shareholders Assembly determines the upper limit of donations to be made within a fiscal period. Yünsa, in accordance with the principles set forth in the Donations and Aids Policy as well as legislative principles, shall inform shareholders about entire donations and aids made within a certain fiscal period, at the Shareholders Assembly of relevant period as a several agenda item.

Within the scope of Capital Market Legislation; in the event donations and aids made by Yünsa is at least 1% over the most recent balance sheet overall assets publicly disclosed or in the event such figure is at least 1% of the most recent balance sheet overall assets, necessary special occasion disclosures are made.

Disclosure Policy

1. Purpose
Yünsa Yünlü Sanayi ve Ticaret AŞ management is proud of being in a transparent and close relation with shareholders. The main goal is to enhance value of Yünsa Yünlü Sanayi

ve Ticaret AŞ for shareholders while making shares an attractive investment instrument for prospect investors.

Yünsa Yünlü Sanayi ve Ticaret AŞ management, with this regard, adopts as a principle to implement strategic plans, and to share conclusions thereof in accordance with financial reporting standards and Capital Market Legislation provisions, in a complete, fair, accurate, duly, equally and understandable manner, with shareholders, investors and capital market specialists (collectively referred to as "capital market contributors").

Yünsa Yünlü Sanayi ve Ticaret AŞ obeys Capital Market Legislation, Turkish Trade Law and Borsa İstanbul AŞ (BIST) regulations in terms of public disclosure. The company makes its best efforts to effectuate principles prescribed by SPK (Capital Markets Board) Corporate Governance Principles.

Information Policy applies to entire employees and consultants of Yünsa Yünlü Sanayi ve Ticaret AŞ, and regulates the communication between Yünsa Yünlü Sanayi ve Ticaret AŞ and capital market contributors, either verbal or in writing.

Yünsa Yünlü Sanayi ve Ticaret AŞ Information Policy is issued as per Capital Market Board's "Special Circumstances Communiqué" Serial Nr. II 15.1, clause 17; and the same is announced to all stakeholders via Yünsa Yünlü Sanayi ve Ticaret AŞ Website (www.yunsa.com).

2. Powers and Liabilities

Information Policy is established and approved by the BoD under SPK Corporate Governance Principles. It is under BoD's authority and liability to monitor, supervise and improve Yünsa Yünlü Sanayi ve Ticaret AŞ's policies on public disclosure and information. Financial Affairs Deputy Managing Director is appointed to supervise and monitor any and all issues related to public disclosure.

3. Public Disclosure Methods and Tools

Information is given through tools such as special occasion declarations, financial statements and reports, annual reports, website, presentations, investors meetings, teleconferences, informative letters, press releases and Turkish Trade Registry Gazette. Save for Capital Market Legislation and Turkish Trade Law (TTK) provisions, below are the public disclosure methods and tools mostly employed by Yünsa Yünlü Sanayi ve Ticaret AŞ;

- Special occasion declarations announced via Public Disclosure Platform (KAP)
- Financial statements and footnotes, independent audit report, statements and annual report regularly submitted to Public Disclosure Platform (KAP)
- Announcements and publications made via Turkish Trade Registry Gazette (circular, assembly summons etc.)
- Press releases made via press and media
- Remarks made to data distribution corporations such as Reuters, Foreks etc.
- Informative meetings and negotiations held with capital market contributors, either face-to-face or via teleconference
- Information via corporate website (www.yunsa.com)
- Statements made via methods and tools such as phone, mobile phone (wap and similar technologies), e-mail, telefax etc.

4. Public Disclosure of Financial Statements

Financial statements of Yünsa Yünlü Sanayi ve Ticaret AŞ and footnotes thereof are issued in consolidated manner and in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (TMS/TFRS). Annual and semi-annual financial statements are publicly disclosed upon independent audit.

Prior to public disclosure of financial statements and footnotes thereof the Board approval is sought for following Audit Board's confirmation, under Capital Market Legislation. Once confirmation is obtained, financial statements and footnotes thereof as well as independent audit report and documents enclosed are forwarded to KAP (Public Disclosure Platform) and publicly disclosed, in parallel with SPK and BIST regulations, which in return are published on Company website. Financial statements and footnotes of previous terms are accessible through Company website.

5. Public Disclosure of the Annual Report

Annual report is issued in accordance with the Capital Market Legislation and SPK Corporate Governance Principles. Thereafter, the report is submitted to the BoD for approval and then is publicly disclosed along with the financial statements. Also announced via website: www.yunsa.com.

Moreover, each quarter a brief report is issued and published via company website and KAP along with financial statements. The annual report is also printed to be submitted to whom it may concern.

6. Public Disclosure of Special Occasions and Competent Persons

Special occasion statements of Yünsa Yünlü Sanayi ve Ticaret AŞ are prepared by Financial Affairs Deputy Managing Director, e-signed, and then publicly disclosed via KAP.

Special occasion statements are prepared in an accurate, duly, understandable and adequate manner in order to assist in decision-making process of real/legal persons, who would benefit of such statements and no deceptive remark shall exist therein.
In case any employee of Yünsa Yünlü Sanayi ve Ticaret AŞ

detects an unwilled public disclosure of significant and private information which has not been previously disclosed to public, then he/she will immediately inform Financial Affairs Deputy Managing Director. In such a circumstance, Financial Affairs Deputy Managing Director prepares a special occasion statement, under Capital Market Legislation provisions, and forward the same to KAP.

Yünsa Yünlü Sanayi ve Ticaret AŞ announces in Turkish language the special occasion statements via website thereof (www.yunsa.com) in no later than the business day following public disclosure and the website must reflect such statements for a term of 5 years.

7. Competent Persons to Make Public Disclosure
Other than aforementioned statements, information requests from Capital Market Contributors or any real/legal person, wither verbal or in writing, shall be assessed by the Financial Affairs Deputy Managing Director. Such an assessment shall evaluate whether related request is of the quality of a commercial secret and whether the same would impact the investment decisions and the value of capital market instruments, under Capital Market Board's "Special Occasions Communique" Serial Nr. II -15.1. Such information requests, either verbal or in writing, are responded by relevant department following assessment by the Financial Affairs Deputy Managing Director.

Statements made to press and media, data distribution channels such as Reuters, Foreks etc. may only be announced by Chairman of Board, Managing Director or Deputy Managing Directors.

Unless otherwise assigned exclusively, employees of Yünsa Yünlü Sanayi ve Ticaret AŞ shall not be entitled to respond questions from capital market contributors. Incoming info requests must be forwarded to Financial Affairs Deputy Managing Director.

8. The List of Administratively Responsible Persons and the Ones who have access to Internal Data
The persons with administrative responsibility are the ones who regularly access internal data of Yünsa Yünlü Sanayi ve Ticaret AŞ, either directly or not, the ones who are entitled to resolve on administrative issues which may affect Yünsa Yünlü Sanayi ve Ticaret AŞ.'s future progress and business targets. Therefore, the ones who are not entitled to make administrative resolutions are not considered within the scope of ones who access internal data or who are under administrative responsibility.

While the ones who are under administrative responsibility are Directors, the ones who regularly access internal data and also are entitled to made administrative resolutions are Managing Director and Deputy Managing Directors.

The list of the ones who have access to internal data is kept by the Financial Affairs Deputy Managing Director in writing, under Capital Market Board's "Special Occasions Communique" Serial Nr. II 15.1, clause 7, to be submitted to SPK (Capital Markets Board) and/or BIST if requested. Each and every individual listed therein is informed about the protection and confidentiality rules of internal data. Such list is available at Yünsa Yünlü Sanayi ve Ticaret AŞ and has been notified to Central Securities Depository (MKK). In the event of any replacement of individuals, the notification is renewed.

9. Communication with Capital Market Contributors
Yünsa Yünlü Sanayi ve Ticaret AŞ does not make any lead about the expectations on mid-term and annual activity outcome. Instead, Yünsa Yünlü Sanayi ve Ticaret AŞ prefers transferring critical matters which impact activity outcome, strategic approaches and significant elements which enable better understanding of the industry to the capital market contributors. Unless otherwise stated in information policy, communication with capital market contributors is only executed by the ones who are entitled to make public disclosures for and on behalf of Yünsa Yünlü Sanayi ve Ticaret AŞ.

10. Unfounded News Floating Around
Yünsa Yünlü Sanayi ve Ticaret AŞ, as a principle, sets forth no opinion about market rumors or speculations. Corporate Communication Dept. follows the news and rumors about Yünsa Yünlü Sanayi ve Ticaret AŞ floating over press-media and websites and informs Financial Affairs Deputy Managing Director who in return assesses whether such news and data would impact capital instruments or not.

Financial Affairs Deputy Managing Director decides to make or not a special occasion statement under Capital Market Board's "Special Occasions Communique" Serial Nr. II-15.1, clause 9.

Accordingly, once verification is received from SPK and/or BIST under Capital Market Legislation provisions or in the event management deems necessary and appropriate to respond, then a statement is made about the rumors and buzz floating around.

11. Postponement of Public Disclosure of Internal Data
The ones listed among the persons who have access to internal data of Yünsa Yünlü Sanayi ve Ticaret AŞ are notified to keep confidential internal data, which they may obtain during the course and exercise of their work, which have not been publicly disclosed, and not to use the same for the benefit of themselves or of third persons, and not to make unauthorized disclosure to third persons.

Yünsa Yünlü Sanayi ve Ticaret AŞ, in order to avoid loss on rightful benefits and to avoid misguide of investors, may postpone public disclosure of internal data, under Capital Market Board's "Special Occasions Communique" Serial Nr. II-15.1, clause 6; in such a circumstance, relevant persons shall be informed about such postponement, and necessary measures for confidentiality shall be taken. Such a postponement may be exercised upon confirmation in writing by BoD or by Managing Director and Financial Affairs Deputy Managing Director, authorized by the BoD with general powers.

Once the grounds for postponement of public disclosure of internal data are eliminated, statements shall be made in accordance with legislation. Such a statement shall include postponement decision.

12. Meetings and Negotiations with Investors and Analysts
Financial Affairs Deputy Managing Director is responsible for appropriate management of both existing and prospect shareholders, efficiently responding investor inquiries, and leading the studies to enhance Company value.

Financial Affairs Deputy Managing Director utilizes various instruments such as road show, teleconference, e-mail, facsimile, analyst presentations, remarks/announcements for direct information etc., in order to make Yünsa Yünlü Sanayi ve Ticaret AŞ recognized in international investment industry and to enhance preferability thereof, and to feature advantageous aspects compared to competitors, and to enhance reputation of Yünsa for corporations investing in emerging markets. Each and every meeting request from shareholders are welcome, and upper level negotiations are made available.

Yünsa Yünlü Sanayi ve Ticaret AŞ considers analyst reports as the property of the corporation which issues such report, and does not publish the same on the website (www.yunsa.com). Yünsa Yünlü Sanayi ve Ticaret AŞ does not review, verify, take responsibility of or disclose analyst reports or revenue models. In certain and limited circumstances or upon request, however, analyst reports may be reviewed in order to avoid misstatement to public, provided that solely publicly-available data and historical data are utilized and specifically a certain issue is focused.

13. Public Disclosure of Future Assessments
Yünsa Yünlü Sanayi ve Ticaret AŞ, in accordance with the information policy, may from time to time disclose to public future expectations of the company. Such future assessments may be disclosed based on a Board resolution or upon confirmation in writing of an individual authorized by the BoD. At most four statements may be made within a year. Special occasion statement format or presentation format may apply for disclosures via KAP. In case of major changes, aforementioned limit may be exceeded. Future assessments disclosed to public shall bear the annotation that such assessments are based on certain assumptions, and that may differ from the outcome actually realized. In the event of any changes in future assessments or in the event such assessments are recognized not to occur, then the public must be immediately informed via identical tools.

14. Silent Period
Yünsa Yünlü Sanayi ve Ticaret AŞ abstains from discussing financial outcome and other related issues with capital market contributors in certain periods of the calendar year, for the purpose of avoiding asymmetric data distribution and unauthorized disclosures about the outcome of activities. Such period is named "silent period". For Yünsa Yünlü Sanayi ve Ticaret AŞ, silent period begins on the day following quarter intervals, semi-annual and annual fiscal term ends and ceases on the business day following public disclosure of footnotes. Yünsa Yünlü Sanayi ve Ticaret AŞ, during such silent period;

- Shall not discuss financial status of Yünsa with the capital market contributors, during either face-to-face discussions or group meetings, except for the information disclosed to public;
- Unless deemed necessary and save for the Capital Market Legislation provisions, no opinions shall be set forth about activities and financial status;
- Except for the information publicly disclosed about financial outcome, no questions either personally or from groups shall be responded, and no group explanations shall be made. In such a circumstance, statements shall be made via (www.yunsa.com).
  Moreover, during the silent period, the ones who have access to internal data or continuous information or spouses, children or cohabitants thereof shall not be entitled to transact via Company's capital market instruments.

15. Market Abuse Acts
The BoD of Yünsa Yünlü Sanayi ve Ticaret AŞ, under Capital Market Board's Communique Serial Nr. VI 104.1, takes and implements necessary measures in order to avoid the ones, who are listed within internal data list, utilize confidential information and/or commercial secrets of the Company and information not available to public, in a manner to benefit either in their name or in the name of third persons and to avoid false and misleading information and news about the company, which are deemed as Market Abuse Acts.

16. Yünsa Yünlü Sanayi ve Ticaret AŞ website (www.yunsa.com)
For public disclosures, Yünsa Yünlü Sanayi ve Ticaret AŞ website (www.yunsa.com) is actively employed, as recommended by SPK Corporate Governance Principles. The statements made via such website does not supersede notifications and special occasion statements to be made under Capital Market Legislation provisions. Each and every public disclosure made by Yünsa Yünlü Sanayi ve

Ticaret AŞ are available on the website, which is configured and sectioned accordingly. The website shall be under protection against any and all security issues. The website is published in Turkish language, with a content and form as prescribed by SPK Corporate Governance Principles. Annual report, financial reports and certain information are available in English language. Particularly the following information shall be emphasized to attract attention: shareholders assembly summons, agenda items, other information, documents and reports about agenda items, assembly participation methods. The website is regularly improved.

Major elements available on the website are as follows:

- Details about corporate identity
- Vision and main strategies
- Details on Directors and Senior Management
- Organization and shareholding structure of the company
- SPK Special Occasion Statements
- Articles of Incorporation
- Trade Registry details
- Financial details
- Press statements
- Assembly date, agenda, remarks about agenda
- Minutes and participation list of the assembly
- Power of Attorney (sample)
- Corporate governance implementations and compliance report
- Dividend policy, history and capital increases
- Information policy
- Salary policy
- FAQ

Dividend Distribution Policy

The dividend distribution policy applied by Yünsa Yünlü Sanayi ve Ticaret AŞ ("Yünsa") is envisaged in accordance with the medium- ad long-term strategies and financial plans of the company, by taking into account the situation of the state economy and industry, and also by considering the balance between expectations of shareholders and Yünsa's necessities, as mentioned in Turkish Trade Law provisions, Capital Market Legislation and other relevant legislation, ad in the article titled "Dividend" within our AoI.

As per the Shareholders Assembly resolution, the distributable dividend approach is relied on, however, in principle, distribution of cash and/or bonus share of at least 50% of distributable profit is adopted.

Yünsa does not apply dividend advance payment.

Dividends are paid equally for entire shares, notwithstanding issue or acquisition dates thereof, in shortest period possible and paid to shareholders on the date as designated by Shareholders Assembly, provided that statutory periods are complied with.

Shareholders Assembly may resolve on transfer of a certain part or entire of the net profit over extraordinary reserves account. In the event Yünsa BoD proposes to the Shareholders Assembly not to make any dividend payment, grounds thereof as well as the method of utilization of such non-distributed dividend must be notified to shareholders during the Assembly. Likewise, such information are also included in the annual report and on website, and publicly disclosed.

Dividend policy is submitted to the approval of shareholders at the Assembly. Such policy is annually reviewed by the BoD depending on inconvenient economical conditions, both in global or national extent, and on the projects under progress and the status of funds. Any amendments on such policy must be submitted to the approval of shareholders at the next Assembly, and publicly disclosed on the website.

Other Issues Related To Operations

Information Regarding Ongoing Significant Claims Filed Against the Company and the Possible Results Thereof
There is no significant claim filed against our Company within 2014 which could considerably affect Company's financial position and operations.

Information Regarding Significant Administrative Sanctions and Penalties for Board Members over Practices Against the Provisions of the Regulation
There are no administrative or legal sanctions issued for the Company or Board Members by reason of the practices against the Provisions of the Regulation.

Documents Related to the Shares that the Company Acquired for the Own Share Thereof
There is no own share of Company that it acquired.

Privileged Shares, Voting Power of the Shares
According to Articles of Incorporation, shareholders has one voting right for each share at the General Assembly meetings and there is no privilege for right to vote.

Shareholders use their right to vote proportional to their shares' total nominal par pursuant to Article 434 of Turkish Commercial Code.

Capital Market Instruments Brought Out If Any
There is no capital market instrument brought out during the term 1 January - 31 December 2014.

Articles of Incorporation Amendments for the Term
Articles of Incorporation was not amended during the term 1 January - 31 December 2014.

Documents Regarding Private Audit and Public Audit
There was no private audit in our Company during the term 1 January - 31 December 2014. Our company has been publicly audited by Science, Industry and Technology Provincial Directorate pursuant to the Law Nr. 4703 regarding Preparation of Technical Regulations Related to Products and Application Thereof and the Regulations 2006/95/EU and 2004/108/EU prepared and entered into force within this scope.

Change of Independent Audit Company
At the General Meeting of the Shareholders held on 28 March 2014, it was decided that Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Güney Independent Audit and Independent Accountant, Financial Advisory Incorporated Company) shall become the independent audit company in line with the suggestions of Audit Committee and Board of Directors in accordance with the principles specified by Turkish Commercial Code Nr. 6102 and Capital Market Law Nr. 6362 for auditing the financial reports of the Company for 2014 and conducting other operations within the scope of other relevant provisions of these laws.

Collective Labor Agreement
Group Collective Labor Agreement signed between Turkey Textile Weaving and Clothing Industry Workers Union and Turkish Textile Employers' Association (which we are a member of) shall be in force between 01.04.2013 and 31.03.2016.

Rights and Benefits Provided to Personnel and Workers
We provide several opportunities to our workers like base salaries, premiums, variable premiums conditional to performance, private health insurance, individual retirement support, accident and life insurance, annual and social leaves exceeding the legal obligation within the scope of work valuation and wages policy. On the other hand, vehicles allocated to chair, initiatives regarding use of several communication devices, additional benefits for the personnel doing master degree and doctorate are some other applications of ours within this scope.

Also we provide wages, rights and social aids to our workers who are member of favor labor union within the frame specified in collective labor agreement.

Other
Objectives and 2014 performance of our Company has been discussed at the Ordinary General Assembly held within the year and the information and evaluations regarding the Company and the market it operates in has been shared with our partners. There was no Extraordinary General Assembly held.

Pursuant to the Article 199 of Turkish Commercial Code Nr. 6102, information about subsidiaries of Yünsa Yünlü San. ve Tic. AŞ, controlling shareholder, all the purchase and sale between controlling shareholder and subsidiaries thereof and other transactions has been provided.

The transactions performed comply with the peers, in line with the controlling shareholder commentaries within related Articles of Turkish Commercial Code Nr. 6102 and since it is included in companies association, there is no loss suffered.

The report prepared by Board of Directors of Yünsa Yünlü Sanayi ve Ticaret AŞ on 27 February 2015 concludes that all the required legal transactions were performed and all required measurements were taken in all the transactions performed between subsidiaries of Yünsa Yünlü San. ve Tic. AŞ controlling shareholder and subsidiaries thereof in 2014.

