



KORDSA GLOBAL

ANNUAL REPORT 2015

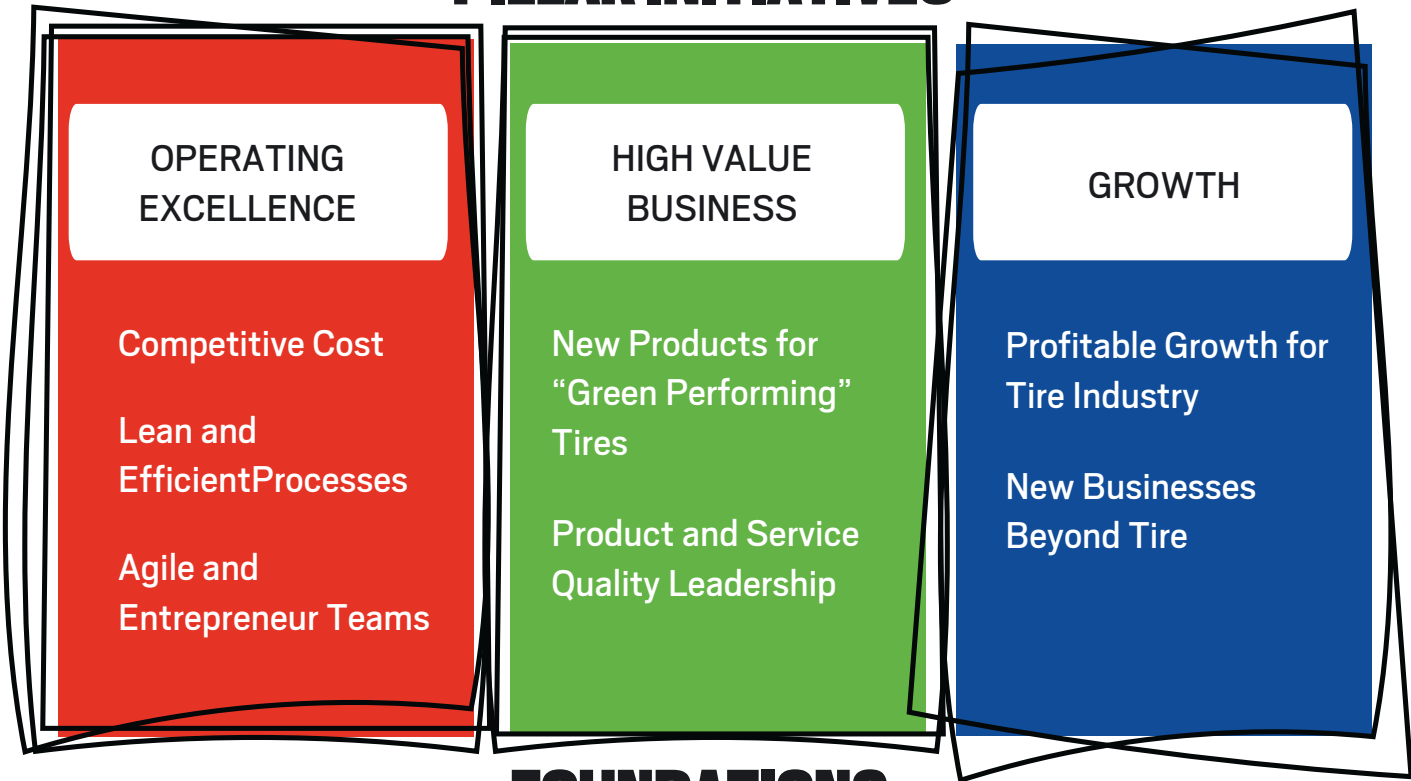
CONTENT

2	Kordsa Global's Strategy House
6	Sabancı Group in Brief
8	Message from the Chairman
8	Board of Directors
12	Message from the CEO
12	Executive Team
16	Our Values
18	Kordsa Global's Global Footprint
20	Global Markets
22	Turkey Champion R&D Center
24	2015 Awards
26	2015 Corporate Social Responsibility Projects
28	2015 News
30	2015 Marketing Communication Activities
33	Products
36	Human Resources
39	Board Of Directors Annual Report of 01 January 2015 - 31 December 2015
71	Consolidated Financial Statements

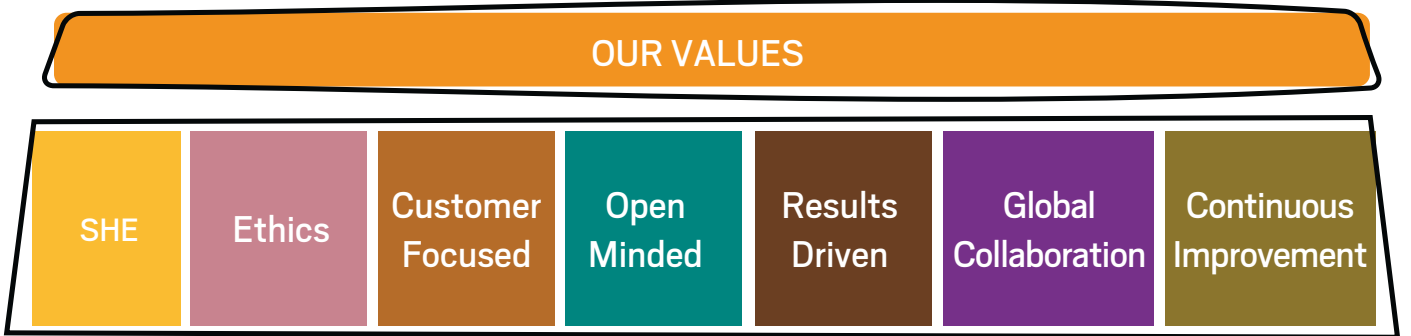
KORDSA GLOBAL'S STRATEGY HOUSE



PILLAR INITIATIVES



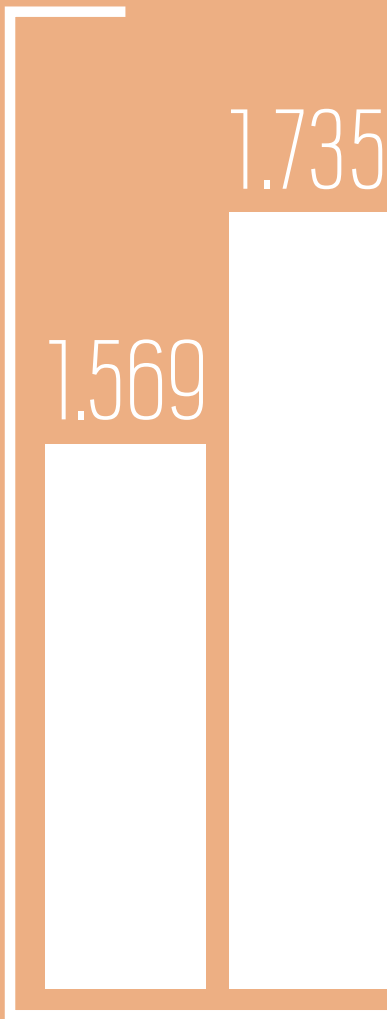
FOUNDATIONS



PROFITABILITY
CHARTS

WE INCREASED OUR PROFIT BY 59% IN 2015

2000

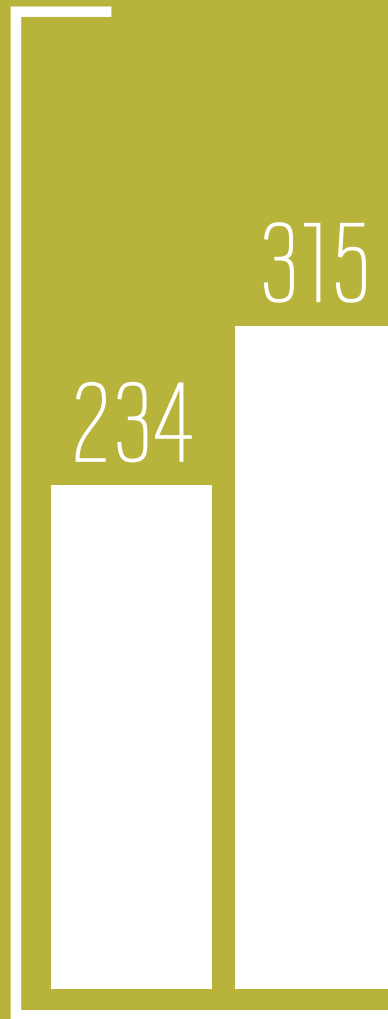


2014

2015

SALES REVENUE (MTL)

500

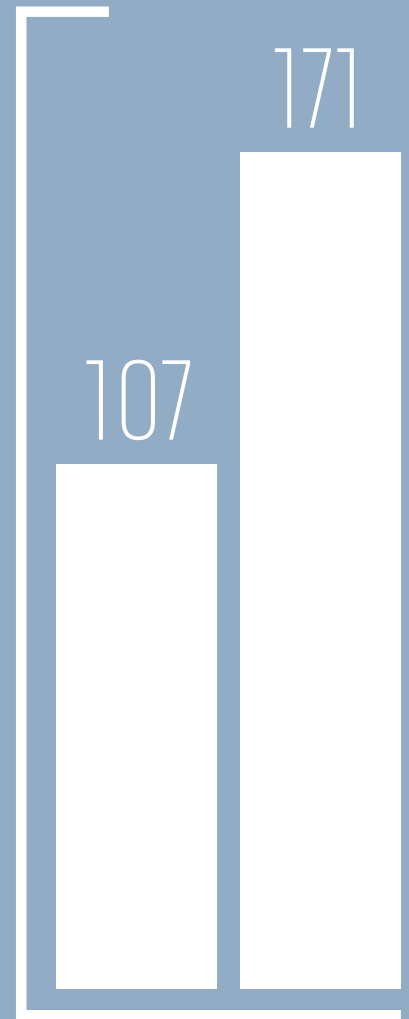


2014

2015

GROSS PROFIT

200



2014

2015

OPERATING PROFIT

KORDSA GLOBAL IN BRIEF

TIRE REINFORCEMENT TECHNOLOGIES

YARN

High-resistance, high-density industrial nylon yarn
 High-resistance industrial HMLS
 High-density technical polyester yarn

SINGLE END CORD

Used for tires, industrial automotive hoses, conveyor belts and for other industrial applications

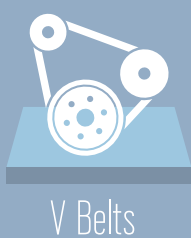
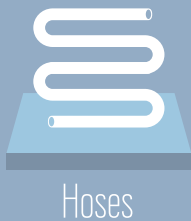
TIRE CORD FABRIC

Nylon ("NY") and polyester ("PET") based tire reinforcement fibers and fabrics for radial and bias tires

NEXT GENERATION FABRICS

Textile reinforcement materials for green tires
 High performance monofilaments
 Highly engineered hybrid cords with superior properties

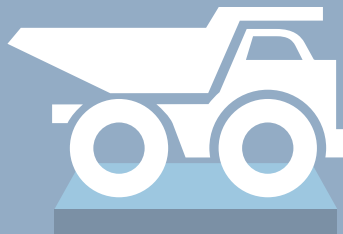
TARGET MARKETS



TARGET MARKETS



Passenger cars / SUV



OTR



Aircraft



Light Commercial



Heavy Vehicle



Agricultural Vehicles

COMPOSITE TECHNOLOGIES

CONSTRUCTION REINFORCEMENT TECHNOLOGIES

INDUSTRIAL FABRICS

FABRICS AND PREPREGS

MACRO – MICRO FIBER

Chafer fabrics, liner and membrane fabrics

Carbon fiber, aramid, hybrid fabrics

Macro and micro fibers to reinforce concretes used for tunnels and floor.

High added value thermoplastic and thermoset prepregs

Reinforcement materials against earthquakes

Production technologies for composite materials

TARGET MARKETS

TARGET MARKETS

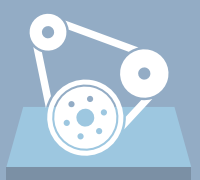
TARGET MARKETS



Mechanical Rubber Goods



Hoses



V Belts / Conveyor Belts



Automotive



Aerospace



Sports Equipments



Wind Turbines



Floors



Tunnels

SABANCI GROUP IN BRIEF



“The companies of Sabancı Group are the leaders of the sectors they operate in”

In addition to coordination of finance, planning and human resources functions, Sabancı Holding determines the Group’s vision and strategies, thus creating shareholder value through synergies across the Group Companies.

48 Billion TL

the combined sales revenue

5.354 Million TL

consolidated operating profit

Sabancı Group companies currently operate in 16 countries and market their products in regions across Europe, Middle East, Asia, North Africa, North and South America. Sabancı Group, with its reputation, brand image, strong joint ventures, knowledge and experience on Turkish markets helped the company to further extend its operations in its main areas of operation and became a significantly powerful influence that contributes to the development of the Turkish economy.

Hacı Ömer Sabancı Holding A.Ş. is the main company to represent the subsidiary companies of Sabancı Group, one of the largest groups in Turkey. The main areas of interest of Sabancı Group are; financial services, energy, cement, retail and industry, which are the rapidly growing sectors of Turkey. The companies of Sabancı Group are the leaders of the sectors they operate in. Besides its own shares of Sabancı Group, the shares of its 11 other shareholdings are traded on Borsa İstanbul (BİST).

Sabancı Group companies currently operate in 16 countries and market their products in regions across Europe, the Middle East, Asia, North Africa and North and South America. Sabancı Group, with its reputation, brand image, strong joint ventures, knowledge and experience on Turkish markets helped the company to further extend its operations in its main areas of operation and became a significantly powerful influence that contributes to the development of the Turkish economy.

Sabancı Holding’s multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni and Philip Morris. In addition to coordination of finance, human resources, strategy and business development functions; Sabancı Holding is in charge of determination of the Group’s vision and strategies as well as increasing shareholder value through creating synergy among the group companies.

In 2015, the combined sales revenue of Sabancı Holding was TL 48 Billion (US\$ 17.6 Billion) with a consolidated operating profit (EBIT) of TL 5,354 Million (US\$ 2.0 Billion). The Sabancı Family is Sabancı Holding’s major shareholder group with 57.7% of shares. Sabancı Holding having the highest free float rate with 40.1% in BİST among holding companies, its depository receipts are quoted on the SEAQ International and Portal.

BOARD OF DIRECTORS



MEHMET PEKARUN

Chairman

Graduated from Boğaziçi University, Industrial Engineering Department.

He received his Master's degree in Finance and Strategy from Purdue University.

In 1993 he began his professional career at General Electric (GE) Transportation Systems division in the USA.

Between 1996 and 1999 he was the Director of Finance responsible from Turkey, Greece then Eastern Europe at GE Healthcare division Europe.

He worked as the Managing Director of GE Lighting Turkey between 1999 and 2000. Between 2000 and 2005 he moved to GE Healthcare EMEA Region headquarters, first working as Director of Business Development Unit and then as Managing Director of Medical Accessories.

He was appointed as the CEO of Kordsa Global on March 1st, 2006 and as the President of Tire Reinforcement Materials and Automotive Group on September 20th, 2010 which was then restructured as Industrials Strategic Business Unit on March 1st, 2011.

Mr.Pekarun is currently serving as the President of the Sabancı Holding Industrials Strategic Business Unit and he is also a board member of TUSIAD (Turkish Industrialists'; and Businessmen's Association).

MESSAGE FROM THE CHAIRMAN

Distinguished stakeholders,

In 2015 as Kordsa Global we reaped the first benefits of a large investment, and started to receive the return on our investments in the new markets we entered. Last year the world has gone through a tough time; however despite the global and regional volatilities, Kordsa Global had a great performance, grew its business volume, and managed to close the year with increasing profits.

We realized the official opening of our 2nd factory in Indonesia, an investment worth USD 100 million, in the first days of 2015. Consequently, we became one of the top players in our industry, in the Asia-Pacific market in which we have been active since 2006. This move is extremely important to us, as it is Sabancı Holding's largest investment abroad. Our investment in Indonesia marks a milestone in Kordsa Global's long-term growth strategy.

We are also excited to see the outcomes of the investments we made in 2015, in composites and construction industries. The completion of the Center of Excellence for Composite Technologies to be established in cooperation with Sabancı University is bound to be another groundbreaking initiative for Sabancı Holding. Having a university and an industrial company under the same roof, working in tandem on new technologies is a crucial step for our country.

Another important development in 2015 was the awards given to Kordsa Global's performance in technology and innovation, and R&D efforts. Kordsa Global was named the best R&D center in Turkey, according to the 2014 R&D Centers Performance Index of the Ministry of Science, Industry and Technology. Again according to the same index, Kordsa Global was named the best R&D center in textile industry for the 3rd consecutive time. The Turkish Exporters Assembly named Kordsa Global the best company in Turkey in Innovation Strategy. We are convinced that Kordsa Global will represent Turkey successfully in 2016 Europe Innova-League.

As Sabancı Holding, in line with our principles of transparency, we offered 20% more of Kordsa Global's shares to qualified investors in 2015, and hence increased the publicly quoted portion of the shares from 9% to 29%. We are proud to see that with the increase in transaction volume, Kordsa Global as a world leader regained the position it deserves in Borsa Istanbul 100 Index.

On behalf of our Board, I would like to extend my sincere gratitude to our management, shareholders, employees, customers, suppliers, and all our stakeholders for their immense contribution to Kordsa Global's journey as a pioneer and successful leader.

Sincerely,

Mehmet Pekarun

Chairman



Neriman Ülsever

Deputy Chairperson

Neriman Ülsever graduated from Boğaziçi University's Business Management and Operational Research departments in 1975.

Commencing her professional work life at Turkish Airlines in 1973 and continuing her career in various roles, Ülsever took on various positions at Anadolu Bankası A.Ş., Emlak Bankası A.Ş., Group Sanfa and Impexbank, respectively.

She worked as a Managing Partner in her self-founded company IKE Ltd from 1995 and specialized in human resources consultancy and training.

When Indesit Company entered the Turkish market in 1995, Ülsever took on roles both within the group and on international platforms. She was the Eastern Europe and International Markets HR Director in Switzerland between 1999-2002 and Western European HR Director in France between 2001-2004.

Between 2004-2006, she acted as the HR Director responsible for the World Trade Organization in Italy.

Ülsever was then assigned as Indesit Company Group Global HR Director and Board Member in Italy between 2006 - 2010.

Ülsever, a Board Member of Indesit Turkey since 1996, was appointed Indesit Turkey's Director of the Board from 1 January 2011 and on 16 May 2011, was appointed as Sabancı Holding Human Resources Chief of Department. She continues both roles simultaneously.



Peter Charles Hemken

Member

1977 yılında Iowa Üniversitesi Kimya Mühendisliği bölümünden mezun oldu. 1982 yılında Richmond Üniversitesinde MBA derecesini tamamladı.

35 yıl DuPont şirketinin büyüme, iş geliştirme gibi çeşitli alanlarında üst düzey yöneticilik yapan Hemken, Şirketin Sabancı Holding ile olan işbirliğinde de liderlik yaptı.

2000 -2006 yılları arasında o zamanki adı DuPont-Sabancı International olan şirketin CEO'luk görevini yürüttü.

Şu anda Strategy Development LLC şirketinin sahibi olarak küçük ve orta büyüklükteki ve kar amacı gütmeyen şirketlere danışmanlık hizmeti vermektedir.



Seyfettin Ata Köseoğlu

Member

Ata Koseoglu received his undergraduate degree from the Bogazici University Department of Mechanical Engineering. Following that he completed his Master of Science studies at the Lehigh University, Department of Electrical Engineering and received his MBA degree from the Boston University School of Management.

Mr. Koseoglu started his banking career at Iktisat Bankası and he was a member of the founding team of Finansbank where he held various positions as Executive Vice President until 1994 responsible for Investment Banking, Treasury and Capital Markets, Assets Management and International Relations. During 1994-1999, Mr. Koseoglu served as Managing Director at Bear Stearns in New York responsible for Investment Banking activities in Turkey, Greece and Egypt.

Following that, he settled in Paris and assumed Managing Director role at Société Générale Investment Banking Group responsible for Turkey and Middle East where he was instrumental in developing the regional strategy of the Bank. During 2000-2005, Mr. Koseoglu served as Managing Director/CEO in London/Istanbul for Credit Suisse First Boston Bank and was responsible for corporate finance, project financing, capital markets, fixed income and derivative products.

He joined BNP Paribas / TEB Group in 2006 as Chairman of the Board and CEO of TEB Investment, where he lead numerous mergers and acquisition during his assignment and was instrumental in securing the position of TEB Investment amongst top five brokerage houses in Turkey until joining Sabancı Holding in July 2011 as the Strategy and Business Development Group Head.



Fezal Okur Eskill

Member

Ms. Fezal Okur Eskill graduated from Boğaziçi University Industrial Engineering Department in 1998; and received her MS Industrial Engineering and MBA degrees from Georgia Institute of Technology in 2001.

In 2001, she began her professional career as a strategy and management consultant at A.T. Kearney in the US. Subsequently, she has taken responsibilities as an Operational Expert at Eczacıbaşı - Baxter during 2005-2006, as a Strategic Supply Chain Executive at Philip Morris Sabancı A.Ş. during 2006-2007 and as a Strategy and Business Development Manager at Hacı Ömer Sabancı Holding A.Ş. during 2007-2012.

Ms. Eskill continues to act as Strategy and Business Development Director at Hacı Ömer Sabancı Holding A.Ş., since 1 January 2013.



Atıl Saryal

Independent Member

Born in 1938 in Ankara, Atıl Saryal completed his elementary and high school education in Ankara and later received his engineering degree from the University of Texas. On his return to Turkey, he first began working in the banking industry, and then joined Sabancı Group. He served as General Manager at Adana Sasa and Marsa, and he was the President of Adana Chamber of Industry for 8 years. He was also Board Member at Philsa, Exsa, and Plassa. Mr. Saryal was later appointed as the President of Food and Retail Group, and served as Chairman of Kraftsa, Danonesa, Diasa, Carrefoursa, Marsa, and Sapeksa. In 2002 Mr. Saryal retired from his duties as Group President, and in 2004 from his duties as Chairman and Board Member. He also quit his Board Membership at TÜSIAD (Turkish Industry and Business Association). Mr. Saryal currently serves as Independent Board Member at Kordsa Global, Akçansa and Teknosa, and also as consultant at Carrefoursa France Turkey



Hüsnü Ertuğrul Ergöz

Independent Member

Hüsnü Ertuğrul Ergöz graduated from Robert College, Department of Chemistry in 1963. He received his Master's degree from Middle East Technical University (METU) in 1965 and his PhD degree from Florida State University in 1970. Between 1972 and 1976, Mr. Ergöz was a professor at METU, Department of Chemistry. - He began his professional career as Technical Studies and Projects Specialist at Kordsa and later assumed various roles within Sabancı Holding and its companies, such as Brisa. Mr. Ergöz retired from his latest position as General Secretary of Sabancı Holding in 2003. After his retirement, Mr. Ergöz served as Board Member at Pressan A.Ş. and he currently carries out studies on "Institutionalization of Family Businesses".

EXECUTIVE TEAM



CENK ALPER

Chief Executive Officer

Graduated from Middle East Technical University, Mechanical Engineering Department in 1991, and received his MSc degree from the same department in 1994. He later went on to complete an Executive MBA at Sabancı University in 2002. He started his professional career in 1996 as a Process Engineer at Beksa and continued working at various managerial positions within technology and production departments.

After working at Bekaert Technology Center (Belgium) as a Project Manager, where he was appointed in 2002, he assumed Plant Director position in Tennessee/USA, overseeing plants in North and South America. He subsequently returned to Belgium as the Technology Centre's Product Development Director.

He joined Kordsa Global in 2007 as Global Technology Director. He worked as the Vice President responsible of Technology and Market Development between 2009 and 2010.

Between October 2010 and June 2013 he served as Vice President responsible of operations.

He was appointed as CEO in June 2013.

Message from CEO

Last year as Kordsa Global, we further differentiated ourselves from the competition in the global market, continued to increase our profitability with our focused market strategy and cost improvements in our production processes, and observed the return on our investments we had made in 2014

In 2014, with a strategic decision, we had decided to transfer our expertise in tire reinforcement to both composites and construction reinforcement industries. In 2015 we started to get the positive feedback of these initiatives in financial terms as well. Kratos, offering ideal solutions for a wide range of construction projects, took its place in the market. Kratos means a lot for our industry, as it is produced by Turkish engineers, based on Kordsa Global's R&D, know-how, and competencies, in machines fully designed by Turkish engineers.

Our work in the composites reinforcement field also continues. We are keen on accelerating our market entry with both organic and inorganic growth. This year we are going to launch the Center of Excellence for Composite Technologies that we are building in cooperation with Sabancı University in Istanbul Teknopark. With an initial investment of USD 30 million, our center represents an unprecedented initiative for Turkey, bringing together academia and industry under the same roof. As you will recall, we had enhanced our strength in Indonesia, where the tire industry is quite intense, with our second cord fabric and polyester yarn factory investment worth USD 100 million. We became the strongest player in Asia-Pacific region with this investment. In 2015 we obtained the return on investment rapidly with our PET yarn factory working at full capacity.

Another significant development for Kordsa Global in the first half of 2015 was the increase in the publicly quoted portion of its shares from 9% to 29% by offering an additional 20% to qualified investors. Thanks to this new offering, company shares obtained the transaction value they deserve in Borsa Istanbul. As a consequence of all this, Kordsa Global regained the right to be listed in BIST100 Index.

Kordsa Global's R&D and innovation approach built on being the world market leader was confirmed with the awards given by important authorities in 2015. Our R&D center was selected the best among 215 centers from different industries, in accordance to the 2014 R&D Centers Performance Index of the Ministry of Science, Industry and Technology. Again according to the same index, Kordsa Global was named the best R&D Center in textile industry for the 3rd consecutive time. The Turkish Exporters Assembly's Innova-League named Kordsa Global the best company in Turkey in Innovation Strategy, which was another source of pride for us.

Having both R&D and innovation at the core of its business model, Kordsa Global was ranked the 6th among Turkey's "patent champions" with its 14 patent applications to Turkish Patent Institute.

Technology licensing, within the framework of open innovation concept, is what lies ahead for Kordsa, as a technology and innovation leader. Our competitors ask us to authorize them for using our technology. We shall export technology not only to our affiliates, but to our competitors as well. We are envisaging considerable steps in this area in 2016.

We shared our first sustainability report in 2015 with our stakeholders. We have been taking Sabancı Group's Ethical and Corporate Social Responsibility Principles as our guideline since our establishment, in managing the economic, social, and environmental effects of our activities. In our Sustainability Report we presented our best practices to improve the ways in which we mitigate the effects of our economic, social, and environmental effects, as well as our future plans and targets. We will keep using innovative technologies in our sustainability journey so as to create value for all our stakeholders, including our employees and customers, and develop environmentally friendly projects. Our aim is to take part in the upcoming BIST Sustainability Index.

I would like to thank all my colleagues for their diligent work, our participants, investors and stakeholders for their ongoing support in our journey to excellence, which started off with tire reinforcement, and gradually evolved into "reinforcing the world."



Ali Çalışkan

Chief Operating Officer, Europe, Middle East, Africa (EMEA)

Received his BSc degree from Middle East Technical University, Mechanical Engineering Department in 1983.

Started his professional career in Soyut Holding as Project Engineer in 1984.

Joined Kordsa Turkey in 1986 as Technical Office Engineer.

After the establishment of Dusa (SA- DUPONT Joint Venture) in October 1987, he was transferred to Dusa as Project Engineer.

Starting from 1989, he assumed managerial roles in polymer production, yarn production, engineering maintenance and support, project and production departments of Dusa and Kordsa Turkey. In 2005, he was promoted as Operations Director, Kordsa Turkey.

In 2009 he was appointed as Operations Director, Kordsa Turkey & Nilekordsa.

From March 2010 to June 2013, he held the position of Operations Director, of Indo Kordsa and Indo Kordsa Polyester.

In June 2013 he was appointed as the Vice President in charge of operations. Since July 2015, he works as the Chief Operating Officer, Europe, Middle East, Africa (EMEA).



Fatma Arzu Ergene

Chief Financial Officer, and Chief Operating Officer, South America (SA)

Graduated from Marmara University Department of Business Administration in 1991 and completed her MBA in 1993 at Loyola University of Chicago.

Joining Kordsa Global in 1994 she served, between 1994 and 1999 as Marketing Specialist, between 1999 and 2005 as the Finance Manager, between 2005 and 2009 as EMEA Finance Director and between 2009 and 2013 as Global Purchasing Director.

She was appointed as Vice President, Finance and Purchasing as of June 2013. Since July 2015 she is holding the Chief Financial Officer and Chief Operating Officer, South America (SA) positions.



İbrahim Özgür Yıldırım

Chief Technology Officer and Composites Business Unit Leader

He received his BSc degree from Middle East Technical University, Chemical Engineering Department and his MBA degree from Sabancı University in 1993 and 2005 respectively.

He started his professional career at Rafine Chemicals in 1994 and worked in different manufacturing companies.

Between 1998 and 2007, he served in Sakosa as Technical Engineer and Production Engineer.

He was appointed as Technical Manager at Kordsa Turkey in 2007.

In 2008, he was transferred to Global Technology Center as New Product Development Manager.

In 2009, he was appointed as New Product and Process Development Director.

In 2011, he was appointed as Technology Development Director.

In October 2013 he was appointed as the Chief Technology Officer. Since July 2015 he has been working as the Chief Technology Officer and Composites Business Unit Leader.



Mehmet Zeki Kanadıkırık Chief Operating Officer, Asia Pacific (APAC)

Zeki, received his BSc degree from Middle East Technical University, Mechanical Engineering Department in 1986. Starting his professional life in Çukurova İthalat in 1987, he worked at Brisa between 1988–1994, in Lubrekip between 1995–1998 and in Tekstil Servis between 2003–2006. Between 1998–2003 he worked as Mechanical Engineer and then appointed as Line-1 Yarn Production Manager at Kordsa Turkey.

He worked as Manufacturing Director, Kordsa Turkey between 2009–2010 and in October, 2010 he was assigned as Operations Director, Thai Indo Kordsa

As of July 2015, he was appointed as Chief Operating Officer, Asia Pasific.



James Thomas Del Piano Chief Operating Officer, North America (NA)

Jim received his BS degree in Chemical Engineering from Drexel University in Philadelphia, PA in 1979.

He started his professional career with Milliken and joined Celanese as Process and Quality Engineer with Cellulose Acetate in 1980, moved to Polyester production with Hoechst Celanese in 1988 as Site Engineering and Maintenance Manager and Operations Manager for Polyester Staple.

In 2000, he became Tire Cord Business Director with KoSa, Technology Licensing Business Director and then Director of Manufacturing PET Bottle Resin with Invista and joined Western Nonwovens as Director of Operations in 2004.

In Kordsa Global, he was appointed as Regional Manufacturing Manager, North America in March, 2009. Since November, 2009 he had been holding Operations Director, North America position. As of July 2015, he was appointed to Chief Operating Officer, North America.



Hakan Öker Vice President, Human Resources

Graduated from Hacettepe University's Department of Sociology in 1986.

He started his professional career in 1988 as a Personnel Specialist at Beksa, Bekaert- Sabancı Çelik Kord Steel Cord Plc. After assuming various responsibilities in Beksa between 1988 and 1998, he continued his career as Human Resources Director at Kordsa Turkey, Quality and Information Systems Joint Services Director and then Projects Director within the Tire, Tire Reinforcement Materials and Automotive Group. In January 2007, he was appointed as Global Director of Human Resources.

Starting from January 2009 to June 2015, Hakan Öker held Vice President responsible for Human Resources and Information Technologies position.

In June 2017, Hakan Öker was appointed as "Vice President responsible for Human Resources"



Abdülkadir Toplu

Global Supply Chain Director

Received his BSc degree from Middle East Technical University, Mechanical Engineering Department in 1993.

Starting his professional life at Insa in 1995, he joined Kordsa Turkey Yarn Production Line-2 as Mechanical Engineer in 1996. He was appointed as Production Manager in Yarn Production Line-2 in 2003, transferred to Production Manager position at Yarn Production Line-1 in 2005, and appointed as Production Manager in PET Production in 2006.

In 2009 Kadir was appointed as Operations Director, Kordsa Brasil, and since January 2012 he has been working as Operations Director, Interkordsa.

Effective from February 2014, with the position of Operations Director, Interkordsa, he also repatriated to Turkey as Operations Director, Kordsa Turkey. He was appointed as Global Supply Chain Director in July 2015.



Vahe Hanamirian

Global Accounts and Marketing Director

Graduated from Istanbul British High School and studied Mathematics at Stuttgart University.

In 1987 he joined Kordsa as Marketing Specialist and in 1999 he was appointed as Marketing Manager at Sakosa. He rejoined Kordsa in 2005 as Sales Manager and appointed as Marketing & Sales Director in 2008.

He carried out Sales Director, EMEA role between 2010-2012 (also assumed GAM Micheline role until July, 2011) and he held Market Development Director position between October, 2012 and March, 2014.

In April, 2014 Vahe was appointed as Global Marketing Director. As of July 2015, he was appointed to Global Accounts and Marketing Director.



Murat Oğuz Arcan

Business and Market Development Director and Construction Business Unit Leader

He graduated from Bilkent University Business Administration Department in 1993 and completed E-MBA Program at Koç University in 2004.

Starting his professional career at Tofaş as Strategic Planning and Management Development Expert in 1996, Murat assigned as Foreign Trade and Contract Manager in 2000.

As one of the Co-Founders of Hexagon Consulting Turkey, he assumed CEO role between 2005-2013 and led to establishment Of Turkish National Nanotechnology Initiative and Turkish Wind Energy Technology Platform as well. Since January 2014 Murat has been assuming Senior Business Associate role in Pera EEMEA and providing consultancy to Erdemir Group as of September 2014.

Effective from January 2015, he joined Kordsa Global as Business Development Director. In Addition to his Kordsa Global responsibilities, Murat is reporting to Mehmet Pekarun-President, Industry SBU for Industry SBU business development projects.

As of July 2015, he was assigned as Business and Market Development Director and Construction Business Unit Leader.

OUR VALUES

SAFETY, HEALTH AND ENVIRONMENT

COMMITMENT TO THE ETHICAL VALUES

CUSTOMER FOCUSED

OPEN MINDED

RESULTS DRIVEN

GLOBAL COLLABORATION

CONTINUOUS IMPROVEMENT

We believe that all occupational and environmental accidents may be prevented. Our target is to create a 100% accident-free and safe work environment and to produce 0% waste.

We are 100% committed to our ethical values conducting our relationships with our employees, shareholders, clients, suppliers, business partners, competitors, environment and society.

We grow together with our customers who prefer us as their strategic technology partner and we offer them innovative, accurate and custom made solutions.

Innovation is in our genes. We continuously develop new products, technologies and processes through our more than 40 years of experience.

As the leader of global Nylon 6.6 market and a company continuously creating value for its shareholders, we provide our customers with the highest quality services. Our technologies reinforce one car tire out of every three, one plane tire out of every two.

We retrieve our power from global cooperation benefiting from benchmarks of our factories spanning globally.

We continuously enhance all our processes within our organization through our customer focused approach and total quality management.

GLOBAL FOOTPRINT

NORTH AMERICA ANNUAL TURNOVER

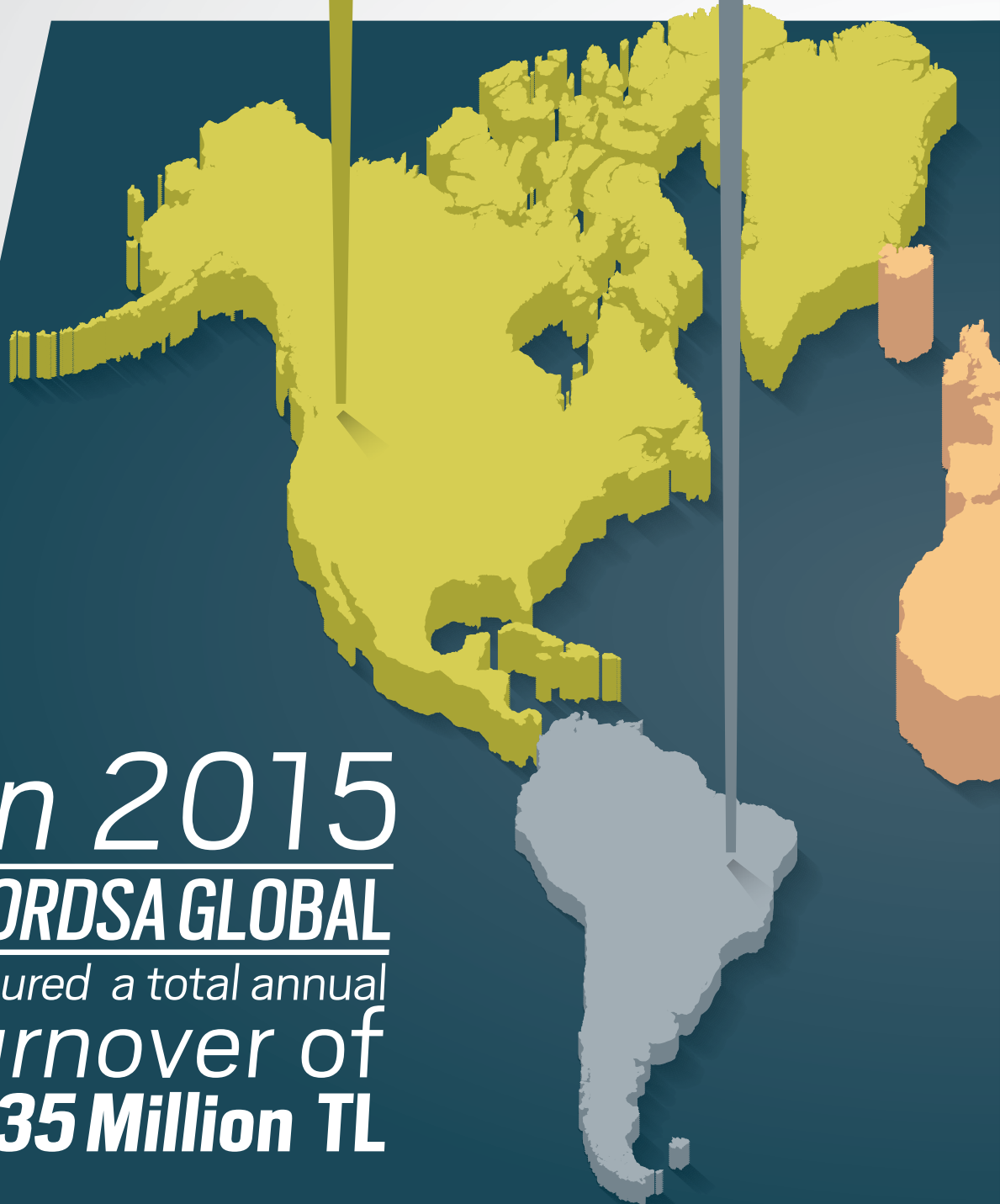
NY6.6, TCF

302
MILLION TL

SOUTH AMERICA ANNUAL TURNOVER

PET, SEC, TCF

250
MILLION TL



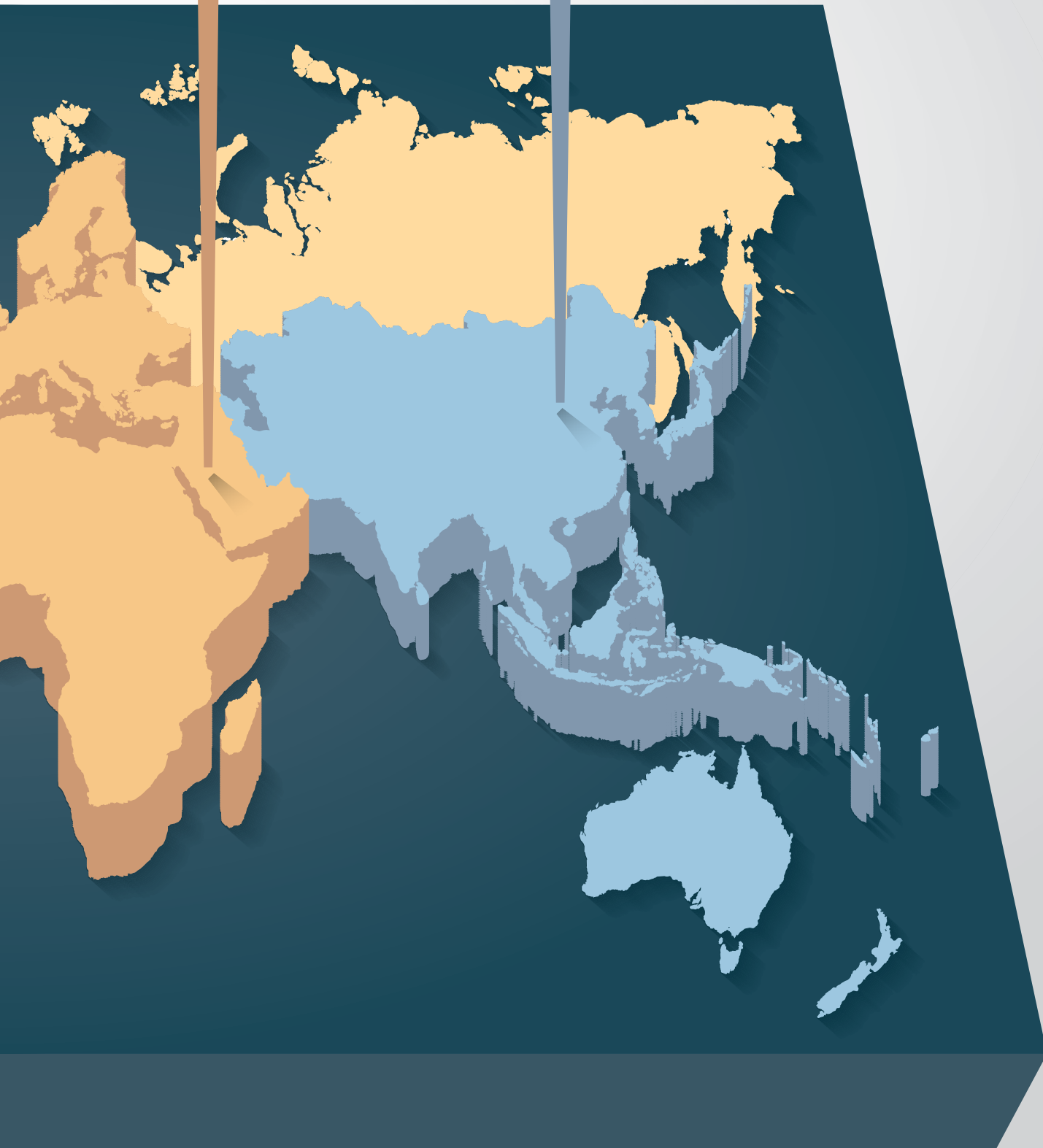
EUROPE, MIDDLE EAST, AFRICA ANNUAL TURNOVER

NY6.6, PET, SEC, TCF, SnFR



ASIA PACIFIC ANNUAL TURNOVER

NY6.6, PET, TCF



GLOBAL MARKETS



2015 was a challenging year for developing economies, but a year of recovery for developed economies.

Kordsa Global continued to maintain its leadership in the high-density Nylon 6.6 cord fabric market in 2015, and was positioned as one of the leaders in the market for Polyester HMLS cord fabric.

2015 was a year of regional turmoil, with oil prices dropping drastically as of September, and the global economy growing by 3.1%, slightly below the 2014 figure. While the economies of Brazil and Russia contracted in 2015, developed economies such as Western Europe and North America grew beyond expectations.

Tire manufacturers boosted their profitability thanks to falls in oil and other raw material prices, operational efficiency, and by balancing product-price relations. Whereas the additional export tax in the U.S. negatively influenced Chinese manufacturers, it increased tire imports in countries and regions such as India and Western Europe, which further magnified competition in the tire market.

There was a mere 2% growth in the tire textile reinforcement market in 2015 despite the growth in the demand for LCV (light commercial vehicle) tires, due to the stagnancy in industries such as mining where big tires are used, and the decline in LCV production in China. The gradual drop in demand as of the second quarter caused an increase in the stock levels of Asian players among Nylon 6.6 reinforcement manufacturers, and caused fierce competition.

The global LCV market grew by 2% in 2015, and closed the year with total sales of 87 million units. Sales in Eastern Europe and Brazil, where the year started with a contraction, were significantly below expectations. While China and the U.S. were the countries that contributed the most to market growth, a stronger Western European market supported global growth.

Tire sales grew in the OE (original equipment) segment thanks to increasing car sales in European and U.S. markets while the replacement segment expanded as well owing to the drop in oil prices in 2015. Whereas exports from Asia to Europe were on the rise, there was a sharp drop in exports to the U.S. Although Brazil grew in replacement sales, a decline of about 20% was experienced in the OE market.



GREENTIRE CORD FABRIC

MAXIMUM SENSITIVITY

FOR THE ENVIRONMENT

WITH NEW RF-FREE
ADHESIVE DIP SOLUTION

TURKEY CHAMPION R&D CENTER



PROJECTS Kordsa Global was ranked as the most successful R&D center in all industries by the Ministry of Science, Industry and Technology and ranked as the best R&D in textile industry for the third time in a row.

Kordsa Global was ranked as the most successful R&D center in all industries by the Ministry of Science, Industry and Technology and ranked as the best R&D in textile industry for the third time in a row.

Since its establishment in 2007, the Kordsa Global R&D Center has been conducting intensive research and development activities striving to develop new products, processes and technologies for the industries it operates in, as well as adjacent sectors and potential markets to maintain its leadership. The majority of R&D activities are geared to offer new technologies and competencies to the industry.

Staffed with highly qualified employees, the Kordsa Global R&D Center runs joint projects with leading universities in Turkey and in the world.

In 2015, the center was involved in various collaborative projects with Sabancı University, Boğaziçi University, Kocaeli University, Yıldız Technical University, Izmir Technology Institute and Tokyo Institute of Technology, Aachen University. In addition to 39 ongoing projects related to material, process and product development, the R&D center launched 43 new projects and concluded 15 projects in 2015. In 2015, the mid-term audits of 4 TUBITAK- TEYDEB projects, and final audit for internationally-funded project, were successfully completed. 3 new TUBITAK-TEYDEB projects approved and 3 TUBITAK applications on assessment stage at TÜBİTAK.

In Kordsa Global corporate culture, the R&D center is not just a center for research and development, but rather a business unit with a total of 75 employees. Driven by the experience of Kordsa Global; ideas, studies and development activities are transformed into brand new products and processes.

In 2015, the Ministry of Science, Industry and Technology evaluated the performance of R&D centers based on project portfolio capacity which is calculated considering the budget allocated to the projects and project volumes and Kordsa Global was ranked number 1 among all R&D centers in Turkey. In the Patent League, according to Turkish Patent Institute reports, Kordsa was ranked 5th in Turkey which applies for most patents.

In 2015, Kordsa Global became the InnoVA League Champion in innovation strategy category and earned right to represent Turkey at European Improve Awards in 2016.

The New Structure of the R&D Center

In line with Kordsa Global's vision to penetrate new lines of business, the R&D center was restructured on 7 platforms to create a more active and unconstrained working environment in 2014.

1. Chemicals Platform
2. Industrialization and Approvals Platform
3. Rubber Reinforcement Platform
4. Yarn and Construction Reinforcement Platform
5. Global Quality Platform
6. Composite Reinforcement Platform
7. Global Engineering Platform

These platforms will work in coordination with the Intellectual Property and Projects division.



OUR AWARDS

**ALL SECTORS
BEST R&D CENTER***

2014

**TEXTILE SECTOR
BEST R&D CENTER***

2012-2013-2014

**TURKISH EXPORTERS ASSEMBLY/
InovaLeague
INNOVATION STRATEGY CHAMPION**

2015

* According to the Turkish Science, Industry and Technology Ministry 2014 R&D Centers Performance Index.

Intellectual Property

With our new patent applications in 2014, the number of patents in our portfolio which are mostly international, has increased to 176. 15 of those new patent applications are national and 14 are international covering Europe, the US, Korea, Japan, Thailand, Brazil, Indonesia and China. In addition to 5 existing applications that are pending, 50 patent applications from previous years were officially published in 2014. Moreover, trademark applications were filed with the Turkish Patents Institute for 3 new products.

Our Legal Department continues to make sure that Kordsa Global's intellectual property rights are protected through Confidentiality Agreements in collaborations, joint research and development activities and projects with national-international partnership our R&D Center is frequently involved in.

Turquality Incentive Program

Kordsa Global continued to be part of the Turquality Incentive Program with its Kordsa® brand. The amount of incentives allocated to our company in 2014 increased by 36% compared to the record-breaking allocation from the previous year. The Turquality Incentive Program launched by the Ministry of Economics covers 50% of overseas expenses incurred by local companies to promote their brand such as quality documentation, consultancy services, intellectual property applications, promotion, advertising, marketing and rents of overseas offices.



2015 AWARDS

Kordsa Global received “Energy Efficiency in Industries Award” – January

Kordsa Global was awarded at the “6th Energy Efficiency Forum and Exhibition (EVF) during the “34th Energy Efficiency Week” by the Ministry of Energy and Natural Resources with its “Improving Energy Efficiency in Industry” Project (IEEIP).



Kordsa Global won “ETİKA 2014 Turkey’s Most Ethical Companies” award – April

Kordsa Global has been granted “ETİKA 2014 Turkey’s Most Ethical Companies” award by Ethic Values Center. Kordsa Global, which was deemed worthy of an Etika Award for the third time this year, received an “ETİKA Ethical Continuity” award as well.

Kordsa Global Received Award for Corporate Awareness – May

Being granted full marks in Quality Assurance Review from KPMG, Kordsa Global received the 2015 Internal Audit Awareness Award from Institute of Internal Auditors – Turkey (TIDE) Board of Directors.



Cenk Alper Receives “Environmentalism of the Year” Award – May

Cenk Alper received “Environmentalism of the Year” award from Kocaeli Newspaper, one of the biggest local newspaper in İzmit.

Kordsa Global: Among the Champions of Turkish Patent League – July

Kordsa Global was listed among champions of patent application according to Turkish Patent Institute’s data covering the first six months of 2015. A subsidiary of Science, Industry and Technology Ministry, Turkish Patent Institute announced the first 10 organizations who applied for most number of domestic patents for the period January–June of 2015. Rose up four places in the League in a year, Kordsa Global as listed sixth in the list with 14 pending patent applications within six months.



2014 Export Champions award for Kordsa Global – June

KKordsa Global won a bronze award in textile and raw materials category at 2014 Export Champions Awards that was issued by Turkey Exporters Assembly (TIM). Vahe Hanamirian, Global Accounts and Marketing Director of Kordsa Global, received the award from Customs and Trade Minister Nurettin Canikli and TIM President Mehmet Büyükekçi.

Kordsa Global received İTKİB Platin Award – May

Kordsa Global received a platin award in the category of textile at the İTKİB (Textile and Apparel Exporters Associations) Stars of the Exportation Award Ceremony. Kordsa Global got its platin award from Nihat Zeybekçi – Minister of Economy and Mehmet Büyükekçi – President of TIM (Turkish Exporters Assembly)



Turkey's R&D champion Kordsa Global - October

Kordsa Global received two awards at the Private Sector R&D Center Summit and Exhibition by Ministry of Science, Industry and Technology. Kordsa Global won the Best R&D Center of Turkey Award and also was ranked as the first R&D Center in textile category for the third time.

Kordsa was awarded “KalDer Excellence Delegate” Plaque – November

Kordsa Global received “KalDer Excellence Delegate” Plaque at the 24th Quality Convention.



Kordsa Global Ranked 1st in the Innovation Strategy of TIM – December

Kordsa Global was honored by being ranked the first in the Innovation Strategy category at the Improve InovaLig Awards as part of Turkey Innovation Week that organized by Turkish Exporters Assembly (TIM) to support innovative activities. Cenk Alper, the CEO of Kordsa Global, received the prize from President Recep Tayyip Erdoğan.



Kordsa Global received “Best Environmental Innovative Application” - December

Kordsa Global won the grand prize in “Great Company – Best Environmental Innovative Application” category at the Sustainability Practices Competition that organized by Business Council for Sustainable Development. This is the fourth innovation and R&D award that Kordsa Global was deemed worthy in 2015.



Kordsa Global CTO İbrahim Yıldırım received METU Assoc. Prof. Dr. Süha Atamer Award - December

Kordsa Global CTO İbrahim Yıldırım, received METU Assoc. Prof. Dr. Süha Atamer Award given by Chemical Engineering Department. The award is given to honour İbrahim Yıldırım for the national and international innovations performed under the roof of Kordsa Global and for the contributions to university – industry cooperation.

2015 CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Red Day – Heart Awareness Campaign



Kordsa Laurel Hill joined the American Heart Association's fight against heart disease by participating in the National WEAR RED DAY. Employees were asked to show their support for the fight against heart disease in women by wearing "RED". It's an easy, powerful way to raise awareness of cardiovascular disease and stroke in both men and women.

Computer Donation

Our team at Thailand was looking for an opportunity to make use of the unused computers in our plant. They decided to donate these computers to the Suan Kaew Foundation. Thai Indo Kordsa Co., Ltd. donated a total of approximately 100 computers, printers and copy machines to the Suan Kaew Foundation.

Indo Kordsa Regional Development Project

Indo Kordsa started a corporate social responsibility programme in Indonesia in May. The ceremony, organized by Indo Kordsa that values development and growth together within the region, was started with the opening of a repaired main road. Mayor of Bogor and Indo Kordsa Operation Director Nuri Duzgören attended the ceremony.



Kordsa Global Campaign for breast Health: Pink Ribbon

Kordsa Global, started Pink Ribbon campaign among the employees in order to create awareness about breast cancer. Pink Ribbon Campaign aimed at bringing Kordsa Global women employees the regular breast examination habit as well as self examination ability.

Orphanage Visit

Indo Kordsa organized a visit to an orphanage in the Bodwarradit Temple, in Ang Thong province. 51 employees out of 78 participated in the event, and spent the day with children living in the orphanage. During their visit, Kordsa employees served lunch to children. As they did not consider this to be a one-time affair, they wanted to leave a trace of themselves: in addition to foodstuff, they brought items of clothing and toys for children to keep.

"Safety at Home" Painting Contest

Kordsa Global organized its second painting contest to raise awareness about home safety.

Would You Go Out With Me?

Would You Go Out With Me was a project carried out in August together with Turkey Spinal Cord Paralytics Association. Would You Go Out With Me focused on children with spinal cord paralysis. The idea was to spend a weekend with little ones, who cannot engage with the outside world the way we can. Throughout August, Kordsa Global employees picked up 11 children from their homes with their companions, and spent the day together, doing whatever the children wished.

Call to Healthy Life from Kordsa

Kordsa started a new program to increase awareness about healthy living. The program was organized for Kordsa employees and their families. With the assistance of dietitian, psychologist and a physical therapist; program aims at lifelong change in dietary and exercise habits of the attendees.

Pink Together Month - Breast Cancer Awareness Campaign

October is globally recognized as the Breast Cancer Awareness Month, in which thousands of organizations highlight the importance of breast cancer awareness, education and research. Kordsa Laurel Hill Team joined the fight against Breast Cancer by participating in the Pink Together Month. They showed their support to fight against breast cancer by wearing Pink in October.



Kordsa employees donated stem cell with "Save A Life" Campaign

Kordsa Global started "Save a Life" campaign with the cooperation of Kizilay. Within the scope of this campaign that continued in October, Kordsa Global employees donated blood and stem cell and also got information about the importance of stem cells for human health.

Susan G. Komen Race For The Cure



Each year, Chattanooga employees work together to raise money for the Susan G. Komen Race for the Cure Foundation. Foundation focuses on creating awareness about breast cancer. Chattanooga employees had several fundraisers for this cause: a bake sale, a Pie in the Face contest and employee participation in the Race for the Cure. The fundraiser ended with employees participating in the annual Susan G Komen Race for the Cure 5K run. In total, \$2,100 was raised to donate to the Foundation.

Kordsa Global "Reinforced" the Future



Each year, Kordsa Global leadership teams from all over the world get together at the Global Leadership Summit. This year, as part of the event, Kordsa Global, has renewed a primary school to reinforce the future. Kordsa Global CEO, Cenk Alper; and top managers of Kordsa Global joined the renovation process, and the prefabricated school building has been completely restored. During the renovation day, new extensions have been built and the conference room has been rearranged. A library, a science lab, a computer lab have been built to support the student education program, and the gym, the school cafeteria and spaces for outdoor sports have been repaired for sport and leisure purposes. A new sleeping room and a cafeteria have been constructed and the playroom has been rearranged for the preschoolers.

2015 NEWS

Kordsa Global receives ISO 50001 certification – April

Kordsa Global’s energy management policy has been awarded the ISO 50001 certification. Passing the audits made by BVQI successfully, Kordsa Global became one of few Turkish companies owning ISO 50001 certificate. ISO 50001 certificate standardizes the efficiency of energy consumption, systems and processes while improving energy performance among organizations.



Kordsa Global listed in Istanbul Stock Exchange 100 Index - July

The world’s leading nylon and polyester yarn, cord fabric and single end cord producer, Kordsa Global entered the Istanbul Stock Exchange 100 Index listing as of July 1, 2015. 20% of Sabancı Holding’s Kordsa Global shares are traded in Istanbul Stock Exchange, and the company’s trading volume reached 29%, marking an increased market value for Kordsa Global. With this success Kordsa Global has entered for the first time in the BIST 100 index. Increased investor interest in Kordsa Global’s growth was one of the key factors in this success. Trading volume and continuous growth in the past six months, in addition to volume and pricing stability, Kordsa Global aims to earn a permanent listing in Istanbul Stock Exchange 100 index.



Kordsa Global launched TPM in İzmit and in Indonesia – August

Kordsa Global, launched Total Productive Maintenance application in İzmit and Indonesia factories to reach the zero work accident, zero quality defect and zero malfunction targets.



Chip Recycling Programme of Kordsa Global turned to a sustainability success – August

Chip Recycling Project, that products 400 kg production in one hour, was realized by Kordsa Global with USD 800.000 investment amount. Trashes, which occur during production in the nylon 6.6 fibre production facilities, are being converted to nylon 6.6 chips and recycled as engineering plastic.

IndoKordsa celebrates 30th anniversary – August

IndoKordsa, Kordsa Global’s manufacturing plant in Indonesia, celebrated its 30th year.



Sürdürülebilirlik Raporu

Kordsa Global First Sustainability Report released – September

Kordsa Global presented its first sustainability report to its shareholders and to the public which examines the activities of the 2013-2014 period in regard to economic, environmental and social performance. The report was prepared in accordance with Global Reporting Initiative (GRI) Sustainability Reporting Guidelines at GRI G4 Core level.

Kordsa collaborates for open innovation – November

Kordsa Global gathered business and academia partners to talk about open innovation and hosted "Collaborations towards Excellence" session at the 24th Quality Convention in Istanbul, Şirin Payzın. Kordsa Global CEO Cenk Alper, Prof. Dr Hasan Mandal From Sabancı University, Assoc. Prof. Dr. Ersin Acar from Boğaziçi University, and DuPont Global Marketing Director Imre Horvath were present at the session. During the session, importance of collaboration between industry and universities, and open innovation concept were discussed.



Kordsa Global placed in Fortune Turkey 500 list- September

Kordsa Global has been ranked 80th in Fortune Turkey 500 listing. Fortune 500 lists the 500 largest companies in Turkey in collaboration with CRIF every year.



2015 MARKETING COMMUNICATION ACTIVITIES



Kordsa 38th Turkeybuild

Kordsa Global attended to “Istanbul Yarn Fair 2015” with technical yarn products, which is awaited by the textile and yarn sector 5 – 8 February

12th International Istanbul Yarn Fair is attended by many local and international visitors and professionals. At exhibition which hundreds of companies and representatives from Turkey and the world attended every year, Kordsa Global was the focus of attention of participants with its high quality nylon and polyester yarns.

Kordsa Global attended in Tire Technology Expo 2015 with its innovative cap ply solution Capmax® – 10-12 February

Kordsa Global attended in Tire Technology Expo 2015, Europe’s leading tire design and manufacturing exhibition, with broad product portfolio range and especially attracted great interest with its innovative cap ply solution Capmax®.

Kordsa Global attended its first exhibition with its composite products – 10 – 12 March

Kordsa Global attended JEC Europe in Paris, which is the biggest composites exhibition in the world held since 1956. Kordsa Global was at JEC Fair for the first time with a booth. Kordsa Global’s carbon, aramid, glass, hybrid fabric and prepreg solutions for use in aerospace, automotive, marine, civil, sports & leisure industries were presented at the fair.

Synchronous Kordsa Global All Star excitement in 5 continents – 26 March

Kordsa’s global award program All Star was held in 5 continents synchronously. At the award ceremony which was broadcasted live from 8 different plants on 5 different continents, the employees who were deemed worthy of the award got their trophies from their company’s board members.

Kordsa Global, participated in 38th Turkeybuild İstanbul – 21-25 April

Kordsa Global, participated in 38th Turkey Build İstanbul, held in İstanbul, between 21 and 25 April 2015 and presented its concrete reinforcement product, KraTos™ to sector professionals.

Kordsa Global, participated in the 9th Concrete Congress with its reinforcement product, KraTos™ – 16-18 April

Kordsa Global participated in the 9th Concrete Congress held in Antalya, with its reinforcement product, KraTos™. The congress, which brought together the shareholders of the construction and concrete sector, attracted great attention of the participants.

Kordsa Global, joined Techtexsil 2015 at Frankfurt – 4 – 7 May

Kordsa Global, which is the world leader in the reinforcement materials sector, participated in the Techtexsil Exhibition, which is known as the most important exhibition on technical textiles, held in Frankfurt, Germany between 4-7 May. At the exhibition company had the opportunity to meet with both current and potential clients; its materials on tire, construction and composite reinforcement were presented. The exhibition, attracted almost 30 thousand sector professionals of almost 1650 companies from more than 50 countries.



Kordsa Global First Sustainability Report released – September

Kordsa Global presented its first sustainability report to its shareholders and to the public which examines the activities of the 2013–2014 period in regard to economic, environmental and social performance. The report was prepared in accordance with Global Reporting Initiative (GRI) Sustainability Reporting Guidelines at GRI G4 Core level.

Kordsa Global attended Turkish Composite Summit – 8 – 10 October

Kordsa Global attended Turkish Composite Summit organized by Turkish Composite Manufacturer Association. During the summit, Kordsa Global emphasized the future promised by composite materials which are three times stronger and ten times lighter than metal.

Kordsa Global hosted “Collaborations towards Excellence” session at the 24th Quality Convention – 18 November

Kordsa Global gathered business and academia partners to talk about open innovation and hosted “Collaborations towards Excellence” session at the 24th Quality Convention in Istanbul. Under Şirin Payzın’s moderation, Kordsa Global CEO Cenk Alper, Prof. Dr Hasan Mandal from Sabancı University, Assoc. Prof. Dr. ERsin Acar from Boğaziçi University and DuPont Global Marketing Director Imre Horvath were present at the session.



2 More Issue of The Reinforcer is Released

Published to share latest Kordsa Global news to stakeholders all around the world, reunited with the readers through 2 new issue. The issues, which include articles of our employees as well as our stakeholders, have been delivered to all our business partners to keep them updated.



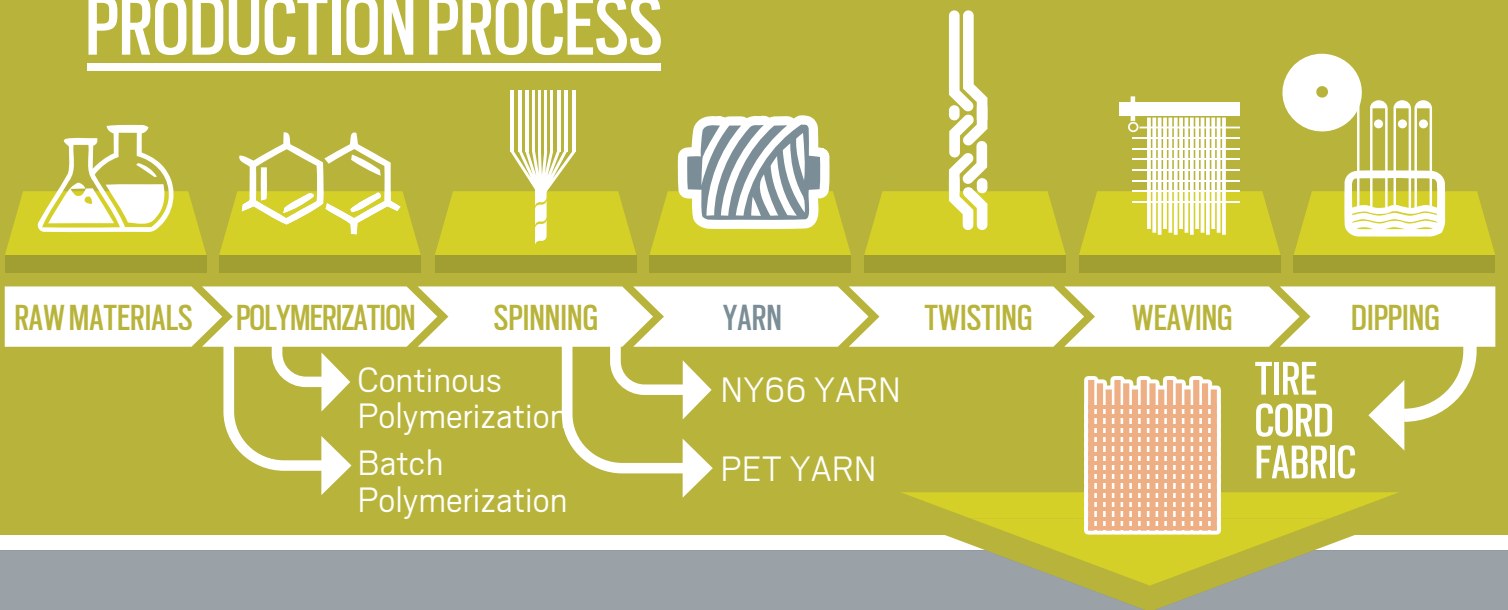
RAW MATERIALS



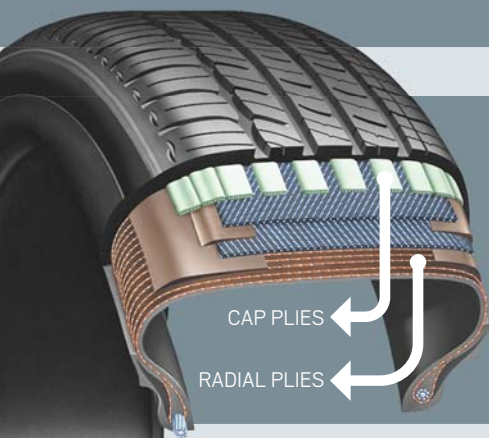
HMLS PET
PET Chip

NY66
HMD
Adipic Acid
NY66 Salt
NY66 Chip

PRODUCTION PROCESS



PRODUCTS

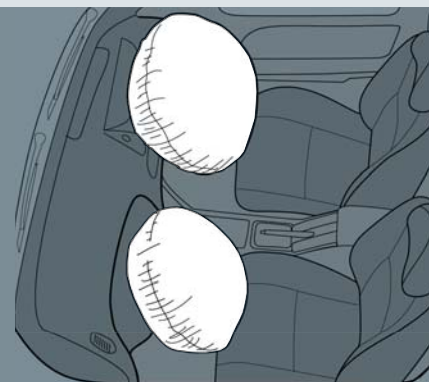


NAYLON 6.6

- KORDSA** T728
- KORDSA** T802
- KORDSA** T728 SEC
- InterCord®**
- KORDSA** SA164
Technical Yarn
- KORDSA** SA147
Airbag Yarn

PET HMLS

- KORDSA** 2G-HMLS
- KORDSA** 3G-HMLS
- KORDSA** 4G-HMVLs
AA&NAA



SPECIAL PRODUCTS AND TECHNOLOGIES



- A tire is a highly complex composite with c.40 components working under dynamic conditions.
- NY66 typically used in cap plies; PET typically used in radial plies.

PRODUCTS

Kordsa Global is the global player in the tire, composite, and construction reinforcement market. The reinforcement giant is the global leader in the Nylon 6.6. market and stands out as one of the leading players in the polyester yarn market. Among its major customers in the tire reinforcement market are automotive tire and mechanical rubber manufacturers. In the composite market, products are supplied to a variety of industries including sports gear, wind turbine, shipping and especially aviation and automotive industries. In the construction business, our company supplies products to major infrastructure and superstructure projects.

TIRE REINFORCEMENT TECHNOLOGIES

Yarn

Kordsa is making extensive use of its experience in industrial yarn production in other types of technical textiles production. KORDSA Polyamide 66 fibers that feature a high strength and wear resistance profile thanks to their unique molecular structure and manufacturing technology are already being used in many areas including protective textiles, net/rope, chopped fiber/flock and carpet yarn applications. Partnerships are being established with leading textile/carpet/yarn manufacturers in Turkey and Europe to promote the roll-out activities.

Cord Fabric

At its hi-tech facilities, Kordsa Global processes Nylon 6.6, polyester (HMLS and technical), rayon and aramid yarns to produce cord fabric, which lends tires strength and flexibility.

Single End Cord

Single end cord production uses a variety of synthetic yarns such as nylon, polyester, aramid, rayon, and yarns containing natural fibers. Pursuant to customer specifications, these yarns are spun in single- or multiple-ply, and later cured to the required adhesion and physical properties.



Branded Tire Reinforcement Products

Capmax®

Easy Production, Low Cost

Capmax® is a cap ply product that can be applied directly without the need for rubber coating at the tire manufacturing unit.

Capmax® eliminates the need for paste work up, calendaring and cutting in the standard cap ply preparation process, and thus, decreases production costs and increases efficiency. By eliminating the need for rubber coating, Capmax® reduces the total rubber content of the tire, which translates into a cost advantage, as well as contributing to a reduction in rolling resistance and fuel consumption.

The potential market for Capmax® is the Global Light Vehicle Tires Market, where cap ply is utilized. With a share of approximately 80% in the total tire market, the retreading business offers an additional potential of high volume sales due to its scale advantage. As the profit margin of tires with smaller rim sizes is relatively low, it is essential to minimize the production costs. Tires with lower speed ratings are therefore practically risk-free with regard to product approval.



High Performance Hybrid Cord Solutions

Cords that are formed by plying two or more different types of materials together are referred to as “hybrid cords”.

Products that consist of hybrid cords are commercially offered to the industry under the brand name “Twixtra®”.

In this line of products, the Aramid Nylon 6.6 hybrid cord is the most popular system. The product of choice of automotive manufacturers for high-performance tires is the Aramid/Nylon 6.6 hybrid cord product.

In 2014, Kordsa Global stepped up the sales of Twixtra®, virtually the lightest hybrid cord product in the world, and achieved expected sales volumes. This product is much lighter than its predecessor and thus, it allows the tire to be produced with fewer raw materials, and lighter weight tires allow for reduced fuel consumption. The existing product design is offered only by Kordsa Global, which differentiates it from its competitors.



High Protection

Protective Tire Shield

Cord structures that are formed by plying monofilaments together are commercially offered under the brand name “Monolyx®”.

Currently, the product is used on carting tires.

In 2013, application of the product in truck tires revealed significant advantages. The use of Monolyx® in “cargo” tires is associated with a reduction by 5% in rolling resistance. This translates into an average annual return of 15% per tire. In case of dumper trucks, it has been shown that tire integrity is maintained especially in tough road conditions, and tires sustain less damage. The client approval process for both applications is underway.

Another major feature of Monolyx® is its resistance to cutting. With a 2.5-times higher resistance profile compared to ordinary textiles, Monolyx® will be used as a protective layer in aircraft tires.

RF-Free Dipping Technology

Kordsa Global, as a leader of the industry with environmentally friendly practices, ascribes great importance to developing more sustainable products.

As part of this initiative, Kordsa offers a brand new project that will revolutionize the tire cord fabric industry with a new RF-free dip solution which was developed in-house.

The results obtained at tire tests indicate that the cord yarn coated with this RF-free dip solution performs as good as cord yarn coated with conventional RF dip solutions.