Proposal for Profit Distribution

YÜNSA YÜNLÜ SANAYİ VE TİCARET AŞ PROFIT DISTRIBUTION TABLE FOR THE YEAR 2014 (TRY)			
1. Paid-In/Issued Capital			29.160.000,00 TL
2. General Legal Capital Reserves (According to Legal Records)			6.313.955,00 TL
Information about privileges, if any, in profit allocation pursuant to articles of association			No
		Pursuant to CMB (Capital Markets Board)	Pursuant to Legal Records (LR)
3.	Period Profit	34.850.102,00	38.448.649,43
4.	Taxes (-)	2.777.002,00	3.597.717,33
5.	Net Profit For The Period (=)	32.073.100,00	34.850.932,10
6.	Losses of the Previous Years (-)	-	-
7.	General Legal Reserves (-)	1.742.546,61	1.742.546,61
8.	Net Allocatable Profit For The Period (=)	30.330.553,39	33.108.385,49
9.	Donations During the Year (+)	517.836,50	-
10.	Net Allocatable Profit For the Period Plus Donations	30.848.389,89	-
11.	First Profit Share to Shareholders	1.458.000,00	-
	- Cash	1.458.000,00	-
	- Free of charge	-	-
	- Total	1.458.000,00	-
12.	Profit Share Allocated to Preferred Stock Holders	-	-
13.	Other Profit Share Allocated	-	-
	- To Board Members	-	-
	- To Employees	-	-
	- Persons Other Than Shareholder	-	-
14.	Profit Share Allocated to Redeemed Stock Holders	-	-
15.	Second Profit Share to Shareholders	16.038.000,00	-
16.	General Legal Reserves	1.603.800,00	-
17.	Statuary Reserves	-	-
18.	Special Reserves	-	14.005.543,94
19.	Extraordinary Reserves	11.230.753,39	3.041,55
20.	Other Resources Proposed to be Allocated	-	-
	- Profit of Previous Years	-	-
	- Extraordinary Reserves	-	-
	- Pursuant to Law and Articles of Association	-	-
	Other Allocatable Reserves	-	-

Profit Share Rate Chart					
	Total Allocated Profit Share		Total Allocated Profit Share / Net Allocatable Profit For The Period	Profit Share Corresponding To Share With a Nominal Value Of TRY 1	
	Cash (TRY)	Free Of Charge (TRY)	Rate (%)	Amount (TRY)	Rate (%)
Gross	17.496.000,00	-	57,68	0,6000	60,00
Net *	14.871.600,00	-	49,03	0,5100	51,00

* Net calculation is performed assuming an income with holding tax of 15%.

Commentaries Related to Profit Distribution Proposal

According to consolidated financial tables belonging to fiscal period 01.01.2014 – 31.12.2014 prepared by our Company pursuant to the Communique Regarding Financial Reporting in Capital Market with Nr. II-14 of Stock Exchange Commission and independently audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Guney Independent Audit and Independent Accountant, Financial Advisory Incorporated Company), a "Period Income" of TL 34.850.102,00 was achieved.

"Distributable Net Profit of the Period" amounting to TL 30.330.553,39 remaining after; General Legal Reserve (1. tidy) and Legal Liabilities are subtracted from the period income of TL 34.850.102,00 calculated pursuant to Capital Markets Board pursuant to our Articles of Incorporation Clause 30 and Capital Markets Board belonging to 2014, shall be distributed as following:

First Profit Share	: TL 1.458.000,00
Second Profit Share	: TL 16.038.000,00
Total Gross Profit Share	: TL 17.496.000,00
General Legal Reserve (2. tidy)	: TL 1.603.800,00
Excess Reserve	: TL 11.230.753,39

As a result of profit sharing taking place according to the basis above, of the amount TL 33.108.385,49 which is "Distributable Net Profit of the Period" and present in our legal records prepared pursuant to the provisions of tax procedural law; TL 3.041,55 shall be left as Extraordinary Reserve and TL 14.005,543,94 shall be left as "Funded Reserve" for benefiting from the corporation tax exemption regarding the profit made in the sale of the real estate in 2014 pursuant to Corporate Tax Law Article 5/1-e.

Thus, it was unanimously decided that, the subject of distributing the profit share of TL 17.496.000,00 from the profit of 2014 to the sharers representing TL 29.160.000,00 capital, in cash onwards 30 March 2015 depending on their legal status at the rate of 60% gross and 51% net shall be submitted for Ordinary General Assembly's approval which will be held on 25 March 2015.

Corporate Governance Principles Compliance Report

1. Declaration of Compliance for Corporate Governance Principles

The Company again in 2014 paid due attention to the issues, detailed below, within the scope of arrangements, either mandatory or not, as set forth in the Corporate Governance Principles, enclosed to the "Corporate Governance Communique" Nr. II-17.1. We commit ourselves to comply with the 4 principles of corporate governance, namely, transparency, fairness, responsibility and accountability.

Accordingly, within the frame of the Communique Nr. II-17.1;

While mandatory principles are complied with, some of the non-mandatory principles have not been strictly adopted up to the date, due to certain difficulties in practice, discussions under progress both in international manner and in the state, and also due to no-match up of certain principles with the Company and the market. On the other hand, we are still monitoring and endeavoring the compliance issues.

Within the upcoming period, we shall take necessary steps taking into consideration the legislative progress and implementations.

With respect to the non-mandatory principles;

Given the principle 1.3.11; Shareholders Assemblies are held open to shareholders, whereas E-Shareholders Assembly enable shareholders, who are not able to principally attend the assemblies, follow the agenda. Therefore, Shareholders Assemblies are not held open to stakeholders and to public, including media.

Given the principle 1.5.2; there is no violation of rights with respect to basic shareholding rights such as minority-share participation to shareholders assembly, representation by proxy, upper limit for voting rights etc. We showed attention to exercise of minority rights, however, no arrangement has been made with regard to extension of the scope of minority rights, and granting same rights to the ones who hold less than 1/20 of the share capital.

Given the principle 2.1.3; as the ones, particularly the international investors, who would benefit from the disclosures of financial statements, except for special occasions and footnotes, that are required to be disclosed to public through KAP (public disclosure platform) are able to reach such statements through infrastructures of data distribution corporations such as Reuters, Foreks etc. in English language, we are preferring not to issue financial statements and disclosures in English to avoid additional workload and costs.

Given the principle 2.1.4; major part of the information given on website, which includes basic information and financial statements of the company, are already submitted in English to stakeholders; as the ones, particularly the international investors who would benefit from the disclosures are able to reach such statements through infrastructures of data distribution corporations such as Reuters, Foreks etc., we are preferring not to issue certain disclosures in English to avoid additional workload and costs.

Given the principle 3.3.6; we announce the job definitions and job distribution of the employees as well as performance and awarding criteria to the company employees, we consider efficiency while determining salaries and other benefits, however, as per the HR Policy, there is no share-acquisition program applied for employees.

Given the principle 4.2.5; in parallel with the circular for signature currently effective, there is no one who hold sole decision-making power in the company. Chairman of Board and the Managing Director offices are carried out by different individuals. Powers of the Chairman of Board and of the Managing Director are diversified; however, such diversification is not regulated in the AoI.

Given the principle 4.3.9; whilst there were women directors in the Board in previous years, at the moment there is no woman acting in the BoD. There is no target rate or schedule set forth for the women rate in the BoD, and no conflict of interest has arisen out up to the date among stakeholders with regard to incompliance with said principle.

Given the principle 4.4.7; there is no restriction for Directors that avoid undertaking duties outside the company, on the other hand, it is observed that the Directors are making their best efforts to allocate time necessary for company business. Particularly the professional and industrial experiences of independent Directors significantly contribute to the Board, hence, no such restriction is envisaged.

While the principle 4.6.1 is complied with, only operational and financial targets are not disclosed to public.

Given the principle 4.6.5; fees and other benefits granted to Directors and other managers under administrative liabilities are disclosed to public via annual report, however, such disclosure is made collectively instead of personal basis, in parallel with general practice.

Given the principle 3.5.2; we are sensitive to social responsibilities, we obey the regulations made for environment, consumers, public health as well as code of conduct, and we contribute and show respect to internationally-valid human rights. We undertake to struggle against any and all types of fraud, including corruption and bribery, and we are establishing a policy for anti-corruption and anti-bribery, which shall be announced to all stakeholders on Yünsa website.

PART II- SHAREHOLDERS

2.1. Investor Relations Department

Company has an Investor Relations Department for relations with the shareholders. This unit is coordinated by CFO Mr. Semih Utku. The executive officer of the unit is Mrs. Aslıhan Ece İrtiş, Finance Manager (airtis@yunsa.com) and Mrs. H. Şenay Akıncı Özertan (sozertan@yunsa.com) manager, is appointed as officer. You may contact with concerned persons at phone no 0212 385 87 00 and fax no 0212 282 50 68. Aslıhan Ece İrtiş and H. Şenay Akıncı Özertan hold Advanced Level licenses for Capital Market Activities.

Investor Relations Department is responsible for informing shareholders of activities, financial status and strategies of the company, except for such confidential information and trade secrets of shareholders and prospective investors, regularly in a manner not leading information asymmetry among shareholders and for managing two-way interaction between shareholders and company managers.

The main purpose of the Investor Relations Department is to carry out the following with the aim of fulfilling right-to-information and shareholder rights completely and in shortest term possible:

- To ensure maintaining correspondences between investors and partnership as well as other information and documents in solid, secure and updated manner
- To respond information requests in writing of shareholders
- To issue documents to be submitted to shareholders with respect to Shareholders Assembly, and to take measures to ensure Shareholders Assembly be held in accordance with relevant legislation, AoI and other in-house arrangements
- Including any and all issues related to corporate governance and public disclosure, to monitor and supervise fulfillment of liabilities arising out of Capital Market Legislation

Investor Relations Department undertakes to manage relation with shareholders. Within the scope of such duty, in 2014, we attended to investors meetings held once abroad and once inland and we met with 32 national and foreign corporate investors and analysts; besides, we had phone conversations and responded questions from shareholders once a month in average.

Investor Relations Department has issued and submitted a report to the BoD with respect to the activities performed in 2014.

2.2. Shareholders' Exercise of Their Right to Obtain Information

For exercising by shareholders of their right to information, all information, except for trade secrets, is communicated to the shareholders and they are ensured to obtain first-hand information about the strategy and activities.

In 2014, the demands of shareholders for the information are responded by Shareholders Unit via telephone conversations, for this purpose, information which will be interest to the shareholders are published in the website by pursuing a mandatory announcement process.

In 2014, no information and disclosure is published in the company website which may have an impact on the use of rights of shareholding by shareholders.

The appointment of a special auditor has not been set as an individual right in our Company's Articles of Association. In 2014, no request has been received from shareholders in this regard.

2.3. General Assembly Meetings

An Ordinary Assembly of Shareholders was held on March 28th 2014 at the head office of Sabancı Center, 4.Levent 34330 İstanbul, Hacı Ömer Conference Hall. Shareholders representing 80,48% share capital attended the Assembly. No media participation realized.

Invitation to the General Assembly Meeting is delivered by the Board of Directors according to provisions of Turkish Code of Commerce (TTK), Code of Capital Market and Company's Articles of Association. After decision of Board of Directors for convention of General Assembly, public announcement is made through KAP. Announcement of General Assembly meeting is published in our website at www.yunsa.com 21 days prior to General Assembly meeting date.

The necessary documents related with the agenda items are publicly announced before General Assembly Meeting and all legal processes and legislations related with notifications are complied with. Under the frame of general assembly agenda items, annual activity report, financial statements, report of compliance to corporate governance, suggestions for profit distribution, independent audit report and legal auditor's report, amendment drafts including former and new versions of the text amended, if amendment is to be made in the Articles of Association are provided to the review of shareholders at the principal place of the business as well as in the website in an accessible manner. Furthermore, detailed explanations are provided for each agenda item in the information documentation related with the agenda items and in principles other information proposed for the General Assembly Meetings are presented to the investors.

In our General Assembly Meetings, agenda items are voted through raising hands and open voting method is used.
Our shareholders whose registry of shares are followed up in Central Registration Office may physically attend in General Assembly in the meeting venue in person or via proxies or if they wish virtually through Electronic General Assembly system accessible via website of Central Registration Office in person or via their proxies in the General Assembly Meetings. Shareholders may authorize their proxies through Electronic General Assembly System or with a notarized power of attorney, or power of attorneys annexed with signatory circulars attested by a notary public. Shareholders may authorize their proxies through Electronic General Assembly System as well as may have themselves represented in the meeting with the power of attorney form, available in our company head quarters and via company website at www.yunsa.com, completed, signed and notarized or with the aforementioned power of attorney form accompanied with their signatory circulars attested by a notary public.

General Assembly Meeting to be convened physically may be attended by real person shareholders upon presentation of their ID Cards, by legal person shareholders upon ID cards of persons authorized to represent and bind the legal person together with their authorization documents, by proxies of real and legal persons upon their power of attorneys, by proxies who are authorized through Electronic General Assembly System upon their ID cards and signing the attendees list.

Our General Assembly Meetings are convened in the principal place of business. Our Articles of Association, when necessary, allows for meetings to be convened in other places within the provincial territory where head quarter is located or in the place where industrial plant of the Company is located upon the decision of Board of Directors.

Our meeting minutes are available via our website at www.yunsa.com and via www.kap.gov.tr and at Electronic General Assembly System page in Central Registration Agency. Furthermore, these minutes are available for review of our shareholders in the head quarter and provided upon request Donations and aid granted within the period and changes in policies are brought to the table at Assemblies as a several agenda item, whereas the same is given in details in the BoD Annual Report for 2014.

Shareholders had the right to ask questions which were directly responded at the Shareholders Assembly. Moreover, each and every question posed and responses made thereto have been publicly disclosed by the Investor Relations Dept. in no later than 30 days as of the Assembly through partnership website.

Shareholders made no agenda proposal.

Donation and Aid Policy, issued by the Corporate Governance Committee in accordance with the most recent amendments in Capital Market Legislation, under the Board resolution dated 22 December 2014 Nr. 981, has been approved and publicly disclosed through company website and it is also resolved to disclose to public any and all modifications made in said policy.

2.4. Voting rights & Minority Rights
Articles of Association does not envisage privileged voting rights.

There is no corporation we are in mutual shareholding benefit.

Our company places importance on the exercise of minority rights in accordance with provisions of Turkish Code of Commerce and Code of Capital Market and no criticism nor complaint received in this regard in 2014.

2.5. Dividend Rights
The Dividend Distribution Policy of our company is as follows:

Profit Distribution Policy of Yünsa Yünlü Sanayi ve Ticaret AŞ (Yünsa) has been assigned within the scope of provisions of Turkish Commercial Code, Capital Market Legislation and other relevant legislations and the relevant Clause of Articles of Corporation related to profit distribution in line with Yünsa's medium and long-term strategies and investments and financial plans by means of considering the status of national economy and the sector and considering the balance between sharers' expectations and the requirements of Yünsa.

In line with the resolution taken at the General Assembly, principle of determining the amount of share of profit to be distributed has been adopted and also principle of distributing share of profit to the sharers as cash and/or costless share at the rate of 50% of the profit has been adopted as well.

There is no share of profit retainer distribution application in Yünsa.

As it is accepted the shares of profit to be distributed equally as soon as possible without considering the acquisition and discharge dates thereof and the total of available shares, they will be distributed to sharers within the legal periods determined, following the approval of General Assembly on the date General Assembly determines.

General Assembly can transfer some part of or all of net profit to contingency reserves. In case Yünsa Board of Directors offers General Assembly to not to distribute profit, information about the reasons of this and the usage of undistributed profit shall be submitted to sharers at the General Assembly Meeting. Likewise, this information takes part in annual report and on the internet site and shared with public.

Distribution of profit policy is submitted for approval of the sharers at the General Assembly Meeting. This policy is revised yearly by Board of Directors in case there is negativity in national and global economic conditions and according to status of the current projects and funds. The changes made in this policy are submitted for approval of sharers at the first General Assembly Meeting after the change and shared with public.

Dividend Distribution Policy, issued in accordance with the "Dividend Communique" which has come into effect by Capital Markets Board by being published at Official Gazette dated 23 January 2014 Nr. 28891, under the Board resolution dated 27 February 2014 Nr. 964, has been approved by shareholders during the Shareholders Assembly dated 28 March 2014, and disclosed via public disclosure platform (KAP) and website. The dividend policy is given in an independent part within the annual report.

In 2014, the Company paid dividends of TL 13.413.600,-. The Company exercises such dividend payments in statutory periods. There is no privilege for dividends set forth in the AoI.

2.6. Transfer of Shares
Company's Articles of Association does not prescribe any provision which restricts the transfer of the shares.

3. Public Disclosure and Transparency
3.1. Corporate Website and Contents
Company has a corporate website in place. Its URL address is www.yunsa.com. Important information published in the website is also published in English.

In order to ensure comprehensive information relay to current and prospective investors as well as intermediaries, website contains a separate section as "Investor Relations" and "Information Society Services" section.

With the Regulation on Websites to be published by the Capital Companies published at 31.05.2013 on Official Gazette issued by Ministry of Customs and Commerce as well as the first sub-article of Article 1524 of TCC, procedures and principles concerning the website publication as well as allocating a section to the publication of the announcements which must legally be made by Company as well as information society services. E-Company provided by MKK: ensured that uploading the content to be announced pursuant to Article 1524 of TCC by making use of the companies information portal platform service to the company-exclusive pages with secure electronic signature and time stamp and keeping the content upload in secure environment and keeping the content accessible and archiving in a secure manner.

Information prescribed by CMB's Corporate Governance Principles is published in the website. The rules concerning the administration of the website are provided in our "Disclosure Policy".

Some of the headings published in the website are as follows:

- Details About Corporate Identity
- Vision and Mission
- Information About Members of Board of Directors and Top Level Management
- Company's Shareholding Composition
- CMB Special Case Announcements
- Company's Articles of Association
- Commercial Registry Information
- Financial Information
- Meeting Date, Agenda, Explanations about Items of Agenda of General Meeting
- General Assembly Meeting Minute and List of Attendees
- Corporate Governance Applications and Harmonization Report
- Profit Distribution Policy
- Information Disclosure Policy
- FAQ

3.2. Annual Report
Company Annual Report is prepared in accordance with legal arrangements to ensure public informed of company activities completely, accurately in a timely manner.

4. Stakeholders
4.1. Informing Stakeholders
Stakeholders are informed of Company-related facts through public disclosures made under the relevant legislation. Public disclosures are made by means of either press conferences or speeches through media. Detailed information disclosures in our General Assembly meetings as well as in our website, our comprehensive annual report, our press statements, transparent disclosure policy and applications, furthermore, informs not only our shareholders but also all stakeholders.

Company's employees are also informed through meetings held on their specialization areas and on other related fields and through seminars and training programs as well as through information sent via e-mail. There is a portal for employees, which enables them to have access to any kind of required information and document.

Stakeholders may submit the transactions in violation of legislation and Company's Ethics Rules to Head of Audit Department and Head of Ethics which will forward it to the Audit Committee via e-mail at etik@yunsa.com published in the Company's website.

4.2. Participation of Stakeholders to Management

- Shareholders, under requests and suggestions forwarded to Finance and Investor Relations, through investor site visits and Shareholders Assembly
- Suppliers, through improvement negotiations, surveys and supplier visits
- Customers, through customer visits, satisfaction surveys, exhibitions, meetings and customer days may participate to management.

The employees participate in management through periodic company meetings (at least two times annually) such as the annual target setting and performance evaluation, quality, environmental, job security, self-evaluation, communication, improvement and excellence meetings as well as various project groups and questionnaires for business life evaluation. Thanks to feedback mechanism, employees provide their feedbacks to management and their colleagues and the results are discussed in various management meetings and accordingly actions plans are devised for necessary changes. Participation of shareholders in management is ensured through General Assembly meetings, periodical supplier meetings, questionnaires and participation of customers is through regular customer meetings and visits. With these approaches, they are driven to participate in and contribute to effective management of the Company.

Such approaches ensure stakeholders contribute to effective management of the Company.

4.3. HR Policy

The HR Policy is given on Company website, documentation system and in-house visual management areas.

Our HR Policy

Being aware of that the most valuable asset of our sustainable success is our employees, the main goal we set forth is to establish and extend a culture which esteems participation, sharing, entrepreneurism, diversity and creativity through solutions and practices to our current and future needs.

Our principle is;
to ensure a working ambient where ethical values are sustained, mutual trust is established, liabilities are adopted, achievements are appreciated, diversities and varieties are respected, opinions and expectations are taken into consideration, professional- and personal life balances are regarded and policies and practices beyond legal requisites are applied.

Within the frame of such principle; we undertake to

- Gain individuals who are eligible for improvement and who positively contributes to change,
- Create continuous improvement opportunities,
- Manage processes which give support to personal performance to achieve company targets,
- Assist in innovative and entrepreneur employees,
- Appreciate and award contributions and achievements,
- Manage a solid-core relation with entire stakeholders,
- Establish a corporate culture which supports continuous improvement and development,
- Review and restructure systems, processes and communication channels in parallel with necessities.

Being described as the processes for recruitment and appealing to qualified labor, corporate and personal performance management, career and back up method, personal and organizational improvement, salary-, award- and other benefits management, industrial relations, health and safety at work, environment, general services management, the human resources activities are managed by HR Manager, Tamer Tok.