With this new product, Kordsa is ready to tackle the new regulations that will apply to tire industry in the near future and meet the expectations of its customers.

Kordsa® SA164 Technical Nylon

Kordsa is making extensive use of its experience in industrial yarn production in other types of technical textiles production. KORDSA Polyamide 66 fibers that feature a high strength and wear resistance profile thanks to their unique molecular structure and manufacturing technology are already being used in many areas including protective textiles, net/rope, chopped fiber/flock and carpet yarn applications. Partnerships are being established with leading textile/carpet/yarn manufacturers in Turkey and Europe to promote the roll-out activities.

Kordsa® Nylon 6.6 Products

Kordsa® T728

Yarn: T728

Polymer: PA66

Kordsa® T802

T802 cord fabric is mainly used in aircraft tires. Kordsa Global is the market leader in this area.

Product highlights include:

- Light-weight
- High processability
- Durability
- Enhanced safety
- High load capacity

Areas of application:

- Cap ply strip material for passenger cars and light commercial vehicles
- Carcass, reinforcement strip material

Kordsa® T728 SEC InterCord®

T-728 SEC is a multi-filament PA66 yarn product specially engineered for advanced industrial solutions. Its enhanced physical properties provide a superior mechanical yarn quality. It is extensively used in the production of modular tires. Other applications include hoses, air springs, and V-belts.

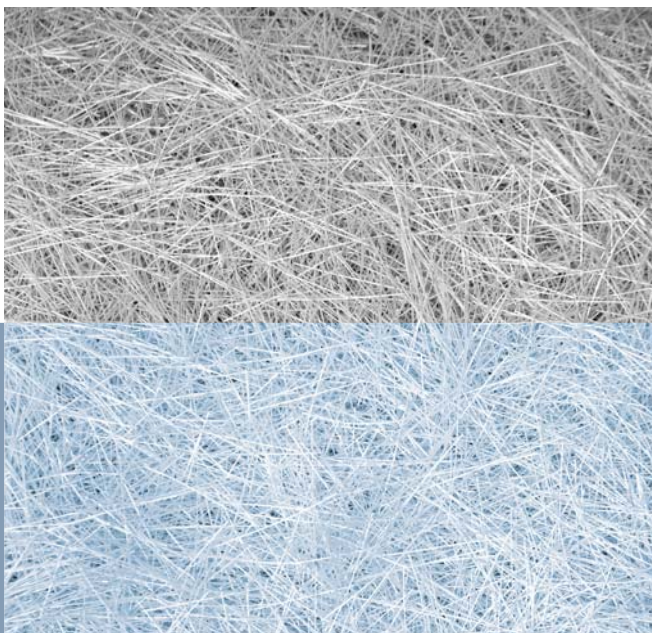
CONSTRUCTION REINFORCEMENT TECHNOLOGIES

Set up in the second quarter of 2014, the Kordsa Global Construction Reinforcement Business Unit is involved in market research and technology development for the manufacturing of construction reinforcement products.

Kordsa Global has combined its experience in industrial fiber technologies with its reinforcement mission to introduce its brand Kratos, the first product of the Construction Reinforcement Business Unit, and continues now with its R&D activities for other innovative reinforcement materials.

Offering speed, labor cost savings, equipment and energy efficiency, as well as long-lasting durability and low carbon emission for successful and sustainable construction projects, Kratos stands out as a new concrete reinforcement synthetic fiber for the construction industry. Together with Akçansa and Çimsa, Kratos was awarded the First Prize in the Corporate Synergy subcategory of the Golden Collar Awards of the Sabancı Group in April 2013, and also became the first Turkish product in the global fiber reinforcement market, which has a total value of more than USD 500 million. Increasing growth and awareness in the construction market has resulted in a preference for synthetic fiber reinforcement products as one of the most innovative solutions.

CE-certified Kratos Synthetic Fiber Reinforcement products not only provide labor cost savings and reinforcement of the concrete in terms of resistance and long-lasting durability by increasing its load-bearing capacity, but also prevent cracks, which makes Kratos Macro the material of choice in infrastructure and superstructure projects instead of wire mesh or anchoring. Thanks to its easy handling and internal curing properties, Kratos Micro differentiates itself from the competition in the market, and provides effective solutions. Kratos Macro and Micro products are now preferred in major projects in the domestic market for their easy handling advantages and performance. Our activities in markets where we have a global footprint are well under way.



COMPOSITE TECHNOLOGIES

Kordsa Global develops innovative and unique intermediate products and applications in the field of composite reinforcement for a variety of industries, notably aviation and automotive as well as sports equipment, wind turbines and marine.

Producing thermoset prepregs for the aviation, automotive, sports equipment and medical industries, Kordsa Global boasts a wider product range and more flexible production capabilities thanks to the strength it gains from weaving its own fabric.

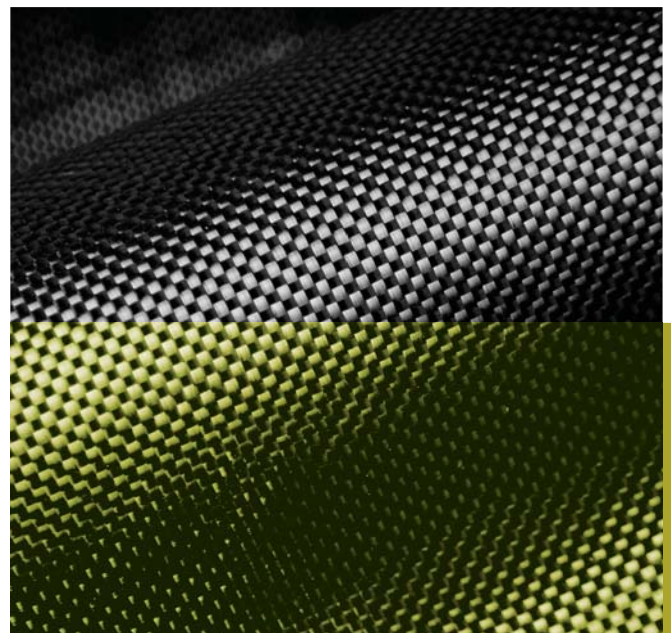
As a result of solution partner vision, in addition to fabric and resin development activities, Kordsa Global Composite Technologies also serves design, analysis, material library for CAE, prototype production in accordance with the needs of the customer. As being one solution partner, Kordsa Global is working on developing customized, cost efficient intermediate products for composites.

Kordsa Global meets the needs of the composites sector by short lead times and high quality products owing to its state-of-the-art equipment, competent staff, and experience of 40 years in weaving and coating technologies.

Technology leadership...



As one of the most important development centers globally in this field, the "Composite Technologies Center of Excellence" combines industry and university under the same roof. The center, which will host both Kordsa Global and Sabancı University, will be home to basic research, applied research, technology development, product development, entrepreneurship, and production processes. Researchers, designers, engineers, managers and staff of the production process, PhD students, postdoctoral fellows, faculty members and entrepreneurs from incubators, i.e. all relevant players will co-exist in this ecosystem.

The objective here is to be able to serve stakeholders throughout the different stages of the R&D cycle depending on the customer's requirements, starting with R&D, continuing with prototyping, and ending in mass production.



HUMAN RESOURCES



Toplam Çalışan Sayısı	Çalışan Dağılımı	Beyaz Yaka Çalışan Öğrenim Durumu %
3.745	Kadın  %27	Erkek  %73
		%10,2 Doktora %18,95 Yüksek Lisans %44,1 Lisans %10,88 Ön lisans %15,87 Lise ve altı

VISION

To position the Human Resources function as a critical “business partner” for Company’s other corporate functions; to provide top quality services at world standards to internal customers; and to create a company that is an “employer of choice”.

MISSION

To attract talents and lead them in shaping the future of the Company

To create a positive organizational climate

To support the empowerment of employees and guide their development

To develop, implement support programs-processes that ensure stakeholder satisfaction

GLOBAL DEVELOPMENT SCHEMES

Global development schemes target 3 different potential levels and aim to improve the performance of participants by using different techniques for each level based on individual needs.

The “Basics of Leadership” scheme includes programs that aim to improve leadership skills at the executive level. The scheme consists of 2 modules and spans over 5 days and

participants improve their knowledge and skills related to management excellence and creating a winning organization.

The “Next Generation” program consists of 2 modules and spans over 5 days and aims to improve the personal and interpersonal communication skills of employees in expert / engineer positions.

ETİKA

Kordsa Global has been granted “ETİKA 2014 Turkey’s Most Ethical Companies” award by Ethic Values Center (Etik Değerler Merkezi – EDMER). The award is given to honor the companies who set a good example for the young, in terms of raising awareness on work ethics and adopting the idea of ethical consciousness. Kordsa Global, which was deemed worthy of an Etika Award for the third time this year, received an “ETİKA Ethical Continuity” award as well.

HUMAN RESOURCES PROCESSES

HR Strategies

- Organizational Development
- HR Planning and Budgeting
- Selection and Recruitment
- Performance Management
- Employee Development
- Awards Management
- Industry Relations
- Expat Management
- Employee Relations
- Following and Reporting

RECOGNITION AND REWARDING AT KORDSA GLOBAL

Kordsa Global ascribes great importance to a fair and inspiring recognition and rewarding strategy, which is essential to retain qualified and talented employees at all levels. Therefore, the Global HR Department oversees a Global Recognition and Rewarding initiative in addition to the Local Recognition and Rewarding processes managed by the HR teams in their respective countries.

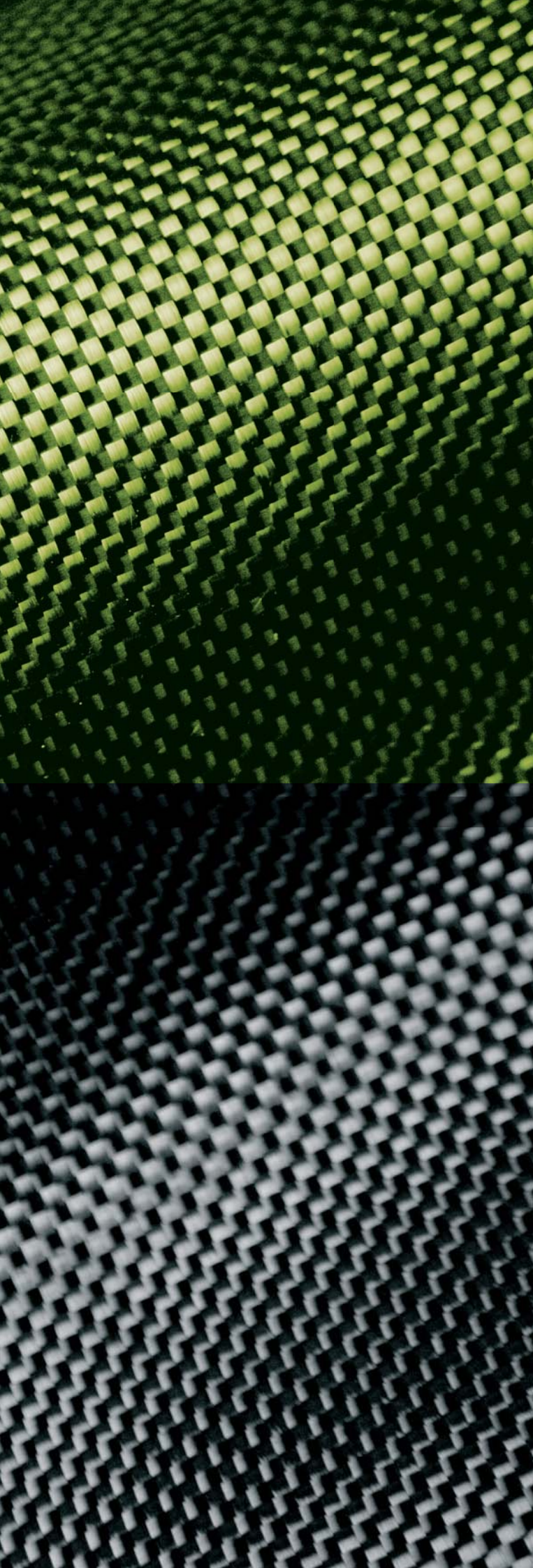
Since 2006, successful projects and staff that contributed to that success, as well as high-performing organizations (countries-plants) are rewarded with “All Stars Awards” at global level.

PEOPLE MANAGEMENT PERFORMANCE AT KORDSA GLOBAL



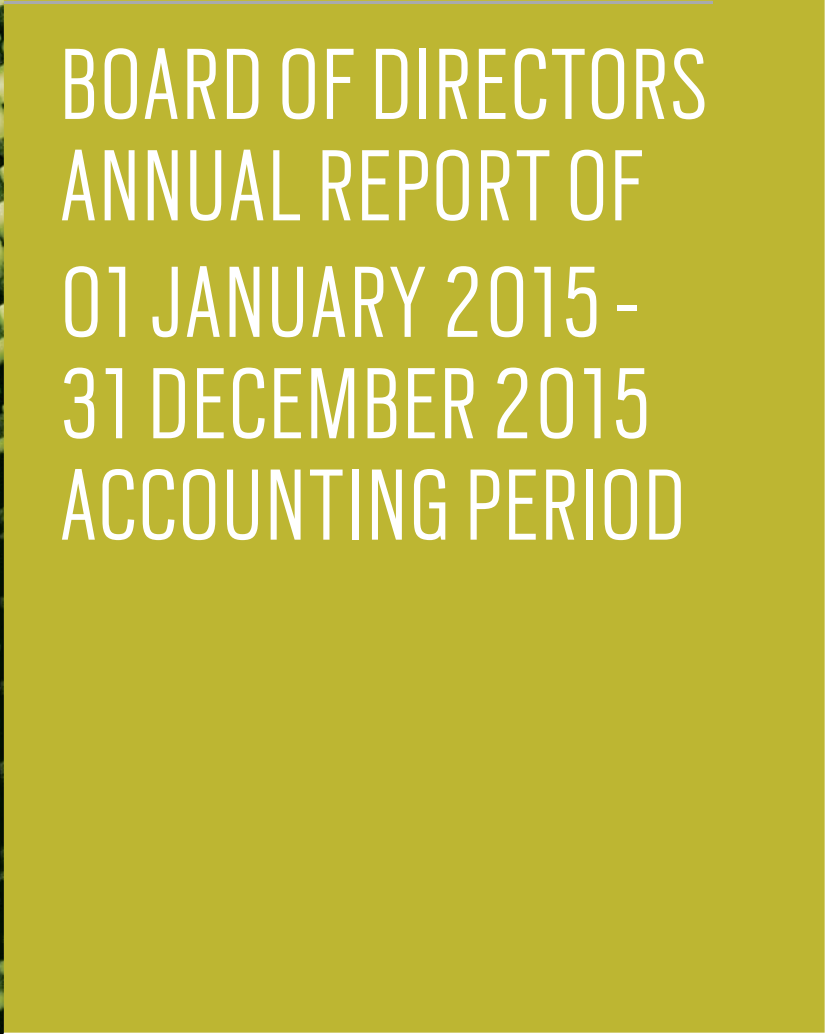
The most comprehensive practices-mechanisms to measure the People Management Performance of the company are as follows:

- Employee Satisfaction and Engagement Survey (every two years)
- Global HR Report (monthly)
- HR Process Parameters (periodic) and ISO 9001 Internal Audits
- Corporate HR Scorecard (periodic)
- HR Process Identifications and KPIs





BOARD OF DIRECTORS
ANNUAL REPORT OF
01 JANUARY 2015 -
31 DECEMBER 2015
ACCOUNTING PERIOD



1. General Information:

a) Accounting period of the report: 01 January 2015 – 31 December 2015 Accounting Period

b) Company's trade title, trade registration number, contact information regarding its headquarter and branches and website address:

Trade Title	: Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi
Quarter Name	: Sabancı Center Kule:2 Kat:17 34330 4.Levent, Beşiktaş / İSTANBUL – TÜRKİYE
Contact Address	: Sabancı Center Kule:2 Kat:17 34330 4.Levent, Beşiktaş / İSTANBUL – TÜRKİYE
Telephone	: 0212-385 85 30
Fax	: 0212-281 00 12, 282 54 00

Addresses of Production Facilities:

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi Factory
Alikahya Fatih Mahallesi Sanayi Caddesi No:90 İZMİT 41310 / KOCAELİ – TÜRKİYE

Information related to our production facilities abroad is located on our website

Electronic Mail Address : info@kordsaglobal.com

Web Address : www.kordsaglobal.com

Registration Date	: 17.08.1973	Kordsa Kord Bezi Sanayi ve Ticaret A.Ş.
	: 12.04.2000	Kordsa Sabancı Dupont Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
	: 09.12.2005	Kordsa Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
	: 30.11.2006	Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

Mersis No : 0577-0053-5640-0013

Trade Registration Number : 123648

Registry of Commerce : T.R. Istanbul Registry of Commerce

Tax Office : Large Taxpayers

Tax No : 577 005 3564

c) Company's organization, capital and partnership structures and amendments regarding them within the fiscal period:

Briefly Kordsa Global:

"Kordsa Kord Bezi Sanayi ve Ticaret Anonim Şirketi" founded in İzmit district of Kocaeli in 1973 has been operating since 9 February 2006 with trade title "Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi" as subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding").

Main Area of Activity of Kordsa Global:

Manufacturing of yards found in structure of tires and forming the main frame; manufacturing of industrial fabrics and industrial cord found in structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses; manufacturing of heavy denier fiber and connection fabrics; turning any kind of yards into rubber cord fabric, fabrics used in mechanical rubber goods, guide fabrics and other rubber reinforced material and their marketing; Manufacturing of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester and rayon heavy decitex yard and all marketing, sales, exportation and importation and

Participating in capitals and managements of local or foreign companies founded and/or to be founded for the purpose of working on any kind of business subject particularly commercial, industrial, infrastructure services, transportation services, mining, touristic,

construction subjects; to make them to be managed by creating competing conditions that will respond to needs and in favor of companies whose capitals and management it participated in and more efficiently, rational and profitably depending on the same management and behavior relations and in accordance with the current conditions and other works written in text of amendment to the main contract registered on 1.4.2013,

Capital and Partnership Structure

Registered Capital: 500.000.000,00 TL

Paid Capital: 194.529.076,00 TL

Partners Owning more than 10% of Company Capital

There are no real person ultimate controlling shareholder of the Company.

Whole of Company stocks (shares) are registered. Company's stocks have been putting into process in Borsa İstanbul A.Ş. (BİST) since 1991.

The Company can not make tracking of share transfers of shareholders representing its public capital (28,89%). The Company is only informed 1 stockholder who is owner of stocks/dividends representing other capital of the company (71,11%).

Shareholders possessing Kordsa Global's stocks and their share ratios are as follows:

SHAREHOLDER	NUMBER OF SHARES	CAPITAL RATIO (%)	SHARE LOT	SHARE AMOUNT NOMINAL (TL) (1 SHARE 1 KR)
Hacı Ömer Sabancı Holding A.Ş.	13.832.761.401	%71,11	Nama	138.327.614,01
Other	5.620.146.199	%28,89	Nama	56.201.461,99
Total	19.452.907.600	%100,00		194.529.076,00

ç) Privileged Shares, Shares' Right to Vote:

According to Company Main Contract, there is one right to vote for each share in the Board of Directors and there is no privilege in right to vote.

There are no company that our company has mutual shareholding benefits.

There are no provision restricting stock transfer in the articles of association.

Share transfers among partners is performed within the framework of Turkish Trade Act and Capital Markets Law provisions.

SHAREHOLDER	RIGHT TO VOTE	CAPITAL RATIO (%)	RIGHT TO VOTE RATIO (%)	SHARE AMOUNT (TL)
Hacı Ömer Sabancı Holding A.Ş.	13.832.761.401	%71,11	%71,11	138.327.614,01
Other	5.620.146.199	%28,89	%28,89	56.201.461,99
Total	19.452.907.600	%100,00	%100,00	194.529.076,00

d) Management body, senior managers and number of personnel:

Board of Directors:

	JOB	NAME AND SURNAME		MANAGEMENT BOARD MEMBERSHIP FIRST BEGINNING	JOB DURATIONS 3 YEARS	
					BEGINNING	END
1	CHAIRMAN	Mehmet Nurettin PEKARUN	EXECUTIVE MEMBER	30.09.2010	24.03.2015	MART 2018
2	DEPUTY CHAIRMAN	Neriman ÜLSEVER	EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE MEMBER EARLY DETECTION OF RISK COMMITTEE MEMBER	16.08.2011	24.03.2015	MART 2018
3	MEMBER	Peter Charles HEMKEN	NON- EXECUTIVE MEMBER	20.09.2013	24.03.2015	MART 2018
4	MEMBER	Seyfettin Ata KÖSEÖĞLU	NON- EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE MEMBER	16.08.2011	24.03.2015	MART 2018
5	MEMBER	Fezal OKUR ESKİL	NON- EXECUTIVE MEMBER	24.03.2015	24.03.2015	MART 2018
6	INDE- PENDING MEMBER	Atıl SARYAL	NON- EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE CHAIRMAN AUDIT COMMITTEE MEMBER EARLY DETECTION OF RISK COMMITTEE MEMBER	18.04.2012	24.03.2015	MART 2018
7	INDE- PENDING MEMBER	Hüsnü Ertuğrul ERGÖZ	NON- EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE CHAIRMAN AUDIT COMMITTEE MEMBER EARLY DETECTION OF RISK COMMITTEE MEMBER	18.04.2012	24.03.2015	MART 2018

Senior Management:

	NAME AND SURNAME	JOB
1	Cenk ALPER	CEO (Chief Executive Officer - İcra Kurulu Başkanı)
2	Ali ÇALIŞKAN	Chief Operating Officer, Europe, Middle East, Africa (EMEA)
3	Bülent ARASLI	Single End Cord Business Unit Director
4	Hakan ÖKER	Genel Müdür Yardımcısı, İnsan Kaynakları
5	Fatma Arzu ERGENE	Chief Financial Officer, and Chief Operating Officer, South America (SA)
6	İbrahim Özgür YILDIRIM	Chief Technology Officer and Composites Business Unit Leader
7	Mehmet Zeki KANADIKIRIK	Chief Operating Officer, Asia Pacific (APAC)
8	James Thomas DEL PIANO	Chief Operating Officer, North America (NA)
9	Abdülkadir TOPLU	Global Supply Chain Director
10	Vahe HANAMİRİAN	Global Accounts and Marketing Director
11	Murat Oğuz ARCAN	Business and Market Development Director and Construction Business Unit Leader

KURUMSAL YÖNETİM TEBLİĞİ (II-17.1), KURUMSAL YÖNETİM İLKELERİ,

2.2. Faaliyet Raporu,

2.2.2. a)

Personal backgrounds of Board of Directors Members and managers, information on tasks they conduct out of the company and statements regarding independence of Board of Directors Members are contained on our www.kordsaglobal.com website and 5.1. article of Report on Compliance to 2015 Corporate Management Principles..

As of 3rd January 2016, Mr. Bülent ARASLI, the Single End Cord Business Unit Director, has been appointed General Manager of InterKordsa GmbH Germany within the scope of long-term international assignments program.

Mr. Hakan ÖKER, Human Resources Assistant General Manager, resigned from the company as of 3rd January 2016. Ms. Nazan KESKIN, Human Resources and IT Director has been appointed to replace him by proxy.

2.2.2. b)

Members of committees established within the Board of Directors, their meeting frequency, working principles to contain conducted activities and assessment of board of directors regarding efficiency of committees are contained in 5.3. article of Report on Compliance to 2015 Corporate Management Principles.

2.2.2. c)

Number of meetings of Board of Directors within the year and state of participation of Board of Directors

Members in the said meetings are contained in 5.2 article of Report on Compliance to 2015 Corporate Management Principles.

Number of Staff (As of 31.12.2015)

Including Sub Employer	
Country	Number of Employees
Turkey	1.326
Indonesia	1.287
Thailand	381
Brazil	425
USA	308
Egypt	260
Germany	82
China	4
Total	4.073

White Collar Employee Educational Background (%)

% 2,12 Doctorate
% 20,95 Post Graduate
% 50,13 Bachelor's Level
% 10,88 Associate
% 15,92 Highschool and Below

Collective Contract Applications:

Provisions of XXIII. Period Group Collective Labor Contract signed on 15 August 2013 between Turkish Textile Weaving and Clothing Industry Labor Unions (TEKSİF) that our unionized employers are members and Turkish Textile Employers' Association that our Company is a member.

e) If any, information on transactions that management body members make with the company on behalf of themselves or another person within the frame of permission given by company general board and their activities within the scope of prohibition of competition.

Our Chairman and Members of the Board have been freed to make treatments in the directions of 395. and 396. articles of Turkish Trade Act by General Board.

In twelve-month period in 2015, Company members of the board did not make any transaction with the company and/or make any attempts that may be competitor in the same fields of activity.

FINANCIAL RIGHTS PROVIDED TO MANAGEMENT BODY MEMBERS AND SENIOR MANAGERS:

In accordance with the article 4.6.5 of the Corporate Governance Principles, the wages and benefits provided to the Board Members and senior management are announced to the public in the annual report. However this announcement does not include names of the recipients.

The article 5.6 of the 2015 Corporate Governance Compliance Report covers this issue, also the note 27 in the explanations about the Audited Consolidated Financial Statements provides related details.

2. COMPANY'S RESEARCH AND DEVELOPMENT STUDIES:

INNOVATION AND TECHNOLOGY

KORDSA GLOBAL engraved the concepts of "Innovation and Excellence" into their corporate culture. The company develops new products, processes, and methods in its R&D Center in Kocaeli, and takes the necessary steps to lay the ground to make these products and production processes industrialized. This center received "R&D Center" title according to the "R&D Center Document", as a result of the assessment made based on the Law No. 5746 for Supporting the Activities of Research and Development. The said law grants certain subsidies, which necessitates annual audits carried out by arbitrators and a committee appointed by the Ministry. The center passed these audits successfully since its conception. The subsidies are extended for 1 more year upon successful completion of the audits. The latest audit was done in September for the 7th activity period of the Center.

Kordsa Global ranks the first in the general listing of the R&D Centers Performance Evaluation of the Ministry of Science, Industry, and Technology. It has been selected the most successful R&D Center of the textile industry three years consecutively.

Kordsa Global was awarded the First Prize in Innovation Strategy, in "Inovalig" the Innovation Awards organized by Turkish Exporters Assembly, and AT Kearney.

75 people are employed as of 31.12.2015 for the current projects. 5% of the staff has PhD or higher degrees, 27% graduate degree, 25% undergraduate degree.

The revenues from new products were USD 40 million in 2014, this figure increased by 29% in 2015 to reach USD 52 million. Kordsa Global enhances its leading position in technology in tires, construction, and composites reinforcement markets, with its new products and intellectual property rights coming from more than 100 patents. The total number of patent applications in 2015 was 251, mostly international, 90 of which have been registered, and the remaining 161 are still being examined.

Our brand recognition efforts for new products are also ongoing. The brands created since the establishment of the Center, i.e., Twixtra, Monolox, Capmax, Hartech, and Kratos provide differentiation with new products. In addition to these The Reinforcer brand was added to the portfolio in 2015.

The Turquality subsidies program supported the increase in the brand value of Kordsa Global; the 5-year extension request for this subsidy was approved by the Ministry of Economy.

A concrete lab was established in order to enhance the product development activities of the Construction Reinforcement Business Unit. Our Composites Reinforcement Technologies Business Unit on the other hand, came up with the weaving of carbon fiber fabric. The construction of the Composites Technologies Center of Excellence, an innovative example for the industry-university cooperation between Kordsa Global and Sabancı University, continued.

The Center will be home for graduate studies, research, applied research, product development, production, incubation services, and commercialization activities; PhD and post doctoral students, faculty members, researchers, engineers, and production staff will have the opportunity to work under the same roof.

Investments in these areas will increasingly continue.

LABOR HEALTH, LABOR SECURITY AND ENVIRONMENT

Kordsa Global has been considering security and health of employees a basic value for a long time. Besides, there are wide ranging local and national legal regulations towards encouraging a secure workplace. Wide ranging and continuous training and regular security audits carry basic importance in order to understand security laws and act in accordance with them.

Priority in all activities performed at Kordsa Global is "Labor Health", "Labor Security-Environment" and "Quality".

At Kordsa Global, it is thought that all work accidents and diseases related to the work can be prevented. Therefore, training on labor health, labor security and environment is given to all employees coming to work site event for a short-term task and scope of security training is expanded due to identified training requirements.

In 2015 twelve-month period, there were no suits filed against the company due to any environment management and its effects.

Application Rules

1. High performance standards, Business Excellence

Kordsa Global shall comply with the highest standards for operation of its facilities safely and protecting the environment, personnel and public in settlements where its customers present. Kordsa Global shall enforce its works by making security,

health and environment protection issues an integral part of its all activities and continuously making effort in making work activities compliant with the expectations of public.

2. Zero injury, diseases and accident target

Kordsa Global believes that all injuries and occupational diseases as well as accidents related to labor security and natural environment are preventive and its target for all of them is

zero. Kordsa Global assess the impact of each facility it offers to construct on environment and shall design, construct, operate and make their maintenance in such a manner that is secure and acceptable for settlements they bound to and to protect the natural environment.

Kordsa Global shall be prepared for emergency situations and provide leadership to the settlement it is found in order to help them in getting prepared against emergency situations.

3. Zero waste and emission target

Kordsa Global shall work in the direction of zero waste at source. Materials shall be reused and recycled in order to minimize business or disposal need and protect sources. Wastes shall be treated and disposed in a secure and responsible way at the place where they are generated. Kordsa Global shall progress towards zero emission and while doing this, it shall give priority to struggle against emissions posing the biggest potential threat for health or environment.

In cases where past applications created conditions requiring correction, Kordsa Global shall correct them.

4. Protecting energy and natural resources, enforcing living quarters

Kordsa Global shall become prominent with its using coal, petroleum, natural gas, water, mineral and other natural resources efficiently and manage its lands in a manner to enforce living quarters for natural life.

The most important part of corporation's security culture is "what people do when nobody sees them". This culture is its life style. It goes beyond being only a program and becomes a part of our existence.

Kordsa Global is bound to the highest standards in operation of its entire facilities securely and protection of its personnel, customers and environment.

Foreign Assignments

As a global company, carrying information accumulation in other businesses to Kordsa Global businesses in different maturity and being able to offer different experience opportunities to employees are among corporation's HR targets. In this direction, today, there are short or long term tasks within Kordsa Global companies in different countries within many employees foreign assignment strengthening system.

In the next period, it is planned to maintain foreign assignments in the direction of needs and employee expectations.

Business Ethics Rules

Kordsa Global performs its activities in accordance with Kordsa Global Business Ethics Rules accepted by the board of directors.

Kordsa Global Business Ethics Rules regulate our Company's relations with customers, employees, stockholders, suppliers, business associates, competitors, environment and community; and collected under four main titles as legal liabilities, honesty, confidentiality and conflict of interest.

In our each facility, there is an assigned Ethics Rule Consultant responsible for application of Kordsa Global Business Ethics Rules as required.

IMPORTANT DEVELOPMENTS REGARDING COMPANY ACTIVITIES AND ACTIVITIES:

Company activities and important developments regarding activities have been stated below and also detail information is contained in footnotes of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2015 fiscal period.

a) Investments:

The Company made investment at the amount of 37 Million Dollars in 2015 twelve-month period.

b) Internal Control System and Internal Audit Activities, View of Management Body:

Company Board of Directors makes necessary efforts for sustaining the Company's internal audit activities subjected to CMB legislation in the most effective way. For this purpose, Audit Committed was founded within the Board of Directors. Audit Committee submits its activities, detections reached as a result of audit performed by Internal Audit Department and suggestions to the Chairman of Board of Directors. Internal Audit Department makes direct reporting to the Board of Directors via Audit Committee. Processes are reviewed annually and issues to be audited and annual audit plan are determined by the Internal Audit Department. In the direction of this plan, Internal Audit Department studies continue.

This issue has been discussed in detail under the title of "INTERNAL AUDIT DEPARTMENT" in 5.3. Article of Compliance to Corporate Management Principles Report.

c) Subsidiaries, Affiliated Companies (Direct and Indirect*), Geographical Distribution and (%) Shares of the Affiliated Companies:

Affiliated Companies	Country	Geographical Area	%
InterKordsa GmbH	Germany Single End Cord Production and Industrial Yarn and Cord Fabric Trade	Europe, Middle East, and Africa	100,00
Nile Kordsa Company SAE	Egypt Cord Fabric Production and Trade	Europe, Middle East, and Africa	51,00
Kordsa Inc.	The USA Industrial Yarn and Cord Fabric Production and Trade	North America	100,00
Kordsa Brasil S.A.	Brazil Industrial Yarn and Cord Fabric Production and Trade	South America	97,31
PT Indo Kordsa Tbk	Indonesia Industrial Yarn and Cord Fabric Production and Trade	Asia	60,21
PT Indo Kordsa Polyester	Indonesia Industrial Yarn Production and Trade	Asia	99,97
Thai Indo Kordsa Co. Ltd. (*)	Thailand Cord Fabric Production and Trade	Asia	64,19

ç) Information Regarding Company's Own Acquired Shares:

Company has no its own acquired shares within the 2014 twelve-month period.

d) Information on Private and Public Audit

In accordance with the principles determined pursuant to Turkish Trade Act no 6102 and Capital Markets Law no 6362, there was not any private and public audit in our Company within 2014 twelve-month period excluding limited independent audit of Consolidated Financial Reports belonging to 1 January - 31 DEcember 2014 and 1 January 2015- 30 June 2015 Interim Accounting Period by Independent External Audit Firm.

e) Information on Important Claims Opened Against the Company and Ongoing and Their Possible Results:

Detail information is contained in footnote no 16 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2015 fiscal period.

f) Information on Important Administrative Enforcements and Penalties Given About the Company and Members of Board of Directors Due to Applications Against Legislation Provisions:

There is no administrative enforcement or fine penalties given about the Company and Members of Board of Directors in 2015 twelve-month period.

g) Information and assessments regarding whether the determined targets were reached in the past periods, rules of general board are fulfilled, grounds if targets were reached or decisions were fulfilled:

The article 5 of the Board of Directors' Activity report provides detailed information with the "Financial Situation" chapter.

Besides;

In accordance with article 10 about the "Forward Looking Statements" of the Communiqué on Material Events Disclosure numbered II-15.1 of the Capital Markets Board, ("The Communiqué"), The Board Resolution dated 8 May 2015, number 2015/16 declares the 2015 Growth Forecast 10-20% for Sales, 25-35% for EBITDA.

The announcement was made public, the same day, as stipulated by the Communiqué, our Chairman of the Board, CEO, and Vice Chairman responsible for Finance and Procurement have been severally authorized to make announcements about possible material changes or differences between forecasts and actual situation.

Our Company's 2015 revenues growth forecast was revised as 5-15%, and EBITDA growth forecast was left unchanged, with the Material Event Disclosure made public on 9 November 2015.

The actual situation as of 31 December 2015 shows an increase of 10.5% in revenues, and 41% in EBITDA.

ğ) If extraordinary general board meeting was held within the year, information regarding extraordinary general board including date of the meeting, decisions taken in the meeting and transactions made in this regard:

Extraordinary General Board Meeting was not held in 2014 twelve-month period.

h) Donations and Charities made within the period:

In 2015 twelve-month period, donations and charities made by our Company are as follows:

Sabancı University	6.900.000,00 TL
Business World Foundation	17.500,00 TL
İzburs Association	13.000,00 TL
Boğaziçi University	5.000,00 TL
The Spinal Cord Paralytics Association of Turkey	2.095,00 TL
24 November Anadolu High School	2.000,00 TL
Turkish Education Foundation	1.050,00 TL
Tema Foundation	878,50 TL
Turkish Quality Association	100,00 TL
Total	6.941.623,50 TL

Kordsa Global Donations and Charities Policy regarding Donations and Charities is located in detail under the title of "General Board Meetings" in 2.3. Article of Compliance to Corporate Management Principles Report.

ı) If it is a company affiliated to a companies group; legal transaction made by it or a company affiliated to it with a company affiliated to the holding company and by directing of holding company and all other precautions taken or avoided to be taken in favor of the holding company or its affiliated company in the past activity year:

Detail information is contained in footnote no 16 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2015 fiscal period.

i) If it is a company affiliated to a companies group; according to stated and conditions known by them at the time when the legal transaction said in the (i) clause was made or precaution was taken, whether an opposing execution appropriate for any legal transaction was provided and the precaution avoided to be taken or taken gave damage the company, and if the company damaged, whether this damage was compensated or not:

Detail information is contained in footnote no 16 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

3. FINANCIAL SITUATION:

(Million TL)	1 January-31 December 2015	1 January-31 December 2015	Change %
Sales Income	1.735	1.569	10.6
Gross Sales Profit	315	234	34.6
Core Operating Profit	171	107	59.0

Summary Ratios	1 January-31 December 2015	1 January-31 December 2015
Gross Profit Margin	18.2%	14.9%
Core Operating Profit Margin	9.8%	6.8%
Net Profit Margin	6.7%	6.0%
Return on Assets	5.6%	5.0%
Return on Equity	10.1%	8.9%

Company's detailed financial status: Detail information is contained in the descriptive report and footnotes of the report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2015 fiscal period.

Also;

In line with the Company's strategic targets, and under the article 5.5 of the Corporate Governance Principles Compliance Report, on "Strategic Targets of the Company",

Detailed information has been provided on Kordsa Global's Dividend Distribution Policy, dividends distribution, and how the profit was utilized, in article 2.5 of the Corporate Governance Compliance Report, on "Dividends Rights".

4. RISK MANAGEMENT:

Risk assessment and internal control mechanism are conducted in each level of the Company. Company's risk management approach is described in detail in 5.4. article of Compliance to

Corporate Management Principles Report.

Early Detection of Risk Committee; conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis,

detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Detailed information on Committees has been discussed in the 5.3. article of Compliance to Corporate Management Principles Report in detail.

"The Activity Report of the Board includes "The Auditor's Report on Early Risk Detection System and Committee" prepared by DRT Independent Audit, Independent Accountant, and Financial Advisor, Inc. Co.

5. OTHER ISSUES AND INFORMATION NOT CONTAINED IN FINANCIAL STATEMENTS BUT USEFUL FOR USERS:

Articles of Association Amendments Made within the Period:

There have been no changes in the Articles of Association in 2015.

With the Board resolution dated 18 December 2015, numbered 2015/27, The Board has unanimously decided to extend the Registered Capital ceiling period for 5 years (2016-2020), to amend the article 10 of the Articles of Association, about "Paid in Capital", to file an application to the Republic of Turkey Prime Ministry Capital Markets Board and The Ministry of Customs and Trade General Directorate of Domestic Trade, in order to obtain necessary authorizations, and upon obtaining the necessary authorizations, to present the draft amendment to the General Assembly for approval.

An application was filed to the Capital Markets Board on 24 December 2015,

The Capital Markets Board reviewed the amendment request of the article 10 of the Articles of Association, about the 5 year extension to 2016-2020 of the registered capital ceiling of TRY 500,000,000, which was valid between 2011-2015, from the perspective of the compatibility of the request with the provisions of the Capital Markets Law, in accordance with the Communiqué on Registered Capital System no. II-18.1. The said article shall be amended as stated in the Capital Markets Board letter dated 7 January 2016, numbered 29833736-110.03.02E.96, in accordance with article 33/2 of the Capital Markets Law.

The draft amendment for article 10 of the Articles of Association was approved by the Republic of Turkey Ministry of Customs and Trade, on 11 January 2016. The amended article of the Articles of Association will be presented to the approval of the shareholders in the first Ordinary General Assembly to be held. The required registration will be done at the related Trade Registry and announcements will be done in Turkey Trade Registry Gazette.

Independent Audit Company Amendment:

In the 2014 Partners Ordinary General Meeting dated 24 March 2014, in the direction of suggestion of Audit Committee and liquidation decision of Board of Directors, in accordance with the principles determined pursuant to Capital Markets Law no 6362 and Turkish Trade Act no 6102, selection of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member of DELOITTE TOUCHE TOHMATSU LIMITED)' as auditor for 1 (One) year to conduct audit of Financial Reports of the Company in 2015 accounting year and other activities within the scope of related regulations in these laws was approved by our stockholders.

In this direction, independent audit contract was signed with the said company on 29 May 2014.

Issued Stock and Bonds:

There is no capital market tools issued in 01 January – 31 December 2015 fiscal period..

Legislation amendments that may significantly affect company activities:

There are no legislation amendments that may significantly affect Company activities in 2015 twelve-month period.

INFORMATION ON 2015 REPORT DESCRIBING RELATIONS WITH CONTROLLING SHAREHOLDERS AND SUBSIDIARIES WITHIN THE SCOPE OF TTK 199. ARTICLE:

Pursuant to 199. article of Turkish Trade Act no 6102 entered into force on 1 July 2012, Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors is obliged

to prepare a report on relations with the company's controlling shareholders and their subsidiaries in the last activity year within the first three months of the activity year and include the result section of this report in its report. Explanations that Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

made to the associated parties about the transactions it accrued are contained in the financial report footnote no 27. The report describing our relations with our controlling shareholders

and subsidiaries within the scope of TTK 199th article by our company's Board of Directors was approved in the Board of Directors meeting on 25.02.2015 and the result section of the said report is as follows;

Pursuant to 199. article of Turkish Trade Act no 6102, information on all legal transactions that Kordsa Global made to the Holding Company and Holding Company's subsidiaries were submitted.

Accrued transactions are in accordance with their equivalents in the direction of holding Company descriptions in relevant articles of TTK no 6102 and there are no losses that Kordsa Global suffered from due to its participation in Enterprise systems.

In this report dated 23 February 2016 prepared by Kordsa Global Board of Directors, in all transactions that Kordsa Global made within 2014 with its controlling shareholders and their subsidiaries, it has been seen that all required legal transactions within the scope of liabilities given to the Board of Directors and stated in 199. article of TTK no 6102 were made and precautions were taken.

COMPLIANCE TO CORPORATE MANAGEMENT PRINCIPLES REPORT



CHAPTER I

DECLARATION OF COMPLIANCE TO CORPORATE MANAGEMENT PRINCIPLES

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi, in 1 January – 31 December 2015 Accounting Period, complies with and applies the “Capital Markets Board Corporate management Principles” in “CORPORATE MANAGEMENT NOTICE” NO II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and numbered 28871 by Capital Market Board (CMB).

Kordsa Global;

has adopted to obey Corporate Management Principles and four principles of the Corporate Management based on Transparency, Equity, Liability and Accountability published by Capital Markets Board and make regulations on issues to be oriented depending on the improving conditions as a principles,

It has taken necessary steps in the direction of Corporate Management Principles and demonstrated that it is aware of its liabilities against its all stockholders and all stakeholders with its determination on compliance to all activities it has performed until now and Corporate Management Principles.

Along with its all employees and senior management managers being aware of positive contributions provided to the Company of adopting Corporate Management Principles within the Company, it has turned developing compliance to Corporate Management Principles more into a target,

It has shown necessary care for compliance in 2015 twelve- month period with the regulations required/not required to obey Corporate Management Principles and has submitted these issues for the information of shareholders and stockholder in detail in www.kap.gov.tr address and Company’s <http://www.kordsaglobal.com> address.

In this direction;

- The existing Dividend Policy has been revised. The Dividend Policy will be presented to the approval of the shareholders in the 2015 Ordinary General Assembly to be held in March 2016.
- The outcomes of the 2014 Ordinary General Assembly held on 24 March 2015 have been published in detail for the information of shareholders and stakeholders, on www.kap.gov.tr and Company’s web address <http://www.kordsaglobal.com>.
- The existing Corporate Governance bylaws of our Company was revised in accordance with the criteria laid down in the “Communiqué on Corporate Governance”, no II-17.1, and the number of Corporate Governance Committee members increased to five.
- The existing Information Policy was revised.
- Having met the required license requirements under

the “Communiqué on Corporate Governance” no II-17.1, article 11, our Company’s Global Finance Specialist Ayhan KARAKOCA (Turkish Citizen, ID No: 15308480256), was appointed Investor Relations Specialist. He has Capital Markets Activities Advanced Level 3 License (10.06.2015, Document no:208957), and Corporate Governance Rating Specialist License (10.06.2015, Document no: 701768).

- On 14 October 2015, Ayça ARTUT KUTLUBAY was replaced with our Company’s Global Finance Specialist and Investor Relations Specialist Ayhan KARAKOCA, as Investor Relations Department Manager (Turkish Citizen, ID No: 15308480256), he meets the required license requirements under the “Communiqué on Corporate Governance” no II-17.1, article 11, and he has Capital Markets Activities Advanced Level 3 License (10.06.2015, Document no:208957), and Corporate Governance Rating Specialist License (10.06.2015, Document no: 701768). Our Company’s Global Finance Specialist Çetin Alper EKE (Turkish citizen, ID no: 29566268600) was appointed as Investor Relations Specialist.
- The Policy for Fight Against Bribery and Corruption was prepared on 18 December 2015.
- However, full compatibility has not been provided yet due to difficulties in a part of nonobligatory principles, discussions ongoing in our country and on international platform about compliance to some principles and some principles’ not overlapping due to the structure of our Company and market.
- Improvements related to the issue are being followed and our studies towards compliance still go on.
- In the next periods, for compliance with Corporate Management Principles; required studies will be sustained by taking regulations and application in “CORPORATE MANAGEMENT NOTICE” OF CMB into consideration.

CHAPTER II

SHAREHOLDERS

2.1. Investor Relations Department

The Investor Relations Department of our Company is responsible for the orderly relations with shareholders, protection and facilitation of the use of shareholders' rights, promoting awareness about our Company in capital markets, and compliance with the Capital Markets Board Legislation.

Activities pertaining to this department are carried out under the responsibility of the Assistant General Manager, Finance, and Corporate Governance Committee member Fatma Arzu ERGENE, (Phone: 00 90 212-385 8546, Fax: 0090 212-282 0012, e-mail: arzu.ongun@kordsaglobal.com)

Global Finance Manager Umit COSKUN is responsible for the coordination of the department (Phone: 00 90 212 385 8906, Fax: 00 90 212 282 0012, e-mail: umit.coskun@kordsaglobal.com)

Global Finance Specialist Ayhan KARAKOCA, who has Capital Markets Activities Advanced Level 3, and Corporate Governance Rating Specialist Licenses, is Investor Relations Department Manager. (Phone: 00 90 212 385 8541, Fax: 00 90 212 282 0012, e-mail: ayhan.karakoca@kordsaglobal.com)

Global Finance Specialist Çetin Alper EKE acts as Investor Relations Specialist. (Phone: 0090 212 385 8883, Fax: 00 90 212 282 0012, e-mail: cetin.eke@kordsaglobal.com)

Besides,

Mustafa YAYLA (Phone: 00 90 212 385 8539, 385 8547 Fax: 00 90 212 282 5400, 00 90 212 282 00 12, e-mail: mustafa.yayla@kordsaglobal.com) is in charge of Investor Relations in the department.

Investor Relations Department is liable for conducting two-way communication between shareholders and company managers and Company's informing activities towards its financial status and strategies regularly in such a manner not leading to information asymmetry, excluding confidential and trade secret information of Shareholders and potential investors.

Investor Relations Department operates in using rights of share ownership, makes reporting to the board of directors and enables communication between board of directors and shareholders, and main activities it conducted within the year are as follows:

- Practices have been adopted so as to facilitate the participation of the shareholders in the General Assembly. Informative documents were provided during the meeting, and the web site has been continuously updated so that the shareholders could obtain uninterrupted and clear information about the Company,
 - All obligations arising from Capital Market Regulations, including corporate governance and public disclosure elements, have been followed. In addition to the compulsory obligations, public communication was well coordinated, meetings with investors and analysts were carried out, with a view to participate in conferences and road shows organized by brokerage houses.
- Investor Relations Department has undertaken the task of conducting relations with Shareholders. Within the scope of such task, 106 telephone conversations were made with the stakeholders in 2014 twelve-month period to answer their questions. Also, 76 questions were answered via e-mail, 13 of our investors obtained information on the condition of coming to the headquarter in person.
- Building communication between our shareholders and investors, and operating under the management of our Finance Assistant General Manager, the Investor Relations Department prepared its 2015 activity report, in the framework of the Article 11 of the "Communiqué on Corporate Governance", numbered CMB II-17.1, and presented it to the Board on 23 February 2016.
- Finally, on 20 February 2009 the Company signed a "Corporate Brokerage Contract for Central Securities Depository" with Ak Investment Securities, Inc. to enable issuer transactions with the Central Securities Depository and streamline the related services to shareholders, which remained in effect in 2015 as well.
- The information requests about the partnership, submitted to the Department within the relevant period, have been clearly answered either face to face, or via communication tools, in line with the Company's Disclosure Policy, except those that have not been made public, are confidential, and have the quality of a commercial secret,
 - The Ordinary General Assembly within the relevant period was held in accordance with the legislation, Articles of Association, and other Company rules,

2.2. Use of Shareholders' Right to Information

Pursuant to our Company's Disclosure Policy, all shareholders, prospect investors, and analysts are treated with arm's length principle in terms of information rights, declarations are to reach all parties with the same content. All information sharing is carried out within the scope of the content that has previously been made public. Everything pertaining to the public disclosure obligation is presented according to the regulations and the Articles of Association. Material events disclosures are made public on a timely manner in line with the regulations of Central Securities Depository Public Disclosure Platform, and on Company web site.

In used of right to information among shareholders, excluding trade secrets, all information is shared with the shareholders and shareholders are enabled to obtain information regarding strategies and activities at first hand.

Shareholders' written and mainly verbal questions and requests regarding capital increase and dividend payments made in the past years, General Board meeting within the last activity period, suggestions regarding Company's later periods and Company investments were transferred to our Company's authorized units rigorously and without delay and answered within the frame of legislation. All questions and requests directed by shareholders were answered and performed within the frame of legislation within the scope of content previously disclosed to the public..

Also, for the purpose of enabling all shareholders and stockholders along with the potential investors to access information related to the Company easily and equally and besides information obliged to be disclosed pursuant to relevant provisions of Turkish Trade Act; information regarding Trade Registry Gazette where amendments are published, Trade Registry Information, financial reports and other public disclosure documents along With material disclosures made in KAP are published regularly on <http://www.kordsaglobal.com> address.

In 2014 twelve-month period, Investor Relations Department answered totally 195 applications including telephone calls, e-mails and face-to-face interviews. Also, information that may be correlated with the shareholder are published on the website that can be accessed from <http://www.kordsaglobal.com> in accordance with the durations legally set forth.

In 2015 twelve-month period, on the company's website, no information and disclosure that may affect shareholders' using their rights were included.

There is no special provision that provides special audit right individually to the shareholders in Company Main Contract or requesting special audit from general board individually even though it is not included in the General Board meeting agenda. However, shareholders can use their right to request private auditor within the frame of Turkish Trade Act provisions although there is no special provision in this regard in the Company Main Contract.

In the twelve-month period ended on 31 December 2015, no requests came from shareholders regarding assignment of private auditor.

Our Company is subjected to independent audit annually pursuant to capital markets legislation and within the frame of tax legislation.

Audit for 2015 has been carried out by DRT Independent Audit, Independent Accountant, and Financial Advisor, Inc. Co. (Member of DELOITTE TOUCHE TOHMATSU LIMITED)

2.3. General Assembly Meetings

Regulations pertaining to the General Assembly of Kordsa Global are prepared by the Board, in accordance with the Turkish Penal Code, Capital Markets Law, Articles of Association of the Company, and the "Internal Directive on Working Principles and Methods of Kordsa Global's General Assembly" adopted by the General Assembly of the Company dated 28 Mart 2013, published in the Turkish Trade Registry Gazette, and on Company web site under the "Information Society Services" page.

In order to make General Assembly, disclosure should be made via MKK KAP at the time the Board of Directors makes decisions and the public should be informed. General Assembly meeting announcement is made o our websites at <http://www.kordsaglobal.com> and on Electronic General Board System page on Central Registry Agency website 21 days before the General Board meeting at the latest.

Prior to General Assembly meeting, required documents related to agenda items are disclosed to the public and legal processes and legislation are followed in all notifications. Within the frame of general board agenda items; annual reports, financial statements, corporate management compliance report, profit distribution proposal, independent audit report and legal audit report, amendment drafts including old and new versions of amended text if amendment will be made in the Main Contract are kept open to examination in a manner that shareholders will be able to access in the easiest way at the headquarter and on the website 3 weeks before the General Assembly meeting. Also, a detailed explanation is made for each agenda item in the information documents regarding agenda items and other information foreseen in principles for General Assembly meetings are submitted to the investors.

In the General Assembly, votes are given openly or on the condition of raising hand and/or participating in electronic medium. However, if partners owning 1/10 of the issued capital request, it is obliged to apply to written or secret vote. Ways of voting and electronic meeting issues have been regulated in the 31. article of Main Contract.

Our Shareholders whose shares are being tracked as record before the Central Registry Agency can participate in the physical general board personally at the announced location via their representatives or if they wish, they can participate in General Assembly personally at the announced location or via their representatives over the Electronic General Assembly system provided by Central Registry Agency by using their secure electronic signatures.

Shareholders can authorized there representative by using the Electronic General Board System and also they can have themselves represented in the meeting by completing the power of attorney form that they can provide from our Company's headquarter and Company's <http://www.kordsaglobal.com> Website within the frame of Capital Markets Board II-30.1provisions or attaching notarized circular of signature to the power of attorney form carrying their signatures.

In the General Assembly Meeting to be held physically; real person shareholders shall submit their identities, legal entity shareholders shall submit identities of persons authorized to represent and bind the legal entity along with the authorization documents, representatives of real and legal persons shall submit identities and representation documents and representatives authorized over the Electronic General Assembly System shall submit their identities and sign the list of attendants in order to participate.

Our General Assembly meetings are held at the Company headquarter. Our Main Contract enables meetings to be held in another location within the borders of province where the headquarter is located or at the place where Company's branches and agents or factory or industry facilities are located upon decision to be given by the Board of Directors.

You can access our meeting minutes from our website at <http://www.kordsaglobal.com> and from www.kap.gov.tr and from the Electronic General Board System page on the website of Central Registry Agency. Also, these minutes are open to examination of our stakeholders at the headquarter; are given upon demand.

In the Company, a Donations and Charities Policy in accordance with the Corporate Management Principles of CMB is conducted.

Kordsa Global Donations and Charities Policy; has been prepared by Corporate Management Committee with the decision dated 18 December 2014 and numbered 2014 / 6 in accordance with the "Corporate Management Notice" numbered II-17.1 entered into force by being published on the Official Gazette dated 3 January 2014 and numbered 28871 of Capital Markets Board and in accordance with the "Dividend Notice" numbered II-19.1 entered into force by being published on the Official Gazette dated 23 January 2014 and numbered 28891 of Capital Markets Board, approved with the decision of Board of Directors dated 18 December 2014 and numbered 2014 / 25, approved Donations and Charities Policy was disclosed to the public on the same day at www.kap.gov.tr with Material Disclosure and submitted to the information of shareholders and stockholders on the same day at Company's corporate website <http://www.kordsaglobal.com>.

Donations and Charities Policy accepted by the Board of Directors pursuant to Corporate Management Principles 1.3.10 and disclosed to the public as written below shall be submitted to the approval of shareholders at the 2015 Ordinary General ASsembly meeting to be held on March 2016.

DONATION AND AID POLICY

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) may make donations to -but not limited to- people, associations, foundations, universities, public institutions and organizations which are contributing to the society in fields of education, culture, arts, environmental responsibility and sports; in alignment with the principles stipulated in Capital Market Law and Regulations, with a corporate sense of social responsibility.

All donations and aids made by Management are carried out in accordance with the vision, mission and policies of Kordsa Global and are based on the ethical principles and values of the Company. Donations and aids can be made in the form of cash or kind.

Total limit of the donations for the fiscal year is determined by the General Assembly. Kordsa Global donates in accordance with the principles mentioned in Donation and Aids Policy and as per the regulations it is subject to. All donations and aids made in each fiscal period are submitted for the approval of the shareholders with a separate agenda item in the General Assembly Meeting of the relevant year.

If one or the sum of all donations made in a fiscal year exceeds 1% of the total asset value of the latest balance sheet, a public disclosure of materiality is made.

Amount and beneficiaries of donations and charities made within the 1 January 2015 – 31 December 2015 fiscal period are contained in detail under the title of "Company Activities and Important Development Regarding Activities, Donations and charities made within the period" in the 4. Article of 2015 Board of Directors Annual report.

Information about the amount and beneficiaries of donations and charities made within the period and restrictions in this regard is provided to the shareholders with an individual agenda item at the General Assembly.

In 2015, shareholders of the Company having controlling shares, Board members, directors with management responsibility, their spouses and next of kin until second degree, as defined in the article 1.3.7 of the Capital Markets Board Corporate Governance Principles, did not engage in any kinds of activity that could constitute a conflict of interest with partnerships and affiliates, did not carry out commercial transactions within the partnership's or affiliates' areas of activity on their own behalf, or on behalf of others, did not participate as unlimited liability partner in any other partnership dealing with similar commercial activities.

Shareholders have been informed on these issues, with a specific agenda item in the General Assembly.

2014 Partners Ordinary General Board Meeting;

Agenda of 2014 Partners Ordinary General Board Meeting was determined by Board of Directors Decision dated 27.02.2015 and numbered 2015/6:

Agenda of General Board Meeting, 2014 Financial Statements, Board of Directors and Independent Audit Reports, Dividend Distribution Proposal of Board of Directors, Main Contract Amendment Text and General Board Information Document was disclosed to the public at ÖDA MKK www.kap.gov.tr address as of 27 February 2015 Wednesday three weeks before the meeting date, on MKK Electronic General Board System page, in the link of <http://www.kordsaglobal.com> which is our Company's website on "Investor Relations" page.

It was kept available for examination of Shareholders present at Headquarter residing in Sabancı Center, 4. Levent, 34330 Beşiktaş-İSTANBUL and shareholder at the Relations Department.

2015 Partners Ordinary General Board Meeting of KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET ANONİM ŞİRKETİ was held on 24 March 2015 Tuesday at 10:30 in the Sadıka Ana 2 Meeting Hall residing in Sabancı Center 4. Levent, Beşiktaş, İstanbul under the supervision of Ministry Representative Mehmet Zafer KARAKOÇ assigned with the writings of Governorship of İstanbul Provincial Directorate of Industry and Commerce dated 22.03.2015 and numbered 6764401.

Call for the meeting was made within the durations on the condition of being announced on Company's website named www.kordsaglobal.com and in the Electronic General Board System of Central Registry Agency, in the copy dated 2 March 2015 and numbered 8769 of the Turkish Trade Registry Gazette so as to include the agenda and as set forth in the law and main contract.

In the investigation of list of attendants, it has been determined that from shares of 19,452,907,600 qty. at each 1 Kuruş nominal value corresponding the Company's total 194,529,076.00 TL capital; personally of 1,482,237 qty. shares corresponding

to 14,822.37 TL capital, 17,888,074,601 qty. shares corresponding to 178,880,746.01 TL capital in proxy and 17,889,556,838 qty. totally in 178,895,568.38 TL capital was represented and so that minimum meeting quorum set forth both in law and main contract existed.

The Meeting was held by stating by the Chairman of Board of Directors Mehmet Nurettin PEKARUN that Company auditor DRT Independent Audit and Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi representative Balkız Ömer İsmail Tanrıöver were ready at the meeting and switched to the discussing the agenda items by opening simultaneously in electronic and physical medium. oplantı,

Decisions Adopted at the General Assembly:

1. Chairman of Board of Directors Mehmet Nurettin PEKARUN acted as Chairman. The Chairman assigned Şerafettin KARAKIŞ as Vote Collector and Ayça ARTUT as Minute Clerk and Meeting Administration was formed.
2. 2014 Board of Directors Annual report deemed as read and discussed.
3. 2014 Audit Reports deemed as read and discussed.
4. It was submitted to the information of partners that donation of 5,150,068.32 TL in total was made within 2014.
5. 2014 Consolidated Financial Statements deemed as read, discussed and confirmed.
6. Members of Board of Directors were discharged due to their 2014 activities.
7. A total dividend distribution in the amount of 67,501,589.37 TL, i.e., 34.70% gross, and 33.4769% net, to shareholders representing 194,529,076.00 TL of capital, in accordance with their legal status. The distribution shall be made in cash starting from 29 May 2015.
8. The Donations and Subsidies Policy was read and adopted.
9. An upper limit of 5% of the Company's net profit was adopted for the donations to be made in 2015.
10. Mehmet Nurettin PEKARUN, Neriman ÜLSEVER, Peter Charles HEMKEN, Seyfettin Ata KÖSEOĞLU, and Fezal OKUR ESKİL have been appointed as Board Members, Atıl SARYAL and Hüsnü ERTUĞRUL as Independent Board Members for a period of 3 years
11. A monthly gross salary of 3,500 TL shall be paid to the Board members during their term in the office.
12. DRT Independent Audit, and Independent Accountant Financial Advisor, Inc. was appointed as auditor for a period of 1 year.
13. It was decided to give permission to the Chairman and Members of Board of Directors on executing the transactions written in the 395. and 396. Articles of the Turkish Trade Act.

Ordinary General Board Meeting Minute including decisions made at the General Board, List of Attendants of the Meeting and Dividend Distribution Table; were disclosed to the public at ÖDA MKK www.kap.gov.tr address on MKK Electronic General Board System page, in the link of <http://www.kordsaglobal.com> which is our Company's website on "Investor Relations" page,

Also, 2015 Activity Year Report and General Board Documents are kept available for investigation of shareholders in Investor Relations Department at the Headquarter.

At the General Board;

Shareholder had their right to ask question used, however, no questions regarding agenda items and other issues were asked by the Shareholders at the General Board.Genel Kurul'da;

Agenda proposal was not given by the shareholders.

Information about the amount and beneficiaries of donations and charities made within the period and restrictions in this regard is provided to the shareholders.

General Board Documents has been submitted to investigation of shareholders at the Headquarter permanently since 2005; and these documents can also be accessed from www.kap.gov.tr and Company's <http://www.kordsaglobal.com> address.

Extraordinary General Board Meeting was not held in 2015 twelve-month period.ay sahipleri tarafından gündem önerisi verilmemiştir.

2.4. Right to Vote and Rarity Rights

No privileged rights to vote have been identified in the Company Main Contract.

There is one right to vote for each share.

There is no company that our company has mutual shareholding benefits.

Minority shareholders and stockholders are not represented in the Board of Directors. However, two independent members of board of directors act in the Board of Directors to represent all stockholders and stakeholders, primarily the minority stockholders equally.

Kordsa Global has 6 direct subsidiaries and 1 indirect subsidiary consolidated with full consolidation method as of 31 December 2015. Information on Direct Subsidiaries and Indirect Subsidiaries are contained in the 4. Company Activities and Important Developments Regarding Company Activities;. c.) Participants, Subsidiaries (Direct and *Indirect), Geographical Divisions Where Subsidiaries Operate and Share Ratios (%) article of Board of Directors Annual report and company's descriptive report of 1 January - 31 December 2015 fiscal period regarding Consolidated Financial Statements independently audited. In the Board of Directors of Direct Subsidiaries and Indirect Subsidiaries, assigned senior managers of the company use vote.

Our Company gives importance to use of minority rights in accordance with the regulations of Turkish Trade Act and Capital Markets Law and no criticism or complaint was made in this regard in 2015 twelve-month period.

2.5. Dividends Right

There is no privilege on participating in Company's profit.

The Company has a written Dividend Distribution Policy.

Dividend Distribution Policy;

The Dividend Distribution Policy of our Company has been revised with the Board resolution dated 16 March 2015, numbered 2015/8, in accordance with the latest changes in the Capital Markets Regulations. The Policy was disclosed to the shareholders and stakeholders on the same date, on www.kap.gov.tr, and the Company web site <http://kordsaglobal.com>.

Adopted by the Board, the below Dividend Distribution Policy, shall be presented to the approval of the shareholders in 2015 Ordinary General Assembly to be held in March 2016.

DIVIDEND POLICY

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) dividend policy is determined in accordance with Turkish Commercial Code, Capital Markets Legislation and the related provisions of our Articles of Association.

Dividend distribution is decided as per the decision taken at the General Assembly however the Company in principle distributes all of the distributable profit in the form of cash and/or bonus shares.

The distribution decision is agreed taking into consideration the sizable fixed asset purchases, acquisitions, covenants of current liabilities and the Company's mid and long term strategies, national and global economic conditions and given by the General Assembly.

Kordsa Global does not apply advanced dividend distribution policy.

Dividends will be distributed equally to all shareholders, regardless of their date of issuance and acquisition, as soon as possible within the legal period following the approval of the General Assembly on the date determined by the General Assembly.

General Assembly can transfer a portion or all of the net profit to the extraordinary reserves. If Board of Kordsa Global offers the General Assembly not to distribute dividend, the reason for not distributing dividends and information about the usage of undistributed profit needs to be presented to the shareholders at the General Assembly Meeting. Similarly, these informations are to be shared with public via annual reports and Kordsa Global's website.

Dividend policy is to be submitted for approval of the General Assembly. This policy is to be reviewed each year by Board of Kordsa Global, in case there are complications related to conditions of the national and global economy or projects and funds on the agenda.

Amendments of this policy is also to be submitted for approval of the shareholders, in the next General Assembly following the amendment, and are to be shared with public via Kordsa Global's website.

2014 dividend distribution proposal was contained as two different chapters in the 2014 Annual report and submitted to the knowledge of shareholders prior to General Board. Also, the said Annual report and dividend distribution proposal have been submitted to the used of public on <http://www.kordsaglobal.com> page.

2013 Dividend Distribution Proposal:

With the decision dated 2 March 2015 and numbered 2015 / 7 of our Company's Board of Directors,

According to our financial statements belonging to 01.01.2014-31.12.2014 fiscal period prepared according to the Turkish Accounting Standards and audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Member of DELOITTE TOUCHE TOHMATSU LIMITED) pursuant to "Notice of Principles Regarding Financial Reporting in Capital Market" with Serial II-14.1 No of Capital Markets Board by our Company, **105.243.802,00 TL** consolidated period profit had been obtained.

As explained in the below Dividends Statement, the 77,159,978.00 TL distributable Net Profit after deducting the General Reserves (primary), previous years' losses, legal obligations, and non-controlling shares according the article 35 of the Articles of Association and CMB communiqués, from the 2014 Consolidated Net Profit of 105,243,802.00 TL, calculated in accordance with the CMB legislation, will be distributed as follows:

Primary Dividends : 9,726,453.80 TL

Secondary Dividends : 57,775,135.57 TL

Total Gross Dividends : 67,501,589.37 TL

General Legal Reserves (Secondary) : 5,777,513.56 TL

Excess Reserves : 3,880,875.07 TL

As a result of the above dividends distribution scheme, when taking into account our legal books prepared in accordance with the Tax Procedure Law;

- Of 67,501,589.37 TL gross dividends to be distributed, 51,640,042.23 TL shall be deducted from previous years profit including the investment allowance exemptions obtained in 2006 and 2007, and from Excess Reserves account. The remaining 15,861,547.14 shall be deducted from the previous years' profit included in Excess reserves account,
- The (secondary) General Legal Reserves of 5,777,513.56 TL shall be deducted from the previous years' profit included in Excess Reserves Account,

As a consequence of the above, for 2014, a total dividend distribution in the amount of 67,501,589.37 TL, i.e., 34.70% gross, and 33.4769% net, to shareholders representing 194,529,076.00 TL of capital, in accordance with their legal status, shall be made in cash starting from 29 May 2015. This issue will be submitted to the approval of the General Assembly on 24 March 2015.

The Dividend Distribution Recommendation for 2014 was presented to the approval of the General Assembly on 24 March 2015, and approved.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SAN. VE TİC. A.Ş.

DIVIDENDS STATEMENT

	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE PROFIT	DIVIDEND PER I TL NOMINAL SHARE VALUE	
	CASH (TL)	NO-PAR (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
GROSS	67.501.589,37		87,48	0,3470000	34,70000
NET*	65.122.357,30		84,40	0,3347690	33,47690

As 51,640,042.23 TL portion of the distributed gross amount of 67,501,589.37 TL was subject to 19.8% withholding tax, due to investment allowance, in accordance with the article 61 of the Income Tax Law, no additional withholding tax shall be applied. For the remaining 15,861,547.14 TL dividends, 15% withholding (treaties for the prevention of double taxation should be consulted) shall be deducted in case it shall be distributed to individuals as defined in the Income Tax Law 94/6-b-i and ii (fully responsible real persons, limited taxpayers, and limited corporate taxpayers with the exception of those obtaining dividends with the intermediary of a company or permanent representative in Turkey). The proportion of the dividends to be paid out of the investment allowance exemption account (51,640,042.23 TL), to total gross dividends (67,501,589.37 TL) is 76.502%.

In other words a withholding tax of 3.5247% shall be deducted from the gross dividends to be paid to fully responsible real persons, limited taxpayers, and limited corporate taxpayers with the exception of those obtaining dividends with the intermediary of a company or permanent representative in Turkey.

2 March 2015, 24 March 2015

Procedure and timing regarding distribution of company profit has been stated clearly in the 35, 36 and 41. articles of the Company main contract. Each year, by virtue of Company's making dividend distribution within the durations set forth legally, no legal issue has been encountered correlated with this issue from now on.

Gross Dividend Amount and Ratios Distributed in the Last Three Years:

Year	2014	2013	2012
Amount (TL)	67.501.589,37	-	34.626.175,53
Ratio	% 34,70	-	% 17,80
Distribution Date	29 Mayıs 2015	-	29 Mart 2013

Company did not distribute dividend within first, third and fourth month period of 2015.

2.6. Transfer of Shares

There are no provision restricting share (Stock) transfer in the Company articles of association.

Transfer of company shares is performed within the framework of Turkish Trade Act and Capital Markets Law provisions.

Our main shareholder Hacı Ömer Sabancı Holding A.Ş. sold 20% of the shares of Kordsa Global A.Ş. they held, representing 38,905,813.00 TL Nominal Value, 3,890,581,300 shares in BIST Istanbul Stock Exchange, on 6, 8, 11, 12, 13 and 18 May 2015.

CHAPTER III

PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Kurumsal İnternet Sitesi ve İçeriği

The Company has a Corporate Website accessible from <http://www.kordsaglobal.com> address over the Internet.

Content of the Internet website is Turkish and English.

Instructions for use of the site have been submitted to the information of stockholders in the Legal Information section.

In Company's website that has been renewed in November 2015 respectively,

ABOUT US; Kordsa Global, History, Vision and Values, Corporate Ethics, Board of Directors, Executive Leadership Team, Certificates, Human Resources

TECHNOLOGY; Global R&D Center, Collaborations, Innovative Products, The Structure of the R&D Center, Intellectual Property, Turquality Incentive Program, Awards

INDUSTRIES; Tire Reinforcement, Construction Reinforcement, Composite Reinforcement

PRODUCTION; Production Process, Global Footprint

PRESS ROOM; Kordsa Global In the News, Corporate Identity

PUBLICATION; The Reinforcer, Annual report

INVESTOR RELATIONS; Information Society Services, Shareholding Structure, Articles of Association, Policies, Corporate Governance Compliance Report, Investor Relations Presentation, Annual Reports, Earning Calls, Financial Information, General Meeting, Internal Directives, Material Event Disclosures, Trade Registry Information, Frequently Asked Questions, Other, Contact

Chapters are located. Under these chapters, information ordered in the SPK Corporate Management Principles has been provided.

In the public disclosure, Kordsa Global Website at <http://www.kordsaglobal.com> Internet address is used actively as recommended by SPK Corporate Management Principles. Disclosures contained at the Website of Kordsa Global do not include notification required to be made pursuant to provisions of Capital Markets Legislation and material disclosures. All disclosures made to the public by Kordsa Global can be accessed over the Website. Website is configured and departmentalized accordingly. All precautions regarding website security are taken. Website is organized in the content and manner foreseen by the SPK Corporate Management Principles in Turkish and English. Annual report and some information are contained in English. Especially announcement regarding General Board meetings to be held, agenda items, information documents regarding agenda items, other information, documents and reports related to agenda items and information about the methods of participating in General Board are contained arrestingly at the website. Works on development the website are continuously maintained.