During recruitment stage, we aim to select and employ the most eligible candidates, who would carry the Company to the future, and who adopt our corporate values. Hence, we are of the opinion that a long-term, efficient and effective organizational ambient would come out.

The selection stage relies on competency-based interviews configured, personal inventories, foreign language tests, role games, case studies, presentations and capability tests which bring out a systematic and objective approach.

Corporate Scorecard approach ensures reflecting long-term strategies and targets onto operations and monitoring performances. Such approach allows monitoring of company targets, functional targets and department targets.
The personal performance management applied allows reflecting department targets onto personal targets, evaluating employees over accurate and objective criteria and motivating the same to achieve results and establishing continuous improvement culture. The most significant parts of the process are continuous follow up and feedback.

A salary- and other benefits system is applied which appeals to qualified labor and awards employees over liabilities and contributions thereof. Salary- and other benefits system applied for white-collars is based on the salary policy, established according to job extent, market data and company performance and on the achievements of personal targets. Whereas salary- and other benefits system of blue-collars are regulated within the frame of job evaluation model, along with Collective Labor Agreement.

Furthermore, thanks to recognition, conferment and awarding approaches, personal/team efforts and achievements of employees are awarded, which enhances motivation and corporate loyalty.

Each and every job definition, organizational charts and performance- and awarding criteria are described in relevant procedures, and given in documentation system, accessible by every employee, in intranet and in other media.

No discrimination claim has been filed in 2014 or before by employees.

Given the principal 3.1.2; Sabancı Group companies dealing business in national and international markets act in compliance and respectful with local legal rules in relevant areas, and also with special legal rules, such as collective labor agreements if any. Within the period from the first day of employment till expiration/termination thereof we strictly consider protection and settlement of any and all rights and receivables of our employees.

4.4. Code of Conduct and Social Responsibility

Business ethics rules established over Sabancı values and work principles play an important role in ensuring sustainability, reliability and reputation of the eco-system we have created. Each and every activity of our company is being exercised within the scope of code of conduct defined which are accessible on our website.

Employees are informed about such rules through trainings. Moreover, at the end of each year, an e-learning program allows employees to consolidate their knowledge in business ethics, and confirm “Business Ethics Compliance Notification”.

In addition to its valuable contributions in the national economy as well as its extensive employment opportunities, Yünsa is also an environmentally-conscious brand, the most precious value of the earth. Company, on all occasions, shows his respect to the nature with the standards implemented and projects which save natural resources.

Yünsa continued to demonstrate his consciousness about Climate Change in 2014 and publicly disclosed his greenhouse gas emissions through Carbon Disclosure Project (CDP). As a first in the textile industry, Yünsa continued to report in 2014 which voluntarily disclosed greenhouse gas emissions.

Yünsa have been applying ISO 14001 Environmental Management System since 2004. In this framework, Company evaluates its environmental impacts and takes measures to minimize or eliminate these impacts.

Yunsa devised the Clean Manufacturing Plan and commenced the operations under this plan. Under this scope, the best manufacturing methods are identified and applied which will minimize damages on the environment. In this regard, R&D project is initiated to recycle the waste water into the production after its treatment and related works continue.

Eko-Text® 100 Standard is a worldwide standardized test and certification system addressed to all raw materials, derivate and final products across all stages of textile processing. Yünsa intends to supply healthy products and for this purpose, renewed his Eko-Tex® 100 certificate in 2014. No prohibited chemical is used in the production processes and we closely monitor our suppliers in this regard in a close collaboration with them.

All manufacturing wastes are classified and delivered to the licensed disposal/recycling companies.
Dust- and gas emissions emitted as a result of our operations are regularly inspected by accredited corporations, and reported to Ministry of Environment and Urbanization.

Our plant treats its waste waters in order to prevent the pollution of above- and underground waters. Also rain-water and reusable effluent is collected to be used for the irrigation of greenfield sites of our plant.

As an indication of the Company’s respect to nature and social responsibility awareness, Yunsa planted saplings in Istanbul-Edirne highway Çerkezköy junction and in Çerkezköy-Saray highway Büyükçavuşlu location under reforestation projects to contribute to a better future. Planting, watering and maintenance works of all forest area are carried out by Yunsa by the corporate volunteerism.

As part of his social responsibility, dividend contributions made to Hacı Ömer Sabancı Foundation and donations to schools, health centers, foundations and associations in Çerkezköy where our plant is, offering internship positions to approximately 60 students every year and hiring disabled individuals or ex-convicts are examples of social responsibility activities.

At Yünsa, periodic trainings are given to employees at all levels in order to increase environmental awareness, support environmental management and turn environmental management into a form of doing business. Within social responsibility dimension of environmental awareness, trainings are given to students in schools around Çerkezköy where our plant is located.

Every year, in audits made on waste treatment plants, evaluations are made in respect of quality standards and environmental legislation and accordingly areas to improve are determined and measurements are taken which will ensure them to take actions against their shortcomings. These firms are provided with the trainings on environment and workplace safety and these trainings are audited as well as we contribute in their developments on these subjects.

5. Board of Directors

5.1. Structure and Formation of the BoD

The Board of Directors (BoD) supervises compliance of company activities with the legislation, AoI, in-house arrangements and policies defined; and the BoD also manages and represents the Company by making strategic decisions, taking into account risks, growth and yields thereof and also bay considering long-term interests.

Our BoD structure is established in accordance with the principles prescribed by Capital Markets Board (SPK). The offices for Chairman of Board and Managing Director are undertaken by different individuals. Below is the list of Directors and Independent Directors, either executive or not:

Mehmet Nurettin PEKARUN
Chairman - (Executive)
(26 March 2013 -March 2015)
Mehmet Pekarun received his Industrial Engineering degree from Boğaziçi University and later obtained his MBA with Finance and Strategy Specialization from Purdue University. Mr. Pekarun started his career in 1993, at General Electric's (GE) Transportation Systems division in the USA. Between 1996 and 1999, he worked as a Finance Manager responsible for Turkey, Greece, and Eastern Europe at GE's Healthcare division in Europe. Between 1999 and 2000, he worked as the General Manager of GE Lighting Turkey. Between 2000 and 2005, he moved to GE Healthcare's Europe, Middle East and Africa Headquarter, first working as General Manager, Business Development and then as General Manager, Medical Accessories. Mr. Pekarun was appointed as the Chief Executive Officer of Kordsa Global on March 1, 2006 and as the President of Sabancı Holding's Tire, Reinforcement Materials and Automotive Strategic Business Unit on 20 September 2010. Tire, Reinforcement Materials and Automotive Strategic Business Unit was restructured as of March 1, 2011 and he is currently the President of Industry Strategic Business Unit.

Duties undertaken outside the company:
H.Ö. Sabancı Holding AŞ Industrial Group Head
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret AŞ Chairman of Board
Kordsa Global AŞ Direct Affiliate / PT Indo Kordsa Tbk (Indonesia) Executive Board Member
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret AŞ Director
Temsa Global Sanayi ve Ticaret AŞ Chairman of Board
Temsa Motorlu Araçlar Pazarlama ve Dağıtım AŞ Chairman of Board
Temsa İş Makinaları İmalat Pazarlama ve Satış AŞ Chairman of Board
Sasa Polyester Sanayi AŞ Director
TÜSİAD (Turkish Industry & Business Association) Director
DEİK (Foreign Economic Relations Board) Turkey-Japan Business Council Executive Board Member
TOG (Community Volunteers Foundation) Director

Mehmet GÖÇMEN
Deputy Chairman - (Executive)
(26 March 2013 - March 2015)
Born in 1957, Mehmet Göçmen completed his post graduate degree in Industrial Engineering and Operational Research at Syracuse University in the USA after completing his BA Degree at METU Industrial Engineering and his high school education at Galatasaray High School. He began his professional career at Çelik Halat ve Tel San. AŞ in 1983. Mr. Göçmen later worked as General Manager at Lafarge Ekmel Beton AŞ and Business Development and Public Affairs Vice Chairman position at Lafarge Turkey between 1996 and 2002. Acted as Managing Director at Akçansa from June 2003 to July 2008, Göçmen was appointed as Sabancı Holding HR Group Head on 01 August 2008, and co-managed such office with Cement Group Head as of 20 July 2009, and quit in 2010 from the former office. He continued to serve as Cement Group Head by 2014. In 2014 Göçmen has been appointed as the Energy Group Head where he is currently working.

Duties undertaken outside the company:
H.Ö. Sabancı Holding AŞ Energy Group Head
Enerjisa Enerji Üretim AŞ Chairman of Board
Sasa Polyester Sanayi AŞ Chairman of Board
TKYD Chairman of Board

Mevlüt AYDEMİR
Board Member - (Non-executive)
(26 March 2013 - March 2015)
Born in 1948 in Erzincan, Mevlüt Aydemir graduated from İstanbul University, Faculty of Economics. He worked for the Ministry of Finance as a Public Accountant between 1972 and 1981. He has carried out various functions at Sabancı Holding since 1981 and served as a member of Board of Directors in the group companies. He has been a

member of the Board of Directors of Sabancı Holding since May 2010.

Duties undertaken outside the company:
H.Ö. Sabancı Holding AŞ Director
Exsa Export Sanayi Mamulleri Satış ve Araştırma AŞ Director

Barış ORAN
Board Member - (Non-executive)
(26 March 2013 - March 2015)
Graduated from Boğaziçi University Business Administration Department, Barış Oran has a MBA degree in University of Georgia. Began his career as an auditor in Price Waterhouse Coopers in 1995, Oran carried out functions in first audit and finance and treasury/capital markets in Sara Lee Corp. Chicago IL between the years 1998 and 2003. Between 2003 and 2006, he served as Senior Manager at Ernst and Young responsible for first Minneapolis, MN, then in Europe, Middle East, Africa and India Regions. In 2006, he began his career in Kordsa Global and served as Internal Control Director, Global Finance Director and CFO, respectively. In 2011, appointed as H.Ö. Sabancı Holding Finance Director, since 2012, Oran has been the Head of H.Ö. Sabancı Holding Planning, Reporting and Financing Department, Members of Brisa, Enerjisa, Carrefoursa, Yünsa, Teknosa, Avivasa and Temsa Board of Directors and holds the title CPA.

Duties undertaken outside the company:
H.Ö. Sabancı Holding AŞ Planning, Reporting and Finance Department Head
Temsa Global Sanayi ve Ticaret AŞ Director
Enerjisa Enerji Üretim AŞ Director
Enerjisa Elektrik Enerjisi Toptan Satış AŞ Director
Enerjisa Doğalgaz Toptan Satış AŞ Director
Enerjisa Elektrik Dağıtım AŞ Director
Enerjisa Elektrik Perakende Satış AŞ Director
Enerjisa Anadolu Yakası Elektrik Perakende Satış AŞ Director
Enerjisa Toroslar Elektrik Perakende Satış AŞ Director
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret AŞ Director
Carrefoursa Carrefour Sabancı Ticaret Merkezi AŞ Director
Teknosa İç ve Dış Ticaret AŞ Director
Avivasa Emeklilik ve Hayat AŞ Director

Hüsnü PAÇACIOĞLU
Board Member - (Independent)
(18 April 2012 - March 2015)
Hüsnü Paçacıoğlu earned his BSC in Industry Management from Middle East Technical University (Ankara, Turkey) in 1963. Between 1964-1968 he served as the Investment Specialist in Karabük Iron and Steel Works Enterprises and as Public Relations and Ankara Region Manager, Public Sector Sales Director, Professional and Technical Services Manager and Deputy General Manager in charge of Marketing, Sales, Products and Services (in chronological order) at IBM Turk between 1968-1996. Mr. Hüsnü Paçacıoğlu took over the position of General Secretary in Sabancı University in 1996 and held this position until 2005. Between 2006 and 2011, he served as Vice President of Board of Trustees and General Manager of the Hacı Ömer Sabancı Foundation (Sabancı Foundation). He is currently members of Sabancı Foundation Board of Trustee and Executive Board since July 1, 2011, except his General Manager duty. Paçacıoğlu is the founding member of Safranbolu Culture and Tourism Foundation, Hisar Education Foundation and member of Board of Trustees of Spastic Children Foundation of Turkey (TSÇV) and Chairman and CEO of TSÇV and member of Information Foundation of Turkey.

Duties undertaken outside the company:
Hacı Ömer Sabancı Foundation – Deputy Chairman of Board of Trustees and Executive Board
Turkish Spastic Children Foundation – Chairman of Board and Member of Board of Trustees
Hisar Education Foundation - Member of Board of Trustees
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret AŞ Director
Afyon Çimento Sanayi Ticaret AŞ - Director

Mehmet KAHYA
Board Member - (Independent)
(18 April 2012 - March 2015)
Received his double major BS, with Cum Laude in Chemical Engineering and Economics from Yale University Mehmet Kaya has MBA on Finance, Marketing and Operations Research with honor from Kellogg Graduate School of Management.

Began his career as Sasa Management Services Chief in Sabancı Holding, Mehmet Kaya founded and presided MKM Inernational (Netherland) and Sibernetik Systems. Again joined as Vice President of Automotive Group, Mehmet Kaya served as Temsa Vice President and President, Toyotosa Vice President as well as Member of Sabancı Holding Planning and Direction Council and Board Members of Toyotasa, Temsa, Susa and Sapeksa.

Mehmet Kahya served as Managing Member and Vice Chairman of Carnaud Metalbox and then President of Uzel Machinery and Executive Board Member of Uzel Holding, Vice President of DYO General Directorate and Paint Group, Member of Executive Board of Sarten Packaging, Vice Chairman of Gierlings Velpor and President of Assan Aluminuim.

Contributing as consultant for strategy, re-structuring, profitability transformation, growth, M&A projects at KRONUS, which he is a founder of, Mehmet Kahya also holds the independent chair at BODs of Yaşar Holding, DYO, Viking Kağıt, Çimsa, Sasa and Gamak; and also serves as consultant for shareholders Boards of Directors of Süperateş, Asaş, Dağbaşı Yatırım, Vorne.

Duties undertaken outside the company:
KRONUS Kurumsal Finans Danışmanlık AŞ Consultant
Yaşar Holding AŞ Independent Director
DYO Boya Fabrikaları Sanayi ve Ticaret AŞ Independent Director
Viking Kağıt ve Selüloz AŞ Independent Director
Çimsa Çimento Sanayi ve Ticaret AŞ Independent Director
Sasa Polyester Sanayi AŞ Independent Director
Gamak Makina Sanayi AŞ Independent Director
Süperateş Ateşe Mukavim Malzeme Sanayi AŞ Consultant
Asaş Alüminyum Sanayi ve Ticaret AŞ Consultant
Dağbaşı Proje ve Yatırım Ticaret AŞ Consultant
İleri Pencere Kapı Sistemleri Sanayi ve Ticaret AŞ (Vorne) Consultant

The members of the Board of Directors have been permitted by the General Assembly to carry out all transactions set out by the Articles 395 and 396 of the Turkish Commercial Code.

Board Members are elected for 3 years by General Assembly on April 18, 2012.

With the report dated March 22, 2012 prepared and submitted by Audit Committee to Board of Directors, two independent members were nominated and their statements on fulfillment of the independency criteria were received and provided.

The independence statements of the Independent BoD are as follows:

INDEPENDENCE STATEMENT
I hereby represent and state that I am a nominee for Yünsa Yünlü Sanayi ve Ticaret AŞ (Company) BoD, to act as "independent director" within the criteria set forth in Corporate Governance Principles announced by the Capital Markets Board, AoI and legislation. With this regard;

a) That no direct or indirect recruitment, capital or business relation of significant nature has been established within the recent 5-year period, between me, my spouse, or my blood-kinship or affinities by marriage up to third degree with the Company, any affiliates of the Company or any legal person, the shareholders holding 5% or more share capital are in relation with in terms of management or capital, either directly or not;

b) That I have not taken any role or not acted as director in corporations which carry out whole or considerable part of the activities and organization of the Company under agreements entered into, particularly including the corporations which audit, rate or act as consultant for the Company within the recent 5-year period,

c) That I have not taken any role as shareholder, employee or director for corporations that significantly provide/render products/services to the Company within the recent 5-year period,

d) That the share I possess at the Company is less than 1% and such shares are not privileged/that I not a shareholder for capital of the Company,

e) As it is clear from the CV enclosed, that I have professional education, knowledge and experience necessary to fulfill duties resulting from the office of independent director,

f) That I am not working full-time for public institutions and organizations,

g) That I am considered as Turkish-resident according to Income Tax Code,

h) That I am able to positively contribute to the Company activities, that I shall keep neutrality for conflicts of interest among shareholders and that I shall liberally resolve taking into consideration the rights of stakeholders,

i) That I shall allocate necessary time to fully and duly fulfill my offices.

I hereby kindly submit to the BoD, Shareholders Assembly, shareholders and entire stakeholders.

5.2. The Operating Principles of the Board of Directors
Board of Directors meet when the Company's business and transactions necessitate it and executes its activities in a transparent, fair, accountable and responsible manner and in doing so, observes the long-term interests of the Company.

In 2014, the Company's Board of Directors held a total of 22 meetings; 4 of these were held after obtaining one-on-one approvals and 17 after obtaining written approvals according to the provisions of the Turkish Commercial Code and the Articles of Association. Operation principles of Board of Directors, meeting and decision quorums are executed on the basis of provisions ofCompany's Articles of Association. Every member has a one voting right in meetings of Board of Directors. The agenda of the meetings of Board of Directors are determined as a result of consultations among Chairman, current Board Members and General Manager. The duties of the Secretariat are carried out by the Office of the Deputy General Manager for Financial Affairs. The Secretariat is responsible for information sharing and communication about meeting agendas and for preparing the meeting minutes.

In 2014, there were no dissenting opinions concerning the decisions taken by the members of the Board of Directors.

"Manager Liability Insurance" with a security of 40 million USD exists for the Directors of Board and Senior Managers.

5.3. The Number, Structure and Independence of the Committees Established by the Board of Directors
Board of Directors makes use of the committee works while executing his duties and responsibilities. The decisions held by committees as a result of their works are submitted as suggestions to Board of Directors and final decision is given by Board of Directors.

In Board of Directors, Audit Committee, Corporate Management Committee and Early Risk Diagnosis Committee are established.

Committees;

Corporate Governance Committee monitors the compliance of Company with Corporate Governance Principles, gives remedial suggestions and observes the operations of Shareholder Relations Unit. Corporate Governance Committee, also, executes the functions of "Nomination Committee" and "Remuneration Committee".

Corporate Governance Committee has been established under the Board resolution dated 19 April 2012 whereas Hüsnü Paçacıoğlu (Independent Director) and Barış Oran (Director) have been appointed as President and Member of this committee, respectively. As per Board resolution dated 27 June 2014, Semih Utku -Financial Affairs Deputy Managing Director- has also been appointed as the Member of Corporate Governance Committee. Bylaw thereof, approved on 16 May 2012, has been revised on 04 July 2013.

The Corporate Governance Committee met four times, namely, on 2 April 2014, 27 June 2014, 26 September 2014 and 18 December 2014. The issues related to compliance with corporate governance principles and HR have been examined.

Audit Committee has been established under Board resolution dated 14 January 2003, in order to fulfill duties prescribed by SPK with this regard.

At the Board meeting dated 19 April 2012, it has been resolved to appoint 2 independent members for the Audit Committee whereas Mehmet Kahya and Hüsnü Paçacıoğlu have been appointed as President and Member of this committee, respectively. Audit Committee met eight times within the period, namely, on 5 March 2014, 2 April 2014, 7 May 2014, 27 June 2014, 08 August 2014, 26 September 2014, 05 November 2014 and 18 December 2014. The Company's accounting system, public disclosure of financial details, independent audit and the functions and effectiveness of internal control system are being supervised.

Early Risk Diagnosis Committee carries out works in order to define the risks which may jeopardize the presence, development and continuity of the company, to create the models and management systems for avoiding the crisis, to implement the necessary measurements related with early diagnosis, identification, risks and manage the risk and risk management systems are reviewed at least once a year.

As per the Board resolution dated 04 July 2013, it has been resolved to establish Early Detection of Risk Committee, and separate the same from Corporate Governance Committee; and it has also been resolved to approve bylaw of the Committee. Hüsnü Paçacıoğlu -Independent Director- and Barış Oran have been appointed as President and Member of this Committee, respectively. The Committee convened 7 times in 2014, namely, on February 28th, April 2nd, June 27th, August 29th, September 26th, November 28th and December 18th.

5.4. Risk Management and Internal Control Mechanism
Risk management and internal control mechanism are performed at each and every level of the Company.