Procedures and principles regarding Regulation on Websites that Capital Companies will open prepared by Ministry of Customs and Trade and published in the issue dated 31.05.2013 of the Official Gazette and opening website with the first clause of 1524. article of TTK and allocating a certain part of this site to allocations and information society services for publishing announcements required to be made by the Company legally were issued. E-company provided by the MKK: Uploading the content to be posted on the website on pages allocated to itself with safe electronic signature and time stamp and keeping the uploaded content in a secure environment, keeping the content available for access, archiving safely, integrating with the MERSIS system of Ministry of Customs and Trade and making data sharing were provided pursuant to 1524. article of TTK by utilizing Companies Information Portal Platform service.

Important titles that can be monitored on the website have been summarized below.

- Detailed information regarding corporate identity.
- Vision, mission, values and main strategies.
- Information on Members of Board of Directors and senior management
- Production centers and product types.
- Ethical values.
- Company's organization and partnership structure.
- Company main contract.
- Trade registration information.
- Financial information.
- Annual reports.
- Press disclosures.
- Materials disclosures.
- Remarks on date, agenda, agenda items of the General Board.
- General Board meeting minutes and list of attendants.
- Power of attorney samples.
- Corporate Management applications and compliance report.
- Dividend distribution policy.
- Donations and charities policy.
- Pricing policy.
- Information policy.
- Internal guidelines.
- Frequently asked questions chapter

Principles regarding management of website are contained in our "Information Policy".

Information Policy

In the Company, an Information Policy in accordance with the Corporate Management Principles of CMB is conducted.

Kordsa Global Information Policy;

1. It was prepared on 4 May 2009, discussed and approved at the Board of Directors dated 4 May 2009 and numbered 897.
2. Revised on 27 March 2012,
3. Revised within the frame of final amendments in the Capital Markets Legislation by Corporate Management Committee on 18 December 2014, discussed, approved at the Board of Directors Meeting on 18 December 2014 with no 2014/25 and approved Information Policy was disclosed to the public on the same day at www.kap.gov.tr and Company's [http:// www.kordsaglobal.com](http://www.kordsaglobal.com) address to the shareholders and stockholders along with the disclosure of Material Disclosures.

Briefly Kordsa Global Information Policy;

1. Purpose

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) management is in a transparent and close communication with its stockholders. Main target is to increase value of Kordsa Global for the existing stockholders and turn stocks into an attractive investment tool for potential investors.

Management of Kordsa Global to apply strategic plans for this purpose and share results with the public, shareholders, investors and capital market experts (capital market participants together) equally as complete, fair, accurate, on time and in an understandable way within the frame of financial reporting standards and Capital Markets Legislation provisions.

Kordsa Global obeys Capital Markets Legislation, Turkish Trade Act Legislation; Capital Markets Agency and Borsa İstanbul A.Ş. (BİST) regulations; Pays maximum attention to actualizing the principles contained in the SPK Corporate Management Principles.

Information Policy covers all employees and consultants of Kordsa Global; regulates written and verbal communication of Kordsa Global with the capital markets participants.

Kordsa Global Information Policy was prepared pursuant to 17. article of "Special Cases Notice" Serial II-15.1 No of the Capital Markets Agency; is announced to all stockholders via Kordsa Global Website (www.kordsaglobal.com).

2. Authorization and Liability

Information Policy was established and approved by the Board of Directors within the frame of SPK Corporate Management Principles. Kordsa Global's public disclosure and monitoring, supervision and development of Information Policy are under the authorization and liability of Board of Directors.

Global Finance Directorate responsible for Investor Relations within Deputy Chairmanship of Finance and Purchasing was assigned to supervise and monitor any kind of issued related to public disclosure.

In the direction of this policy;

3. Public Disclosure Methods and Tools,
4. Disclosure of Financial Statements to the Public,
5. Disclosure of Annual report to the Public,
6. Disclosure of Special Cases to the Public and Authorized Persons,
7. Persons Authorized to Make Disclosure to the Public,
8. Persons With Administrative Responsibility and List of Persons Having Access to Internal Information,
9. Communication with Capital Markets Participants,
10. Unfounded News in the Market,
11. Delaying Disclosure of Internal Information to the Public,
12. Meetings and Interviews Made with Investors and Analysts,
13. Disclosure of Future Assessments to the Public,
14. Silent Period,
15. Market Abuse,
16. Kordsa Global Web Site. (www.kordsaglobal.com)

Issues and developments regarding the above, are disclosed to the public regularly via MKK/KAP within the duration and in accordance with the "Special Cases Notice" numbered II-15.1 entered into force by being published in the Official Gazette dated 23 January 2014 and numbered 28891 by the Capital Market Agency. Information is disclosed to the public at www.kap.gov.tr address and Company website that can be accessed from <http://www.kordsaglobal.com> address.

Other issues that are not trade secrets and out of these notifications obliged to be published pursuant to legislation but that may interest the investors are announced on time, accurately, completely and in an understandable way in the direction of principles of "Disclosure of Internal Information to the Public" of SPK to persons and organizations.

3.2. Annual Report

Company's Board of Directors Annual report; is prepared in accordance and compliance with legal regulations that will enable public to reach information on Company activities on time, accurately and completely, "Regulation on Determination of Minimum Content of Companies' Annual report" of Ministry of Customs and Trade entered into force by being published in the Official Gazette dated 28 August 2012 and numbered 28395, durations

CHAPTER IV

STOCKHOLDERS

in "PRINCIPLES NOTICE REGARDING FINANCIAL REPORTING IN CAPITAL MARKET" numbered II-14.1 entered into force by being published in the Official Gazette dated 13 June 2013 and numbered 28676, formats determined by Turkish Accounting Standards/ Turkish Financial Reporting Standards (TMS/TFRS) and SPK, "Capital Markets Agency Corporate Management Principles" in the "CORPORATE MANAGEMENT NOTICE" numbered II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and 28871. It is passed through approval of Board of Directors and unless Board of Directors makes decision on disclosure after financial statements with an individual liability declaration, it is disclosed to the public via KAP and our Website <http://www.kordsaglobal.com> along with the financial statements.

Also, a summary annual report is prepared in every three month and published on KAP and Company website along with the financial statements. Annual prepared annual report is also printed to be given to those concerned.

The Company includes information completely mentioned in "Capital Markets Corporate Management Principles" in "CORPORATE MANAGEMENT NOTICE" in 1, 3 and 6-month Board of Directors Annual reports and year-end Annual reports.

In this direction 2013 Annual report was submitted to view and approval of our partners at the 2013 Ordinary General Board dated 28 March 2014 by being subjected to investigation of our partners at Company Headquarters, on MKK's Electronic General Board portal and at <http://www.kordsaglobal.com> Company website for three weeks before the Ordinary General Board meeting within the frame of Turkish Trade Act, regulations related to Regulation and Capital Markets Law.

2015 interim period Annual reports were submitted to the view of shareholders within the related period by being prepared within this frame and shall be submitted to the view and approval of shareholders at the 2015 Ordinary General Board to be held in 2016 March by being prepared within this framework in the year- end Annual report.

4.1. Information of the Stakeholders

Employees having a direct contact with the Company, customers, suppliers, NGO's, the state, prospect investors, and similar parties are considered as stakeholders. The Company acknowledges the long-term benefit of cooperating with the stakeholders, and hence respects and protects their legal, mutual, and contractual rights.

Kordsa Global A.Ş., takes Information Policy published from Investor Relations Department at www.kap.gov.tr address and <http://www.kordsaglobal.com> address on 18 December 2014 on informing the Stockholder as a basis.

Stockholders learn developments on the Company via disclosures made to the public pursuant to related legislation. Information regarding the public; is made through information tools such as material disclosures, financial statements and reports, annual reports, Internet page, presentations, investor meetings and teleconferences, information writings, press bulletins, Trade Registry Gazette. Reserving provisions of Capital Markets Legislation and Turkish Trade Act (TTK), basic public disclosure methods and tools used by Kordsa Global have been stated below;

- Material disclosures delivered via Public Disclosure Platform (KAP),
- Financial statements and footnotes, independent audit reports, declarations and annual report delivered Periodically to the Public Disclosure Platform (KAP),
- Announcements and publications made via Turkish Trade Registry Gazette (offering circular, circular, general board call, etc.)
- Press disclosures made via written and visual media,
- Disclosures made to data distribution organization such as
- Reuters, Foreks, etc.
- Information interviews and meeting made face-to-face or via teleconference with the capital market participants,
- Corporate Internet Web Site, (www.kordsaglobal.com) information,
- Disclosures made over communication methods and tools such as communication (wap and similar technologies), electronic mail, telefax, etc. over telephone, mobile phone. Kamuyu Aydınlatma Platformu (KAP) aracılığıyla iletilen özel durum açıklamaları,

On the other hand, in our General Board meetings, providing detail information on our website, making our annual report comprehensive, our press disclosures and our policy based on transparency and our application enable not only informing the shareholders but also all stockholders.

Besides information contained in financial statements and reports disclosed to the public and made in the direction of SPK legislation (excluding those not disclosed to the public yet); verbal and written information is also provided to the stockholders upon request that will inform themselves such as company employees, vendors, unions, non-governmental organizations, government, potential investors.

In 2015 twelve-month period, the Company made 21 Material Disclosures to Merkezi Kayıt Kuruluşu A.Ş. (MKK) Public Disclosure Platform (KAP) (www.kap.gov.tr). The said disclosures were made on time and no enforcement was applied by SPK or MKK. Made Material Disclosures can be accessed from www.kap.gov.tr and from Investor Relations Department at our company's Internet site <http://www.kordsaglobal.com>.

Company employees are also informed via meetings held on their specialties and general issues they interest, held seminars, trainings and information sent via e-mail. There is a portal for employees and they are enabled to access any kind of information and document they will interest through this portal channel.

Employees are able to access e-application found on the company communication network and any kind of information and document they will interest and manage different processes on electronic medium.

Information exchange on any issue can be made with customers and suppliers and joint studies and projects are conducted for improving the processes.

Kordsa Global Magazine published quarterly and distributed for free of charge that company employees utilize is in effect.

It submits its effective policies and internal guidelines to the information of all stockholders in "Investor Relations" section within the <http://www.kordsaglobal.com> web site. It also submits its Effective Procedures to the information of its employees on PeopleClip Kordsa Global Intranet information sharing platform accessible by all employees via "QDMS" Integrated Management System section.

The Company has adopted ethical principles to protect rights of stockholders and established ethical rules to manage ethical rules and rules.

Stockholders can access ethical rules and ethics board of Kordsa Global's controlling shareholder Sabancı Holding from (etik@sabanci.com) address or telephone from <http://www.sabanci.com.tr> address, Kordsa Global's Business Ethics Rules, Ethics Board Consultants of Kordsa Global and its direct subsidiaries from (etik.tr@kordsaglobal.com) address and telephones and from <http://www.kordsaglobal.com> address.

Kordsa Global Turkey's ethical activities are conducted by Director of Human Resources and Industry Relations, Kordsa Global Turkey Ethical Rules consultant Nazan Keskin.

The mechanism required to report stockholders' transactions against the Company's legislation and improper in terms of ethics to the Corporate Management Committee and Audit Committee has been established by the company.

4.2. Stakeholders' Participation in Management

There is no business model or a mechanism enabling the stakeholders' actual participation in management. However the independent Board Members represent all stakeholders in the management alongside with the Company and shareholders.

The stakeholders are given the opportunity to express their views and ask questions during the General Assembly, at equal terms. All of the Board members are elected with the voting done during the General Assembly in which stakeholders participate.

The management model of our Company entails the participation of the staff in the preparation of the main policies, their widespread use in the Company, their transformation into targets, realization of plans, and continuous improvement by revising the results of their implementation.

Our white-collar employees take part in the management via periodic meetings, annual target setting and performance appraisal meetings. Our white and blue-collar employees are consulted about loyalty and satisfaction with the help of a survey, action plans are prepared by focusing on opportunity areas. Action plans are also prepared based on the results of the 360 feedback mechanism, which allows employees to give feedback to their management and colleagues. All of these stipulate the participation and contribution of the employees to efficient management of the Company.

While we strive to improve the working conditions, work environment, and the given rights of our blue-collar employees, we organize meetings with them, and also consult with Turkey Textile Knit and Garment Industry Workers Trade Union (TEKSİF) as well as the Turkey Textile Industry Employers Trade Union, of which our Company is a member.

4.3. Human Resources Policy

Company's effective human resources policy and applications have been presented below; and also announced at <http://www.kordsaglobal.com>. It is managed by Deputy Chairman of Related Activities, Human Resources and Information Technologies Nazan Keskin.

Sabancı Community companies operating in national and international markets acts respectful and in compliance with local law rules in their markets and private law rules such as collective labor contract, if any. In the process from starting and ending of labor contracts of employees, it shows required care on protection and payment of all rights and receivables.

Global Human Resources

Kordsa Global sees human resource spread to 8 countries throughout the world as an integral part of reaching strategical targets and conducts human resources applications under a global strategy. Global Human Resources within the Company is liable for establishing and conducting this global strategy.

Global Human Resources performs strategic operations regarding selection and placement, wages and side interests, performance management, reviewing organization and human resource and backup plans, leader and employee development, international assignments, organizational climate and such Human Resources processes in parallel to sustainability and business targets of Kordsa Global.

Global Human Resources Vision

To position Human Resources function as an important "business partner" of Company's other functions, offering service to internal customer in world quality and standards and create a company at preferred employer status.

Global Human Resources Mission

- Develop, apply and support programs/processes leading drawing and keeping talented labor force to the Company,
- Helping to create a positive organizational climate
- Supporting authorization and development of employees,
- Allowing satisfaction of shareholders.

Principle Liabilities of Global Human Resources

Global Human Resources function has been positioned as an "expertise center" and its basic contribution and expectations from this function has been kept at strategic level. Application of Human Resources processes at operational level is conducted mainly by local businesses.

Principle Liabilities of Global Human Resources;

- To develop and spread Human Resources policies, systems and processes supporting Company strategies and business needs,
- To establish and apply global strategies appropriate for
- Company's sustainability activities,
- Together with regional and local Human Resources departments, design and manage development programs configured at different levels (young talent, mid-level management, senior management development programs, etc.) that will support Company's corporate growth targets,
- In the direction of expectations of Company and employees, enable development of best professionals at each level by creating different experience opportunities.

4.4. Ethical Rules and Social Responsibility

Company performs all of these activities and relations, protections of rights of stockholders in accordance with the Business Ethics Rules accepted by Company Board of Directors.

Kordsa Global Business Ethics Rules regulate our Company's relations with customers, employees, stockholders, suppliers, business associates, competitors, environment and community; and collected under four main titles as legal liabilities, honesty, confidentiality and conflict of interest.

To manage ethics rules in this regard, in our each facility, there is an assigned Ethics Rule Consultant responsible for application of Kordsa Global Business Ethics Rules as required.

The said Business Ethics Rules, Ethical Rules Consultants of Company's direct or indirect subsidiaries, name, e-mail addresses of consultants are shared with the public at (etik.tr@kordsaglobal.com) and telephones at website accessed from <http://www.kordsaglobal.com> address and awareness of employees regarding the issue is provided with accrued regular trainings.

All ethics activities of Kordsa Global in 8 countries are supervised by Nazan Keskin, Human Resources and Information Technologies Director. The ethics activities of Kordsa Global Turkey are supervised by Elif Gül, Global Human Resources Manager, and Kordsa Global Turkey Ethics Rules Advisor.

The Company fulfills its duties within the scope of social responsibility; via donations and charities made to foundations, associations founded for social purposes and educational institutions, universities and other persons, institutions and agencies; in accordance with the Company policy and procedures, Capital Markets Legislation, Turkish Trade Act and related legislation, primarily Business Ethics rules. Within this scope,

the Company donates an amount of five percent of previous tax profit to Sabancı University each year.

Kordsa Global Donations and Charities Policy regarding Donations and Charities is located under the title of "General Board Meetings" in 2.3. article of Compliance to Corporate Management Principles Report in detail.

Kordsa Global A.Ş. is sensitive to social responsibilities; obeys regulations and ethical rules regarding the environment, consumer, and public health. The Company supports and respects human rights with international validity. Kordsa Global A.Ş. complies with the 3.5.2. article of Corporate Management Principles and it only has not established Dishonesty and Anti-Bribery Policy. Our Company shall establish Dishonesty and Anti-Bribery Policy within 2015 and announce the policy to all stockholders via Kordsa Global Web Site (www.kordsaglobal.com).

CHAPTER V

BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

Our Company's Board of Directors supervises Company activities' compliance to legislation, main contract, internal regulations and determined policies and manages and represent the Company by observing long term interest of the Company by taking risk, growth and incomes into consideration with the strategic decisions it takes.

Our Company's Board of Directors consists of seven members selected to act from 2014 Ordinary General Board Meeting held on 24 March 2015 to 2017 Ordinary General Board Meeting to be held in 2018 in the direction of provisions of Turkish Trade Act and Company main contract.

2 persons (Atıl SARYAL and Hüsnü Ertuğrul ERGÖZ) have been assigned as independent members with the report prepared by the Corporate Governance Committee, dated 27 February 2015, and presented to the Board.

The "Statement of Independence" of these Independent Board Members is included in the Information Document and its appendices (APPENDIX-1, APPENDIX-2) dated 24 March 2015, pertaining to the 2014 Ordinary General Assembly of the Shareholders, and on Company's web site <http://www.kordsaglobal.com>.

After the 2014 Ordinary General Assembly of 24 March 2015, with its resolution dated 24 March 2015, numbered 2015/10, the Board distributed the duties in accordance with the Articles of Association.

Our Board of Directors structure has been created in accordance with the principles determined by SPK. Company's Members of Board of Directors, executive and non-executive and independent member separation is as follows:

1. Mehmet Nurettin PEKARUN :

Chairman (executor)

2. Neriman ÜLSEVER :

Deputy Chairman (executor)

Management Committee Member

Early Detection of Risk Committee Member

3. Peter Charles HEMKEN :

Member (non - executor)

4. Seyfettin Ata KÖSEOĞLU :

Member (non - executor)

Management Committee Member

5. Fezal OKUR ESKİL :

Member (non - executor)

6. Atıl SARYAL :

Independent Member (non - executor)

Audit Committee Member

Corporate Management Committee Chairman

Early Detection of Risk Committee Chairman

7. Hüsnü Ertuğrul ERGÖZ:

Independent Member (non - executor)

Audit Committee Chairman

Management Committee Member

Early Detection of Risk Committee Member

In 19. and 22. articles of Company main contract, qualities and selection conditions of members of board of directors have been stated. Required qualities overlap with the related articles within the Corporate Management Principles of SPK.

Management rights and representation authorizations of Company's board of directors have been identified in 14, 16, 17, 18, 19, 21 and 22. articles of Company Main Contract and disclosed to the public at <http://www.kordsaglobal.com> on the Internet.

The Internal Directive on limited use of authority, dated 24 March 2015, numbered 1 which was drafted pursuant to the articles 367 and 371 of the Turkish Commercial Code no. 6102, and articles 14,16, 17, and 21 of our Articles of Association, was adopted by the Board with its resolution dated 24 March 2015, numbered 2015/11, registered on 2 April 2015 by the Trade Registry of Istanbul, and published in Trade Registry Gazette on 8 April 2015, issue no. 8796, pages 821, 822, 823. The Directive covers the management, representation, and binding issues for Kordsa Global Industrial Yarn and Cord Fabric Industry and Trade, Co, as well as the delegation of such authority.

The authorized signatories of the Company have been determined within this context, with the Board Resolution dated 23 March 2015, numbered 2015/12, the authorized signatures list no 53 was prepared, and the latter list took effect on 13 April 2015.

In 2015, shareholders of the Company having controlling shares, Board members, directors with management responsibility, their spouses and next of kin until second degree, as defined in the article 1.3.7 of the Capital Markets Board Corporate Governance principles, did not engage in any kinds of activity that could constitute a conflict of interest with partnerships and affiliates, did not carry out commercial transactions within the partnership's or affiliates' areas of activity on their own behalf, or on behalf of others, did not participate as unlimited liability partner in any other partnership dealing with similar commercial activities. Shareholders have been informed about the developments on this issue with a separate agenda item in the General Assembly.

In the 2014 Partners Ordinary General Meeting held on 28 March 2015

Chairman and Members of Board of Directors were permitted on executing the transactions written in the 395. and 396. Articles of the Turkish Trade Act.on the condition of being at least 25% for woman member ratio in the board of directors contained in 4.3.9. article of "CORPORATE MANAGEMENT NOTCIE" Corporate

Management Principles numbered II-17.1 of Capital Markets Agency, although there are not any Company policy regarding recommendation of "determines the target ratio and target time and establishes policy to reach these targets", it pays attention in this regard and one of the members of Kordsa Global Board of Directors is a woman.

In 2015 twelve-month period, members of Company board of directors did not make transactions on their or other persons' behalf with the Company and make attempts that will compete on the same activity subjects although permission was given in the direction of 395. and 396. articles of Turkish Trade Act by the General Board.

There have been no changes in the Board in the second, third, and fourth quarters of 2015.

5.2. Activity Principles of Board of Directors

Board of Directors is gathered frequently enough to fulfill their duties effectively, conducts its activities in a transparent, accountable, fair and responsible manner, and considers company's long term interests while doing this. Board of Directors is obliged to be gathered at least four times annually and in case of need.

Decisions of Board of Directors are taken in Turkish and English.

In 2015, 28 Board resolutions have been adopted, 18 of which via mail and circulation. One Board resolution has been cancelled.

All 7 Board members signed 10 of the Board Resolutions.

6 out of 7 Board members signed 18 Board Resolutions. PETER CHARLES HEMKEN, our Board member residing in the United States of America, did not sign these resolutions, as he comes to Turkey only every three months, and was not present during these meetings. However he has been informed about the content of the resolutions, by Company directors.

The working principles of the Board, meeting and decision quorums have been fulfilled pursuant to the provisions contained in articles 14,15, 16, 17, 18, 19, 21 and 22 of the Articles of Association.

No objections were made to the resolutions adopted by the Board in 2015.

Damages that could arise in relation with the Board members' possible errors while fulfilling their duty, have been covered with a manager liability policy up to an amount of USD 60,000,000.

5.3. Number, Structure and Independence of Committees Created Within Board of Directors

Board of Directors utilizes committee works while fulfilling its duties and liabilities. Decisions taken as a result of works made by committees are presented as proposal and final decision is taken by the Board of Directors.

In the board of directors, pursuant to 4.5. article of Committed Created Within the Board of Directors of "CORPORATE MANAGEMENT NOTICE" numbered II-17.1 entered into force

by being published in the Official Gazette dated 3 January 2014 and numbered 28871,

No committee other than the Audit Committee, Corporate Management Committee and Early Detection of Risk Committee were established.

Audit Committee;

To fulfill duties foreseen for audit committee in the SPK legislation. Also, to fulfill the accounting system of the company, disclosing financial information to the public, supervision of operation and efficiency of internal audit and company's internal control system.

Corporate Management Committee;

Tracks compliance to Corporate Management Principles of the Company, makes corrective suggestions and supervises works of Investor Relations Department. Apart from these, Corporate Management Committee also fulfills functions of "Nomination Committee" and "Wage Committee". Yönetim Kurulu görev ve sorumluluklarını yerine getirirken komite çalışmalarından faydalanmaktadır. Komiteler tarafından yapılan çalışmalar sonucu alınan kararlar Yönetim Kuruluna öneri olarak sunulmakta, nihai karar Yönetim Kurulu almaktadır.

Early Detection of Risk Committee;

It conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Although the recommendation in the article 4.5.5 of the CMB II-17.1 "COMMUNIQUE ON CORPORATE GOVERNANCE", about "a Board member not working in more than one committee", has been followed; a Board member could take part in more than one committee due to his/her areas of expertise.

In this context Neriman ÜLSEVER, our Vice Chairperson of the Board-Executive Member partakes in Corporate Governance and Risk Committees,

Board Member-non-executive, Seyfettin Ata KÖSEOĞLU, in Corporate Governance Committee,

Independent Board member Atıl SARYAL in Audit, Corporate Governance, and Risk Committees, and

Independent Board member Hüsnü Ertuğrul ERGÖZ in Audit, Corporate Governance, and Risk Committees.

AUDIT COMMITTEE, COMMITTEE MEMBERS AND WORKING PRINCIPLES

NAME AND SURNAME	JOB	ESSENCE OF MEMBERSHIP OF BOARD OF DIRECTORS
Hüsnü Ertuğrul ERGÖZ	Audit Committee Chairman	Independent Member (non-executor) Audit Committee Chairman Management Committee Member Early Detection of Risk Committee Member
Atıl SARYAL	Audit Committee Member	Independent Member (non-executor) Audit Committee Member Management Committee Chairman Early Detection of Risk Committee Member

Audit Committee

Within the scope of 28/A article provision added to Notice on Independent Audit in Capital Market with Serial:X No:16 of Capital Market Board with Notice with Serial:X No:19, duty of Audit Committee founded with the Board of Directors Decision dated 17 March 2003 numbered 743 requires to inform Company's Board of Directors on Company's accounting system, financial reporting, financial information disclosed to the public, activities of internal audit department, independent audit and operation and efficiency of internal control system and fulfill supervision function in these regards by supporting works of Company on compliance to related laws and acts, Corporate Management Principles and Company's ethical rules, primarily the Capital Markets Board Legislation.

Structure and Liability Fields of the Committee

Independent Member of Board of Directors Hüsnü Ertuğrul ERGÖZ conducts Chairmanship of Audit Committee consisting of two persons with our Company and Independent Member of Board of Directors Atıl SARAL conducts its Membership. (They were elected on 24 April 2015 with 2015/13 numbered decision.)

Members consist of persons not directly undertaking execution function and carrying capacity of independent member in the Board of Directors and owning sufficient knowledge and experience on financial issues. Chairman and Member of Audit Committee are assigned by the Board of Directors. Spokesmanship of Audit Committee is conducted by Company's internal audit unit. Reporter is assigned by the Chairman of Audit Committee. Resources and any kind of support required for Audit Committee to conduct its duty are provided by the Board of Directors.

Audit Committee makes supervision of operation and efficiency of accounting system, disclosure of financial information to the public, independent audit and Company's internal control system and internal audit department. Therefore, the Committee enables financial and operational activities to be kept under observation, internal and external audit to be made in a healthy way, reports view regarding compliance of financial statements to the reality, makes suggestions to the Board of Directors in selection of independent audit agency, reviews compliance to law, moral rules, conflicts of interest and Company policies regarding inquiries on poor management and tricky transactions and compliance of corporate management policies via internal audit department, discusses competency of internal control system by gathering with the internal audit department and enables to establish a communication bridge between board of directors, financial managers, independent auditors and internal audit department by organizing meetings regularly.

Audit Committee submits its detections and suggestion reached related to duty and liability fields to the Chairman of Board of Directors

Committee Meetings

Audit Committee is gathered as Company headquarter or at another place upon invitation of chairman of audit committee, at least for times a year as minimum quarterly.

The Committee can be called to extraordinary meeting by the Chairman of Board of Directors and Committee Chairman. Meeting with special agenda can be made with auditors and managers.

In 2015 twelve month period the Audit Committee was held for four times on 27 February 2015, 8 May 2015, 10 August 2015 and 4 November 2015; and examined the Company's consolidated financial statements, internal audit reports and approved audit calendar.

In its meeting dated 27 February 2015, it submitted a report to the Board of Directors regarding compliance and accuracy of 2014 independently audited consolidated financial reports dated 31 December 2014,

In its meeting dated 8 May 2015, of 2015 three-month consolidated financial reports dated 31 March 2015;

In its meeting dated 10 August 2014, of 2015 semi-annual independently audited consolidated financial reports dated 30 June 2015

In its meeting dated 4 November 2015, of 2015 nine-month consolidated financial reports dated 30 September 2015 to be disclosed to the public.

INTERNAL AUDIT DEPARTMENT

Company's Internal Audit Department makes reporting directly to the Audit Committee consisting of members of Board of Directors in Company organization structure pursuant to independence principle. Internal control mechanism is under the liability of Execution Committee and subsidiaries' management and is coordinated and audited by the Company Internal Audit Department.

As a result of study of Quality Assurance Assessment (QAR) performed in the direction of criteria of International Internal Audit Institution (IIA) in 2014 by independent audit company KPMG (Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.), it was certified that activities of Internal Audit Department were performed in accordance with the Internal Audit Standards.

Duties of Internal Audit Department are to control reliability and accuracy of financial statements of Company and its subsidiaries, make activities to be conducted in accordance with the laws and Company's accepted ethical rules, analyze processes, detect risks and contribute to finding solutions that will eliminate or minimize these risks for the purpose of increasing efficiency and efficacy of operations. Internal Audit Department is liable for making reporting to the Audit Committee periodically.

Audit reports issued as a result of audit works performed by the Internal Audit Department are communicated to the Senior Management and Board of Directors via Audit Committee and actions taken towards detected issues are tracked by the Internal Audit Department throughout the year. Also; Kordsa Global Management Board continuously tracks activities of Internal Audit Department thanks to the presentations made by Internal Audit Department in three-month periods via Audit Committee.

Internal Audit Department gathered for 4 times on 23 March 2015, 18 June 2015, 18 September 2015 and 18 December 2015 with the Audit Committee in 2015 twelve-month period.

CORPORATE MANAGEMENT COMMITTEE, COMMITTEE MEMBERS AND WORKING PRINCIPLES

NAME SURNAME	JOB	ESSENCE OF MEMBERSHIP OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT
Atıl SARYAL	Corporate Management Committee Chairman	Independent Member (non-executor) Audit Committee Member Early Detection of Risk Committee Member
Hüsnü Ertuğrul ERGÖZ	Corporate Management Committee Member	Independent Member (non-executor) Audit Committee Chairman Early Detection of Risk Committee Member
Neriman ÜLSEVER	Corporate Management Committee Member	Deputy Board of Directors Chairman (Executive) Early Detection of Risk Committee Member
Seyfettin Ata KÖSEOĞLU	Corporate Management Committee Member	Member of Board of Directors
Fatma Arzu ERGENE	Corporate Management Committee Member	Chief Financial Officer, Chief Operating Officer (SA)

Corporate Management Committee

This committee established pursuant to effective Corporate Management Principles of Capital Markets Board (SPK or CMB) was founded with the decisions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors dated 24.04.2014 and numbered 979 and its Internal Regulations was approved and Internal Regulations was revised and approved with the decision dated 24.03.2015 and numbered 2015/13.

Pursuant to 4.5. article of Committed Created Within the Board of Directors of "Corporate Management Notice" numbered II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and numbered 28871, Chairman of Corporate Management Committee is assigned among the independent members by the Kordsa Global Board of Directors.

Corporate Management Committee consists of maximum four members and two reporters including the Chairman assigned by the Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors in the direction of "Corporate Management Principles" of SPK.

Structure and Liability Fields of the Committee

The Board resolution dated 24 March 2015, numbered 2015/13 designates Corporate Governance Committee members among the persons who had been appointed in 2014 Ordinary General Assembly held on 24 March 2015 to the following positions: Atıl SARYAL and Hüsnü Ertuğrul ERGÖZ, Independent Board Members, Neriman ÜLSEVER and Seyfettin Ata KÖSEOĞLU, Board Members, and Fatma Arzu ERGENE, Finance Assistant General Manager.

Members consist of persons not directly undertaking execution function and carrying capacity of official and independent member in the Board of Directors and persons owning sufficient knowledge and experience on Corporate Management issues undertaken directly execution function and carrying capacity of company senior manager.

Corporate Management Committee; also undertook the duties of Nomination Committee and Wage Committee.

It detects whether Corporate Management Principles are applied in Company, if not, the reasons and conflicts of interest occurred due to not obeying these principles exactly and makes suggestions to the Board of Directors improving the corporate management applications.

Corporate Management Committee is gathered at least 4 times annually.

Committee Meetings

Meeting agenda is detected by the Chairman of Committee.

Members and stakeholders report the issued they request to be taken into agenda to the Chairman of Corporate Management Committee via Reporters.

Meetings are held at least four times a year at the place and date to be deemed appropriate by the Chairman. Annual meeting calendar of the Corporate Management Committee at each year beginning

is determined and announced to all members by the Committee Chairman.

Corporate Management Committee makes all works it performed into written form and records them; submits the reports containing all information about its works and meeting results to the Board of Directors.

Persons to be deemed appropriate by the Chairman can participate in the meetings.

Corporate Management Committee gathered for 5 times on 27 February 2015, 23 March 2015, 18 June 2015, 18 September 2015 and 18 December 2015 with the Audit Committee in 2015 twelve-month period.

The Corporate Governance Committee:

- In the meeting dated 27 February 2015, numbered 11, adopted the Investor Relations Report for 2014, prepared in accordance with the article 11 of CMB II-17.1 Communiqué on Corporate Governance, about the 2014 activities of the Investor Relations Department coordinating the communication between Company partnerships and investors, and operating under the Vice Chairman of Finance and Procurement.
- In the meeting dated 27 February 2015, numbered 12, as per the Internal Bylaws of the Corporate Governance Committee and the compulsory corporate governance principles no. 4.5.1 and 4.5.11 of the CMB II-17.1 Communiqué on Corporate Governance; within the context of the corporate governance principles laid down by the Capital Markets Board, information and documents on the CV's, job positions within the last 10 years, and reasons for leaving these positions, their relations and significance of these relations with the partnership, whether or not they have the qualities for independent membership, and similar facts that could effect the partnership in case they are elected, was checked for Atıl SARYAL (Independent Candidate) and Hüsnu Ertuğrul ERGÖZ (Independent Candidate) who had declared their candidacy for Independent Board Membership.
- In the meeting dated 23 March 2015, numbered 13, Kordsa Global, Co. revised its existing Disclosure Policy in line with the recent changes in Capital Market Legislation.

It has been observed that utmost attention was paid to compliance with the Commercial Code, CMB Law, Tax Laws, and other regulations. Also provisions of related regulations have been consistently implemented by way of revising Company practices. The 2014 Shareholder Relations Report was adopted, and shall be submitted to the Board on 23 March 2015 for approval.

In the meeting dated 18 June 2015, numbered 14;

- Our Company's Global Finance Specialist Ayhan KARAKOCA (Turkish citizen, ID no. 15308480256), who fulfilled the necessary license preconditions as defined in the article 11 of the Communiqué on Corporate Governance, no II-17.1, was appointed as Shareholder Relations Specialist. He has Capital Markets Activities Advanced Level 3 License (10.06.2015, Document no:208957), and Corporate Governance Rating Specialist License (10.06.2015, Document no: 701768), resides at the address M.Kemalpaşa Mah. Mektep Sok. No:62/4 Parseller Avcılar – İSTANBUL.
- Kordsa Global, Co. Policy for Fight Against Corruption and Bribery was prepared in order to fully comply with the article 3.5.2 of the "Communiqué on Corporate Governance" no II-17.1, which was published in the Official Gazette dated 3rd January 2014, no 28871. The policy shall be published on Kordsa Global's web site (www.kordsaglobal.com) to the attention of all stakeholders, Sabancı Holding's Policy for Fight Against Bribery and Corruption was also analyzed so as to adapt the latter to Kordsa Global, Co. and present it to the Board upon decision of the Corporate Governance Committee,

In the meeting dated 18 September 2015, numbered 15;

- Pursuant to the Committee's previous recommendation to adapt Sabancı Holding's Policy for Fight Against Bribery and Corruption, to the Company, we decided to draft Kordsa Global, Co. Policy for Fight Against Bribery and Corruption, by 31 December 2015, and submit it to the Board.

It has been observed that utmost attention was paid to compliance with the Commercial Code, CMB Law, Tax Laws, and other regulations. Also provisions of related regulations have been consistently implemented by way of revising Company practices. The draft report was adopted, and shall be submitted to the Board on 18 September 2015 for approval.

With the resolution dated 14 October 2015, numbered 2015/6, the following will be submitted for Kordsa Global, Co. Board approval:

1. Ayça ARTUT KUTLUBAY was replaced with our Company's Global Finance Specialist and Investor Relations Specialist Ayhan KARAKOCA (Turkish Citizen, ID No: 15308480256), as Investor Relations Department Manager. He meets the required license requirements under the "Communiqué on Corporate Governance" no II-17.1, article 11, and he has Capital Markets Activities Advanced Level 3 License (10.06.2015, Document no:208957), and Corporate Governance Rating Specialist License (10.06.2015, Document no: 701768). He resides at the address M.Kemalpaşa Mah. Mektep Sok. No:62/4 Parseller Avcılar – İSTANBUL.
2. Our Company's Global Finance Specialist Çetin Alper EKE (Turkish citizen, ID no: 29566268600) was appointed as Investor Relations Specialist, within the framework of the "Communiqué on Corporate Governance" no II-17.1, article 11. He resides at the address Gülbahar Mahallesi Gülbahar Caddesi 46/8 Şişli – İSTANBUL.

In the meeting dated 18 December 2015, numbered 16;

- Kordsa Global, Co. Policy for Fight Against Bribery and Corruption drafted in line with the recent changes in the Capital Markets Regulations, has been adopted.

It has been observed that utmost attention was paid to compliance with the Commercial Code, CMB Law, Tax Laws, and other regulations. Also provisions of related regulations have been consistently implemented by way of revising Company practices. The draft report and Kordsa Global, Co. Policy for Fight Against Bribery and Corruption were adopted, and shall be submitted to the Board on 18 December 2015 for approval.

EARLY RISK DETECTION COMMITTEE, MEMBERS, AND WORKING PRINCIPLES

NAME SURNAME	JOB	ESSENCE OF MEMBERSHIP OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT
Atıl SARYAL	Early Detection of Risk Committee Chairman	Independent Member of Board of Directors Audit Committee Member Corporate Management Committee Chairman
Hüsnü Ertuğrul ERGÖZ	Early Detection of Risk Committee Member	Independent Member of Board of Directors Audit Committee Member Corporate Management Committee Member
Neriman ÜLSEVER	Early Detection of Risk Committee Member	Deputy Board of Directors Chairman (Executive) Corporate Management Committee Member

Early Detection of Risk Committee

This committee established pursuant to effective Turkish Trade Act no 6102 and Corporate Management Principles of Capital Markets Board (SPK or CMB) was founded with the decisions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors dated 02.08.2013 and numbered 2013/15 and its Internal Regulations were approved.

Structure and Liability Fields of the Committee

The Independent Board members Atıl SARYAL and Hüsnü Ertuğrul ERGÖZ, and the Board member Neriman ÜLSEVER elected in the 2014 Ordinary General Assembly dated 24 March 2015, were appointed as members of the Early Risk Detection Committee, with the Board resolution dated 24 March 2015, numbered 2015/13.

Members consist of persons not directly undertaking execution function and carrying capacity of official and independent member in the Board of Directors and owning sufficient knowledge and Corporate Management issues.

Early Detection of Risk Committee; conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Early Detection of Risk Committee is gathered at least 4 times annually.

Committee Meetings

Meeting agenda is detected by the Chairman of Committee.

Members and stakeholders report the issues they request to be taken into agenda to the Chairman of Early Detection of Risk Committee via Reporter.

Meetings are held at least four times a year on date to be deemed appropriate by the Chairman. Annual meeting calendar of the Early Detection of Risk Committee at each year beginning is determined and announced to all members by the Committee Chairman.

Risk reports are reviewed by Early Detection of Risk Committee for the purpose of conducting risks efficiently and submitted to the Board of Directors bimonthly.

Early Detection of Risk Committee gathered for 6 times on 23 March 2015, 18 June 2015, 15 July 2015, 18 September 2015 and 21 October 2015 with the Audit Committee in 2015 twelve-month period.

In the meeting dated 23 March 2015, 18 June 2015, 15 July 2015, 18 September 2015 and 21 October 2015;

- It has been discussed that any case against expectations of Corporate Risk Management in decisions and applications of Company Management,
- That works of Relations With Shareholders Unit were reviewed on the condition of examining associated documents and care shown in one-to-one interviews with the relevant managers in press meetings held within the period, in investor relations,
- That risks with high potential affecting the Kordsa Global were determined by the Kordsa Global Management Committee,
- That operations risk analysis studies and country risk reports were prepared in all facilities and locations being participant of Kordsa Global,
- The detected risks were re-prioritized in Kordsa Global Executive Committee (ELT) meetings held on 24.02.2015, 21.05.2015, 21.07.2015, 17.09.2015, and 20.10.2015,

- The significant risks to be monitored in 2015 have been determined,
- 2015 Strategic Targets (SI) and activities (MWB) for the efficient risk management for Kordsa Global were determined and the results were shared with the Committee,
- Kordsa Global's Standard Risk Procedure CFN P007, dated 01.09.2011 was revised, (in the meeting dated 23 March 2015, numbered 9)

It has been observed that utmost attention was paid to compliance with the Commercial Code, CMB Law, Tax Laws, and other regulations. Also provisions of related regulations have been consistently implemented by way of revising Company practices. Kordsa Global's Standard Risk Procedure CFN P007, dated 01.09.2011 and the reports for the period have been adopted, and will be submitted for Board approval on the following dates: 23 March 2015, 19 June 2015, 10 August 2015, 18 September 2015, 4 November 2015, and 18 December 2015.

5.4. Management and Internal Control Mechanism

Kordsa Global Corporate Risk Management

Kordsa Global Corporate Risk Management With regard to Kordsa Global Corporate Risk Management, Risk Management established company standard (CFN.007) and published within the organization on 01.07.2012. Related standard is reviewed annually by the Kordsa Global Execution Board. Company standard explains company applications on the following issued and secured them.

- Kordsa Global Risk Management approach
- Assignment of liabilities and compliance
- Detecting risks
- Assessment of risks
- Establishing risk tracking reports
- Prioritizing risks
- Risk action plans
- Monitoring and reporting risks
- Auditing risks

Business Continuity Management became a management standard that will constitute the milestone of Kordsa Global Corporate Risk Management applications. Participants of Kordsa Global all around the world were examined in country and facility detail, risks were detected and required actions and risk prevention plans were identified. Crisis Emergency Case Management standard covering all facilities of Kordsa Global was established. Crisis Emergency Case Management Drill was performed within 2015 and roles and liabilities within the organization were reinforced.

Country originated risks were identified in all facilities and prioritized in accordance with the CFN.007 Risk Management company standard. Action plans were established towards management of risks owning high risk score.

Kordsa Execution Board included Corporate Risk Management issues into the monthly meeting agenda and country risks and important risks affecting Kordsa Global were monitored continuously.

Kordsa Execution Board prioritized risks that Kordsa Global subjected to and completed studies required for tracking important risks via Critical Risk Indicators.

Early Detection of Risk Committee established by Kordsa Board of Directors; conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Risk reports are reviewed by Early Detection of Risk Committee in coordination of Deputy Chairman of Kordsa Global Finance and Purchasing for the purpose of conducting risks efficiently and submitted to the Board of Directors bimonthly.

Risk management reports were coordinated with the Audit Department and included within the audit plan for the purpose of tracking and auditing of risks detected by Kordsa Global Corporate Risk Management System and all audits were performed according to the plan.

5.5. Company's Strategic Targets

Company Board of Directors disclosed this in written in the annual report by determining Company's vision and mission

and at the same time on the website accessed from <http://www.kordsaglobal.com> to the public.

Board of Directors determined the three-year strategic targets by discussing with Senior Management. It approves the annual budget prepared within the frame of these strategic targets.

Board of Directors is familiar with the application process of decisions taken in parallel to the comparing presentations it acquires from Company authorities at the meetings. In these presentations, current year's budget and its actual comparison as well as the same periods of the past periods are submitted to the knowledge of Board of Directors.

Kordsa Global has strategic interventions within the frame of following titles with the vision of "Kordsa Global agile in business fields with high added value for sustainable growth".

Strategic interventions are described in annual report and on the corporate website accessed from <http://www.kordsaglobal.com> to the public.

Operational Excellence

Kordsa Global manages its operations within this strategic initiative within the frame of competitive cost, simple and agile Kordsa Global and agile and entrepreneur teams.

High Added Value Business Areas

Kordsa Global works in the direction of developing new products for "environment friendly" tires to its sector and being Leader Company in its sector's product and service quality within this strategic initiative.

Growth

Kordsa Global has focused on assessment of new job fields out of tire and profitable growth target in its operations towards tire within this strategic initiative.

Kordsa Global and its employees adopt the following values corporately while applying the strategic business plans and reflects them to its way of doing business.

- Labor health, labor security and environment,
- Commitment to laws and ethical values,
- Customer orientation,
- Open-mindedness,
- Cooperation and solidarity culture,
- Result orientation,

All news related to these developments being the most important indicators of technological progress, innovation and entrepreneurship were announced to stockholders on the Company's website.

It will continue to prioritize continuously improvement projects for efficiency and performance increases in 2016.

Also, the Company develops systems that may create opportunities for continuous development and business excellence while performing all these strategic targets and applies human resource development planning in parallel to the global strategy.

5.6. Financial Rights

General Board determined the payment and peace right to be paid to Chairman and Members of Board of Directors.

Payments made to the senior manager are disclosed to the public in our financial statement footnotes.

Also, detail information is contained in footnote no 27 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January – 31 December 2015 fiscal period.

Payment plans, based on stock options or company performance, are used in pricing of independent members of board of directors.

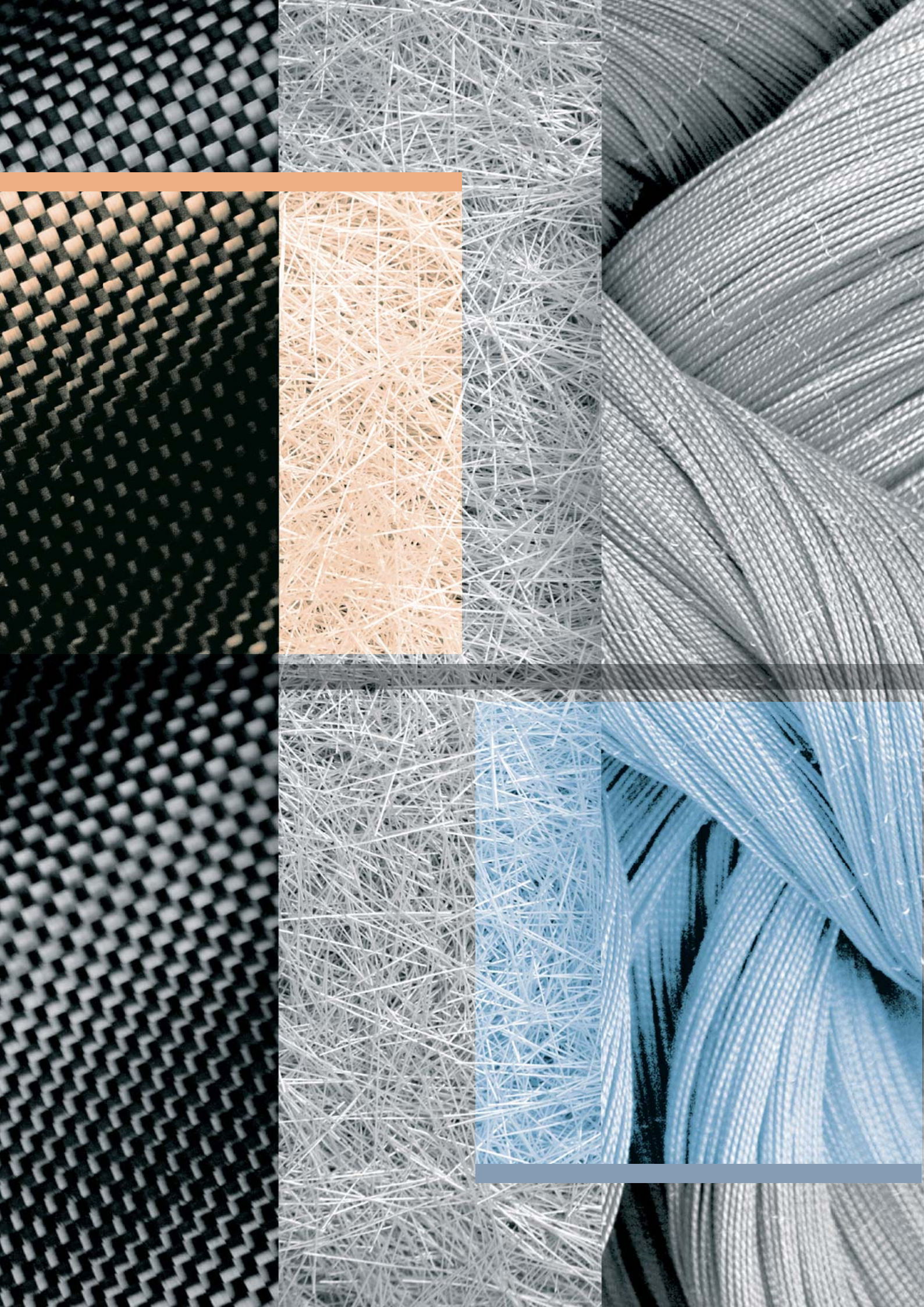
For Members of Board of Directors and Senior Managers of the Company, pursuant to obligatory Corporate Management Principle no 4.6.2. of SPK, pricing principles of Members of Board of Directors and senior managers became written by our company.

This issue provided opportunity to report view in this regard to the shareholders by submitting to the knowledge of partners as an individual article in the 20122 Partners Ordinary General Board Meeting held on 18 April 2012.

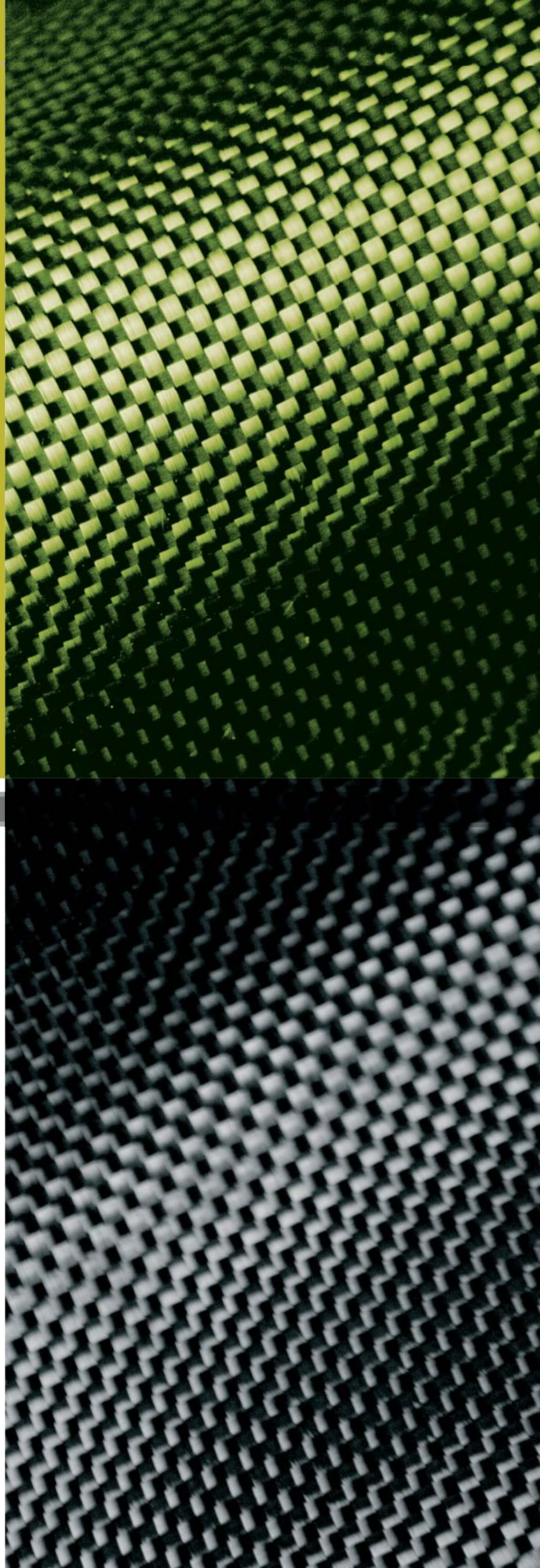
This Wage Policy established by the Company for Members of Board of Directors and Senior Managers defines pricing system and application of our members of board of directors and senior managers within the scope of those having administrative liability within the scope of SPK regulations. Wage Policy was disclosed to the public as of 27 March 2012 from Company's website accessed from <http://www.kordsaglobal.com>.

Members of Board of Directors do not have any debts to the Company transferring from previous years and also the Company in 2015 twelve-month period; did not give loan to any Members of Board of Directors, did not have credit used under its personal credit name via a third person or give guarantees such guarantees in favor.

In the 2014 Partners Ordinary General Meeting held on 24 March 2015; it was decided to pay monthly gross fee of 3.500 TL to the Members of Board of Directors during their duty terms



KORDSA GLOBAL
ENDÜSTRİYEL İPLİK
VE KORD BEZİ SANAYİ VE
TİCARET A.Ş.
CONVENIENCE
TRANSLATION INTO
ENGLISH OF
CONSOLIDATED
FINANCIAL STATEMENTS



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)
INDEPENDENT AUDITOR'S REPORT

To the board of directors of **Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.**

We have audited the accompanying consolidated financial statements of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss and 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 other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. and its subsidiaries as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Additional Paragraph for US Dollar (“USD”) Translation

“As explained in Note 2 to the consolidated financial statements, USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira (“TL”), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 31 December 2015 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2015 for the consolidated statement of profit or loss and consolidated statement of cash flows. The resulting difference from the use of average CRBT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 “The effects of Changes in Foreign Exchange Rates” when the financial statements are presented in a currency other than the functional currency.”

Reports on Other Legal and Regulatory Requirements

In accordance with paragraph four of Article 402 of Turkish Commercial Code No. 6102 (“TCC”); nothing has come to our attention that may cause us to believe that the Group’s set of accounts prepared for the period 1 January–31 December 2015 does not comply with the code and the provisions of the Company’s articles of association in relation to financial reporting

In accordance with paragraph four of Article 402 of TCC, the Board of Directors provided us all the required information and documentation in terms of audit.

In accordance with paragraph four of Article 398 of TCC, the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 25 February 2016.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Berkman Özata, SMMM
Partner

İstanbul, 25 February 2016

INDEX

	PAGE
CONSOLIDATED BALANCE SHEET	75
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	77
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	78
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	79
CONSOLIDATED STATEMENT OF CASH FLOWS	80
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	81
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	81
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	83
NOTE 3 SEGMENT REPORTING	109
NOTE 4 CASH AND CASH EQUIVALENTS.....	114
NOTE 5 FINANCIAL INVESTMENTS.....	115
NOTE 6 BORROWINGS.....	116
NOTE 7 TRADE RECEIVABLES AND PAYABLES	118
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	120
NOTE 9 INVENTORIES	121
NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME	122
NOTE 11 PROPERTY, PLANT AND EQUIPMENT.....	123
NOTE 12 OTHER INTANGIBLE ASSETS	126
NOTE 13 INVESTMENT PROPERTY.....	127
NOTE 14 GOODWILL	128
NOTE 15 GOVERNMENT GRANTS.....	128
NOTE 16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	130
NOTE 17 EMPLOYEE BENEFITS	133
NOTE 18 OTHER ASSETS AND LIABILITIES	135
NOTE 19 EQUITY	136
NOTE 20 SALES AND COST OF GOODS SOLD	137
NOTE 21 EXPENSES BY NATURE.....	137
NOTE 22 OTHER OPERATING INCOME AND EXPENSES.....	138
NOTE 23 INCOME AND EXPENSE FROM INVESTING ACTIVITIES.....	138
NOTE 24 FINANCIAL INCOME AND EXPENSES.....	139
NOTE 25 TAXATION ON INCOME.....	143
NOTE 26 EARNINGS PER SHARE	143
NOTE 27 RELATED PARTY DISCLOSURES	148
NOTE 28 INTERESTS IN OTHER ENTITIES.....	150
NOTE 29 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS.....	152
NOTE 30 FINANCIAL INSTRUMENTS	165
NOTE 31 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	167
NOTE 32 EVENTS AFTER THE REPORTING PERIOD.....	169

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015**

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

	Notes	Unaudited 31 December 2015 USD (*)	Unaudited 31 December 2014 USD (*)	Unaudited 31 December 2015	Unaudited 31 December 2014
ASSETS					
Cash and Cash Equivalents	4	6.116.210	5.898.418	17.783.491	13.677.842
Trade Receivables (net)	7	102.110.896	122.264.633	296.897.640	283.519.457
Trade Receivables from Related Parties	27	4.707.001	5.559.342	13.686.077	12.891.559
Trade Receivables from Third Parties		97.403.894	116.705.290	283.211.563	270.627.898
Other Receivables	8	5.022.261	2.920.552	14.602.727	6.772.467
Other Receivables from Third Parties		5.022.261	2.920.552	14.602.727	6.772.467
Derivative Financial Instruments	29	4.207.473	808.599	12.233.648	1.875.061
Inventories	9	146.073.921	188.649.317	424.724.533	437.458.901
Prepaid Expenses	10	5.335.726	6.775.896	15.514.156	15.712.626
Assets Related to Current Tax	25	842.882	4.192.643	2.450.765	9.722.321
Financial Investments		32.179	32.179	93.564	74.620
Other Current Assets	18	15.884.723	23.652.035	46.186.420	54.846.704
Subtotal		285.626.270	355.194.273	830.486.944	823.659.999
Non-Current Assets Held For Sale	31	39.283.645	1.891.129	114.221.125	4.385.340
Current Assets		324.909.917	355.194.273	944.708.069	828.045.339
Financial Investments	5	99.941	123.178	290.589	285.638
Other Receivables	8	4.539.040	7.235.460	13.197.714	16.778.309
Other Receivables from Third Parties		4.539.040	7.235.460	13.197.714	16.778.309
Investment Property	13	9.695.574	9.630.448	28.190.850	22.332.047
Property, Plant and Equipment	11	359.438.129	425.095.962	1.045.102.304	985.755.026
Intangible Assets		26.583.633	30.888.310	77.294.572	71.626.902
Goodwill	14	15.681.375	19.662.412	45.595.167	45.595.167
Other Intangible Assets	12	10.902.258	11.225.898	31.699.405	26.031.735
Prepaid Expenses	10	3.179.635	4.161.488	9.245.107	9.650.074
Deferred Tax Assets	25	9.990.026	8.946.215	29.046.999	20.745.377
Other Non-Current Assets	18	9.270.743	7.029.024	26.955.612	16.299.604
Non-Current Assets		422.796.721	493.110.085	1.229.323.747	1.143.472.977
Total Assets		786.990.283	850.195.487	2.174.031.816	1.971.518.316

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015**

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

	Notes	Unaudited 31 December 2015 USD (*)	Unaudited 31 December 2014 USD (*)	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES					
Short Term Borrowings	6	112.203.445	170.157.968	2014"	394.579.311
Short Term Portion of Long Term Borrowings	6	11.670.487	10.229.665	33.933.108	23.721.571
Trade Payables	7	59.178.541	67.454.118	172.067.527	156.419.355
Trade Payables to Related Parties	27	1.404.657	1.517.030	4.084.181	3.517.840
Trade Payables to Third Parties		57.773.884	65.937.089	167.983.346	152.901.515
Employee Benefit Obligations	17	1.428.911	2.026.004	4.154.702	4.698.100
Other Payables	8	4.367.101	6.873.930	12.697.782	15.939.956
Other Payables to Third Parties		4.367.101	6.873.930	12.697.782	15.939.956
Deferred Income	10	129.036	1.434.160	375.186	3.325.674
Short Term Provisions	17	5.144.487	5.329.379	14.958.111	12.358.296
Short Term Provisions for Employee Benefits		5.127.958	5.308.653	14.910.051	12.310.236
Other Short Term Provisions		16.529	20.725	48.060	48.060
Other Current Liabilities	18	6.205.916	6.789.185	18.044.320	15.743.441
Subtotal		200.327.924	270.294.409	582.473.472	626.785.704
Non-Current Assets Held For Sale	31	15.795.855	-	45.928.028	-
Current Liabilities		416.451.703	540.588.818	628.401.500	626.785.704
Long Term Borrowings	6	66.762.871	59.889.812	194.119.724	138.878.485
Trade Payables		-	216.827	-	502.799
Trade Payables to Third Parties		-	216.827	-	502.799
Other Payables	8	2.987.799	4.902.036	8.687.324	11.367.331
Other Trade Payables to Third Parties		2.987.799	4.902.036	8.687.324	11.367.331
Government Grants	15	-	1.078.714	-	2.501.429
Long Term Provisions	17	14.932.764	14.491.191	43.418.506	33.603.623
Long Term Provisions for Employee Benefits		14.932.764	14.491.191	43.418.506	33.603.623
Deferred Tax Liabilities	25	28.678.672	30.643.146	83.386.108	71.058.392
Non-Current Liabilities		113.362.106	111.221.726	329.611.662	257.912.059
Total Liabilities		529.813.809	651.810.544	958.013.162	884.697.763
SHAREHOLDERS' EQUITY					
Equity Attributable to Owners of the Company		330.412.023	380.618.571	966.481.558	886.720.375
Share Capital	19	66.903.658	83.888.514	194.529.076	194.529.076
Share Premium	19	21.341.607	26.759.608	62.052.856	62.052.856
Shareholders' Contribution		129.280.266	162.100.694	375.895.300	375.895.300
"Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss"					
Financial Assets Fair Value Reserve	19	(92.912)	(116.500)	(270.151)	(270.151)
Currency Translation Differences		51.964.011	47.139.461	156.866.115	113.415.666
Hedging Reserve	19	3.281.200	651.783	9.540.417	1.511.419
"Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss"					
Defined Benefit Plans Remeasurement Fund		(2.251.581)	(1.327.834)	(6.546.696)	(3.079.114)
Restricted Reserves		10.578.246	13.263.749	30.757.308	30.757.308
Retained Earnings	19	15.272.536	14.984.707	44.406.426	34.748.037
Net Income for the Period	19	34.134.992	33.274.389	99.250.907	77.159.978
Non-Controlling Interests	28	85.822.361	86.290.991	249.537.096	200.100.178
Total Equity		416.234.384	466.909.562	1.216.018.654	1.086.820.553
Total Liabilities and Equity		946.048.193	1.118.720.106	2.174.031.816	1.971.518.316

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

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

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

	Notes	Unaudited 1 January- 31 December 2015 USD (*)	Unaudited 1 January- 31 December 2014 USD (*)	Audited 1 January- 31 December 2015	Audited 1 January- 31 December 2014
PROFIT OR LOSS					
Sales	20	596.628.779	676.434.618	1.734.757.837	1.568.584.236
Cost of Sales (-)	20,21	(488.268.442)	(575.476.875)	(1.419.689.321)	(1.334.473.326)
GROSS PROFIT		108.360.337	100.957.743	315.068.516	234.110.910
Marketing Expenses (-)	21	(24.474.711)	(25.567.611)	(71.162.671)	(59.288.734)
General and Administrative Expenses (-)	21	(28.437.853)	(28.105.934)	(82.685.902)	(65.174.850)
Research and Development Expenses (-)	21	(747.277)	(1.340.193)	(2.172.782)	(3.107.773)
Other Operating Income	22	77.543.209	39.708.620	225.464.634	92.080.320
Other Operating Expenses (-)	22	(73.540.881)	(39.357.317)	(213.827.465)	(91.265.683)
OPERATING PROFIT		58.702.824	46.295.308	170.684.330	107.354.190
Income From Investing Activities	23	5.321.614	2.793.666	15.473.125	6.478.233
Expenses From Investing Activities (-)	23	(523.405)	(359.706)	(1.521.852)	(834.122)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		63.501.033	48.729.268	184.635.603	112.998.301
Financial Income	24	-	694.141	-	1.609.644
Financial Expenses (-)	24	(15.129.448)	(5.852.645)	(43.990.383)	(13.571.698)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		48.371.585	43.570.764	140.645.220	101.036.247
Tax Expense:					
- Current Tax Expense	25	(6.665.970)	(5.781.709)	(19.381.975)	(13.407.206)
- Deferred Tax Income/ (Expense)	25	1.106.776	1.294.018	3.218.062	3.000.698
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		42.812.391	39.083.073	124.481.307	90.629.739
DISCONTINUED OPERATIONS					
Net profit / (loss) for the period from discontinued operations	31	(2.795.154)	1.700.508	(8.127.190)	3.943.308
PROFIT FOR THE PERIOD		40.017.237	40.783.581	116.354.117	94.573.047
PROFIT ATTRIBUTABLE TO:					
- Owners of the Parent		34.134.992	33.274.389	99.250.907	77.159.978
- Non-Controlling Interests		5.882.243	7.509.194	17.103.210	17.413.069
Earnings per share;					
- thousand shares TL	26	1,75	1,71	5,10	3,97
Earnings per share from continuing operations;					
- thousand shares TL	26	1,90	1,62	5,52	3,76
Earnings per share from discontinuing operations;					
- thousand shares TL	26	(0,14)	0,09	(0,42)	0,21

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

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

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

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

	Audited	Audited
	1 January- 31 December 2015	1 January- 31 December 2014
PROFIT FOR THE PERIOD	116.354.117	94.573.047
Other Comprehensive Income:		
Income or Expenses That Will Not Be Reclassified to Profit or Loss	(3.467.582)	(1.810.418)
Defined benefit plans revaluation fund	(4.290.728)	(2.413.892)
Deferred tax income	823.146	603.474
Income or Expenses That Will Be Reclassified to Profit or Loss	93.040.275	43.542.659
Currency translation differences	85.011.277	42.031.240
Hedging reserve gains	10.036.248	1.886.431
Tax (expense) related to other comprehensive income items (*)	(2.007.250)	(375.012)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)	89.572.693	41.732.241
TOTAL COMPREHENSIVE INCOME	205.926.810	136.305.288
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Owners of the Parent	147.262.772	104.101.966
- Non-Controlling Interests	58.664.038	32.203.322

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

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

	Share Capital	Share Premium	Shareholders' Contribution	Financial Assets Fair Value Reserve	Hedging Reserve	Currency Translation Differences	Defined Benefit Plans Remeasurement Fund	Restricted Reserves	Retained Earnings	Net Income for the Period	Equity Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
Previously reported balances at 1 January 2014	194,529,076	62,052,856	444,666,957	(270,151)	-	112,871,978	(1,268,696)	31,024,246	3,658,291	30,822,808	878,087,365	170,610,241	1,048,697,606
Transfers	-	-	-	-	-	-	-	(266,938)	31,089,746	(30,822,808)	-	-	-
Impact of liquidation of subsidiary	-	-	(68,771,657)	-	-	(26,697,299)	-	-	-	-	(95,468,956)	-	(95,468,956)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(2,713,385)	(2,713,385)
Total comprehensive income	-	-	-	-	1,511,419	27,240,987	(1,810,418)	-	-	77,159,978	104,101,966	32,203,322	136,305,288
Balances at 31 December 2014	194,529,076	62,052,856	375,895,300	(270,151)	1,511,419	113,415,666	(3,079,114)	30,757,308	34,748,037	77,159,978	886,720,375	200,100,178	1,086,820,553
Previously reported balances at 1 January 2014	194,529,076	62,052,856	375,895,300	(270,151)	1,511,419	113,415,666	(3,079,114)	30,757,308	34,748,037	77,159,978	886,720,375	200,100,178	1,086,820,553
Transfers	-	-	-	-	-	-	-	-	77,159,978	(77,159,978)	-	-	-
Dividends paid (*)	-	-	-	-	-	-	-	(67,501,589)	-	-	(67,501,589)	(9,227,120)	(76,728,709)
Total comprehensive income	-	-	-	-	8,028,998	43,450,449	(3,467,582)	-	-	99,250,907	147,262,772	58,664,038	205,926,810
Balances at 31 December 2014	194,529,076	62,052,856	375,895,300	(270,151)	9,540,417	156,866,115	(6,546,696)	30,757,308	44,406,426	99,250,907	966,481,558	249,557,096	1,216,018,654

(*) At the General Assembly meeting 2014 on 24 March 2015, depending on the legal situation of shareholders representing the capital of TL 194,529,076 for 2014, Gross, %34,70 net %33,4769 percent of the total, amounting to 67,501,589 (0,347 TL Gross per share, net 0,334769 TL) dividend payment, it was decided to distribute cash dividends from the date of 29 May 2015.

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

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

	Notes	Unaudited 1 January- 31 December 2015 USD (*)	Unaudited 1 January- 31 December 2014 USD (*)	Audited 1 January- 31 December 2015	Audited 1 January- 31 December 2014
A. CASH PROVIDED BY OPERATING ACTIVITIES		2015"	"31 December	215.610.277	55.093.668
Profit for the period from continuing operations		2014"	39.083.074	124.481.307	90.629.739
Profit / loss from discontinued operations		(2.795.154)	1.700.508	(8.127.190)	3.943.308
Adjustments to reconcile profit / loss for the period					
Adjustments related to depreciation and amortization expenses	11,12	27.778.015	32.431.439	80.767.356	75.205.264
Provision for impairment on property, plant and equipment	11,12	1.179.660	864.014	3.429.979	2.003.561
Fair value changes of investment properties	13	(60.923)	(1.406.959)	(177.141)	(3.262.597)
Adjustments related to retirement pay provision	17	3.557.143	252.160	10.342.750	584.733
Adjustments related to deferred taxes	25	(1.106.776)	(1.180.064)	(3.218.061)	(2.736.451)
Adjustments related to interest income	23	(1.598.837)	(1.010.838)	(4.648.778)	(2.344.032)
Adjustments related to interest expense	24	7.602.587	6.348.381	22.105.282	14.721.261
Adjustments related to (gain) / loss on sale of property, plant and equipment	23	(3.138.449)	109.225	(9.125.354)	253.281
Adjustments related to redemption of government grants		(860.307)	(73.937)	(2.501.429)	(171.452)
Adjustments related to inventory obsolescence	9	420.600	865.003	1.222.938	2.005.856
Adjustments related to personnel bonus accruals	17	2.591.797	2.454.577	7.535.909	5.691.919
Adjustments related to vacation pay provision	17	1.861.628	1.004.414	5.412.869	2.329.135
Adjustments related to employee retirement benefit provision	17	167.860	1.134.463	488.070	2.630.707
Adjustments related to provision for doubtful receivables	7	105.710	102.926	307.362	238.676
Adjustments related to insurance income accruals		13.625	21.267	39.616	49.315
Adjustments related to tax expense	25	6.665.970	5.781.709	19.381.975	13.407.206
Adjustments related to unrealized finance expenses on credit purchases		1.247.433	648.219	3.627.036	1.503.154
Adjustments related to unearned finance income on credit sales		(2.863.226)	(3.422.513)	(8.325.116)	(7.936.465)
Adjustments related to unrealized foreign exchange (gains) / losses		777.303	1.373.035	2.260.087	3.183.931
Adjustments related to fair value changes of derivative financial instruments		(815.412)	(156.817)	(2.370.893)	(363.642)
Changes in working capital					
Adjustments related to increase/ decrease in trade receivables		(5.828.856)	(18.674.848)	(16.947.982)	(43.305.104)
Adjustments related to increase/ decrease in inventories		3.446.766	(42.112.016)	10.021.817	(97.653.554)
Adjustments related to increase/ decrease in other short-term receivables		1.100.879	(4.370.405)	3.200.917	(10.134.531)
Adjustments related to increase/ decrease in other long-term receivables		(2.447.045)	(446.152)	(7.115.028)	(1.034.583)
Adjustments related to increase/ decrease in trade payables		8.245.043	9.060.602	23.973.288	21.010.630
Adjustments related to increase/ decrease in other long-term trade payables		(172.926)	(40.011)	(502.799)	(92.782)
Adjustments related to increase/ decrease in other short-term other payables and liabilities		(1.012.398)	(2.385.821)	(2.943.648)	(5.532.480)
Adjustments related to increase/ decrease in other long-term other payables and liabilities		(921.725)	345.624	(2.680.007)	801.468
Adjustments related to increase/ decrease in short-term benefits to employees		707.256	1.072.838	2.056.417	2.487.805
Adjustments related to increase/ decrease in doubtful receivables collected	7	(175.325)	56.136	(509.775)	130.174
Adjustments related to increase/ decrease in prepaid expenses		207.538	1.501.665	603.438	3.482.211
Change in deferred income		(1.014.750)	3.627.074	(2.950.488)	8.410.821
Employee bonuses paid		(2.755.005)	(2.106.422)	(8.010.453)	(4.884.581)
Taxes paid		(6.665.970)	(7.889.368)	(19.381.975)	(18.294.656)
Adjustments related to increase/ decrease in retirement pay and employee benefits paid	17	(1.212.338)		(3.524.995)	(1.863.577)
Cash flow provided by operating activities fixed assets held for sale		(1.579.660)	-	(4.593.019)	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		(26.346.192)	(91.231.293)	(76.604.187)	(211.556.247)
Purchase of property, plant, equipment and intangible assets	11,12	(36.236.501)	(93.622.549)	(105.361.249)	(217.101.330)
Proceeds from sale of property, plant and equipment		8.291.472	1.380.418	24.108.284	3.201.051
Interest received	23	1.598.837	1.010.838	4.648.778	2.344.032
C. CASH FLOWS FROM FINANCING ACTIVITIES		(35.239.357)	53.023.599	(102.461.957)	122.956.422
Dividends paid		(23.215.569)	-	(67.501.589)	-
Dividends paid to non-controlling interests		(3.173.449)	(1.170.117)	(9.227.120)	(2.713.385)
Proceeds from borrowings – net		(1.850.741)	60.542.097	(5.381.215)	140.391.068
Interest paid	24	(9.889)	(6.348.381)	(28.754)	(14.721.261)
Change in factoring debt based financial		(7.602.587)	-	(22.105.282)	-
Cash flow provided by operating activities fixed assets held for sale		612.878	-	1.782.003	-
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT BEFORE THE CURRENCY TRANSLATION DIFFERENCE IMPACT (A+B+C)		12.568.487	(14.449.160)	36.544.133	(33.506.157)
D. CURRENCY TRANSLATION DIFFERENCE IMPACT ON CASH AND CASH EQUIVALENTS		(11.156.447)	(2.278.715)	(32.438.484)	(5.284.113)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT (A+B+C+D)		1.412.041	(16.727.875)	4.105.649	(38.790.270)
E. CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD		4.704.169	22.626.294	13.677.842	52.468.112
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+B+C+D+E)		6.116.210	5.898.418	17.783.491	13.677.842

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

Kordsa Global is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa İstanbul ("BIST") since 1991. As of 31 December 2015, 28,89% of the Group's shares is listed on BIST. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows:

	Capital Share (%)	
	31 December 2015	31 December 2014
Hacı Ömer Sabancı Holding A.Ş. (*)	71,11	91,11
Other	28,89	8,89
	100,00	100,00

(*) Hacı Ömer Sabancı Holding A. Ş. the Group's share capital by own shares between the date of 6-20 may 2015 38.905.813 of shares with a nominal value of TL from the total of domestic and foreign institutional investors in the wholesale market of the İstanbul stock exchange sales process was carried out. This process, along with hacı ömer sabancı holding A.Ş. has been 71,11 percent share in group.