Our company implements a company-wide Corporate Risk Management with the understanding that risks also involve opportunities in order to manage the risks in the most effective manner. Yünsa Corporate Risk Management is a planned, adaptable, consistent and ongoing process structured in the Company in order to identify and decide the measurements and strategies against, by defining, the factors creating threat and opportunity in achievement of company targets.

Company risks are followed up through main risk indicators as specified by the Holding and Company. These indicators are continuously monitored and reported periodically. The necessary actions for managing the risks as indicated by the main risk indicators are taken by the Company under the coordination of Sabancı Holding.

Risk Management Committee regularly reports to the Board about such risks. The Company acts in compliance with the risk management policy which describes the risk management understanding, strategies, methods and approaches, defines roles and responsibilities and which forms a common language with this respect. A Risk Management Unit exists within such frame in order to set forth, measure and manage risks in a better way.

Company devised the Risk Management Policy which defines the risk management understanding, strategies, methods and approaches and role and responsibilities as well as creates a common language across the company. Under this policy, to identify measure and manage the risks better, a Risk

Management Unit is established in the company.

Company houses an Internal Audit Unit for conducting audits, investigations and examinations in order to safeguard the rights and interests of the company, to develop suggestions against internal and external risks.

Company Internal Audit Unit reports directly periodically the Audit Committee composed of Independent Board Members under the Company organization due to its independency principle and performs the duties assigned to them by Board of Directors under the current Audit Committee bylaw. Internal audit mechanism is under the responsibility of top management and reviewed regularly by Internal Audit Unit of the Company.

The duties of the Internal Audit Unit are to check the reliability and accuracy of financial statements of the Company as well as affiliates, to ensure that operations are performed in compliance with laws and ethical rules adopted by the Company, to furnish assurances to minimize the current and potential risks to the reasonable levels by having them identified upon analyzing the processes with a view to increase the operational effectiveness and productivity and control whether the activities in the business is carried out in accordance with the predefined standards, policies and targets.

5.5. Company's Strategic Objectives

The company's mission and vision were determined by the Board of Directors and disclosed to the public on its website, www.yunsa.com.

Board of Directors sets the strategic objectives for three years in consultation with Top Management. It approves the annual budgets prepared under the frame of these strategic objectives.

Board of Directors has exact knowledge about the implementation of the decisions taken through comparative presentations delivered by Top Management in the meetings. The presentations also communicate Board of Directors a comparison of same periods of past years in addition to budgeted and actual comparison of the current year.

5.6. Financial Rights

"The Fee Policy for Directors and Senior Managers" of our Company which contains the criteria and fee-basis employed for determining any and all rights, benefits and fees granted to Directors of Board and to Senior Managers, was submitted to our shareholders through the website under "Informative Document", published 3 weeks before the Shareholders Assembly dated 18 April 2012. The same issue took part as a several agenda item during the Assembly and the shareholders took the stage to put forth their opinions. The Policy has come into effect upon said Assembly.

Form and conditions of any kind of rights, benefits and remunerations of the Members of Board of Directors are defined in the Articles of Association. General Assembly determines the remunerations and fees of the Chairman and Board Members.

The payments made to the top managers are disclosed to the public in our footnotes of Financial Statements.

The remuneration of Independent Board Members does not make use of payment plans based on share stock options or company performance.

In 2014, Company has not lent money to any Board Member, provided credit to them, prolonged the terms of existing loans and credits, improved borrowing conditions, extended credit under the name of personal credit means through a third person nor provided warranties such as guarantee in their favour.

Auditor's Opinion On The Annual Activity Report

To the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret AŞ,

The Report Regarding Audit of Annual Report within the Frame of Independent Audit Standards
We audited the annual report belonging to Yünsa Yünlü Sanayi ve Ticaret AŞ and the subsidiaries thereof (they will be referred to as "Group" together) regarding the fiscal period ended on 31 December 2014.

Liability of Board of Directors Regarding Annual Report
Group administration is liable for the preparation of annual report in a way which it is consistent with consolidated financial tables and reflecting the truth and the internal audition seen necessary for preparing such an annual report with such qualification, pursuant to the Article 514 of Turkish Commercial Code ("TTK") and the provisions of "Communique Regarding Financial Reporting in Capital Market" ("Communique") with Nr. II-14 of Stock Exchange Commission.

Liability of Independent Auditor
Our liability is to state our opinion regarding consistency of the financial information present in this annual report with the consolidated financial tables available in the independent auditor report dated 27.02.2015 and accuracy of it based on the independent audit we performed regarding the annual report of Group pursuant to Turkish Commercial Code Article Nr. 397.

The independent audit we performed has been conducted in compliance with independent audit standards published by Stock Exchange Commission and Independent Audit Standards ("BDS") which is a part of Turkish Audit Standards published by Accounting and Auditing Standards Authority. These standards require compliance with ethical provisions and they also require the independent audit to be conducted as planned for assurance regarding consistency of the financial information present in the annual report with the consolidated financial tables and accuracy. Independent audit, involves the application of audit procedures for gathering audit evidence about past financial information. Selection of these procedures depends on the professional judgement of the independent auditor. We believe that the independent audit evidences we gathered during independent audit is a sufficient and appropriate base for constituting our opinion.

Opinion
According to our opinion, the financial information available in the annual report of Board of Directors are consistent with the audited consolidated financial tables and they reflect the truth with all its important aspects.

Other Liabilities Arising from the Regulation
Pursuant to Article 402 - Paragraph 3 of Turkish Commercial Code Nr. 6102, no significant uncertainty has been determined regarding the inability of Group to pursue its activity in predictable future within the scope of BDS 570 "Going Concern".

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Güney Independent Audit and Independent Accountant, Financial Advisory Incorporated Company)
A member firm of Ernst&Young Global Limited.

Metin Canoğulları, SMMM
Partner

27 February 2015
İstanbul, Turkey

Auditor's Opinion On Early Risk Diagnosis System and Committee

To the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret AŞ

We audited early detection of Risk System and Committee established by Yünsa Yünlü Sanayi ve Ticaret AŞ.

Liability of Board of Directors

Pursuant to Article 387 - Paragraph 1 of Turkish Commercial Code Nr. 6102, Board of Directors is liable for early detection of the grounds that endanger existence, development and continuation of the Company. It is also liable for establishing an expert committee for taking required measures for these and applying remedies and it is liable for operating and developing the system as well.

Liability of the Independent Audit Company

Our liability is to come to the conclusion for early detection of Risk System and Committee, based on the audit we performed. The audit we performed has been conducted compliant with Turkish Commercial Code, with Principles Related to Auditor Report for Early Detection of Risk System and Committee by Accounting and Audit Standards Authority and with ethical rules. These principles require us to determine whether the company established the early detection of Risk System and Committee or not. If the company established that, such principles requires us to evaluate if the system and committee is operating pursuant to Turkish Commercial Code Article 378. Evaluating the convenience of the remedies against the risks pointed out by early detection of Risk Committee and the implementations by the Board against risks are not within the scope of our audit.

Information About Early Detection of Risk System and Committee

The company has established early detection of Risk System and Committee on 22 February 2013 and the committee consists of 5 members. Committee has got together 7 times beginning from the date it was established to the report date, for early detection of the reasons that endanger existence and development of the Company and for taking the required measurements for these and applying the needful remedies and it has submitted the reports it prepared to the Board of Directors.

Conclusion

As a result of the audit we performed, it is concluded that the early detection of Risk System and Committee of Yünsa Yünlü Sanayi ve Ticaret A.Ş. is sufficient with all its significant aspects within the scope of Turkish Commercial Code Article 378.

Metin Canoğulları, SMMM
Partner

İstanbul, 27 February 2015

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi

Independent Auditor's Report as of 31 December 2014.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated financial statements as of December 31, 2014 together with independent auditors' report

Independent Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret AŞ

We have audited the accompanying consolidated statement of financial position of Yünsa Yünlü Sanayi ve Ticaret AŞ (the Company) and its subsidiaries (together will be referred to as the ''Group'') as at December 31, 2014 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Group and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yünsa Yünlü Sanayi ve Ticaret AŞ and its subsidiaries as at December 31, 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on Other Responsibilities Arising from Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 27, 2015.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Metin Canoğulları, SMMM
Partner

February 27, 2015
İstanbul, Türkiye

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of financial position as of December 31, 2014

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

		Current Year	Prior Year
		Audited	Audited
	Notes	December 31, 2014	December 31, 2013
Assets			
Current assets		**223.927.699**	**180.668.143**
Cash and cash equivalents	6	13.058.543	754.584
Trade receivables	8	122.606.700	108.555.051
Trade receivables from related parties	7	2.282	28.969
Other trade receivables	8	122.604.418	108.526.082
Other receivables	9	1.750.096	356.317
Inventory	10	73.996.201	62.957.080
Prepaid expenses	12	2.281.188	1.537.316
Other financial assets	22	3.805.171	547.428
Other current assets	22	6.429.800	5.960.367
Non-current assets		**69.016.215**	**60.080.796**
Tangible assets	14	53.324.060	45.523.167
Intangible assets	15	11.884.206	9.035.709
Prepaid expenses	12	41.745	293.019
Deferred tax asset	31	3.766.204	5.228.901
Total assets		**292.943.914**	**240.748.939**

Consolidated financial statements as of and for the year ended December 31, 2014, were approved by the Board of Directors on February 27, 2015.

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of financial position as of December 31, 2014

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

	Notes	Current Year Audited December 31, 2014	Prior Year Audited December 31, 2013
Liabilities			
Short term liabilities		**182.415.803**	**159.600.466**
Financial liabilities	18	129.320.430	116.898.238
Trade payables	8	43.022.855	27.175.153
Trade payables to related parties	7	40.089	55.270
Other trade payables	8	42.982.766	27.119.883
Deferred income	9	870.748	975.329
Other financial liabilities	22	92.657	8.394.755
Short-term liabilities for employee benefits	21	6.449.686	5.210.650
Short-term provisions for employee benefits	21	1.050.000	783.000
Other current liabilities	22	1.498.347	122.089
Income taxes payables	31	111.080	41.252
Long-term liabilities		**8.631.508**	**6.999.085**
Long term provisions for employment benefits	21	8.631.508	6.999.085
Shareholders' equity		**101.896.603**	**74.149.388**
Paid-in share capital	23	29.160.000	29.160.000
Inflation adjustment		30.657.866	30.657.866
Share premium		92.957	92.957
Other comprehensive income and expenses not to be reclassified to accumulated profit or loss		(601.462)	(49.295)
Other comprehensive income and expenses to be reclassified to accumulated profit or loss		3.410.007	(6.229.875)
Restricted reserves		6.859.011	4.761.715
Retained earnings		245.124	245.124
Net profit for the current period	32	32.073.100	15.510.896
Total liabilities and equity		**292.943.914**	**240.748.939**

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of profit or loss for the year ended December 31, 2014

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

	Notes	Current Year Audited January 1 December 31, 2014	Prior Year Audited January 1 December 31 2013
Continuing operations			
Revenue (net)	24	319.058.534	269.932.278
Cost of sales (-)	25	(244.295.879)	(207.801.941)
Gross profit/(loss)		**74.762.655**	**62.130.337**
Selling, marketing and distribution expenses (-)	26	(36.862.139)	(29.347.816)
General administrative expense (-)	26	(11.383.280)	(10.431.027)
Research and development expenses (-)	26	(1.425.498)	(1.179.587)
Other operating income	27	14.011.308	17.898.511
Other operating expenses (-)	27	(11.244.138)	(4.557.071)
Operating profit/(loss)		**27.858.908**	**34.513.347**
Income from investment activities	27	19.463.629	11.364
Financial expenses (-)	29	(12.472.435)	(18.532.033)
Operating profit before tax		**34.850.102**	**15.992.678**
Operating tax income/(expense)	31	**(2.777.002)**	**(481.782)**
Taxation on income / (expense) for the current year		(3.597.717)	(42.840)
Deferred tax income / (expense)		820.715	(438.942)
Net income for the year from continuing operations		**32.073.100**	**15.510.896**
Earnings per share		**1,10**	**0,532**
Weighted-average number of outstanding shares (1 share equals to Kr 1 valued shares)		2.916.000.000	2.916.000.000

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of comprehensive income for the year ended December 31, 2014

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

		Current Year	Prior Year
		Audited	**Audited**
		January 1 December 31, 2014	**January 1 December 31, 2013**
Net income		**32.073.100**	**15.510.896**
Other comprehensive income			
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		**(552.167)**	**195.829**
Actuarial (loss)/gain	21	(690.209)	244.788
-Deferred tax income / (expense)	31	138.042	(48.959)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		**9.639.882**	**(6.394.494)**
Cash flow hedge gains / (losses)		12.107.268	(8.663.285)
Foreign exchange conversion gain/(loss)		(45.932)	536.134
Income tax effects to be reclassified as profit/loss			
- Deferred tax (expense)/income	31	(2.421.454)	1.732.657
Total comprehensive income		**41.160.815**	**9.312.231**

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of changes in equity for the year ended December 31, 2014

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

	Note	Capital	Inflation Adjustment	Share Premium	Other Comprehensive Income/(expense) not to be Reclassified to Profit or Loss	Other Comprehensive Income/(expense) to be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings / (accumulated deficit)	Net Profit for the Period	Total Equity
1 January 2013	**23-32**	**29.160.000**	**30.657.866**	**92.957**	**(245.124)**	**164.619**	**3.866.790**	**-**	**7.671.889**	**71.368.997**
Transfer to restricted reserves		-	-	-	-	-	894.925	-	(894.925)	-
Transfer to retained earnings / (accumulated deficit)		-	-	-	-	-	-	6.531.840	(6.531.840)	-
Distributed dividends		-	-	-	-	-	-	(6.531.840)	-	(6.531.840)
Change in accounting policy (TAS 19)		-	-	-	-	-	-	245.124	(245.124)	-
Actuarial gain / loss		-	-	-	195.829	-	-			195.829
Foreign currency translation differences		-	-	-	-	536.134	-	-	-	536.134
Financial risk hedge fund		-	-	-	-	(6.930.628)	-	-	-	(6.930.628)
Profit for the period		-	-	-	-	-	-	-	15.510.896	15.510.896
December 31, 2013	**23-32**	**29.160.000**	**30.657.866**	**92.957**	**(49.295)**	**(6.229.875)**	**4.761.715**	**245.124**	**15.510.896**	**74.149.388**
January 1, 2014	**23-32**	**29.160.000**	**30.657.866**	**92.957**	**(49.295)**	**(6.229.875)**	**4.761.715**	**245.124**	**15.510.896**	**74.149.388**
		-								
Transfer to restricted reserves		-	-	-	-		2.097.296	-	(2.097.296)	
Transfer to retained earnings / (accumulated deficit)		-	-	-	-	-	-	13.413.600	(13.413.600)	
Distributed dividends		-	-	-	-	-	-	(13.413.600)	-	(13.413.600)
Actuarial gain / loss		-	-	-	(552.167)	-	-	-	-	(552.167)
Foreign currency translation differences		-	-	-	-	(45.932)	-	-	-	(45.932)
Financial risk hedge fund		-	-	-	-	9.685.814	-	-	-	9.685.814
Net profit for the period		-	-	-	-	-	-	-	32.073.100	32.073.100
Total comprehensive income		**-**	**-**	**-**	**(552.167)**	**9.639.882**	**-**	**-**	**32.073.100**	**41.160.815**
December 31, 2014	**23-32**	**29.160.000**	**30.657.866**	**92.957**	**(601.462)**	**3.410.007**	**6.859.011**	**245.124**	**32.073.100**	**101.896.603**

Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of cash flows for the year ended December 31, 2014

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

	Notes	Current Year Audited January 1 December 31, 2014	Prior Year Audited January 1 December 31, 2013
Cash flows from operating activities			
Net profit	32	32.073.100	15.510.896
Adjustments			
Depreciation and amortisation	14, 15, 28	12.358.347	10.556.561
Deferred tax expense / (income)	31	(820.715)	438.942
Income tax expense	31	3.597.717	42.840
Provision for employment termination benefits	21	3.373.496	3.166.030
Provisions for short-term employee benefits	21	2.289.036	1.181.777
Interest income		(25.089)	(30.502)
Interest expense		8.709.619	5.478.543
Gain on sale of property, plant and equipment		(19.463.629)	(9.379)
Rediscount on receivables	7,8	11.666	119.280
Rediscount on payables	7,8	(232.567)	(19.506)
Change in inventory provisions	10	2.402.380	35.283
Income accruals		(1.686.935)	(288.226)
Net cash provided by operating activities before changes in working capital flow		**42.586.426**	**36.182.539**
Trade receivables		(14.063.315)	(28.228.828)
Inventories		(13.441.501)	(2.156.221)
Prepaid expeses		(743.872)	(1.147.739)
Other current assets		(464.503)	224.227
Other non-current assets		251.274	(248.699)
Trade payables		16.080.269	(2.632.383)
Other current liabilities		1.731.920	784.989
Net cash provided by operating activities after changes in working capital flow		**31.936.698**	**2.777.885**
Taxes paid		(3.486.637)	(1.588)
Employment termination benefits paid	21	(2.431.282)	(2.205.935)
Accrued expenses paid		(783.000)	(1.014.125)
Cash in-flows from government incentives		288.226	348.991
Net cash (used in) / provided from operating activities		**25.524.005**	**(94.772)**
Cash flows used in investing activities			
Purchase of property, plant and equipment	14	(17.730.680)	(5.604.278)
Purchase of intangible assets	15	(6.414.088)	(4.873.709)
Proceeds from sales of tangible and intangible assets		20.600.660	93.920
Interest received		25.089	30.502
Net cash used in investment activities		**(3.519.019)**	**(10.353.565)**
Cash flows used in financing activities			
Changes in borrowings		10.631.659	21.914.682
Dividends paid		(13.413.600)	(6.531.840)
Interest paid		(6.919.086)	(5.783.965)
Net cash (used in) / provided from financing activities		**(9.701.027)**	**9.598.877**
Net decrease in cash and cash equivalents		12.303.959	(849.460)
Cash and cash equivalents at the beginning of the period	6	754.584	1.604.044
Cash and cash equivalents at the end of the period		**13.058.543**	**754.584**

The accompanying policies and explanatory notes are the integral part of the consolidated financial statements.

1. GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Yünsa Yünlü Sanayi ve Ticaret AŞ ("Company") and its subsidiaries (named as "Group"), Yünsa Yünlü Sanayi ve Ticaret AŞ is the parent company, which owns/controls the majority of the shares, consists of four subsifdiaries.

Yünsa Yünlü Sanayi ve Ticaret AŞ ("Company") was established in June 21, 1973. The Company was established for the manufacturing, marketing and selling wool textile products. Company's main shareholder is Hacı Ömer Sabancı Holding AŞ The shares of the Group's main shareholder are quoted on Borsa İstanbul AŞ and traded in the national market.

As of December 31, 2014 average number of personnel is 1.954 (December 31, 2013: 1.750). The Company is registered in Turkey and the address of the registered office is Sabancı Center Kule 2, 34330 4.Levent, İstanbul.

As of December 31, 2014 Yünsa Yünlü Sanayi ve Ticaret AŞ's in scope of consolidation as subsidiaries (the ''Subsidiaries''), directly and indirectly with the business of the capital shares are as follows:

	December 31, 2014 and 2013		
Subsidiaries	**Direct Ownership Ratio %**	**Indirect Ownership Ratio %**	**Field of Activity**
Yünsa Germany Gmbh	100	100	Marketing-Sales
Yünsa Italia SRL	100	100	Fabric Design
Yünsa UK Limited	100	100	Marketing-Sales
Yünsa USA Inc.	100	100	Marketing-Sales

Dividends paid

Group dividend payment made in the current period was TL 13.413.600. (2013 - 6.531.840 TL)

Dividend equals to 1 TL nominal value share is 0,0046 Kr. (2013 – 0,00224)

Approval of the financial statements

The financial statements have been approved by the Board of Directors and authorized for issue on February 27, 2015.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation of financial statements and significant accounting policies

The financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Reporting Standards") on June 13, 2014 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The Company keeps its books in Turkish Lira (TL) pursuant to the commercial and financial regulations effective in Turkey and the provisions of the Uniform Chart of Accounts (UCA) promulgated by the Ministry of Finance. The financial statements are based on the legal records of the Company and expressed in TL based in historical cost except for derivative financial instruments which are measured at fair value and prepared after being subject to certain adjustments and classifications in order to fairly present the financial position of the Company in accordance wit the CMB Accounting Standards.