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

Average number of employees within the Group is 4.073 (31 December 2014: 4.048).

The address of the registered office is as follows:

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (cont'd)**Subsidiaries**

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

31 December 2014

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

31 December 2013

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

(*) Company has traded in Indonesian Stock Exchange (IDX)

(**) According to The Group's Board of Management decision numbered 2015/29 dated December 31 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with %51 and %100 of rates respectively, would be classified as "Assets Held for sale" in the balance sheet as of December 31 2015.

Approval of the Financial Statements

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 25 February 2016, and have been signed by the CEO Cenk Alper and CFO & COO South America Fatma Arzu Ergene on behalf of the Board of Directors. The shareholders of the Group have the right to make changes in the consolidated financial statements after the aforementioned financial statements are issued, and they are subject to approval of the shareholders at the general assembly meeting of the Group.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**2.1 Basis of Presentation**Statement of Compliance with TAS

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

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2014. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Moreover, financial tables and notes are presented in accordance with the format declared by CMB on 7 June 2014.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

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

Preparation of Financial Statements in Hyperinflationary Periods

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

Comparative Information and Correction of the Financial Tables from Previous Periods

The Group's consolidated financial tables are prepared by comparing that of previous periods to determine financial situation and performance trends. When it has been found necessary, comparative information is reclassified and important differences are explained to ensure that comparative information would be in accordance with current period consolidated financial tables.

The Group presented "Long Term Spare Parts" costing 26.692.508 TL under the category of "Stocks" in their consolidated balance sheet in 2014. Group's Management has categorized this amount as "Other Fixed Assets", and this correction has been made in 2014 finances to guarantee comparability.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.1 Basis of Presentation (cont'd)**Basis of Consolidation

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

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

According to The Group's Board of Management decision numbered 2015/29 dated December 31 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with %51 and %100 of rates respectively, would be classified as "Assets Held for sale" in the balance sheet as of December 31 2015.

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

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

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.1 Basis of Presentation (cont'd)**Basis of Consolidation (cont'd)

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.1 Basis of Presentation (cont'd)**Basis of Consolidation (cont'd)

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

US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of profit or loss and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT and average USD exchange rate on 31 December 2015 of TL 2,3189 = USD 1 (2014: TL 2,1343= USD 1) and on TL 2,1879 = USD 1 (2014: 1,9013 = USD 1), respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The Effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

2.2 Changes in Accounting Policies

Significant changes in the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting policies of the Group in the current period.

2.3 Changes in Accounting Estimates and Errors

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

Identified accounting errors are corrected in financial statements retrospectively. There are no significant accounting errors identified by the Group in the current period.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.4 New and Revised Turkish Accounting Standards**a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

None.

b) New and revised TAS applied with no material effect on the financial statements

Amendments to TAS 19	Defined Benefit Plans: Employee Contributions ¹
Annual Improvements to 2010-2012 Cycle	TFRS 2, TFRS 3, TFRS 8, TFRS 13, TMS 16 ye TMS' 38, TMS 24, TFRS 9, TMS 37, TMS 39 ¹
Annual Improvements to 2011-2013 Cycle	TFRS 3, TFRS 13, TMS 40 ¹

¹ Effective for annual periods beginning on or after 30 June 2014.**Amendments to TAS 19 Defined Benefit Plans: Employee Contributions**

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

Annual Improvements to 2010-2012 Cycle

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

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

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

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

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

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

Annual Improvements to 2010-2012 Cycle also led to amendments in related provisions of TFRS 9, TAS 27 and TAS 39, respectively.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.4 New and Revised Turkish Accounting Standards (cont'd)**b) New and revised TAS applied with no material effect on the financial statements (cont'd)**Annual Improvements to 2011-2013 Cycle****TFRS 3:** Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.**TFRS 13:** Clarify the scope of the portfolio exception in paragraph 52.**TAS 40:** Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.c) New and revised TAS in issue but not yet effective

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

TFRS 9	Financial Instruments
Amendments to TFRS 9 and TFRS 7	Mandatory Effective Date of TFRS 9 and Transition Disclosures
Amendments to TAS 16 and TAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	Agriculture: Bearer Plants ¹
Amendments to TFRS 11 and TFRS 1	Accounting for Acquisition of Interests in Joint operations ¹
Annual Improvements to 2011-2013 Cycle	TFRS 1 ²
Amendments to TAS 1	Disclosure Initiative ²
Annual Improvements to 2012-2014 Cycle	TFRS 5, TFRS 7, TAS 34, TAS 19 ²
Amendments to TAS 27	Equity Method in Separate Financial Statements ²
Amendments to TFRS 10 and TAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to TFRS 10, TFRS 12 and TAS 28	Investment Entities: Applying the Consolidation Exception ²
TFRS 14	Regulatory Deferral Accounts ²

¹ Effective for annual periods beginning on or after 31 December 2015.² Effective for annual periods beginning on or after 1 January 2016.**TFRS 9 Financial Instruments**

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

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.4 New and Revised Turkish Accounting Standards (cont'd)**c) New and revised TAS in issue but not yet effective (cont'd)**Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation**

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

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

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

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

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

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

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

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

Annual Improvements 2011-2013 Cycle

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

Amendments to TAS 1 Disclosure Initiative

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.4 New and Revised Turkish Accounting Standards (cont'd)**d) New and revised TAS in issue but not yet effective (cont'd)**Annual Improvements 2012-2014 Cycle****TFRS 5:** Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.**TFRS 7:** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.**TAS 34:** Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

Amendments to TAS 27 Equity Method in Separate Financial Statements

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

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

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

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

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.4 New and Revised Turkish Accounting Standards (cont'd)****TFRS 14 Regulatory Deferral Accounts**

TFRS 14 **Regulatory Deferral Accounts** permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

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

2.5 Significant Accounting Policies**a) Revenue**

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commissions, and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the "effective yield" on the asset.

Other revenues earned by the Group are recognised on the following bases:

- Rent income - on accrual basis,
- Interest income - on an effective yield basis,
- Dividend income - when the Group's right to receive payment is established.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****b) Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 9). 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.

c) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 11). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Furniture and fixtures	3-7

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare parts changes and labour costs, included in the large comprehensive maintenance and repair expenses are capitalised. And the average useful lives between the next-largest comprehensive maintenance are depreciated.

d) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding 20 years (Note 12). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****d) Intangible assets (cont'd)****Internally generated intangible assets – research and development expenses**

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****e) Impairment of assets (cont'd)**

Intangible assets with indefinite useful lives such as goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are classified on income statement in the period. Since the Group has no borrowing costs related to qualifying assets, all borrowing costs are classified on income statement in the period.

g) Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****g) Business combinations (cont'd)**

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****g) Business combinations (cont'd)**

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets or other relevant TFRSs, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

i) Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****i) Trade receivables and provision for impairment**

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 7).

j) Due date income / (charges)

Due date income / (charges) represents the income / (charges) that are resulting from credit purchase or sales. These kind of income / (charges) are accepted as financial income and expenses which result from credit purchase or sales come true during the accounting period and included in the other operating income and expense within the maturity period.

k) Provisions, contingent assets and liabilities

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities and not included in financial statements (Note 17).

l) Financial leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Principal payments are disclosed as liabilities and decreased according to payments made (Note 6). The interest element of the finance cost is charged to the income statement over the lease period. Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment and depreciated over the useful life.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****m) Provision for employment termination benefits**

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

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 17).

n) Provision for post-employment benefits

Provision for post-employment benefits is the present value of the defined benefit obligations arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 17).

o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****p) Available-for-sale financial instruments**

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

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value unless fair value cannot be reliably measured.

Other financial assets in which the Group has interest below 20%, that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost, if applicable, less any provision for impairment. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value.

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

Impairment of financial assets

Financial assets, other than those valued by fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****p) Available-for-sale financial instruments (cont'd)**

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

In respect of equity securities which are held for sale, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

r) Equity items

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

s) Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****s) Taxes on income (cont'd)**

Deferred tax assets or liability are reflected to the consolidated financial statements to the extent that they will decrease or increase the tax payable amount when the temporary differences will disappear. Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities (Note 25).

t) Effect of changes in foreign exchange ratesForeign Currency Transactions and Balances

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

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****t) Effect of changes in foreign exchange rates (cont'd)**Financial Statements of Foreign Subsidiaries, Joint Ventures and Affiliates

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group's translation reserve.

u) Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

v) Derivative financial instruments

The derivative financial instruments of the Group are comprised of forward transactions.

Forward transactions:

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

The Group does not use hedging for speculative reasons.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies****v) Derivative financial instruments (cont'd)**Forward transactions (cont'd):

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

y) Deferred financing costs

Deferred financing costs (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised, using the effective interest method, over the remaining life of the long-term bank borrowings (Note 10).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****z) Related parties**

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ("reporting entity").

- a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,
- (i) Has control or joint control over the reporting entity,
 - (ii) Has significant influence over the reporting entity,
 - (iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.
- b) An entity is considered related party of the reporting entity when the following criteria are met:
- (i) If the entity and the reporting entity is within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
 - (ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
 - (iii) If both of the entities are a joint venture of a third party..
 - (iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
 - (iv) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
 - (v) If the entity is controlled or jointly controlled by an individual defined in the article (a).
 - (vi) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration.

For the purpose of these consolidated financial statements, shareholders of Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties. The Group assigned its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 27).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****aa) Earnings per share**

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding 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, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Note 26).

ab) Reporting of cash flows

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from Group's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from Group's changes in the size and composition of the contributed equity and borrowings.

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within 3 months (Note 4).

ac) Share premium

Share premium represents the difference between the nominal value of the Group's shares and the net proceeds from the offering of the Group's share to the public (Note 19).

ad) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.5 Significant Accounting Policies (cont'd)****ad) Investment property (cont'd)**

Transfers are made when there is a change in the use of the investment properties. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use (Note 13).

ae) Segment reporting

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on three operating segments. These operating segments are affected by different economical conditions and geographical positions in terms of risks and rewards. The Company management has determined the Operating Profit as the most appropriate method for the evaluation of the performance of the operating segments (Note 3).

af) Offsetting

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

ag) Comparatives and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. The Group prepared the consolidated balance sheet at 31 December 2015 in comparison with its consolidated balance sheet at

31 December 2014. The Group also prepared the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 1 January - 31 December 2015 in comparison with the accounting period 1 January - 31 December 2014.

2.6 Critical Accounting Judgments, Estimates and Assumptions

Preparation of the consolidated financial statements in accordance with CMB Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.6 Critical Accounting Judgments, Estimates and Assumptions (cont'd)****a) Estimated impairment of goodwill**

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in note 2.5. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Global Management covering a three-year period. Cash flows beyond three years are extrapolated by taking into consideration the shut-down periods recurring once a year. The USD fair value is converted into TL by using the related foreign exchange rate on the date of the balance sheet. Therefore, the values used in the calculations are affected by the fluctuations in the foreign exchange market. The discount rate used in the calculations is 11,15% and the risk premium is 3,9%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2015, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described in the accounting policy in Note 2.5. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in the Note 2.5, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made.

d) Provision for doubtful receivables

A provision for trade receivables is established if there is evidence that the Group will not be able to collect amounts due. Group assesses aging of receivables and collection performances then establishes the doubtful receivable provision. Doubtful receivable provision is an accounting assumption arising from customers' history of collections and financial conditions.

e) Provisions

In accordance with the accounting policy given in the Note 2.5, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.6 Critical Accounting Judgments, Estimates and Assumptions (cont'd)****f) Deferred tax**

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences at Kordsa Brazil, a subsidiary of Kordsa Global, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets for Kordsa Brazil's operating loss carry-forwards because it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. According to Brazilian tax legislation, there is not time limit for carrying forward of operating losses. However, maximum deductible balance is limited to 30% of total taxable income for the related year. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

g) Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated. The technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

In the current year, the Group management re-examined the probable economic benefits of the internally generated intangible assets. The Group management expects the projects to continue as expected and relying on the analysis performed, expects them to create similar economic benefits. The management is sure about being able to recover the book values of the assets even though their economic benefits decrease. The aforementioned situation is followed up closely by the Group management who will make the necessary adjustments if required by the future market transactions.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 3 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) External revenues

	1 January- 31 December 2015	1 January- 31 December 2014
Europe, Middle East and Africa	668.943.887	565.563.414
North America	301.801.247	349.160.544
South America	250.781.534	214.361.785
Asia	513.231.169	439.498.493
	1.734.757.837	1.568.584.236

b) Segment assets

	31 December 2015	31 December 2014
Europe, Middle East and Africa	703.559.429	771.266.356
Asia	786.602.283	678.277.247
South America	221.700.694	239.273.896
North America	327.692.304	280.057.288
Segment assets (*)	2.039.554.710	1.968.874.787
Unallocated assets	137.140.733	4.762.778
Less: Intersegment eliminations	(2.663.627)	(2.119.249)
Total assets per consolidated financial statements	2.174.031.816	1.971.518.316

c) Segment liabilities

	31 December 2015	31 December 2014
Europe, Middle East and Africa	449.471.195	363.467.051
North America	65.570.870	72.698.180
South America	203.400.353	171.982.253
Asia	272.009.602	278.809.089
Segment liabilities (**)	990.452.020	886.956.573
Unallocated liabilities	84.512.094	71.076.211
Less: Intersegment eliminations	(116.950.952)	(73.335.021)
Total liabilities per consolidated financial statements	958.013.162	884.697.763

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

(**) Segment liabilities comprise mainly of operating liabilities and exclude deferred income tax liabilities, other liabilities and financial liabilities.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 3 - SEGMENT REPORTING (cont'd)**d) Segment analysis for the period 1 January – 31 December 2015**

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	668.943.887	301.801.247	250.781.534	513.231.169	-	1.734.757.837
Intersegment revenues	40.825.949	34.952.368	472.421	55.109.118	(131.359.856)	-
Revenues	709.769.836	336.753.615	251.253.955	568.340.287	(131.359.856)	1.734.757.837
Segment operating expenses	(557.831.661)	(356.089.004)	(258.812.528)	(494.439.134)	150.359.691	(1.516.812.636)
Segment operating result	151.938.175	(19.335.389)	(7.558.573)	73.901.153	18.999.835	217.945.201
Unallocated expenses (*)						(47.260.871)
						170.684.330

e) Segment analysis for the period 1 January – 31 December 2014

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	565.563.414	349.160.544	214.361.785	439.498.493	-	1.568.584.236
Intersegment revenues	36.218.526	45.151.634	-	12.943.116	(94.313.276)	-
Revenues	601.781.940	394.312.178	214.361.785	452.441.609	(94.313.276)	1.568.584.236
Segment operating expenses	(521.881.117)	(407.944.366)	(209.316.837)	(392.512.544)	105.187.241	(1.426.467.623)
Segment operating result	79.900.823	(13.632.188)	5.044.948	59.929.065	10.873.965	142.116.613
Unallocated expenses (*)						(34.762.423)
						107.354.190

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 3 - SEGMENT REPORTING (cont'd)**f) Capital expenditure**

	31 December 2015	31 December 2014
Europe, Middle East and Africa	60.136.324	42.266.423
North America	19.995.401	8.562.558
South America	5.469.235	8.457.272
Asia	19.760.289	157.815.077
	105.361.249	217.101.330

g) Depreciation and amortisation

	31 December 2015	31 December 2014
Europe, Middle East and Africa	23.774.081	23.774.081
North America	20.485.784	20.485.784
South America	6.994.570	6.994.570
Asia	29.512.921	29.512.921
	80.767.356	80.767.356

h) Provision for doubtful receivables

	31 December 2015	31 December 2014
Europe, Middle East and Africa	-	-
North America	307.362	307.362
South America	-	-
Asia	-	-
	307.362	307.362

i) Provision for inventory obsolescence

	31 December 2015	31 December 2014
Europe, Middle East and Africa	783.059	783.059
North America	(539.816)	(539.816)
South America	3.317.382	3.317.382
Asia	1.149.027	1.149.027
	4.709.652	4.709.652

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 3 - SEGMENT REPORTING (cont'd)

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

a) External Revenues

	1 January- 31 December 2015	1 January- 31 December 2014
Fabric	1.314.870.857	1.219.776.026
Nylon Yarn	316.753.263	258.127.461
Other	103.133.717	90.680.748
	1.734.757.837	1.568.584.235

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 3 - SEGMENT REPORTING (cont'd)**b) Segment assets**

	31 December 2015	31 December 2014
Fabric	956.667.781	874.995.952
Nylon Yarn	569.912.490	582.350.501
Polyester Yarn	268.111.646	233.321.909
Other	38.065.830	100.100.114
Segment assets	1.832.757.747	1.790.768.476
Unallocated assets	310.345.709	236.873.316
Less: Intersegment eliminations	30.928.360	(56.123.476)
Total assets per consolidated financial statements	2.174.031.816	1.971.518.316

c) Capital expenditure

	31 December 2015	31 December 2014
Nylon Yarn	18.076.244	14.609.133
Polyester Yarn	6.306.067	60.567.330
Fabric	35.508.017	119.994.974
Other	45.470.920	21.929.893
	105.361.248	217.101.330

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Cash	18.203	41.664
Bank - demand deposits	15.883.795	13.362.714
Bank - time deposits	1.881.493	273.464
	17.783.491	13.677.842

Time deposits have less than 3-months maturity. Average annual interest rate for time deposits are 0,1% (2014: 0,1%) for US Dollar and 0,1% (2014: 0,1%) for Euro.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 5 – FINANCIAL INVESTMENTS

	31 December 2015	31 December 2014
Common stocks	290.589	285.638
	290.589	285.638

Detail of the common stocks are as follows:

	31 December 2015		31 December 2014	
	Percentage of shareholding %	Amount	Percentage of shareholding %	Amount
Investimentos Lei 8200	<0,01	95.453	<0,01	95.453
Desenbanco	<0,01	67.524	<0,01	67.524
Investivos Fiscais Finor	<0,01	6.179	<0,01	6.179
Other	-	121.433	-	116.482
		290.589		285.638

Movement schedule of financial assets for the years ended 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Balances at 1 January	285.638	285.022
Currency translation differences	4.951	616
Balances at 31 December	290.589	285.638

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 6 – BORROWINGS

	31 December 2015	31 December 2014
Short-term borrowings	326.242.736	394.579.311
Short-term portion of long term borrowings	33.933.108	23.721.571
Total short-term financial liabilities	360.175.844	418.300.882
Long-term borrowings	194.119.724	138.878.485
Total long-term financial liabilities	194.119.724	138.878.485
Total financial liabilities	554.295.568	557.179.367

Bank borrowings

	31 December 2015		31 December 2014	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	-	234.067	-	1.323.846
USD borrowings	3,78	82.953.560	4,36	146.650.098
Euro borrowings	0,78	214.593.428	0,96	246.605.367
Other borrowings(*)	11,57	28.461.681	-	-
		326.242.736		394.579.311
Short-term portion of long-term borrowings				
USD borrowings	4,94	33.933.108	4,56	23.721.571
		33.933.108		23.721.571
Total short-term borrowings		360.175.844		418.300.882
Long-term borrowings				
USD borrowings	4,94	129.296.683	4,56	138.878.485
Euro borrowings	3,10	64.823.041	-	-
Total long-term borrowings		194.119.724		138.878.485

(*)Other borrowings are consist of credits whom currency is Indonesian Rupiah

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 6 – BORROWINGS (cont'd)

	31 December 2015		31 December 2014	
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings	246.183.351	246.183.351	309.250.154	309.250.154
TL borrowings	234.067	234.067	1.323.846	1.323.846
Euro borrowings	279.416.469	279.416.469	246.605.367	246.605.367
Other borrowings	28.461.681	28.461.681		
	554.295.568	554.295.568	557.179.367	557.179.367

The redemption schedules of borrowings are summarized below:

	31 December 2015	31 December 2014
Up to 1 year	360.175.844	418.300.882
1 to 2 years	63.316.564	25.208.301
2 to 3 years	97.358.094	42.198.432
3 to 4 years	32.535.054	12.667.309
4 to 5 years	847.903	54.790.962
Over 5 years	62.109	4.013.481
	554.295.568	557.179.367

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2015	31 December 2014
Trade receivables		
Trade receivables	278.035.763	266.935.428
Cheques in the portfolio	7.317.941	6.078.071
Due from related parties (Note 27)	13.686.077	12.891.559
	299.039.781	285.905.058
Less: Provision for doubtful receivables	(1.363.347)	(1.420.583)
Less: Unearned credit finance income	(778.794)	(965.018)
	296.897.640	283.519.457

As of 31 December 2015, annual interest rates for discount of TL, USD and Euro trade receivables and payables are 10,78%, 1,99% and 1,20% respectively (2014: 8,64%, 7,71% and 7,53%). The average maturities of the trade receivables and payables as of 31 December 2015 and 2014 are up to 3 months.

As of 31 December 2015, trade receivables amounting to TL 39.525.595 (2014: TL 34.561.948) were past due but not impaired. The aging of these receivables as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Up to 1 month	20.263.464	17.947.803
1 to 3 months	12.026.295	15.332.328
3 to 12 months	7.235.836	1.281.817
	39.525.595	34.561.948

As of 31 December 2015, trade receivables amounting to TL 1.363.347 (2014: TL 1.420.583) were impaired and provided for. The aging of these receivables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Up to 1 months	251.217	200.353
1 to 3 months	-	-
3 to 12 months	587.283	408.573
1 to 5 years	524.847	811.657
	1.363.347	1.420.583

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

Movement schedules of provision for doubtful receivables as of 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	1.420.583	1.757.292
Additions	307.362	238.676
Collections	(509.775)	(130.174)
Currency translation differences	145.177	(445.211)
Balances at 31 December	1.363.347	1.420.583

Trade payables

	31 December 2015	31 December 2014
Trade payables	168.031.933	152.975.274
Due to related parties (Note 27)	4.084.181	3.517.840
	172.116.114	156.493.114
Less: Unrealised credit finance expense on purchases	(48.587)	(73.759)
	172.067.527	156.419.355

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	31 December 2015	31 December 2014
Taxes and other dues (*)	12.453.232	5.213.142
Other	2.149.495	1.559.325
	14.602.727	6.772.467

Other long-term receivables	31 December 2015	31 December 2014
Taxes and other dues (*)	11.259.218	14.654.839
Other	1.938.496	2.123.470
	13.197.714	16.778.309

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

Other short-term payables	31 December 2015	31 December 2014
Taxes and duties payable	9.972.774	8.697.424
Payables on property, plant and equipment purchases	-	5.565.308
Other	2.725.008	1.677.224
	12.697.782	15.939.956

Other long-term payables	31 December 2015	31 December 2014
Taxes and duties payable (**)	8.687.324	11.367.331
	8.687.324	11.367.331

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 9 – INVENTORIES

	31 December 2015	31 December 2014
Finished goods	199.251.029	219.318.254
Raw materials and supplies	127.632.135	130.323.323
Semi-finished goods	50.743.474	46.079.469
Spare parts	21.966.897	21.292.426
Intermediate goods	13.078.568	10.371.228
Other inventories	23.767.907	19.077.128
	436.440.010	446.461.828
Less: Provision for obsolescence	(11.715.477)	(9.002.927)
	424.724.533	437.458.901

The allocation of the provisions for obsolescence for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Finished goods	6.893.234	5.116.265
Spare parts	4.537.783	3.173.548
Semi-finished and intermediate goods	170.767	209.736
Raw materials and supplies	113.693	503.378
Balance at 31 December	11.715.477	9.002.927

Movement schedules for provision for obsolescence for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	9.002.927	8.082.858
Additions	4.709.652	3.637.321
Reversals	(3.486.714)	(1.631.465)
Currency translation differences	1.489.612	(1.085.787)
Balance at 31 December	11.715.477	9.002.927

The amount of provision for inventory obsolescence classified to cost of goods sold for the year 2015 is TL 1.222.938 (2014: TL 2.005.856).

The cost of inventories recognised as expense and included in cost of sales amounted to TL 774.631.361 for the period 1 January - 31 December 2015 (2014: TL 737.152.130).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME**Short-term prepaid expenses**

	31 December 2015	31 December 2014
Advances given	2.943.187	6.515.785
Prepaid expenses	2.194.405	2.329.338
Deposits and pledges given	10.376.564	6.867.503
	15.514.156	15.712.626

Long-term prepaid expenses

	31 December 2015	31 December 2014
Advances given	5.010.415	6.027.634
Deferred finance expense	4.234.692	3.622.440
	9.245.107	9.650.074

Deferred income

	31 December 2015	31 December 2014
Deferred income	375.186	3.325.674
	375.186	3.325.674

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2015	Additions	Disposals	Provision for impairment	Impact of liquidation of subsidiary (*)	Transfers	Currency translation differences	31 December 2015
Cost:								
Land and land improvements	66.766.539	29.220	(293.101)	-	(3.770.665)	119.519	4.891.144	67.742.656
Buildings	299.268.144	324.099	-	-	(20.265.684)	7.435.915	25.845.683	312.608.157
Machinery and equipment	1.599.176.509	10.479.881	(26.654.788)	(25.909.699)	(85.766.210)	71.097.431	146.326.134	1.688.749.258
Motor vehicles	3.597.938	41.881	(468.750)	-	(476.002)	371.518	487.492	3.554.077
Furniture and fixtures	50.371.149	253.178	(1.695.488)	-	(1.814.242)	4.279.390	2.360.302	53.754.289
Construction in progress	74.948.739	92.878.465	(176.256)	-	(2.350.990)	(92.054.087)	8.495.882	81.741.753
	2.094.129.018	104.006.724	(29.288.383)	(25.909.699)	(114.443.793)	(8.750.314)	188.406.637	2.208.150.190
Accumulated depreciation:								
Land improvements	24.553.467	984.201	-	-	-	-	2.175.556	27.713.224
Buildings	164.531.820	6.525.616	-	-	(5.153.665)	-	8.707.807	174.611.578
Machinery and equipment	878.738.996	64.884.782	(18.924.579)	(22.479.720)	(35.580.283)	-	51.452.968	918.092.164
Motor vehicles	2.397.050	277.836	(54.039)	-	(279.736)	-	376.860	2.717.971
Furniture and fixtures	38.152.659	2.611.988	(1.405.582)	-	(1.736.079)	-	2.289.962	39.912.950
	1.108.373.992	75.284.423	(20.384.200)	(22.479.720)	(42.749.763)	-	65.003.153	1.163.047.886
Net book value	985.755.026							1.045.102.304

(*)According to The Group's Board of Management decision numbered 2015/29 dated December 31 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with %51 and %100 of rates respectively, would be classified as "Assets Held for sale" in the balance sheet as of December 31 2015.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

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

	1 January 2014	Additions	Disposals	Provision for impairment (*)	Investment Property Transfers	Transfers	Currency translation differences	31 December 2014
Cost:								
Land and land improvements	68.745.325	13.064	-	(2.003.561)	-	39.114	1.721.115	64.762.978
Buildings	287.906.818	3.811.166	-	-	-	22.923.285	9.254.650	299.268.144
Machinery and equipment	1.445.482.663	50.425.566	(15.885.351)	-	-	133.119.339	44.074.971	1.599.176.509
Motor vehicles	3.775.324	138.119	(433.135)	-	-	514.370	779.400	3.597.938
Furniture and fixtures	50.258.393	225.144	(144.573)	-	-	4.389.292	(2.577.094)	50.371.149
Construction in progress	88.191.658	158.721.071	(960.736)	-	(4.385.340)	(167.033.904)	3.138.042	74.948.739
	1.944.360.181	213.334.130	(17.423.795)	(2.003.561)	(4.385.340)	(6.048.504)	56.391.084	2.092.125.457
Accumulated depreciation:								
Land improvements	22.649.279	1.157.208	-	-	-	-	746.980	24.553.467
Buildings	159.221.086	8.890.484	-	-	-	-	3.275.769	164.531.820
Machinery and equipment	839.688.091	58.299.439	(14.199.415)	-	-	-	16.218.311	876.735.435
Motor vehicles	3.347.563	373.011	(371.428)	-	-	-	140.868	2.397.050
Furniture and fixtures	37.978.510	2.520.267	(129.536)	-	-	-	(1.629.871)	38.152.659
	1.062.884.529	71.240.409	(14.700.379)	-	-	-	18.752.057	1.106.370.431
Net book value	881.475.652							985.755.026

(*) Since the two lawsuits filed by the previous owners of the land purchased on 20 September 2012 by Nile Kordsa for Industrial Fabrics S.A.E., a subsidiary of the Group, has been resolved in favor of the Company, the management possessed a possibility of disposition and carried out a resolution in this manner accordingly.

(**) Approximately USD 56 Million of additions to construction in progress arise from the investments in Indonesia.

(***) Impact of liquidation of subsidiaries arise from Kordsa Argentina and KQNE.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

TL 73.307.643 (2014: TL 62.237.008) of current period depreciation and amortisation expenses are included in cost of sales, TL 1.516.564 (2014: 1.599.273 TL) is included in research and development expenses and TL 5.943.152 (2014: TL 4.194.256) is included in general administrative expenses.

There are mortgages on property, plant and equipment amounting to TL 22.859.993 (2014: TL 31.219.291).

"Leased assets included in property, plant and equipment"	1 January- 31 December 2015	1 January- 31 December 2014
Cost	22.587.515	107.929
Accumulated depreciation	(21.724.354)	(106.737)
Net book value	863.161	1.192

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

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

NOTE 12 - INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals	Transfers	Currency translation differences	31 December 2015
Cost:						
Rights	20.586.943	-	-	123.689	(601)	20.710.031
Technology licences	17.168.279	-	-	-	1.031.740	18.200.019
"Capitalized development expenses"	12.737.753	-	-	-	-	12.737.753
Computer software	9.442.638	1.329.482	(74.529)	8.626.625	708.168	20.032.384
Customer relationships	659.479	-	-	-	-	659.479
Other	4.052.648	25.043	-	-	-	4.077.691
	64.647.740	1.354.525	(74.529)	8.750.314	1.739.307	76.417.357
Accumulated Amortization:						
Rights	5.226.252	1.038.080	-	-	-	6.264.332
Technology licences	15.052.184	15.007	-	-	739.742	15.806.933
"Capitalized development expenses"	4.703.969	1.301.458	-	-	-	6.005.427
Computer software	11.938.886	2.301.343	-	-	(120.729)	14.119.500
Other	1.694.715	827.045	-	-	-	2.521.760
	38.616.006	5.482.933	-	-	619.013	44.717.952
Net book value	26.031.734					31.699.405

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 12 - INTANGIBLE ASSETS (cont'd)

	1 January 2014	Additions	Transfers	Impact of liquidation of subsidiary (*)	Currency translation differences	31 December 2014
Cost:						
Rights	19.866.061	323.093	910.477	-	(512.688)	20.586.943
Technology licences	22.930.948	-	-	(6.305.918)	543.249	17.168.279
"Capitalized development expenses"	12.737.753	-	-	-	-	12.737.753
Computer software	4.485.092	3.443.225	2.205.640	(1.081.111)	389.793	9.442.638
Customer relationships	659.479	-	-	-	-	659.479
Other	1.119.379	882	2.932.387	-	-	4.052.649
	61.798.712	3.767.200	6.048.504	(7.387.029)	420.354	64.647.741
Accumulated Amortization:						
Rights	3.997.857	1.228.395	-	-	-	5.226.252
Technology licences	18.697.655	29.260	-	(4.009.041)	334.310	15.052.184
"Capitalized development expenses"	3.432.986	1.270.983	-	-	-	4.703.969
Computer software	13.453.210	830.286	-	(1.080.733)	147.075	11.938.886
Other	1.088.784	605.931	-	-	-	1.694.715
	39.259.540	3.964.855	-	(5.089.774)	481.385	38.616.006
Net book value	22.539.172					26.031.735

(*) Impact of liquidation of subsidiaries arise from Kordsa Argentina and KQNE.

NOTE 13 – INVESTMENT PROPERTY

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at the beginning of the year	22.332.047	17.441.751
Gain / (loss) from fair value adjustments (*)	177.141	3.262.597
Currency translation differences	5.681.661	1.627.699
Closing balance	28.190.849	22.332.047

(*) As of 31 December 2015 and 2014 the fair value of the Group's investment property in PT Indo Kordsa Company in Asia Pasific Region has been determined by independent experts who are not related with the Group and have appropriate qualifications and recent experience in the valuation of properties. The estimated fair values of lands owned have been determined by taking reference of the market transaction prices of similar properties. When determining the fair values of the lands the highest of the value in use has been considered. In the current period no different valuation methodology is performed.

As of 31 December 2015, the fair value hierarchy of the Group's investment property is Level 2 and in the current period there has been no transition between Level 1 and Level 2.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 14 – GOODWILL

The goodwill with an amount of TL 45.595.167 (2014: TL 45.595.167) net book value as of 31 December 2015 consisted of TL 42.570.007 (2014: TL 42.570.007), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, and TL 3.025.160 (2014: TL 3.025.160), which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006.

In Note 2.6 details of assessment for the impairment of goodwill is defined. There is no change in the book value of the goodwill, which is TL 45.595.167 for the period ended as of 31 December 2015 and 2014.

NOTE 15 - GOVERNMENT GRANTS

	31 December 2015	31 December 2014
Government grants	-	2.501.429

Governmental incentives are the incentives which are taken Interkordsa GmbH's fixed assets, and they are also classified as "Assets Held for Sale".