Functional Currency

The financial statements of each company of the Group have been presented in the currency prevailing in the basic economic environment in which they operate (functional currency). The financial position and results of operations of each company have been denominated in TL which is the prevailing currency of the Company and the presentation currency for the consolidated financial statements.

As of December 31, 2014, the functional currency of the Group's subsidiaries is Euro and US Dollars respectively, and the reporting currency is TL. The translation differences resulting from these consolidated subsidiaries are included in the foreign currency translation differences account under equity.

Basis of consolidation

The consolidated financial statements are controlled by the Company or include jointly controlled entity's financial statements. Control of an entity so as to obtain benefits from its activities on the financial and operational policies that are provided with the power to control.

The results of the acquired or disposed subsidiaries during the year,are included in the consolidated statement of income, after the date of acquisition or up to the date of disposal. If necessary, the financial statements of the subsidiary companies have been changed, in order to apply the same accounting policies within the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In net assets of consolidated subsidiaries to minority interests (non-controlling interest) are identified separately from the Group's equity therein. Minority shares consist of the first business combinations that occur in these shares from the date of the merger with the changes in equity of the minority interests of the amount.

When a company purchased by the Group, the assets and liabilities of the relevant subsidiary, are measured at fair value as of the date of acquisition. Minority share is obtained by calculating the fair values of assets and liabilities in the ratio of non controlling interests. The operating results of the subsidiaries acquired or disposed during the period, are included in the consolidated statement of income, starting from the date of acquisition or up to the date of the sale.

In the event the Company's purchase payment price is over the value of the underlying net assets, goodwill arises during the consolidation. After reassessment, the acquired company's assets, liabilities and contingent liabilities of the Group's share in the net fair value exceeds the costs associated with business combinations, the excess amount is recognized in the income statement.

Changes in the share capital of the Group's existing subsidiaries are:

In the Group's ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions changes. The Group's shares of non-controlling share of the book value of subsidiaries are adjusted to reflect changes in share.Non-controlling interests are adjusted by the difference between the amount of the consideration paid or received and the fair value, are accounted directly in equity as a share of the Group.

In case of the Group's loss of the control of a subsidiary, after sales profit / loss, i) with the sum of the sales price and the remaining share of the fair value ii) the subsidiary's assets (including goodwill) and liabilities and non-controlling share of the previous carrying amount of the difference between is calculated.The subsidiary's assets valuation at fair value and revalued amounts and in case of the accounting of the related cumulative gain / loss in other comprehensive income recognition and accumulated in equity, in case of other comprehensive income previously recognized in equity and collected amounts, are recorded by the accounting methods to be used on the assumption that the Company has sold related assets. (e.g., in accordance with the relevant IFRS standards, profit / loss transfer or transfers directly to retained earnings).

After the subsidiary's sale, the fair value of date of the remaining investment's loss of control, IAS 39 Financial Instruments: Recognition and Measurement standards identified under the initial accounting for the fair value or as in applicable cases where a subsidiary or a jointly controlled business investment is considered as the cost value in initial recognition.

2.2 Change in accounting policies

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2014 are as follows

TAS 32 Financial instruments: presentation - offsetting financial assets and financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the consolidated financial statements of the the Group.

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

TAS 36 Impairment of assets (amended) - recoverable amount disclosures for non-financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the consolidated financial statements of the Group.

TAS 39 Financial instruments: recognition and measurement (amended)- novation of derivatives and continuation of hedge accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the consolidated financial statements of the Group.

TFRS 10 Consolidated financial statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

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

TFRS 9 Financial instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined benefit plans: employee contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments will not have an impact on the financial position or performance of the Group.

TFRS 11 Acquisition of an interest in a joint operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 and TAS 38 - Clarification of acceptable methods of depreciation and amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 Property, plant and equipment and TAS 41 agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Annual improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after July 1, 2014.

Annual improvements - 2010–2012 Cycle

TFRS 2 Share-based payment

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, plant and equipment and TAS 38 intangible assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related party disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the basis for conclusions on TFRS 13 fair value measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Group do not expect that these amendments will have significant impact on the financial position or performance of the Group.

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

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

Annual improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual improvements – 2011–2013 Cycle

IFRS 15 Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after January 1, 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 27 Equity method in separate financial statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

• At cost
• In accordance with IFRS 9 (or IAS 39),
Or
• Using the equity method

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.or The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Annual improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. . The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (Amendments)

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group. or The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the consolidation exception (Amendments to IFRS 10 and IAS 28)

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IAS 1: Disclosure initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

2.3 Summary of significant accounting policies

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

a) Revenue

Sales revenues are recorded on the basis of actualization of the delivery, the reliable calculation of the revenue's amount & the expected amount of the transaction-related economic benefits received or to be taken of the consideration over the fair value, inflow for the Group. Net sales, sales returns, calculated after deducting discounts and commissions have been found.

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

- The transfer of the all significant risks & rewards of the ownership to the buyer,
- The related ownership of the group & lack of effective control over the goods sold of the continuous managerial involvement,
- The reliable measurement of the revenue amount,
- Possible economic benefits associated with the transaction flow to the entity,
- Incurred or expected incurred transaction costs must be measured reliably.

Retail sales are made in cash or by credit card. Revenue recorded, including credit card processing fees in gross amounts.

Other revenues earned by the Group, are recognized on the following basis:

Rent and royalty income - on accrual basis
Interest income - on the basis of the effective interest method
Dividend income - dividends in the period when the right to collect occurs

b) Related Parties

a) A person or a member of that person's close family is related to the Company in the following cases:

Concerned person's;

(i) Having control or joint control over the company,
(ii) In case of having significant influence over the company,
(iii) In case of being a member of the Company of Company's main ownership's key management personnel,

b) If any of the following conditions are met, the entity is counted as related with the Company:

(i) In case of, Entity & the Company are members of the same group.
(ii) In case of entity is another company's subsidiary or joint venture (or in case of a membership of a groups' member)
(iii) In case of both the companies having a business partnership with the same third party,
(iv) One of the companies having a business partnership with a third party and the other company is a subsidiary of of that third party,
(v) In case of having Entity's, Company's or the associated Company's employees having a post-employment defined benefit plans (In case of Company has such a plan, the sponsoring companies are also related with the Company.)
(vi) Company's control or jointly controlled by a person identified in the article (a),
(vii) A person who is identified as in (a) article,at (i) part, in the presence of a significant impact on a person's business or such entity (or of a parent of these businesses) in the case of being a member of the key management personnel.

c) Inventories

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

d) Financial instruments

Financial assets

The fair value through profit or loss classified as financial assets and the fair value of recognized at fair market value except those financial assets and purchase transactions directly attributable expenditure for the total amount is recognized. In accordance with the timeframe investment instruments, established by the concerning market condition of delivery that is connected to a contract as a result of purchase or sale of financial assets and the related assets, are recognized or are derecognized on the trade date.

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

The effective interest method

The effective interest rate method, is the calculation of the amortized cost of a financial asset and distribution of the related interest income to the related period. Effective interest rate is the rate for the expected life of the financial instrument or, if it is appropriate, a shorter period of time of the total estimated future cash receipts through the related financial asset is the rate that exactly discounts to net present value. At fair value through profit or loss Financial assets are classified as financial assets and the related income is calculated by using the effective interest method.

Financial assets that are the reflections of the fair value through profit or loss

Financial assets that are held for trading are the assets which reflect the fair value in the income statement. A financial asset for the purpose of selling in the short term, it is categorized under this subject. Financial risk derivatives are designated as an effective protective instrument mentioned that constitute the fair value of financial assets at fair value through profit or loss are classified as financial assets. Assets, in this category, are classified as current assets.

Financial assets held to maturity

The Group's intent and ability to hold to maturity, which is fixed or determinable payments and fixed maturity debt instruments, are classified as investments held to maturity. Held-to-maturity investments are recorded at amortized cost using effective interest method less impairment and the related revenue is calculated after deducting the effective interest method.

Financial assets available for sale

Available-for-sale financial assets are defined as (a) assets which are not held-to-maturity financial assets" or (b) financial assets that are not financial assets held for trading. Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortized cost using the effective interest method. Profit and loss related to available-for-sale financial assets are included in the income statement for the related period. The changes in fair value of these assets are presented in equity accounts. In the case that the related asset is disposed of or impaired, the amount in equity accounts is transferred to the income statement as profit/loss. Impairment provisions, which result from investments on equity instruments classified as available-for-sale financial assets and which are recognized in the income statement cannot be derecognized from the income statement in the subsequent periods. Except for equity instruments defined as available-for-sale, if the loss on impairment decreases in the subsequent period and if this decrease is attributable to an event occurring after the recognition of the impairment loss, previously recognized impairment loss may be derecognized in the income statement.

Borrowings and receivables

Trade and other receivables and loans with fixed or determinable payments , that are not traded, are classified in this category. Loans are shown at amortized cost using the effective interest method, less any impairment losses are measured.

Impairments in financial assets

Financial asset are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the income statement.

Except ready for sale equity instruments, if the impairment losses in next period decreases and the decrease in impairment loss is recognized, then the previously recognized impairment loss for investment at the date the impairment is reversed, in case of the impairment have not been recognized at any time. It is cancelled without exceeding the amortized cost, is reversed in the income statement.

An increase, after the decrease in the fair vaue of ready to sale equity instruments, is directly accounted in equity.

Cash and cash equivalents

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

Financial liabilities

The Group's financial liabilities and equity instruments, are classified according to the substance of contractual arrangements, and based on the definitions of a financial liability and equity instrument.

It's a financial instrument that represent the right of the remaining assets' contract depending on the equity, after deducting all of the Group's liabilities. Specific financial liabilities and equity for the applied accounting policies for financial instruments are stated below.

Financial liabilities at fair value through profit or loss or other financial liabilities are classified as financial liabilities.

Financial liabilities concerning fair value valuation difference profit or loss

Financial liabilities concerning fair value valuation difference profit or loss, is recorded at fair value and in every report period it is revalued as of balance sheet date value. The change in the fair value is accounted in the income statement.The net gain or loss recognized in income statement, stated financial liabilities include the amount of interest paid.

Other Financial Liabilities

Other financial liabilities, including borrowings, net of transaction costs are accounted for at fair value.
Other financial liabilities are subsequently calculated on the effective interest rate method, with interest expense using the effective interest is recognized at amortized cost.

The effective interest rate method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period to the period related.

The effective interest rate is the rate for the expected life of the financial instrument or, if appropriate, a shorter period of time, the estimated future cash payments net present value of the related financial liabilities is the rate that discounts.

Derivative financial instruments and hedge accounting

The group's activities, mainly due to changes in foreign exchange rates and interest rates, which is exposed to financial risks. Group, on specific binding commitments and forecasted exchange rate fluctuations depending to transactions to hedge its financial risks associated with derivative financial instruments (primarily foreign currency forward contracts) are used.

The Group does not use derivative financial instruments for speculative purposes. Derivative financial instruments are calculated at fair value on the contract date and it is recalculated using the fair value in subsequent reporting periods.

Future cash flows are determined as hedging derivatives that are active on this issue and the changes in the fair value of the ineffective portion directly in equity is recognized directly in income statement.

The group's bounding commitments to foreign exchange risk protection policy, classifies the stated risk as a cash flow hedge. In the recognition of an asset or liability that do not result in hedging transactions, in the periods that the amounts in equity affects the hedged item's the income statement, are recognized in the income statement. The derivative financial instruments that do not meet the requirements for changes for the hedging acoounting, are recorded in income statement when they create a fair value change.

Financial hedge accounting is concluded when the hedging instrument usage period expired, sold or used, or the requirements for hedge accounting could not meet the case.Cumulative gain or loss arising from hedging instrument at the related period will be booked to equity until the expected gain/ loss transaction to be completed. If a hedged transaction does not occur, the net cumulative gain or loss recognized in equity, is recorded as profit or loss for the period.

e) Tangible assets

Tangible assets are carried at acquisition cost less accumulated depreciation and impairment loss if exists. Depreciation is provided over adjusted costs on a straight-line basis over the economic useful lives. Since lands are considered as to have an indefinite useful life, they are not subject to depreciation.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land and land improvements	10-25
Buildings	25-50
Machinery, plant and equipment	4-12
Motor vehicles	5
Furniture and fixtures	3-10
Specific costs	5

Resulting from disposal of tangible assets or tangible assets withdrawn from service, the sales proceeds and the gain or loss determined as the difference between the asset's carrying amount and are included in the income statement.

The impairment test is performed when the book value of the assets that are subject to amortization, is not possible to recover.The provision for impairment is recorded if the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the obtained fair value after deducting the cost of sales or is the greater value in use. In order to evaluate the impairment, the assets are grouped at the lowest levels (cash generating units) where there are seperately identifiable cash flows. Non-financial assets that are subject to impairment, are reviewed for possible reversal of the impairment at every reporting period.

Property, plant maintenance and repair expenses incurred, are recognized as expenses.The investment spendings that increase the future benefits by increasing the capacity of the tangible assets, are added to cost of tangible assets.

f) Intangible assets

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

Internally generated intangible assets and research and development expenses

Research expenses are recorded in the income statement in the incurred period.

Resulting from development activities (or Intra-group's project at the development phase) ,internally generated intangible assets are only recognized when the following conditions are all met:

- Technical possibility to completion of the intangible asset's readiness for use or to sell,
- Having intention to sell, operate or completion of intangible assets.
- Intangible assets that can be used or sold,
- How the asset would generate probable future economic benefits to be certain,
- The existence of the required appropriate technical, financial and other resources in order to complete the development of intangible assets, use or sell. The development cost of the asset during the development process to be measured in a reliable way.

Amount of internally generated intangible assets, consist of the intangible assets that meet the requirements of the above mentioned recognition from the moment the total amount of the expenditure is composed. When internally generated intangible assets are not recorded, development expenditure is recognized as an expense in the period in which they create.

After initial recognition, the internally-generated intangible assets are shown as like the purchased separately intangible assets. after reducing the accumulated amortization and accumulated impairment losses. These assets are amortized within 5 years.

g) Borrowing costs

In the case of the assets that are ready for use & sale, are subject to a considerable time seeking (qualifying assets) , the attributable borrowing costs are directly involved in cost of the asset until the related asset is ready for use or sell.

All other borrowing costs are recognized in the income statement in the period they occur.

h) Corporate income taxes

Turkish tax legislation does not permit to file a consolidated tax preparation to parent company and its subsidiary, as reflected in the accompanying financial statements, the tax provision is calculated separately based on each company.

Income tax expense consists of the sum of current tax and deferred tax expense.

Current Tax

Current year tax liability is calculated over the part of the taxable profit. There are differences in the income statement, because of it excludes taxable profit, taxable or tax-deductible items in other years that can not be deducted from taxable or tax. The Group's liability for current tax balance sheet date has been enacted or substantively enacted tax rate is calculated.

Deferred Tax

Deferred tax liability or asset is determined by, taking into consideration the differences between the assets' and liabilities' shown amounts in the financial statements and is determined by calculating the amounts recognized in the legal tax base account the for temporary differences balance sheet liability method of tax effects have been enacted tax rates taking into consideration. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets from deductible temporary differences, future taxable profits by obtaining benefit from those differences are recognized to the extent that it is probable. Such assets and liabilities, commercial or financial gain / loss on a transaction that affects temporary difference related to goodwill or other assets and liabilities in the financial statements for the first time of receipt (excluding business combinations) is not accounted for if it originates.

Deferred tax liabilities are calculated where the subsidiaries and investments in associates and jointventures' shares are associated with all taxable temporary differences, except the situations where the Group can control the removal of the temporary differences and the situations where this differences has small possibility of removal.

These types of investments and interest associated with the taxable temporary differences arising from the deferred tax asset in the near future taxable sufficient to obtain profit in the above mentioned differences can probably be utilized and they are calculated on the condition that the differences bounded with the future will be removed.

The carrying amount of deferred tax assets, are reviewed at each balance sheet date. The carrying amount of deferred tax assets' book value is decreased in the case of providing to obtain a portion or all of the sufficient benefits allow the extent that it is not probable that taxable profit reduced.

Deferred tax is recognized using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority or if there is a legal right for the group to offset these items.

Deferred tax and tax charge for the current period

The tax charge of the current period and deferred tax of the current period, except the items recognized as expense or income under equity (in which case the deferred tax related to those items is recognized under equity as well) or the items, that were recognized under equity for business mergers, are recognized as expense or income at the income statement for the current period. Tax effect is taken into consideration in business mergers in calculating goodwill or in determining the fair value of the acquired share of defined assets, liabilities or contingent liabilities exceeding the purchasing costs.

(Currency -Turkish Lira (TL), unless otherwise indicated)

i) Employee benefits

Employee termination benefits

According to the legislations and labor agreements in Turkey, employee termination benefits are paid in case of retirement and employment terminations. In accordance with the updated IAS 19 Employee Benefits Standard ("IAS 19") such payments are considered as defined benefit pension plans.

The employee termination liabilities, recognized in the financial statements, are calculated by an assumption of the employee retirements, that will arise in the future and their net present values, calculated in accordance with these assumptions. All calculated actuarial gains and losses are classified to income or expense under the accumulated other comprehensive income or expenses under equity.

Dividend and bonus payments

Group recognizes as expense and liability the profit by using a formula, which takes into consideration the adjusted profit for the shareholders. Group makes provisions in circumstances, when an agreement or a past practice creates a liability or an obligation.

j) Effects of rate exchanges

Each Group Entity's financial statements are presented by the functional currencies of their economic environments. Financial positions and operational results of the each entity is presented in TL, which is Group's functional and presentation currency for the financial statements.

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the Central Bank of Turkey (TCB) exchange rates prevailing at the balance sheet date. Non-monetary items that monitored by its fair value which are recorded in foreign currency, are converted to TL (based on the fair value rates are determined.). Non-monetary items that are measured in terms of historical cost in a foreign currency are not subject to conversion again.

Date	TL / USD	TL/EURO
December 31, 2014	**2,3189**	**2,8207**
December 31, 2013	2,1343	2,9365

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

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

- Foreign exchange differences arising from hedging transactions for foreign currency risks.

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

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

k) Earnings per share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them a retroactive effect for the period in which they were issued and each previous year.

l) Capital and dividends

The ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period are deducted.

m) Provisions, contingent assets and liabilities

In case of a present obligation arising from past events, and probable perform of the obligation and the amount of such obligations can be estimated reliably; provision is made in the financial statements.

The amount recognized as a provision is calculated by estimating the expenditure at the balance sheet date in order to fulfill these liabilities, taking into consideration the risks and uncertainties related to the liability.

In case of provision's measurement is calculated by estimated cash flow in order to meet current liability; related provision's book value is equal to the present value of the related cash flows.

In case of the needed economic benefits of provision's required payment is expected (a portion or all) to be paid from a third pary; they are recognized as assets if the following requirements are met: amount to be collected, the appropriate amount to be certainly collected, and reliably measured

n) Reporting of cash flows

In the cash flow statements, are based on cash flow operating for the period, investing and financing activities classified and reported.

Cash flows generating from operating activities shows the the cash flows generating from Group's main operating activities (textiles & garments for sale).

Cash flows related to investing activities shows the Group's cash flows used and obtained in the investment activities (asset investments &financial investments).

Cash flows related to financing activities show the resources used in financing activities of the Group and the repayment of these sources.

Cash and cash equivalents, comprise cash on hand and demand deposits and purchases from the date of maturity of 3 months or less than 3 months, readily convertible to cash, which may be significant changes in value of bearing risk with high liquidity and other short-term investments.

o) Subsequent events

Subsequent events related to the profit announcement or any other financial information disclosed to the public even if they occurred after the balance sheet date, it covers all events between the balance sheet and balance sheet date of authorization for publication.

Group, in case of subsequent events requiring adjustment after balance sheet date, the amounts are corrected according to this new situation in the financial statements.

p) Segmental reporting of financial information

A reportable segment is a section which carries out operation activities by which the entity can acquire proceeds and make expenditures and in which the results of operations are revised regularly by an authority making decisions regarding the operations of the entity in order to make decisions on resources to be allocated to the segment and to evaluate the performance of the segment and on which separate information is available.

Reportable segment information required to be disclosed is an operating segment. An operating segment as a reportable segment should be identified as; the portion of the proceeds of the majority sales acquisitions must be made from group's external customers from sales acquisition and the proceeds from groups' external customers and the proceeds from transactions of other segments with other departments, and all internal and external segments arising total revenue at least 10% or, profit or loss segment result of all segments in profit the total results in loss sum of the parts results in absolute terms, which is great at least 10% to hit or its assets , all sections of the total assets must be consisting of at least 10% or more.

r) Government grants and incentives

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

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

The Group is supported by the Scientific and Technological Research Council of Turkey ("TUBITAK"). TUBITAK carries out a program to organize and regulate the support of the Republic of Turkey in order to encourage research and technology development activities of industries in Turkey. Within the framework of this program, some part of the development expenses of industrial companies is reimbursed.

Government incentives granted in order to recover the expenses and losses incurred previously or to provide immediate finance support without causing the entity any cost in the future are recognized in profit or loss in the period in which they become collectable. The benefit of the loan taken from the government with an interest rate lower than that of the market is considered as government incentive. The benefit created by this lower interest rate is measured as the difference between the carrying value of the loan in the beginning and the acquired gains.

s) The critical decisions taken while applying the Group's accounting policies

Liability for employee termination benefits

The present values of employee termination liabilities are determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net cost of employee termination liabilities and include the reduction in the rate. The carrying amount effects employee termination liability if any changes occur in these assumptions. Actuarial gains and losses are associated with the income statement in the period in which they arise.

The Group determines the appropriate discount rate at the end of each year. This rate of employee termination liabilities that are necessary for the fulfillment of the present value of estimated future cash outflows used in the calculation (Note 21).

Net realizable value of inventory

Inventories are stated at the lower of cost and net realizable value. The Group Management has determined that the cost of inventories is higher than the realizable value as of the reporting date. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimation made by the Management as of December 31, 2014 the cost of inventories was reduced by TL 2.614.406 (December 31, 2013: TL 212.026) (Note 10).

Impairment of tangible and intangible assets

December 31, 2011 the tangible and intangible assets are tested for impairment. The recoverable amount is determined by calculating the value in use. The main assumptions used for value in use calculations are discount rates, growth rates, selling prices and direct costs. Discount rate is pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate method used by the Group is the weighted average cost of capital. Growth rate estimates are based on the relevant industry growth. Changes in selling prices and direct costs are based on past experience and future expectations. Calculating the value of the section is evaluated in terms of use. Group, has decreased sales cost from the fair value in the decrease of fair value work for its apparel segment's building. Other assets have been utilized for value in use calculations. As of December 31, 2014 as a result of the investigation no indication of impairment has been detected.

Deferred tax

The Group statutory tax financial statements prepared in accordance with IFRS financial statements for the temporary differences arising from differences between the deferred tax assets and liabilities are recognized. These differences are usually some tax amounts of revenue and expenses in financial statements prepared in accordance with IFRS is due to take place in different periods. Can be downloaded from the Group's future profits and other deductible temporary differences, are unused tax losses and deferred tax assets. Deferred tax assets partially or fully recoverable amount is estimated under current conditions. During the assessment, projections of future profits, losses incurred in the current period, unused losses and other tax assets expiration dates and potential tax planning strategies were considered. Portable tax loss not exceeding five years , subject to period income can be reduced and the projected period of the Group is the high financial losses that may use the extent of taxable income the possibility of creating in accounting principle of prudence evaluated with the said financial losses deferred tax assets is calculated.

Doubtful receivables

Provision for doubtful receivables of the Group management as of the balance sheet date but current economic conditions existing in the collection risk of future losses on existing receivables that believed to be reflecting the amounts. Value of receivables be impaired while assessing the related companies and key customers outside the debtors' past performance on the market credibility and the balance sheet date the financial statements were approved until the date that performance with renegotiated conditions are taken into account. Provision for doubtful receivables as of the balance sheet date are reflected in Note 8.

(Currency -Turkish Lira (TL), unless otherwise indicated)

Recovery of internally generated intangible assets

Development activities (or intra-group project's development phase) resulting from internally generated intangible assets ,only those assets are technically feasible to ready for use or sale, operating the asset completion, use, or intention to sell , the presence of intangible assets use or sell the facility , the presence of intangible assets probable future economic benefits how to build it can be demonstrated , as well as intangible assets output or the intangible asset itself existence of a market or within the business is to be used intangible assets to be available , the development phase is complete and the material use or sell of the intangible asset must be adequate technically , financial and other resources in the development process of the present and of the expenditures related to the intangible asset can be measured reliably are recognized. In case of internally generated intangible assets are not able to be recorded, development expenditure is recognized as an expense in the period they occur.
During the period, the Group management internally generated intangible assets has re-examine the existence of probable future economic benefits. The Group's management believes that the projects will continue as expected, and analysis of projects is expected to generate similar economic benefits. Management is sure to recover the registered values of the assets, even if economic benefits have decreased. This situation is being closely monitored by management and management of future market activity requires adjustment shall be made in cases where the correction comes.

Provisions

When provisions for lawsuits are reserved, the probabilty of losing the case and loss in case of losing the case is evaluated by the group's legal advisors' opinion, and the best estimates are made by using the data by the group management and the necessary provisions' explanations are located in Note 22.

Fair value of the derivative financial instruments and other financial instruments

Group, calculates the fair value of the financial instruments that do not have an active market by utilizing from market data, taking intto consideration of the similar instruments' fair value and using discounted cash flow analysis.

3. BUSINESS COMBINATIONS

None. (2013: none).

4. BUSINESS PARTNERSHIPS

None (2013:none).

5. REPORTING BY SEGMENTS

As Group has started to implement the IFRS 8 from 1 January 2009, the operating segments are defined by the Group's decision-making authority regarding the activities regularly revised on internal reports. Group decision-making authority is the general manager and the board of directors.

Group's decision-making authority, examines the results and activities on the product types in order to make decisions about resources to be allocated to the departments and to evaluate the departments' performance. The Group's operating segments on the basis of the distribution of the business segments are as follows: textiles and garments.

a) Segment Revenues

	January 1 December 31, 2014	January 1 December 31, 2013
Textile	304.422.698	255.832.163
Garment	14.635.836	14.100.115
	319.058.534	**269.932.278**

(Currency -Turkish Lira (TL), unless otherwise indicated)

b) Segment assets

	December 31, 2014	December 31, 2013
Textile	286.132.607	229.339.378
Garment	6.811.307	11.409.561
	292.943.914	**240.748.939**

c) Segment liabilities

	December 31, 2014	December 31, 2013
Textile	190.476.379	163.874.789
Garment	570.932	2.724.762
	191.047.311	**166.599.551**

d-1) January 1 - December 31, 2014 period section analysis

	Textile	Garment	Total
Sales revenue	304.422.698	14.635.836	319.058.534
Cost of sales	(230.710.714)	(13.585.165)	(244.295.879)
Gross profit	**73.711.984**	**1.050.671**	**74.762.655**
Marketing, selling and distribution expenses	(33.026.667)	(3.835.472)	(36.862.139)
General and administrative expenses	(10.937.519)	(445.761)	(11.383.280)
Research and development expenses	(1.425.498)	-	(1.425.498)
Other operating income and profits	13.724.444	286.864	14.011.308
Other operating expenses and losses	(9.983.005)	(1.261.133)	(11.244.138)
Segment result	**32.063.739**	**(4.204.831)**	**27.858.908**

d-2) January 1 - December 31, 2013 period section analysis

	Textile	Garment	Toplam
Sales revenue	255.832.163	14.100.115	269.932.278
Cost of sales	(198.701.156)	(9.100.785)	(207.801.941)
Gross profit	**57.131.007**	**4.999.330**	**62.130.337**
Marketing, selling and distribution expenses	(24.067.892)	(5.279.924)	(29.347.816)
General and administrative expenses	(9.955.386)	(475.641)	(10.431.027)
Research and development expenses	(1.179.587)	-	(1.179.587)
Other operating income and profits	17.848.544	49.967	17.898.511
Other operating expenses and losses	(4.533.145)	(23.926)	(4.557.071)
Segment result	**35.243.541**	**(730.194)**	**34.513.347**

(Currency -Turkish Lira (TL), unless otherwise indicated)

e) Investment expenditures

	January 1 December 31, 2014	January 1 December 31, 2013
Textile	20.115.192	5.240.899
Garment	53.135	592.710
	20.168.327	**5.833.609**

f-1) January 1 - December 31, 2014 period expenses not requiring cash outflow

	Textile	Garment	Total
- Depreciation and amortization	12.087.068	271.279	12.358.347
- Provisions for employee benefits	3.437.679	316.315	3.753.994
	15.524.747	**587.594**	**16.112.341**

f-2) January 1 - December 31, 2013 period expenses not requiring cash outflow

	Textile	Garment	Total
- Depreciation and amortization	10.203.460	353.101	10.556.561
- Provisions for employee benefits	3.166.852	133.366	3.300.218
	13.370.312	**486.467**	**13.856.779**

6. CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013
Bank		
- Demand deposits	2.602.394	740.844
- Time deposits	10.449.169	-
Other	6.980	13.740
	13.058.543	**754.584**

Disclosures on the nature and level of risks of cash and cash equivalents are disclosed in Note 33.

(*) Time deposits of the Company for USD and interest rate 1,70%. Maturity of of time deposits of the Company is less than 1 month.

(Currency -Turkish Lira (TL), unless otherwise indicated)

7. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties	December 31, 2014	December 31, 2013
Hacı Ömer Sabancı Holding AŞ (1)	-	15.299
Temsa Global San. ve Tic. AŞ (2)	-	635
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ (2)	2.022	2.987
Brisa Bridgestone Sabancı Lastik San. Tic. AŞ (2)	-	1.596
Exsa Export Sanayi Mamulleri Satış ve Araştırma AŞ (2)	-	318
Enerjisa Elektrik Enerjisi Toptan Satış AŞ (2)	-	701
Enerjisa Enerji Üretim AŞ (2)	-	1.844
Enerjisa Enerji AŞ (2)	340	4.831
Enerjisa Elektrik Perakende Satış AŞ (2)	-	571
Enerjisa Doğalgaz Toptan Satış AŞ (2)	-	571
Temsa İş Mak. İmalat Pazarlama AŞ (2)	-	318
	2.362	**29.671**
Less: Unaccrued finance income	(80)	(702)
	2.282	**28.969**

Receivables from related parties generally are shorter than 4 months (2013: 4 months or less) on December 31, 2014 TL and foreign currency denominated receivables from related parties are discounted by 9,21% and LIBOR rates.

b) Payables to related parties	December 31, 2014	December 31, 2013
Aksigorta AŞ (2)	12.305	23.348
Hacı Ömer Sabancı Holding AŞ (1)	12.283	13.452
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ (2)	16.345	19.508
Sasa Polyester Sanayi AŞ (2)	110	-
	41.043	**56.308**
Less: Unaccrued finance expense	(954)	(1.038)
	40.089	**55.270**

Payables to related parties are due shorter than four months in December 31, 2014. TL and foreign currency denominated payables to related parties are discounted respectively by 9,21% per annum and LIBOR rates.

(1) Shareholder
(2) Inter-group company

(Currency -Turkish Lira (TL), unless otherwise indicated)

c) Bank deposits	December 31, 2014	December 31, 2013
Akbank TAŞ(2)		
- Demand deposit	1.753.537	312.591
	1.753.537	**312.591**

d) Bank loans	December 31, 2014	December 31, 2013
Akbank TAŞ(2)	1.332.000	11.037.816
	1.332.000	**11.037.816**

e) Prepaid expenses	December 31, 2014	December 31, 2013
Non-current assets		
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ (2) (*)	-	148.965
	-	**148.965**

(*) Advances given for fixed assets.

f) Goods purchased from related parties

	January 1 December 31, 2014	January 1 December 31, 2013
Sasa Polyester Sanayi AŞ(2)	-	11.628
Carrefoursa AŞ(2)	16.064	-
	16.064	**11.628**

(1) Shareholder
(2) Inter-group company

(Currency -Turkish Lira (TL), unless otherwise indicated)

g) Product sales to related parties	January 1 December 31, 2014	January 1 December 31, 2013
Hacı Ömer Sabancı Holding AŞ(1)	10.437	22.670
Brisa Bridgestone Sabancı Lastik San. Tic. AŞ (2)	40.249	66.157
Exsa Export Sanayi Mamulleri Satış ve Araştırma AŞ(2)	315	841
Temsa Global San. Tic. AŞ (2)	-	2.542
Enerjisa Elektrik Enerjisi Toptan Satış AŞ(2)	414	1.072
Enerjisa Enerji AŞ(2)	2.817	7.197
Enerjisa Enerji Üretim AŞ(2)	1.044	3.490
Enerjisa Elek. Per. Sat. AŞ(2)	1.395	1.153
Enerjisa Doğalgaz Top. Sat. AŞ(2)	315	529
Enerjisa Enerji Hizmetleri AŞ(2)	315	-
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ(2)	1.872	4.547
Temsa İş Mak. İmalat Paz. ve Sat. AŞ(2)	315	918
Temsa Motorlu Araç. Paz. ve Dağ. AŞ(2)	315	918
Hacı Ömer Sabancı Vakfı	729	1.787
	60.532	**113.821**

h) Service purchases from related parties	January 1 December 31, 2014	January 1 December 31, 2013
Aksigorta AŞ(*) (2)	1.422.162	1.164.318
Hacı Ömer Sabancı Holding AŞ(**) (1)	1.174.783	1.204.963
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ(***) (2)	174.609	51.400
Avivasa Emeklilik ve Hayat AŞ (****) (2)	103.640	93.790
Sabancı Üniversitesi	3.600	3.600
	2.878.794	**2.518.071**

ı) Fixed asset purchases from related parties	January 1 December 31, 2014	January 1 December 31, 2013
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ (2)	1.305.560	944.104
Teknosa İç ve Dış Ticaret AŞ (2)	32.509	6.747
Temsa İş Mak. İmalat Paz. ve Sat. AŞ(2)	18.505	-
	1.356.574	**950.851**

(*) The Group is taking insurance services from Aksigorta AŞ .
(**) The Group is taking health service, maintenance and repair services and taking building services from Haci Omer Sabanci Holding
(***) The Group is taking information-processing services and fixed assets from Bimsa Ulus. İş, Bilgi ve Yön. Sis. AŞ
(****) The Group is taking insurance service from Avivasa Emeklilik Hayat AŞ

(1) Shareholder
(2) Inter-group company

(Currency -Turkish Lira (TL), unless otherwise indicated)

i) Other income	January 1 December 31, 2014	January 1 December 31, 2013
Aksigorta AŞ (2)	1.242.660	1.566
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ (2)	13.774	31.337
	1.256.434	**32.903**

(*) Income is related to the raw materials and finished goods, that damaged in the flood in the factory located in Çerkezköy.

j) Other expense	January 1 December 31, 2014	January 1 December 31, 2013
Aksigorta AŞ (2)	-	13.848
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri AŞ (2)	272	-
Sasa Polyester Sanayi AŞ (2)	-	932
	272	**14.780**

k) Interest and exchange rate expense	January 1 December 31, 2014	January 1 December 31, 2013
Akbank TAŞ (*) (2)	674.284	2.666.972
	674.284	**2.666.972**

(*) TL 223.399 of interest and foreign exchange expense with Akbank during the year consists of foreign exchange losses.

(1) Shareholder
(2) Inter-group company

l) Wages and similar remuneration paid to Board members and senior management personnel

	January 1 December 31, 2014	January 1 December 31, 2013
Salaries and other short-term benefits	2.779.388	2.202.267
Other long-term benefits	319.780	25.863
	3.099.168	**2.228.130**

(Currency -Turkish Lira (TL), unless otherwise indicated)

8. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables	December 31, 2014	December 31, 2013
Trade receivables	102.466.018	91.272.809
Receivables from related parties (Note:7)	2.362	29.671
Notes receivable	20.771.931	17.874.436
	123.240.311	**109.176.916**
Less: Unearned finance income (-)	(633.611)	(621.865)
Trade receivables, net	**122.606.700**	**108.555.051**

Trade receivables have generally less than four months maturity (2013: less than 4 months) and on December 31, 2014, TL and foreign currency trade receivables are discounted by 9,21% and LIBOR rates respectively.

The explanations of nature and level of risk in trade receivables are given in Note 33.

Short-term trade payables	December 31, 2014	December 31, 2013
Foreign trade payables	20.049.336	10.439.411
Domestic trade payables	19.423.334	13.563.046
Work and service payables	4.060.671	3.435.351
Payables to related parties (Note 37)	41.043	56.308
	43.574.384	**27.494.116**
Less: Unaccrued financial expense (-)	(551.529)	(318.963)
	43.022.855	**27.175.153**

Maturity of trade payables is between 1 to 3 months, and on December 31, 2014 the TL and foreign currency denominated trade payables are discounted by 9,21% and LIBOR rates respectively.

Explanations of nature and level of risks in trade payables are given in Note 33.

9. OTHER RECEIVABLES AND DEFERRED INCOME

Other receivables	December 31, 2014	December 31, 2013
Income accruals (*)	1.686.935	288.226
Due from personnel	41.876	59.066
Other	21.285	9.025
	1.750.096	**356.317**

(*) As of 31 December 2014, income accruals generally consist of incentive accruals.

(Currency -Turkish Lira (TL), unless otherwise indicated)

Deferred income

	December 31, 2014	December 31, 2013
Order advances received	870.748	975.329
	870.748	**975.329**

10. INVENTORIES

	December 31, 2014	December 31, 2013
Raw materials	6.032.272	5.717.647
Semi-finished goods	29.765.787	25.605.856
Finished goods	27.003.655	20.445.196
Trade goods	2.278.146	4.692.746
Goods in transit	9.398.497	5.298.015
Other inventories	2.132.250	1.409.646
Provision for impairment of inventories (-)	(2.614.406)	(212.026)
	73.996.201	**62.957.080**

Reductions in market conditions and customer demand causes an increase in the Group's inventories, obsolence or is caused to be carried higher than the market value. The movement in the provision for impairment of inventories is as follows:

	2014	2013
January 1	(212.026)	(176.743)
Provisions made during the period (Note 25)	(2.614.406)	(212.026)
Provisions released during the period (Note 25)	212.026	176.743
December 31	**(2.614.406)**	**(212.026)**

11. LIVING ASSETS

None (2013: None).

12. PREPAID EXPENSES

Short term	December 31, 2014	December 31, 2013
Consultancy and fair advances	1.902.761	802.676
Insurance expenses	9.957	32.995
Letter of guarantee commissions	61.926	36.636
Expenses related to costs	-	7.500
Stock Advances	208.259	512.730
Other	98.285	144.779
	2.281.188	**1.537.316**

(Currency -Turkish Lira (TL), unless otherwise indicated)

Long term	December 31, 2014	December 31, 2013
Fixed asset advances	41.745	293.019
	41.745	**293.019**

13. INVESTMENT PROPERTIES

None (2013: None).

14. TANGIBLE ASSETS

The movements of tangible assets are as follows:

	January 1, 2014	Additions	Disposals	Transfers	December 31, 2014
Cost					
Land	482.197	-	(141.696)	-	340.501
Land Improvements	6.656.949	146.331	-	-	6.803.280
Buildings	42.046.367	1.932.229	(5.931)	105.137	44.077.802
Machinery and equipment	175.002.895	13.826.983	(2.041.115)	1.053.037	187.841.800
Vehicles	135.049	-	-	-	135.049
Furniture and fixture	5.288.127	1.026.607	(680.518)	-	5.634.216
Leasehold Improvements	3.570.213	-	(2.795.101)	-	775.112
Construction in progress	821.752	798.530	-	(1.602.027)	18.255
	234.003.549	**17.730.680**	**(5.664.361)**	**(443.853)**	**245.626.015**
Accumulated depreciation					
Land Improvements	(5.903.679)	(107.444)	-	-	(6.011.123)
Buildings	(25.567.462)	(957.762)	24	-	(26.525.200)
Machinery and equipment	(149.797.152)	(7.086.936)	2.008.968	-	(154.875.120)
Vehicles	(81.624)	(15.680)	-	-	(97.304)
Furniture and fixture	(4.236.029)	(279.948)	493.659	-	(4.022.318)
Leasehold Improvements	(2.894.436)	(200.590)	2.324.136	-	(770.890)
	(188.480.382)	**(8.648.360)**	**4.826.787**	**-**	**(192.301.955)**
Net book value	**45.523.167**				**53.324.060**

There are no collaterals, pledges or mortgages on tangible assets (2013- None).

Current period depreciation and amortization expenses have been included in cost of goods sold amounting to TL 8.355.926, in operating expenses amounting to TL 292.434.

(Currency -Turkish Lira (TL), unless otherwise indicated)

The movements of tangible assets are as follows:

	January 1, 2013	Additions	Disposals	Transfers	December 31, 2013
Cost					
Land	482.197	-	-	-	482.197
Land Improvements	6.656.949	-	-	-	6.656.949
Buildings	41.955.118	91.249	-	-	42.046.367
Machinery and equipment	172.224.649	3.433.460	(887.246)	232.032	175.002.895
Vehicles	135.049	-	-	-	135.049
Furniture and fixture	4.708.965	612.762	(33.600)	-	5.288.127
Leasehold Improvements	3.422.742	449.054	(301.583)	-	3.570.213
Construction in progress	36.031	1.017.753	-	(232.032)	821.752
	229.621.700	**5.604.278**	**(1.222.429)**	**-**	**234.003.549**
Accumulated depreciation					
Land Improvements	(5.790.126)	(113.553)	-	-	(5.903.679)
Buildings	(24.482.812)	(1.084.650)	-	-	(25.567.462)
Machinery and equipment	(144.168.399)	(6.512.924)	884.171	-	(149.797.152)
Vehicles	(65.944)	(15.680)	-	-	(81.624)
Furniture and fixture	(4.078.616)	(189.166)	31.753	-	(4.236.029)
Leasehold Improvements	(2.850.169)	(266.231)	221.964	-	(2.894.436)
	(181.436.066)	**(8.182.204)**	**1.137.888**	**-**	**(188.480.382)**
Net book value	**48.185.634**				**45.523.167**

Current period depreciation expenses have been included in cost of goods sold amounting to TL 7.589.939, in operating expenses amounting to TL 365.762, in other expenses amounting to TL 226.503.

(Currency -Turkish Lira (TL), unless otherwise indicated)

15. INTANGIBLE ASSETS

	January 1, 2014	Additions	Disposals	Transfers	December 31, 2014
Costs					
Rights	351.383	-	(246.587)	-	104.796
Software programs	5.615.481	1.665.499	(14.729)	443.853	7.710.104
Capitalized development project costs	7.139.041	4.748.589	-	-	11.887.630
R&D projects in progress	2.647.239	-	(277.959)	-	2.369.280
	15.753.144	**6.414.088**	**(539.275)**	**443.853**	**22.071.810**
Accumulated depreciation					
Rights	(305.940)	(18.859)	235.630	-	(89.169)
Software programs	(3.851.399)	(1.214.768)	4.188	-	(5.061.979)
R&D projects	(2.560.096)	(2.476.360)	-	-	(5.036.456)
	(6.717.435)	**(3.709.987)**	**239.818**	**-**	**(10.187.604)**
Net book value	**9.035.709**				**11.884.206**

There are no collaterals, pledges or mortgages on tangible assets (2013- None).

Current period amortization has been included in the cost of goods sold amounting to TL 3.615.700, TL 94.287 in operating expenses.

	January 1, 2013	Additions	Disposals	Transfers	December 31, 2013
Costs					
Rights	365.037	-	(13.654)	-	351.383
Software programs	4.589.125	1.028.101	(1.745)	-	5.615.481
Capitalized development project costs	1.893.129	754.110	-	-	2.647.239
R&D projects in progress	4.047.543	3.091.498	-	-	7.139.041
	10.894.834	**4.873.709**	**(15.399)**	**-**	**15.753.144**
Accumulated depreciation					
Rights	(298.747)	(20.847)	13.654	-	(305.940)
Software programs	(2.926.716)	(926.428)	1.745	-	(3.851.399)
R&D projects	(1.133.013)	(1.427.083)	-	-	(2.560.096)
	(4.358.476)	**(2.374.358)**	**15.399**	**-**	**(6.717.435)**
Net book value	**6.536.358**				**9.035.709**

Current period's amortization portion amounting to TL 2.271.008 has been included to cost of good sold and TL 49.111 has been included in operating expenses. TL 54.238 has been included in other expenses from operations.

(Currency -Turkish Lira (TL), unless otherwise indicated)

16. GOODWILL

None (2013: None).

17. GOVERNMENT INCENTIVES AND GRANTS

	December 31, 2014	December 31, 2013
Research and development projects incentive (*)	3.299.364	2.399.150
	3.299.364	**2.399.150**

(*) Group, as a result of Research and Development Center application, has been granted to obtain, Industry and Trade Ministry's Research and Development Center Certificate on October 25, 2010 consists of the incentive amount received according to 5746 numbered Research and Development Activities in Support of the Law on the framework provided in the amount of Research and Development Center staff on the wages benefited income Tax, Stamp Tax, Social Security incentives and TUBITAK.

Government incentives, as a finance tool in order to clarify their expenditure item instead of accounting in profit or loss, rather than investment costs reduction as an element statement of financial position (balance sheet) has been associated with and related assets over the useful lives on a systematic basis in profit or loss is recognized.

18. FINANCIAL LIABILITIES - BORROWING COSTS

	December 31, 2014		December 31, 2013	
	Weighted average annual effective interest rate %	TL	Weighted average annual effective interest rate %	TL
Short term bank loans				
TL borrowings	9,21	73.388.431	7,27	59.485.000
Euro borrowings	1,47	26.415.043	2,08	32.464.476
USD borrowings	1,57	21.781.582	2,03	19.140.936
Pound borrowings	2,49	5.444.496	2,90	5.307.481
Total		**127.029.552**		**116.397.893**
Interest accrual		2.290.878		500.345
		129.320.430		**116.898.238**

Explanations of nature and level of risks in financial liabilities are given in Note 33.

(Currency -Turkish Lira (TL), unless otherwise indicated)

19. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and liabilities

	December 31, 2014	December 31, 2013
Bails received and guarantee notes	7.312.372	7.890.646
Received letters of guarantee	4.820.195	5.877.471
Mortgages	1.655.050	655.050
	13.787.617	**14.423.167**

Guarantees received has been received essentially regarding the sale made from customers. The associated part of letter of guarntee received with financial risks are shown in Note 33. Company's exports are also insured by Turkish Eximbank.

(Currency -Turkish Lira (TL), unless otherwise indicated)

As of December 31, 2014 and December 31, 2013 the Group's colleterals, pledge and mortgage ("CPM") position is as follows:

	December 31, 2014					December 31, 2013				
	TL Equivalency	**TL**	**USD**	**Euro**	**Other**	**TL Equivalency**	**TL**	**USD**	**Euro**	**Other**
A. Total amount of CPM's given for companies own legal entity	59.169.010	17.323.608	14.604.879	2.011.220	641.000	16.428.552	6.530.138	846.009	2.755.926	-
Collateral	59.169.010	17.323.608	14.604.879	2.011.220	641.000	16.428.552	6.530.138	846.009	2.755.926	-
Pledge										
Mortgage	-	-	-	-	-	-	-	-	-	-
B. Total amount of CPM's given on behalf of fully consolidated companies										
Collateral	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
C.Total amount of CPM's given for continuation of its economic activities on behalf of third parties										
Collateral	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
D. Total amount of other CPM's given										
i. Total amount of CPM's given on behalf of the majority shareholder										
Collateral	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other Group companies which are not in scope of B and C										
Collateral	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C										
Collateral	-	-	-	-	-	-	-	-	-	-
Pledge	-	-	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
Total CPM	59.169.010	17.323.608	14.604.879	2.011.220	641.000	16.428.552	6.530.138	846.009	2.755.926	-

(Currency -Turkish Lira (TL), unless otherwise indicated)

The ratio between other CPM's given by the Group and the Group's equity is 0% as of December 31,2014. (December 31, 2013 : 0%)

Letters of guarantee are given to various Customs Directorates. As of December 31, 2014 and December 31, 2013, the Group has no other given CPMs.

20. COMMITMENTS

Group, under the inward processing authorization documents, has export commitment amounting USD 35.600.000 (December 31, 2013: USD 14.400.000).

Leasing contracts

Group's expenses associated with current year operating leases are TL 3.084.888. (December 31, 2013: TL 3.490.567)

The Group's lease commitments related to operating leases are as follows:

	December 31, 2014	December 31, 2013
Up to 1 year	1.584.022	2.384.879
1-5 year	1.702.296	4.520.911
	3.286.318	**6.905.790**

21. PROVISION AND LIABILITIES RELATED TO EMPLOYEE BENEFITS

Short term provision for employee benefits

	December 31, 2014	December 31, 2013
Unused vacation liability	1.809.510	1.429.012
Wages payable	1.616.168	1.367.067
Taxes & funds payable	1.367.843	1.027.925
Social security deductions	1.656.165	1.386.646
	6.449.686	**5.210.650**

For the periods ended on December 31, the movement of vacation pay provision is as follows:

	2014	2013
January 1	1.429.012	1.294.824
Released during the period, net	2.089.603	1.802.147
No longer required	(1.709.105)	(1.667.959)
December 31	**1.809.510**	**1.429.012**

(Currency -Turkish Lira (TL), unless otherwise indicated)

Provisions for short-term employee benefits

	December 31, 2014	December 31, 2013
Bonus provision	1.050.000	783.000
	1.050.000	**783.000**

Provisions for long-term employee benefits

	December 31, 2014	December 31, 2013
Provision for employee termination benefits	8.631.508	6.999.085
	8.631.508	**6.999.085**

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women).

The amount payable consists of one month's salary limited to a maximum of TL 3.541 for each year of service as of December 31, 2014 (December 31, 2013 - TL 3.438). The amount payable consists of one month's salary limited to a maximum of TL 3.541,37 as of January 1, 2014.

IAS 19 ("Employee Benefits") suggests that the Group's liabilities are developed using the actuarial valuation techniques within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are mentioned below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, as of December 31, 2014, provisions in the accompanying consolidated financial statements, future, contingent liabilities due to retirement of employees is calculated by estimating the present value. Provisions in the balance sheet dates, 6% of the annual inflation rate and 9,50% of discount rate is calculated on the estimations obtained as 3,30% real discount rate used (December 31, 2013: 4,01%).Estimated turnover rate for probability of retirement is calculated as 96,59%. The severance pay amount that not given to the employee, as a consequence of optional reginations, is taken into account. Employees of the Group as of December 31, 2014 of 3,41% are more likely to leave the job with their requests. (December 31, 2013: 3,49%).

For the periods ended December 31; movements in the provision for employment termination benefits are as follows:

	2014	2013
January 1	6.999.085	6.283.777
Interest cost	664.913	251.979
Cost of services	2.708.583	2.914.051
Actuarial gain / loss	690.209	(244.787)
Payments	(2.431.282)	(2.205.935)
December 31	**8.631.508**	**6.999.085**

(Currency -Turkish Lira (TL), unless otherwise indicated)

22. OTHER ASSETS & LIABILITIES

Derivative financial instruments

	December 31, 2014	December 31, 2013
Derivative financial assets	3.805.171	547.428
	3.805.171	**547.428**

	December 31, 2014	December 31, 2013
Derivative financial liabilities	92.657	8.394.755
	92.657	**8.394.755**

A part of the Group' sale has been preserved with foreign currency forward contracts.

The nominal amounts of the foreign currency forward contracts are Euro 33.600.000 and USD 6.000.000.

Other current assets	December 31, 2014	December 31, 2013
VAT return to be requested	582.563	697.694
Deferred VAT	5.407.909	4.834.292
Job advances	92.740	86.791
Other	346.588	341.590
	6.429.800	**5.960.367**

Other short term liabilities	December 31, 2014	December 31, 2013
Cost provision	1.491.665	101.232
Other	6.682	20.857
	1.498.347	**122.089**

23. EQUITY

A) Share capital

Shareholders and share percentages of the Group as of December 31, 2014 and 2013 are as follows:

	TL	Share (%)
Hacı Ömer Sabancı Holding AŞ	16.878.507	57,88
Publicly listed and Other (*)	12.281.493	42,12
	29.160.000	**100,00**

(*) TL 8.930.818 of the listed part and its other item represents the publicly listed part and its rate is %30,63.

(Currency -Turkish Lira (TL), unless otherwise indicated)

With the "Communiqué on Principles and Procedures of Book Keeping Pertaining to Dematerialized Capital Market Instruments (Series no. II, No: 13.1), which was published on the Official Gazette dated 07.08.2014 and no. 29081, amendments were made pertaining to "informing exporters". With this amendment, the cases where exporters can access shareholder information have been restricted with the Communiqué.

As per the provision in question, it has been notified that the shareholding information requested by exporters to be submitted to the relevant authorities and to perform the liabilities arising from the legislation can be delivered to exporters with the General Letter dated 31.12.2014 and no. 690 of the Central Registry Agency within the framework of the procedures and the principles to be determined by the Central Registry Agency.

In accordance with the amendments made, Company's December 31, 2014 dated, other and public portions of share capital, includes the final shareholder's shares during the period received from the Central Registry.

The Group's authorized and issued share capital is registered nominal value of Kr 1 each , shares consists of 2.916.000.000 shares (2013: 2.916.000.000)

B) Restricted reserves

The statutory financial statements other than legal reserves, retained earnings, subject to the legal reserve requirement referred to below are available for distribution.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

C) Foreign currency conversion differences

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

The movements in the foreign currency conversion differences are as follows:

	December 31, 2014	December 31, 2013
Opening balance	**485.928**	**(50.206)**
Overseas company's net assets conversion exchange differences	(45.932)	536.134
Closing balance	**439.996**	**485.928**

Dividend distribution

Companies whose shares are traded at the stock exchange are subject to the dividend condition imposed by CMB as follows:

According to Article 19 of the Capital Market Law numbered 6362 which took effect on December 30, 2013, and the "Communiqué on Profit Share" numbered II-19.1 effective as of February 1, 2014, listed companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. Regarding the profit distribution policies of listed companies, the assembly may set different principles on the basis of similar companies.

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

Dividends in public companies, as of the distribution date of the shares available to all, irrespective of their date of issuance and acquisition is evenly distributed.

(Currency -Turkish Lira (TL), unless otherwise indicated)

According to current regulations partnerships, profits dividend policy will be determined by the General Assembly and in accordance with the decision of the general meeting in accordance with the relevant legislation distributes. In said regulations, at least one distribution rate is noted. Companies based in contract or in the manner specified in the dividend distribution policy will pay dividends. In addition, dividends may be paid in installments equal or different, consistent and interim financial statements of the profits will be able to distribute cash dividend advances.

Group's dividend payment made in the current period is TL 13.413.600.

24. SALES

	January 1 December 31, 2014	January 1 December 31, 2013
Export sales	168.674.406	146.226.242
Domestic sales	150.384.128	123.706.036
	319.058.534	**269.932.278**

25. COST OF SALES

	January 1 December 31, 2014	January 1 December 31, 2013
Raw materials and material expenses	(117.573.606)	(96.174.357)
Direct labor costs	(37.655.154)	(30.107.570)
General production expenses	(64.288.294)	(52.604.628)
Depreciation and amortization expense	(11.971.626)	(9.860.947)
Changes in inventories of semi-finished goods	4.159.931	(3.256.895)
Changes in inventories of finished goods	6.558.459	2.933.598
Cost of finished goods sold	**(220.770.290)**	**(189.070.799)**
Cost of trade goods sold	**(21.123.209)**	**(18.695.859)**
Change in provision for impairment of inventories	(2.402.380)	(35.283)
Cost of sales	**(244.295.879)**	**(207.801.941)**

(Currency -Turkish Lira (TL), unless otherwise indicated)

26. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

Marketing, selling and distribution expenses	January 1 December 31, 2014	January 1 December 31, 2013
Personnel	(4.967.153)	(5.206.164)
Consulting	(7.482.327)	(4.691.859)
Export and freight	(18.043.042)	(12.334.649)
Marketing	(548.208)	(1.361.631)
Rent	(1.925.358)	(2.597.586)
Transportation	(689.271)	(756.700)
Depreciation and amortization	(292.621)	(368.503)
Advertising	(412.549)	(783.595)
Other	(2.501.610)	(1.247.129)
Total Marketing, selling and distribution expenses	**(36.862.139)**	**(29.347.816)**

General administrative expenses	January 1 December 31, 2014	January 1 December 31, 2013
Personnel	(5.682.594)	(5.326.113)
Consulting	(213.938)	(194.538)
Rent	(692.556)	(641.750)
Retirement pay liability	(3.373.496)	(3.166.030)
Vacation payment provision	(380.498)	(134.188)
Depreciation and amortization	(49.280)	(21.328)
Other	(990.918)	(947.080)
Total general administrative expenses	**(11.383.280)**	**(10.431.027)**

Research and development expenses	January 1 December 31, 2014	January 1 December 31, 2013
Personnel	(959.215)	(829.467)
Depreciation and amortization	(44.820)	(25.042)
Other	(421.463)	(325.078)
Total research and development expenses	**(1.425.498)**	**(1.179.587)**

(Currency -Turkish Lira (TL), unless otherwise indicated)

27. OTHER OPERATING INCOME / EXPENSE

	January 1 December 31, 2014	January 1 December 31, 2013
Raw material and scrap material sales income	438.425	283.688
Price difference reclamation income	193.769	66.986
Foreign exchange gain from trade receivables and payables	9.894.700	13.572.519
Delay interest income	13.930	21.186
Textile employer union income	1.849.600	1.813.525
Turquality incentive income	643.771	1.193.184
Incentives to participating fairs	521.238	518.100
Interest income	25.089	30.502
Other	430.786	398.821
Total other income / profit	**14.011.308**	**17.898.511**

	1 Ocak 31 Aralık 2014	1 Ocak 31 Aralık 2013
Gain on sale of tangible asset sales	19.463.629	11.364
Total income from investment activities	**19.463.629**	**11.364**

Gain on sale of tangible asset sales mainly consists of land sales.

	January 1 Decemner 31, 2014	January 1 December 31, 2013
Monthly fees	(715.103)	(275.805)
Special transaction tax	(41.024)	(49.586)
Compensations and penalties	(866.498)	(92.434)
Raw material and scrap material sales expense	(25.827)	(1.100)
Non-tax deductible expenses	(69.688)	(108.397)
Foreign exchange loss from trade receivables and payables	(7.970.543)	(2.641.403)
Forward transactions expense	-	(620.372)
Provision expense	(491.072)	-
Donations	(517.837)	(9.583)
Idle capacity expense	-	(280.741)
Insurance claim expense	(246.390)	-
Other	(300.156)	(477.650)
Total other expense / loss	**(11.244.138)**	**(4.557.071)**

(Currency -Turkish Lira (TL), unless otherwise indicated)

28. EXPENSE BY NATURE

A) Accrued wages and salaries

	January 1 December 31, 2014	January 1 December 31, 2013
Cost of goods sold	(42.947.582)	(34.642.143)
Marketing, selling and distribution expenses	(3.843.188)	(3.894.084)
General administrations expense	(4.866.009)	(4.664.904)
Research and development expense	(959.215)	(829.467)
	(52.615.994)	**(44.030.598)**

B) Distribution of depreciation and amortization

	January 1 December 31, 2014	January 1 December 31, 2013
Cost of goods sold	(11.971.626)	(9.860.947)
Marketing, selling and distribution expenses	(292.621)	(368.503)
General administrations expense	(49.280)	(21.328)
Other operations expense	-	(280.741)
Research and development expense	(44.820)	(25.042)
	(12.358.347)	**(10.556.561)**

29. FINANCIAL EXPENSES

	January 1 December 31, 2014	January 1 December 31, 2013
Foreign exchange (expense)/income	(2.141.853)	(11.451.625)
Interest expense	(8.709.619)	(5.478.543)
Other finance expense	(1.620.963)	(1.601.865)
	(12.472.435)	**(18.532.033)**

30. AVAILABLE FOR SALE LONG-TERM ASSETS AND STOPPED OPERATIONS

None (2013: None).

31. TAX ASSETS AND LIABILITIES

Tax amounts recognized in the balance sheet table is as follows.

	December 31, 2014	December 31, 2013
Current income tax payable	3.597.717	42.840
Less: Prepaid taxes	(3.486.637)	(1.588)
	111.080	**41.252**

(Currency -Turkish Lira (TL), unless otherwise indicated)

Corporation tax

The Group's main shareholder, the Company is subject to corporation tax applicable in Turkey. The Company's current period results of operations for the estimated tax liabilities in the financial statements is necessary provisions. Taxable income will be accrued over the corporate tax rate, commercial earnings expense in determining post from the tax base deductible expenses, and from resident companies, dividends received, tax exempt income and investment incentives utilized remaining after the base is calculated over.

The effective tax rate in 2014 is 20% (2013: 20%).

In Turkey, advance tax quarterly periods are calculated and accrued. Corporate income tax periods in 2014 as of a temporary stage of taxation on corporate earnings in the temporary tax is calculated at 20% (2013: 20%).

Losses to be deducted from the taxable profit in future years, carried maximum 5 years. Damages retroactively, can not be deducted from the profits of the previous year.

In Turkey, a final and definitive agreement on tax assessments, there is no procedure. Companies file their tax returns, following the closing of the accounting year prepared between April 1 to 25. Tax authorities such returns and the underlying accounting records and may revise assessments within five years.

The Group's foreign-based subsidiaries, Yünsa Germany Gmbh in Germany, Yünsa Italia SRL in Italy, Yünsa UK Limited in the UK and Yünsa USA Inc. Is installed in the United States, they are subject to the tax legislation of the country. Since the companies' activities are limited, there is no important amount of tax liability.

Income tax stopage

In addition to corporate taxes, in the event of distribution, acquired dividends and that their dividends in corporate gain by declaring resident companies and foreign companies in Turkey distributed to other, except over the dividends further income tax withholding will be calculated. Income tax withholding April 24, 2003 - July 22, 2006 was 10% in all companies. This ratio from 22 July 2006, 2006/10731 by the Council of Ministers is 15%. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Investment incentive certificates obtained prior to 24 April 2003 relating to investment allowances amounting to 19.8% withholding tax is required. After this date, no withholding tax on the investment incentive certificate is made. The Constitutional Court of 15 October 2009 in the Income Tax Act on the temporary investment incentive in Article 69 of the 2006, 2007 and 2008 were canceled phrases. This time limitation on the investment allowance was eliminated aforementioned decision was published in the Official Gazette dated 8 January 2010. Published in the Official Gazette dated 1 October 2010 Income Tax General Communiqué No. 276 series, with the Income Tax Law with the Law No. 6009 of the 69th After the changes made in the article, the Income Tax Act regarding investment allowance 69th agent is situated in the business of investment incentive law of 2006, 2007 and 2008 with regulations which limit shall be canceled and year limitation being removed but this time the tax base in the determination of investment allowance, deduct the amount to be related earnings to 25% and use of the investment allowance remaining after the corporate income tax rate will be subject to 20% are indicated.

Group investments that benefit from a discount of 10% corporation tax rate has been applied.

December 31, 2014 and 2013 for the years ended tax amounts recognized in the income statement are as follows:

	December 31, 2014	**December 31, 2013**
- Deferred tax income / (expense)	820.715	(438.942)
	820.715	**(438.942)**

Deferred tax

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements. Deferred income taxes for entities operating in Turkey are calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% (December 31 2013 - %20).

(Currency -Turkish Lira (TL), unless otherwise indicated)

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities provided as of December 31, 2014 and 2013 using principal tax rates are as follows:

	Cumulative Temporary Differences		Deferred Tax Assets / (Liabilities)	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Investment allowance	(833.245)	(1.332.800)	166.649	266.560
Tangible and intangible assets	(9.215.502)	(8.589.038)	1.843.100	1.717.808
Inventories	(2.420.735)	61.584	484.147	(12.317)
Provision for employee termination benefits	(8.631.508)	(6.999.085)	1.726.301	1.399.817
Other provisions	(1.704.230)	(1.429.012)	340.847	285.801
Unaccrued financial expense (net)	261.684	(8.835)	(52.337)	1.767
Derivative financial assets	3.805.171	547.428	(761.034)	(109.486)
Derivative financial liabilities	(92.657)	(8.394.755)	18.531	1.678.951
Deferred tax assets - net			**3.766.204**	**5.228.901**

	December 31, 2014	December 31, 2013
Deferred tax assets that expected to benefit more than a year	3.736.050	3.384.185

The movement of deferred tax assets is as follows

	December 31, 2014	December 31, 2013
Balance at January 1	5.228.901	3.984.145
Current year deferred tax income (expense)	820.715	(438.942)
Derivative financial assets for deferred tax	(2.421.454)	1.732.657
Actuarial gain / loss on deferred tax	138.042	(48.959)
	3.766.204	**5.228.901**

(Currency -Turkish Lira (TL), unless otherwise indicated)

Income tax expense can be reconciled to the accounting profit as follows:

	January 1 December 31, 2014	**January 1 December 31, 2013**
Profit generated from operating activities before tax	34.850.102	15.992.678
Income tax rate 20% (2013: 20%)	6.970.020	3.198.536
Tax effects of:		
- Disallowable expenses	209.386	88.095
- The tax effect of losses	-	-
- Timing differences that are not subject to the tax effect	-	(248.327)
- Research and development deduction	(987.897)	(2.470.792)
- The sale of land exempt from tax	(2.801.109)	-
Other	(100.965)	(85.730)
Tax exempt income	(176.846)	-
Investment allowances	(335.587)	-
Provision for income tax (benefit) / expense	**2.777.002**	**481.782**

32. EARNINGS PER SHARE

	December 31, 2014	**December 31, 2013**
Net profit	32.073.100	15.510.896
Per 1 Kr. in nominal value Weighted average number of shares	2.916.000.000	2.916.000.000
Earnings per share (Kr.)	0,0110	0,00532

(Currency -Turkish Lira (TL), unless otherwise indicated)

33. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit risks exposed by the types of financial instruments	Receivables						
	Trade Receivables		Other Receivables				
December 31, 2014	Related Parties	Third Party	Related Parties	Third Party	Bank Deposits	Derivative Instruments	Other
Maximum amount of risk exposed as of reporting date (*) (A+B+C+D+E)	2.282	122.604.418	-	1.750.096	13.051.563	-	-
- Secured portion of the maximum credit risk by guarantees etc.	-	35.387.773	-	-	-	-	-
A. Net book value of financial assets neither due nor impaired	2.282	119.545.493	-	1.750.096	13.051.563	-	-
B. Net book value of aasets whose conditions renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-	-
C. Net book value of assets past due but not impaired	-	3.058.925	-	-	-	-	-
- Secured portion covered by guarantees etc.	-	2.838.505	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-	-
- Secured portion covered with guarantees etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-	-
- The part covered with guarantees	-	-	-	-	-	-	-
E. Off- balance sheet items including risk	-	-	-	-	-	-	-

(*) While determining the related amounts, the factors that increase the credit reliability such as guarantees received, have not been considered.

(Currency -Turkish Lira (TL), unless otherwise indicated)

Credit risks exposed by the types of financial instruments	Receivables						
	Trade Receivables		Other Receivables				
December 31, 2013	**Related Parties**	**Third Party**	**Related Parties**	**Third Party**	**Bank Deposits**	**Derivative Instruments**	**Other**
Maximum amount of risk exposed as of reporting date (*) (A+B+C+D+E)	28.969	108.526.082	-	356.317	740.844	-	-
- Secured portion of the maximum credit risk by guarantees etc.	-	49.761.138	-	-	-	-	-
A. Net book value of financial assets neither due nor impaired	28.969	104.178.444	-	356.317	740.844	-	-
B. Net book value of aasets whose conditions renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-	-
C. Net book value of assets past due but not impaired	-	4.347.638	-	-	-	-	-
- Secured portion covered by guarantees etc.	-	3.921.654	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-	-
- Secured portion covered with guarantees etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-	-
- The part covered with guarantees	-	-	-	-	-	-	-
E. Off- balance sheet items including risk	-	-	-	-	-	-	-

(*) While determining the related amounts, the factors that increase the credit reliability such as guarantees received, have not been considered.

(Currency -Turkish Lira (TL), unless otherwise indicated)

a.1 Credit risk management

As of December 31,2014, a portion of trade receivables amounting to TL 731.190 consist of receivables from credit card slip and maturity up to 3 monts (December 31, 2013: TL 2.075.725).

At balance sheet date, the total amount of overdue receivables and guarantees received for these receivables is as follows:

	December 31, 2014	**December 31, 2013**
Overdue for 1-30 days	1.042.897	1.711.487
Overdue for 1-3 months	752.450	1.486.319
Overdue for 3-12 months	900.411	663.765
Overdue for 1 year	363.167	486.067
Total past due receivables	**3.058.925**	**4.347.638**
Secured portion covered by guarantees etc.	2.838.595	3.921.654

Guarantees received for the overdue receivables that not reserved any provision

	December 31, 2014	**December 31, 2013**
Export insurance	2.838.595	3.900.372
Guarantees received	-	21.282
	2.838.595	**3.921.654**

a.2 Liquidity risk management

Ultimate responsibility belongs to the Board of Directors for liquidity risk management. The Board of Directors has created an appropriate liquidity risk management for the Group's short, medium and long-term funding and liquidity management requirements.

The following table shows the details of the Group's expected maturity for its non-derivative financial liabilities. Non-derivative financial liabilities is prepared on the basis of undiscounted cash flows and on the earliest dates. The interest payments on the obligations in question were included in the following table.

Liquidity risk table

December 31, 2014				
Contractual maturities	**Book Value**	**Total Cash Outflows (I+II)**	**Less Than 3 months (I)**	**3-12 months (II)**
Non-derivative financial liabilities				
Bank credits	129.320.430	130.967.947	100.335.635	30.632.312
Trade payables	43.022.855	43.574.384	38.741.982	4.832.402
Other payables	870.748	870.748	870.748	-
Total liabilities	**173.214.033**	**175.413.079**	**139.948.365**	**35.464.714**

(Currency -Turkish Lira (TL), unless otherwise indicated)

December 31, 2014 Contractual Maturities	Total Cash Outflows (I+II)	Less than 3 months (I)	3-12 months (II)
Derivatives financial assets			
Other financial assets	91.694.831	14.717.703	76.977.128
Total assets	**91.694.831**	**14.717.703**	**76.977.128**

December 31, 2013 Contractual Maturities	Book Value	Total Cash Outflows (I+II)	Less than 3 months (I)	3-12 months (II)
Non-derivative financial liabilities				
Bank credits	116.898.238	117.817.129	70.711.984	47.105.145
Trade payables	27.175.153	27.491.116	20.755.161	6.735.955
Other payables	975.329	975.329	975.329	-
Total liabilities	**145.048.720**	**146.283.574**	**92.442.474**	**53.841.100**

December 31, 2013 Contractual Maturities	Total Cash Outflows (I+II)	Less than 3 months (I)	3-12 months (II)
Derivative financial liabilities			
Other financial liabilities	167.718.205	27.087.660	140.630.545
Total liabilities	**167.718.205**	**27.087.660**	**140.630.545**

(Currency -Turkish Lira (TL), unless otherwise indicated)

b.3.1) Credit risk management

Group is exposed to foreign currency risk, principally the USD, Euro and GBP.

The Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

December 31, 2014	TL Equivalency (Functional currency)	USD	EURO	Yen	GBP	Other
1. Trade receivables	51.259.567	7.495.649	9.967.698	575.300	1.580.334	29.000
2a. Monetary financial assets (Cash, bank accounts included)	10.969.529	4.619.028	81.353	-	7.901	248
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current assets (1+2+3)	**62.229.096**	**12.114.677**	**10.049.051**	**575.300**	**1.588.235**	**29.248**
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b.Non- Monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**
9. Total assets (4+8))	**62.229.096**	**12.114.677**	**10.049.051**	**575.300**	**1.588.235**	**29.248**
10. Trade payables	20.236.044	6.328.069	1.922.464	-	38.706	-
11. Financial liabilities	53.850.327	9.432.295	9.398.238	-	1.520.583	-
12a. Other monetary liability	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. Current liabilities (10+11+12)	**74.086.371**	**15.760.364**	**11.320.702**	**-**	**1.559.289**	**-**
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
16a. Other monetary liabilities	**-**	**-**	**-**	**-**	**-**	**-**
16b. Other non-monetary liabilities	**-**	**-**	**-**	**-**	**-**	**-**
17. Non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**
18. Total liabilities (13+17)	**74.086.371**	**15.760.364**	**11.320.702**	**-**	**1.559.289**	**-**
19.Net asset/liability position of off-balance sheet derivatives (19a-19b)	**(108.688.920)**	**(6.000.000)**	**(33.600.000)**	**-**	**-**	**-**
19a. Foreign currency derivatives accounted assets						
19b. Foreign currency derivatives accounted liabilities	**108.688.920**	**6.000.000**	**33.600.000**	**-**	**-**	**-**
20. Net foreign currency position (9-18+19)	**(120.546.195)**	**(9.645.687)**	**(34.871.651)**	**575.300**	**28.946**	**29.248**
21. Monetary items net foreign currency asset/ liability position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(11.857.275)**	**(3.645.687)**	**(1.271.651)**	**575.300**	**28.946**	**29.248**
22. Fair value of financial assets for foreign currency hedge						
23. The amount of Currency Hedged portion of assets						
24 The amount of Currency Hedged portion of liabilities						
25. Export - January 1 –December 31, 2014	**168.674.406**	**18.733.627**	**37.961.014**	**-**	**4.435.419**	**-**
26.Import - January 1- December 31, 2014	**123.240.916**	**42.924.393**	**9.006.589**	**137.500**	**26.535**	**117.822**

(Currency -Turkish Lira (TL), unless otherwise indicated)

December 31, 2013	TL Equivalency (Functional currency)	USD	EURO	Yen	GBP	Other
1. Trade receivables	67.382.347	13.140.938	11.373.287	-	1.675.887	22.292
2a. Monetary financial assets (Cash, bank accounts included)	448.293	102.327	65.016	-	10.171	1.365
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current assets (1+2+3)	**67.830.640**	**13.243.265**	**11.438.303**	**-**	**1.686.058**	**23.657**
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b.Non- Monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**
9. Total assets (4+8))	**67.830.640**	**13.243.265**	**11.438.303**	**-**	**1.686.058**	**23.657**
10. Trade payables	11.242.534	4.286.586	698.306	-	9.744	3.717
11. Financial liabilities	57.047.618	8.982.410	11.090.942	-	1.511.622	-
12a. Other monetary liability	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. Current liabilities (10+11+12)	**68.290.152**	**13.268.996**	**11.789.248**	**-**	**1.521.366**	**3.717**
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
16a. Other monetary liabilities	**-**	**-**	**-**	**-**	**-**	**-**
16b. Other non-monetary liabilities	**-**	**-**	**-**	**-**	**-**	**-**
17. Non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**
18. Total liabilities (13+17)	**68.290.152**	**13.268.996**	**11.789.248**	**-**	**1.521.366**	**3.717**
19.Net asset/liability position of off-balance sheet derivatives (19a-19b)	**(115.223.580)**	**(1.800.000)**	**(40.800.000)**	**-**	**2.400.000**	**-**
19a. Foreign currency derivatives accounted assets	54.054.360	7.200.000	6.000.000	-	6.000.000	-
19b. Foreign currency derivatives accounted liabilities	169.277.940	9.000.000	46.800.000	-	3.600.000	-
20. Net foreign currency position (9-18+19)	**(115.683.092)**	**(1.825.731)**	**(41.150.945)**	**-**	**2.564.692**	**19.940**
21. Monetary items net foreign currency asset/ liability position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(459.512)**	**(25.731)**	**(350.945)**	**-**	**164.692**	**19.940**
22. Fair value of financial assets for foreign currency hedge	**-**	**-**	**-**	**-**	**-**	**-**
23. The amount of Currency Hedged portion of assets	**-**	**-**	**-**	**-**	**-**	**-**
24 The amount of Currency Hedged portion of liabilities	**-**	**-**	**-**	**-**	**-**	**-**
25. Export - January 1 –December 31, 2013	**146.226.242**	**20.337.744**	**37.991.215**	**-**	**4.787.434**	**-**
26.Import - January 1- December 31, 2013	**93.067.168**	**41.237.768**	**4.938.355**	**655.750**	**18.792**	**235.703**

(Currency -Turkish Lira (TL), unless otherwise indicated)

Group is exposed to foreign exchange risk, due to the impact of rate changes of foreign currency denominated assets and liabilities translated into Turkish Lira the foreign exchange risk, foreign currency position is monitored and limited by the analysis.

The following table details the Group's USD, Euro and GBP exchange rates and decrease sensitivity to a 10% increase in shows. Rate of 10%, to senior managers in the Group is the rate used when reporting foreign currency risk, the rate of administration of the possible change in foreign exchange rates implies.

		December 31, 2014	
		Profit/Loss	
		Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
	10% change in USD rate		
1 – USD net asset/liability		(845.398)	845.398
2- Hedged amount (-)		-	-
3- USD net effect (1 +2)		**(845.398)**	**845.398**
	10% change in EURO rate		
4 - EURO net asset/liability		(358.695)	358.695
5 - Hedged amount (-)		-	-
6- EURO net effect (4+5)		**(358.695)**	**358.695**
	10% change in GBP rate		
7- GBP net asset/liability		10.409	(10.409)
8- Hedged amount (-)		-	-
9- GBP net effect (7+8)		**10.409**	**(10.409)**
	10% change in CHF rate		
10- CHF net asset/liability		6.843	(6.843)
11- Hedged amount (-)		-	-
12- CHF net effect (10+11)		**6.843**	**(6.843)**
	10% change in JPY rate		
13- JPY net asset/liability		1.113	(1.113)
14- Hedged amount (-)		-	-
15- JPY net effect (10+11)		**1.113**	**(1.113)**
TOTAL (3 + 6 +9+12)		**(1.185.728)**	**1.185.728**

(Currency -Turkish Lira (TL), unless otherwise indicated)

		December 31, 2013	
		Profit/Loss	
		Appreciation of Foreign Currency	Depreciation of Foreign Currency
	10% change in USD rate		
1 – USD net asset/liability		(5.492)	5.492
2- Hedged amount (-)		-	-
3- USD net effect (1 +2)		**(5.492)**	**5.492**
	10% change in EURO rate		
4 - EURO net asset/liability		(103.055)	103.055
5 - Hedged amount (-)		-	-
6- EURO net effect (4+5)		**(103.055)**	**103.055**
	10% change in GBP rate		
7- GBP net asset/liability		57.830	(57.830)
8- Hedged amount (-)		-	-
9- GBP net effect (7+8)		**57.830**	**(57.830)**
	10% change in CHF rate		
10- CHF net asset/liability		4.765	(4.765)
11- Hedged amount (-)		-	-
12- CHF net effect (10+11)		**4.765**	**(4.765)**
TOTAL(3 + 6 +9+12)		**(45.952)**	**45.952**

b.3.2) Interest rate risk management

Group is exposed to interest rate risk due to Group's borrow funds at both fixed and floating interest rates. Mentioned risk is managed by maintaining an appropriate distribution between the fixed and floating rate borrowings by the Group.

The Group's interest rate sensitive financial instruments are as follows:

Interest position table

	December 31, 2014	December 31, 2013
Financial instruments with floating interest rate		
Financial assets	3.805.171	547.428
Financial liabilities	92.657	8.394.755

At the reporting date, 1% decrease/increase in interest rates and all other variables are held constant:

If as of December 31, 2014, the TL currency denominated interest rate is 1% points higher /lower and all other variables held constant, consists of TL 37.125 pre-tax profit / loss (December 31, 2013: TL 78.473).

(Currency -Turkish Lira (TL), unless otherwise indicated)

34. FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The following methods and assumptions used to estimate fair values are used to estimate the fair value of financial instruments:

1) Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables are estimated to be their fair values.

2) Monetary Liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be at their fair values since they are short term.

December 31, 2014	**Loans and Receivables (Including Cash and Cash Equivalents)**	**Available for Sale Financial Assets**	**Amortized Financial Liabilities**	**Book Value**	**Note**
Financial Assets					
Cash & cash equivalents	13.058.543	-	-	13.058.543	6
Trade receivables	122.604.418	-	-	122.604.418	8
Related party receivables	2.282	-	-	2.282	7
Other receivables	1.750.096	-	-	1.750.096	9
Financial liabilities					
Financial liabilities	-	-	129.320.430	129.320.430	18
Trade payables	-	-	42.982.766	42.982.766	8
Payables to related parties	-	-	40.089	40.089	7
Deffered income	-	-	870.748	870.748	9

December 31, 2013	**Loans and Receivables (Including Cash and Cash Equivalents)**	**Available for Sale Financial Assets**	**Amortized Financial Liabilities**	**Book Value**	**Note**
Financial Assets					
Cash & cash equivalents	754.584	-	-	754.584	6
Trade receivables	108.526.082	-	-	108.526.082	8
Related party receivables	28.969	-	-	28.969	7
Other receivables	356.317	-	-	356.317	9
Financial liabilities					
Financial liabilities	-	-	116.898.238	116.898.238	18
Trade payables	-	-	27.119.883	27.119.883	8
Payables to related parties	-	-	55.270	55.270	7
Deffered income	-	-	975.329	975.329	9

35. EVENTS AFTER BALANCE SHEET DATE

None.

36. OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE CONSOLIDATED FINANCIAL STATEMENTS

None.

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