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

a) Guarantees given:

	31 December 2015	31 December 2014
Pledges given to banks	205.390.746	153.986.755
Letter of guarantees	25.692.680	21.931.204
Letter of credits	2.010.166	21.108.245
Pledges	891.831	315.670
Pledges given for machinery and equipment	8.553.000	10.302.212
Other guarantees given	69.642	1.239.762
	242.608.065	208.883.848

b) Guarantees received:

	31 December 2015	31 December 2014
Letter of guarantees	11.433.234	10.099.767
Cheques and notes received as collateral	975.613	938.409
	12.408.847	11.038.176

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)						
c) Guarantees, Pledges and Mortgages given by the Group ("GPM"):						
31 December 2015						
A. Total of GPMs given on behalf of own legal personality	242.608.065	18.850.279	64.187.715	8.019.731	10.858.014	69.643
B. Total of GPMs given on behalf of subsidiaries consolidated in full	23.777.303	-	7.813.000	-	-	-
C. GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D.Total amount of other GPM	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the majority shareholder	-	-	-	-	-	-
ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	266.385.368	18.850.279	72.000.715	8.019.731	10.858.014	69.643
31 December 2014						
A. Total of GPMs given on behalf of own legal personality	208.883.848	15.712.298	75.835.260	3.023.547	4.687.221	211.680
B. Total of GPMs given on behalf of subsidiaries consolidated in full	55.129.863	-	23.774.144	-	-	-
C. GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D.Total amount of other GPM	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the majority shareholder	-	-	-	-	-	-
ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	264.013.711	15.712.298	99.609.404	3.023.547	4.687.221	211.680

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 16 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (cont'd)

- i) During the preparation of the consolidated financial statements for the fiscal period 01 January to 31 December 2008, the Group found that a person employed in the accounting department of Kordsa Global İzmit had caused the Group to suffer loss through misappropriation of the Company's assets, and in an attempt to recover the money embezzled by the employee the Group initiated legal proceedings with a claim of TL 4.774.030 without limiting its right to litigation and to claim any excess.

NOTE 17 – EMPLOYEE BENEFITS**Short-term provisions for employee benefits**

	31 December 2015	31 December 2014
Provision for unused vacation	7.011.890	6.308.890
Provision for bonus accrual	7.535.909	5.691.919
Provision for lawsuits	48.060	48.060
Provision for capital contribution plan (*)	362.252	309.427
	14.958.111	12.358.296

- (*) The Group applies a contribution-based (premium pay) profit-sharing programme called "Capital Contribution Plan" for North America region workers, where 5% of the total premiums earned is paid annually to employees' account, which is reimbursible after fulfilling three years of work experience within the Group.

In addition to this benefit, another plan called 401(k) is applied to the employees that work in North America. According to this plan, employees can contribute up to 5% of their salaries to the plan and the Group contributes the same amount as the employees' contribution.

Movements in the provision for unused vacation during the year are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	6.308.890	6.455.175
Increase during the year	5.412.869	4.997.847
Decrease during the year	(2.935.972)	(2.668.712)
Currency translation differences	(1.773.897)	(2.475.420)
Balances at 31 December	7.011.890	6.308.890

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 17 – EMPLOYEE BENEFITS (cont'd)**Non-current employee benefits**

	31 December 2015	31 December 2014
Provision for employment termination benefits (*)	31.324.409	22.912.001
Accruals for employee retirement benefit plans (**)	12.094.097	10.691.622
	43.418.506	33.603.623

(*) Provision for employment termination benefits

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and achieves the retirement age 60 for men (58 for women).

Also, possibility of saving severance payment for employees whose insurance-entry dates went back earlier than September 8 1999 and before, and who had completed their 15th year in the company has been calculated as %100.

At 31 December 2015 the amount payable consists of one month's salary limited to a maximum of TL 4.029,53 (2014: TL 3.541,37) for each year of service.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2015	2014
Discount rate (%)	3,30	3,73
The probability of retirement (%)	98,58	98,27

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 4.092,53 (1 January 2015: TL 3.541,37), which is effective from 1 January 2015, has been taken into consideration in calculating the provision for employment termination benefits of the Group.

Movements in the provision for employment termination benefits during the year are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	22.912.001	21.761.732
Addition during the year	5.352.031	584.733
Paid during the year	(1.930.342)	(1.848.354)
Actuarial loss / (gain)	4.990.719	2.413.890
Balances at 31 December	31.324.409	22.912.001

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 17 – EMPLOYEE BENEFITS (cont'd)**(**)** Provision for employment retirement benefits plans:

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations.

Provision for employment retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to work hours of the employees. Work hours and salary provisions those should be paid are listed in the table below:

Duration of Employment/Service	Payable salary provision
Within 120 days - 1 year	30 days
Within 1 yıl - 3 years	90 days
Within 3 yıl - 6 years	180 days
Within 6 yıl - 10 years	240 days
Over 10 years	300 days

Provision of employee termination benefit is calculated by an independent firm with considering the variables such as employee ages, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in consolidated profit or loss statement as income or expense with considering the expected working period of employees.

Movement schedule of provision for employment retirement benefit plans is as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	10.691.622	7.298.562
Addition during the year	488.070	2.630.707
Paid during the year	(1.594.653)	(15.223)
Actuarial loss / (gain)	2.509.058	777.576
Balances at 31 December	12.094.097	10.691.622

Employee benefit obligations	31 December 2015	31 December 2014
Wage Accruals	1.041.353	1.609.958
Due to personnel	3.113.349	3.088.141
	4.154.702	4.698.099

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2015	31 December 2014
Deductible VAT	36.942.722	40.558.454
Prepaid taxes	5.506.966	7.165.604
Deferred VAT	3.294.429	4.117.311
Advances given to personnel	352.039	609.222
Insurance claim income	9.699	49.315
Other	80.565	2.346.798
	46.186.420	54.846.704
Other non-current assets	31 December 2015	31 December 2014
Spare Parts	26.692.508	16.144.078
Long-term deposits	263.104	155.526
	26.955.612	16.299.604
Other short-term liabilities	31 December 2015	31 December 2014
Expense accruals	5.942.954	4.739.688
Sales discounts and commission accruals (**)	5.090.392	6.283.925
Other tax accruals (*)	2.763.581	2.152.304
Other personnel expenses	872.280	695.670
Other	3.375.113	1.871.854
	18.044.320	15.743.441

(*) Other tax accruals mainly comprise foreign Subsidiaries' export, hygiene, security and other tax liabilities.

(**) Sales discount and commission accruals consist of the accrued intermediary commissions as of the balance sheet date.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 19 – EQUITY**Paid-in share capital**

The Group's authorized and issued capital consists of 19.452.907.600 shares at 1 shares of Kr1 nominal value (2014: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Group's shareholders and their shareholdings at 31 December 2015 and 2014 are as follows:

	2015	Share (%)	2014	Share (%)
Hacı Ömer Sabancı Holding A.Ş.	138.327.614	71,11	177.233.427	91,11
Other	56.201.462	28,89	17.295.649	8,89
Total paid-in share capital	194.529.076	100,00	194.529.076	100,00

Revaluation and Hedging Reserves

	31 December 2015	31 December 2014
Financial assets fair value reserve	(270.151)	(270.151)
Hedging reserve	9.540.417	1.511.419
	9.270.266	1.241.268

Financial Assets Fair Value Reserve:

The Financial Assets Fair Value Reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Hedging Reserve:

The Hedging Reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 19 – EQUITY (cont'd)**Movements of Hedging Reserve:**

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	1.511.419	-
Increases/ decreases	11.922.679	1.886.431
Income tax related to gains / losses recognized in other comprehensive income	(2.007.250)	(375.012)
Reclassified to profit or loss	(1.886.431)	-
Balances at 31 December	9.540.417	1.511.419

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL 102.684.000 and TL 4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL 57.736 was accounted as addition to share premium.

As of 23 January 2007, founding partners' redeemed shares are acquired in return for TL 45.240.000 and this amount is accounted for as a deduction from additional paid-in capital.

Restricted Reserves

As of 31 December 2015 restricted reserves comprise the legal reserves amounting to TL 30.207.586 (2014: TL 30.757.308).

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 19 – EQUITY (cont'd)**Profit Distribution**

Public companies distribute profit in accordance with Profit Share Communiqué no II-19.1 issued by CMB effective from 1 February 2015. Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communiqué mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

The composition of Group's equity, which is considered as the basis for profit distribution is as follows:

	31 December 2015	31 December 2014
Net income for the period	99.250.907	77.159.978
Retained earnings	44.389.183	34.748.037
	143.640.090	111.908.015

NOTE 20 - SALES AND COST OF GOODS SOLD

	1 January- 31 December 2015	1 January- 31 December 2014
Sales income (gross)	1.763.414.683	1.589.456.724
Sales returns (-)	(6.194.147)	(3.822.832)
Sales discounts (-)	(15.428.537)	(5.836.044)
Other sales discounts (-)	(7.034.162)	(11.213.612)
Sales Income (Net)	1.734.757.837	1.568.584.236
Cost of sales (-)	(1.419.689.321)	(1.334.473.326)
Gross Profit	315.068.516	234.110.910

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 21 - EXPENSES BY NATURE

	1 January- 31 December 2015	1 January- 31 December 2014
Raw materials and consumables used	774.631.361	787.666.737
Personnel expenses	253.928.905	192.888.441
Energy expenses	172.190.092	130.757.688
Depreciation and amortization expenses	80.767.359	68.030.537
Distribution expenses	38.653.069	38.666.411
Packaging expenses	36.928.224	32.616.931
Consultancy expenses	17.033.485	10.571.470
Idle mill expenses	12.940.970	3.359.423
Rent expenses	2.325.153	2.119.413
Service, maintenance expenses	2.377.907	1.380.674
Other	183.934.151	193.986.958
	1.575.710.676	1.462.044.683

NOTE 22 – OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange gains/ losses on trade receivables	192.050.365	57.772.739
Domestic production incentive income (*)	17.334.703	22.002.898
Unearned finance income on credit sales	8.325.116	7.936.465
Rent income	127.580	99.730
Income from insurance claims	4.023	16.617
Other	7.622.847	4.251.871
	225.464.634	92.080.320

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 22 – OTHER OPERATING INCOME AND EXPENSES (cont'd)

Other operating expenses	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange gains/ losses on trade payables	187.474.059	67.490.430
Taxes and duties	10.118.160	10.175.074
Donations	6.924.124	5.150.068
Expenses of the customer damages	3.429.979	2.003.561
Property, plant and equipment impairment loss (**)	3.627.036	1.503.154
Unrealized finance expense on credit purchases	989.157	3.108.204
Other	1.264.950	1.835.192
	213.827.465	91.265.683

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

(**) As of December 31, 2015 property, plant and equipment impairment loss comes from Kordsa Inc.

NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January- 31 December 2015	1 January- 31 December 2014
Gain on sale of property, plant and equipment(***)	10.647.206	875.778
Interest income	4.648.778	2.339.858
Gain from fair value of investment properties	177.141	3.262.597
	15.473.125	6.478.233

Expenses from investing activities	1 January- 31 December 2015	1 January- 31 December 2014
Loss on sale of property, plant and equipment	1.521.852	834.122
	1.521.852	834.122

DİPNOT 24 – FİNANSMAN GELİRLERİ VE GİDERLERİ

Finance income	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange gains	-	1.609.644
	-	1.609.644

(***) The profit on sale of fixed assets as of the date of 31 December 2015, in Izmit outside of the area in which the company operates, was obtained from the sale of the land.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

DİPNOT 24 – FİNANSMAN GELİRLERİ VE GİDERLERİ (devamı)

Finance expenses	1 January- 31 December 2015	1 January- 31 December 2014
Interest expenses	22.105.282	12.893.638
Foreign exchange losses	20.975.795	-
Other	909.306	678.060
	43.990.383	13.571.698

NOTE 25 - TAXATION ON INCOME**Corporate Tax**

	31 December 2015	31 December 2014
Corporate tax payable	19.381.975	13.407.206
Less: Prepaid taxes (*)	(19.381.975)	(13.407.206)
	-	-

(*) As of 31 December 2015, the Prepaid Corporate Tax exceeding the Corporate Taxes Payable amounting to TL 2.450.765 (2014: TL9.772.321) has been accounted for under Assets Related to Current Tax account.

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

Corporate tax rate for tax accrual on taxable income is applied to the taxable profit which is calculated by adding non-deductible expenses and deducting certain exemptions that take place in tax laws (carryforward losses and if utilized exemptions for investment incentives).

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 25 - TAXATION ON INCOME (cont'd)

	1 January- 31 December 2015	1 January- 31 December 2014
Current period corporate tax expense	(19.381.975)	(13.407.206)
Deferred tax income / (expense)	3.218.062	3.000.698
	(16.163.913)	(10.406.508)

Corporate Tax (cont'd)

The reconciliation of tax on the consolidated profit or loss tables for the years ended 31 December 2015 and 2014 is as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Profit before tax in the consolidated financial statements	140.645.220	101.036.247
Tax charge according to parent company's tax rate 20%	28.129.044	20.207.249
Tax rate differences of subsidiaries	(3.342.225)	(249.656)
Expected tax charge of the Group	24.786.819	19.957.593
Disallowable expenses	178.487	-
Other exempt income	13.539	-
Exemption Of Real Estate Sales	(1.062.734)	-
Lump-sum expense provision	(574.643)	(509.769)
Research and development incentive allowance	(2.466.246)	(2.530.584)
Consolidation eliminations without deferred tax effect	(4.711.309)	(6.510.732)
Current period tax expense	16.163.913	10.406.508

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 25 - TAXATION ON INCOME (cont'd)

Tax rate used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method is 20% in Turkey (2014: 20%).

Country	31 December 2015	31 December 2014
Turkey	20,0%	20,0%
Egypt	30,0%	30,0%
Germany	30,0%	30,0%
Usa	35,0%	35,0%
Brazil	21,5%	21,5%
Indonesia	25,0%	25,0%
Thailand	20,0%	20,0%

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Provision for employment termination benefits	46.954.050	37.670.311	10.186.781	8.277.830
Inventories	15.268.148	13.709.356	4.139.099	3.526.602
Doubtful receivable provision	749.427	1.023.161	282.834	386.141
Consignment sales adjustment	2.247.637	604.519	449.527	120.904
Unearned credit finance income	451.861	664.065	90.372	132.813
Other	35.330.351	24.516.700	14.672.168	8.301.087
Deferred tax assets			29.820.781	20.745.377
Property, plant and equipment and intangibles	187.222.450	182.054.761	(70.317.894)	(64.443.268)
Other	52.919.281	33.075.620	(10.583.856)	(6.615.124)
Deferred tax liabilities			(80.901.750)	(71.058.392)
Net deferred tax liability			(51.080.969)	(50.313.015)

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 25 - TAXATION ON INCOME (cont'd)**Deferred Tax**

	1 January- 31 December 2015	1 January- 31 December 2014
Balances at 1 January	(50.313.015)	(44.071.674)
Impact of liquidation of subsidiary	-	(6.971.581)
Transfers Held for Sale	7.071.490	-
Current year deferred tax income / (expense) - net	3.218.061	2.736.451
Accounted for under equity	(2.007.250)	228.462
Currency translation differences	(12.308.395)	(2.234.673)
Balances at 31 December	(54.339.109)	(50.313.015)

Since it is not anticipated to be able to offset the financial losses of the Group's subsidiary Kordsa Brazil, which amounted to TL 80.041.298 as of 31 December 2015 (2014: TL 60.351.919), no deferred tax asset has been calculated and included in the above table. According to the Brazilian tax system, there is no time limitation for the carry forward of the financial losses. However, the maximum amount which can be offset within any given year is limited to the 30% of the total profit, which is subject to tax, of the related year.

	31 December 2015	31 December 2014
Deferred tax assets that are expected to be benefited from after one year	10.186.781	8.277.830
Deferred tax liabilities that are expected to be realized after one year	83.386.108	71.058.392

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 26 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated income statements is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January- 31 December 2015	1 January- 31 December 2014
Net income attributable to equity holders of the parent	99.250.907	77.159.978
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	5,10	3,97
<hr/>		
Earning per share from continuing operations		
Net income attributable to equity holders of the parent	107.378.097	73.216.670
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	5,52	3,76
<hr/>		
Earning per share from discontinuing operations		
Net income attributable to equity holders of the parent	-8.127.190	3.943.308
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(0,42)	0,21

Nominal values of ordinary shares for the years ended 31 December 2015 and 2014 are assumed to be Kr 1 each.

NOTE 27 – RELATED PARTY DISCLOSURES

Bank balances:	31 December 2015	31 December 2014
Akbank T.A.Ş. – demand deposits	51.253	575.770
	51.253	575.770
<hr/>		
Akbank T.A.Ş. – bank borrowings	80.945.107	1.323.846

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Due from related parties:	31 December 2015	31 December 2014
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	13.621.568	12.820.148
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	61.410	48.033
Akbank A.G.	3.099	2.318
"Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")"	-	13.509
Other	-	7.551
	13.686.077	12.891.559

Due to related parties:	31 December 2015	31 December 2014
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	3.722.716	2.841.513
Bimsa	310.506	5.100
Brisa	44.098	91.080
Aksigorta A.Ş.	6.861	68.109
Sabancı Üniversitesi	-	276.096
Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding")	-	19.252
Other	-	216.690
	4.084.181	3.517.840

Product sales	1 January- 31 December 2015	1 January- 31 December 2014
Brisa	58.593.830	52.712.099

Service sales	1 January- 31 December 2015	1 January- 31 December 2014
Enerjisa Enerji Üretim A.S	14.497	1.586
Sabancı Holding	-	4.614
	14.497	6.200

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Product purchases	1 January- 31 December 2015	1 January- 31 December 2014
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	39.609.785	35.448.506
Brisa Bridgestone Sab. Las.San.ve TicAS	39.378	-
Sabancı Üniversitesi	15.936	-
Teknosa İc ve Dis Ticaret A.S	2.010	-
Bimsa Ulus.İs, Bilgi ve Yon. Sis.i A.S	500	-
	39.667.609	35.448.506
Services received	1 January- 31 December 2015	1 January- 31 December 2014
Aksigorta	3.770.248	4.621.815
Bimsa	3.539.708	3.309.493
AvivaSA Emeklilik ve Hayat A.Ş.	658.400	420.841
Sabancı Üniversitesi	53.481	74.039
Teknosa	1.136	6.600
Sabancı Holding	323	5.581
Diğer	526.095	852.002
	8.549.391	9.290.371
Property, plant and equipment purchases	1 January- 31 December 2015	1 January- 31 December 2014
Bimsa	530.615	58.707
Aksigorta	949	-
	531.564	58.707
Interest income	1 January- 31 December 2015	1 January- 31 December 2014
Akbank T.A.Ş.	26.836	-

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

	1 January- 31 December 2015	1 January- 31 December 2014
Interest expense		
Akbank T.A.Ş.	1.510.033	151
Foreign exchange gains / (losses) - net		
Akbank T.A.Ş.	3.674.712	(421.579)
Rent expense		
Sabancı Holding	341.556	365.708
Rent income		
Bimsa	61.160	52.269
Other	-	32.932
	61.160	85.201
Donations		
Sabancı University	6.900.000	5.114.501

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)**Remunerations:**

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

Details of the remunerations provided by the Group for 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Short-term employee benefits	10.229.688	9.791.554
Other long-term benefits	127.759	128.676
Employee termination benefits	1.033.939	115.488
Post-employment benefits	347.908	209.600
	11.739.294	10.245.318

Security and guarantee letters given:**2015**

Related parties	Amount	Currency	Detail	Bank
Kordsa Brazil	7.813.000	US Dollar	Loan Guarantee	IFC

2014

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 28 - INTERESTS IN OTHER ENTITIES

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

31 December 2015				
Subsidiary	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	%39,79	9.235.927	237.354.788	8.631.508
Diğer		7.867.283	12.182.308	
Total		17.103.210	249.537.096	

31 December 2014				
Subsidiary	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	39,79%	14.632.382	185.150.969	6.149.984
Other		2.780.687	14.949.209	
Total		17.413.069	200.100.178	

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 28 - INTERESTS IN OTHER ENTITIES (cont'd)**Summary balance sheet information:**

	PT Indo Kordsa Tbk	
	31 December 2015	31 December 2014
Cash and cash equivalents	13.769.817	9.430.876
Other current assets	233.922.051	222.030.082
Non-current assets	563.196.753	456.348.416
Total assets	810.888.621	687.809.374
Short-term borrowings	76.430.170	89.576.387
Other short-term liabilities	54.548.634	70.704.741
Long-term borrowings	124.797.345	103.166.395
Other long-term liabilities	39.198.116	27.779.062
Total liabilities	294.974.265	291.226.585
Total equity	515.914.356	396.582.789
Equity attributable to owners of the parent	462.646.682	351.157.317
Non-controlling interests (**)	53.267.673	45.425.472

Summary profit or loss statement information:

	PT Indo Kordsa Tbk	
	31 December 2015	31 December 2014
Sales	566.783.386	446.665.286
Depreciation and amortization	6.693.958	4.648.217
Operating profit/ (loss)	(21.222.596)	(11.925.588)
Net financial income/ (expense)	(14.159.112)	(2.768.142)
Profit/ (loss) before tax	62.344.081	55.795.098
Profit for the period	23.211.678	20.991.747

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**Financial risk management****Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Finance department of Kordsa Global under policies approved by the board of directors. Finance department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

(a) Liquidity risk

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

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

Liquidity risk analysis of the financial liabilities of the Group as of 31 December 2015 and 2014 is as follows:

Non-derivative financial liabilities ⁽¹⁾⁽²⁾:

31 December 2015	Carrying value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	554.295.568	562.256.013	103.969.283	253.962.244	204.324.486	-
Trade payables	172.067.527	172.793.230	168.582.189	4.211.041	-	-
Other payables	2.725.008	3.540.333	2.064.895	1.475.438	-	-
	729.088.103	738.589.576	274.616.367	259.648.723	204.324.486	-
31 December 2014	Carrying value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	557.179.367	575.978.393	73.139.927	359.274.273	139.415.300	4.148.894
Trade payables	156.419.355	156.902.903	150.968.065	5.934.838	-	-
Other payables	7.242.532	9.897.894	9.863.862	34.032	-	-
	720.841.254	742.779.190	233.971.854	365.243.143	139.415.300	4.148.894

(1) Maturity analyses have been applied solely to financial instruments and exclude legal liabilities.

(2) The aforementioned cash flows are contractual and non-discounted amounts. Since the discount amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the carrying value.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**(b) Market risk****Interest rate risk**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates. The Group enters into interest rate swap transactions in order to decrease the risks in relation to the increase in interest rates.

Interest rate risk table of the Group as of 31 December 2015 and 2014 is as follows:

Variable interest financial instruments	31 Aralık 2015	31 Aralık 2014
Financial liabilities	487.804.528	440.004.314

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

At 31 December 2015, if interest rates on US Dollar denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 657.001 (2014: TL 5.063), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Market risk (cont'd)**Interest rate risk (cont'd)**

At 31 December 2015, if interest rates on Euro denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 405 (2014: TL 406), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2015, if interest rates on Brazilian Real denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 75.001 (2014: TL 3.975), mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira. Foreign Exchange risk is monitored with an analysis of foreign exchange positions.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**Derivative financial instruments**

The derivative financial instruments of the Group comprise foreign currency and interest rate swap transactions and forward contracts.

The Group entered into foreign currency forward transactions with due date 2015 in order to manage the risks emerging from the sales transactions which are expected to occur within 12 months following the balance sheet date. The carrying values of the items hedged against the non-financial risk will be adjusted once the expected sales will take place. The Group also entered into foreign currency forward transactions with due date 2015 in order to hedge its trade receivables and payables from the effects of the changes in foreign currency exchange rates.

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**Foreign exchange forward contracts:**

31 December 2015	Average Rate	Foreign Currency (TL)	Contract Value (TL)	Fair Value (TL)
USD buy Euro sell				
Less than 3 months	1,0717	73.402.560	26.429.630	3.672.363
between 3-6 months	1,1444	57.196.800	20.620.800	2.783.405
between 6-9 months	1,1473	57.196.800	20.673.800	2.745.763
between 9-12 months	1,1509	57.196.800	20.738.100	2.709.779
				11.911.310

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

Hedges of net investments in foreign operations:

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

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

The Company subjected the net investment in its foreign subsidiaries and the US Dollar and Euro borrowings in other subsidiaries to the hedge of a net investment in foreign operations. The Company accounted for the foreign exchange losses arising from the related borrowings amounting to TL 71.315.414 (31 December 2014: TL 8.092.838) under Currency Translation Reserves in Equity in accordance with TAS 39 and TFRS Interpretation 16.

Foreign currency position:

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

	31 December 2015	31 December 2014
Assets	379.096.584	343.350.894
Liabilities	(489.992.135)	(504.943.411)
Net foreign currency position	(110.895.551)	(161.592.517)

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2015	"Total"		ABD		Avro (*)	Tayland Bahtı (*)	Endonezya Rupisi ('000) (*)	Brezilya Reali (*)	Diğer TL karşılığı
	TL equivalent"	Rupiah ('000) (*)"	US Dollars (*)	Doları (*)					
Assets:									
Trade receivables		Real (*)"	Other TL Equivalent		27,341,457	297,585,157	74,599,914	60,538,165	-
Cash and cash equivalent	17,757,566		2,078,227		456,191	91,573,079	2,066,910	3,292,625	8
Other monetary receivables and assets	2,149,495		553,787		-	669,579	2,084,636	61,743	-
Other non-monetary receivables and assets	52,217,318		2,700,920		6,909	8,024,051	173,213,694	9,651,989	-
Current assets	344,729,073		37,941,654		27,804,557	397,851,866	251,965,154	73,544,522	8
Non-current assets held for sale	93,564		32,179		-	-	-	-	-
Other monetary receivables and assets	22,362,638		2,793,215		-	689,000	3,157,538	18,156,934	-
Non-current assets	22,456,202		2,825,394		-	689,000	3,157,538	18,156,934	-
Total assets	367,185,275		40,767,048		27,804,557	398,540,866	255,122,692	91,701,456	8
Liabilities:									
Trade payables	135,537,647		29,981,887		11,692,885	11,801,080	19,125,151	8,761,814	(327,836)
Financial payables	359,913,023		40,190,514		67,533,178	-	135,039,978	-	(968)
Other monetary payables and liabilities	28,258,509		4,045,433		-	62,687,332	21,341,256	9,329,895	-
Total short-term liabilities	523,709,179		74,217,834		79,226,063	74,488,412	175,506,385	18,091,709	(328,804)
Financial payables	194,119,724		44,468,298		20,400,000	-	-	-	-
Other monetary payables and liabilities	8,687,324		3,278,341		-	31,798,932	-	11,666,757	-
Total long-term liabilities	202,807,048		47,746,639		20,400,000	31,798,932	-	11,666,757	-
Total liabilities	726,516,227		121,964,473		99,626,063	106,287,344	175,506,385	29,758,466	(328,804)
"Fair value of financial instruments used for foreign currency hedging"	11,911,309		4,096,612		-	-	-	-	-
Hedged portion of foreign currency liabilities	236,524,092		20,146,682		56,000,000	-	-	-	-
Net foreign currency asset / (liability) position	(110,895,551)		(56,954,131)		(15,821,506)	292,253,522	79,616,307	61,942,990	328,812
Monetary items net foreign currency asset / (liability) position	(411,548,270)		(83,898,345)		(71,828,415)	284,229,471	(93,597,387)	52,291,001	328,812

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

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2014	"Total TL equivalent	US Dollars (*)	Euro (*)	Thai Baht (*)	"Indonesian Rupiah ('000) (*)	"Brazilian Real (*)	Other TL Equivalent
Assets:							
Trade receivables	241,726,884	63,018,760	7,387,772	265,779,074	62,383,743	42,141,556	1,717,921
Cash and cash equivalent	13,562,431	2,242,079	223,759	59,741,542	9,068,196	799,513	1,141,028
Other monetary receivables and assets	1,690,202	243,396	46,399	1,044,947	4,673,650	57,506	-
Other non-monetary receivables and assets	59,712,847	5,697,044	432,847	32,473,526	193,883,006	4,948,204	2,535,620
Current assets	316,692,364	71,201,279	8,090,777	359,039,089	270,008,595	47,946,779	5,394,569
Other monetary receivables and assets	24,708,849	553,760	-	503,000	3,129,750	19,218,830	6,027,634
Non-current assets	24,783,469	585,939	-	503,000	3,129,750	19,218,830	6,027,634
Total assets	341,475,833	71,787,218	8,090,777	359,542,089	273,138,345	67,165,609	11,422,203
Liabilities:							
Trade payables	133,069,050	41,459,807	6,018,874	14,959,360	43,410,048	7,308,894	4,425,403
Financial payables	416,977,036	73,470,899	87,427,010	-	-	-	-
Other monetary payables and liabilities	39,001,242	7,126,794	1,036,350	59,437,751	31,081,735	9,752,996	1,061,977
Total short-term liabilities	589,047,328	122,057,500	94,482,234	74,397,111	74,491,783	17,061,890	5,487,380
Financial payables	138,878,485	59,889,628	-	-	-	-	-
Other monetary payables and liabilities	16,370,188	-	1,773,622	26,864,004	47,218,128	13,020,788	-
Total long-term liabilities	155,248,673	59,889,628	1,773,622	26,864,004	47,218,128	13,020,788	-
Total liabilities	744,296,001	181,947,128	96,255,856	101,261,115	121,709,911	30,082,678	5,487,380
"Fair value of financial instruments used for foreign currency hedging"	1,875,061	808,599	-	-	-	-	-
Hedged portion of foreign currency liabilities	239,352,590	35,100,000	56,000,000	-	-	-	-
Net foreign currency asset / (liability) position	(161,592,517)	(74,251,311)	(32,165,079)	258,280,974	151,428,434	37,082,931	5,934,823
Monetary items net foreign currency asset / (liability) position (* The amounts are denominated in the related currency.	(462,533,015)	(115,856,954)	(88,597,926)	225,807,448	(42,454,572)	32,134,727	3,399,203

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

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

	31 December 2015	31 December 2014
Closing rates		
US Dollars	2,9076	2,3189
Euro	3,1776	2,8207
Indonesian Rupiah (1000 units)	0,2108	0,1864
Brazilian Real	0,7446	0,8730
Thai Baht	0,0806	0,0703
Egyptian Pound	0,3713	0,3230
	1 January - 31 December 2015	1 January - 31 December 2014
Average rates		
US Dollars	2,7200	2,1879
Euro	3,0183	2,9060
Indonesian Rupiah (1000 units)	0,2031	0,1843
Brazilian Real	0,8165	0,9296
Thai Baht	0,0794	0,0674
Egyptian Pound	0,3537	0,3079

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

31 December 2015

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(1,461,327)	1,461,327	33,341,444	(33,341,444)
Hedged USD (-)	-	-	-	-
USD net effect	(1,461,327)	1,461,327	33,341,444	(33,341,444)
Change in EURO against TL by 10%				
Euro net assets/liabilities	(2,128,396)	2,128,396	3,613,491	(3,613,491)
Hedged Euro (-)	-	-	-	-
Euro net effect	(2,128,396)	2,128,396	3,613,491	(3,613,491)
Change in other currency against TL by 10%				
Other currency net assets/liabilities	1,430,491	(1,430,491)	-	-
Hedged other currency (-)	-	-	-	-
Other currency net effect	1,430,491	(1,430,491)	-	-
	(2,159,232)	2,159,232	36,954,935	(36,954,935)

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

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(1,581,565)	1,581,565	26,365,600	(26,365,600)
Hedged USD (-)	-	-	-	-
USD net effect	(1,581,565)	1,581,565	26,365,600	(26,365,600)
Change in EURO against TL by 10%				
Euro net assets/liabilities	(923,814)	923,814	2,944,233	(2,944,233)
Hedged Euro (-)	-	-	-	-
Euro net effect	(923,814)	923,814	2,944,233	(2,944,233)
Change in other currency against TL by 10%				
Other currency net assets/liabilities	2,650,891	(2,650,891)	-	-
Hedged other currency (-)	-	-	-	-
Other currency net effect	2,650,891	(2,650,891)	-	-
	145,512	(145,512)	55.675.433	(55.675.433)

Export and import transactions from and to Turkey as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Original balance	TL	Original balance	TL
Euro	126.965.875	383.320.454	132.079.206	384.444.198
US Dollars	82.562.290	223.710.000	65.709.561	144.224.241
Total export		607.030.454		528.668.439
			1 January- 31 December 2015	1 January- 31 December 2014
Import			418.333.332	368.851.621

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**(c) Funding risk**

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Group are from financially strong various financial institutions.

(d) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. Group management covers these risks by limiting the aggregate risk from any individual counter party and if necessary by obtaining guarantee.

Group uses internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, Group approves, increases or decreases individual customer credit limits for high balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letter of guarantees, mortgages and other guarantees are received for the high risk customers.

Comments on credit quality of financial assets

As of 31 December 2015 and 2014, Banks, where the cash and cash equivalents within the financial assets that are neither past due nor impaired are kept; mainly have high credit and parties in the trade receivables comprise of the customers/ related parties that are worked with for a long time and without significant collection problems.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

As of 31 December 2015, the credit risk regarding the financial instruments is as follows:

31 December 2015	Trade receivables		Other receivables (*)		Bank deposits	
	Related party	Other	Related party	Other	Related party	Other
Maximum credit risk based on financial instruments as of reporting date (**)	13.686.077	283.211.563	-	4.087.991	51.253	17.714.035
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	13.686.077	243.685.968	-	4.087.991	51.253	17.714.035
Net book value of past due but not impaired financial assets	-	39.525.595	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross amount of overdue part	-	1.363.347	-	-	-	-
- Impairment (-)	-	(1.363.347)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by ignoring received guarantees during the assessment of credibility.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

As of 31 December 2014, the credit risk regarding the financial instruments is as follows:

	Trade receivables		Other receivables (*)		Bank deposits	
	Related party	Other	Related party	Other	Related party	Other
31 December 2014						
Maximum credit risk based on financial instruments as of reporting date (**)	12.891.560	270.627.898	-	3.682.795	575.770	13.060.408
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	12.891.560	236.065.950	-	3.682.795	575.770	13.060.408
Net book value of past due but not impaired financial assets	-	34.561.948	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross amount of overdue part	-	1.420.583	-	-	-	-
- Impairment (-)	-	(1.420.583)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by ignoring received guarantees during the assessment of credibility.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**(d) Credit risk (cont'd)**

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired are analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms is as follows:

	31 December 2015	31 December 2014
Less than 1 month	20.263.464	17.947.803
Between 1-3 months	12.026.295	15.332.328
Between 3-12 months	7.235.836	1.281.817
	39.525.595	34.561.948

(e) Capital risk management

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

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

Consistent with others in the industry, the group monitors capital on the basis of the debt/(total capital+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including borrowings as shown in the balance sheet) less cash and cash equivalents.

As of 31 December 2015 and 2014 Net debt/(Equity+net debt+non-controlling interest) ratio is:

	1 January- 31 December 2015	1 January- 31 December 2014
Total financial liabilities	554.295.568	557.179.367
Cash and cash equivalents	(17.783.491)	(13.677.842)
Net debt	536.512.077	543.501.525
Equity	966.481.558	886.720.375
Non-controlling interests	249.537.096	200.100.178
Equity+net debt+non-controlling interest	1.752.530.731	1.630.322.078
Net debt/(Equity+net debt+non-controlling interest) ratio	%30	%33,33

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 30 - FINANCIAL INSTRUMENTS**Fair value of 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.

Methodology and assumptions used for determining fair value of the financial instruments are as follows:

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group can realize in a current market exchange.

31 December 2015 Financial assets	"Loans and receivables (cash and cash equivalents included)"	Available for sale investments	Financial liabilities at amortized cost	Derivative financial instruments	"Carrying value (*)"	Note
Cash and cash equivalents	17,783,491	-	-	-	17,783,491	4
Trade receivables	283,211,563	-	-	-	283,211,563	7
Receivables from related parties	13,686,077	-	-	-	13,686,077	27
Financial investments	-	290,589	-	-	290,589	5
Other financial assets (**)	4,087,991	-	-	-	4,087,991	8
Derivative financial instruments	-	-	-	12,233,648	12,233,648	
Financial liabilities						
Borrowings	-	-	554,295,568	-	554,295,568	6
Trade payables	-	-	167,983,346	-	167,983,346	7
Payables to related parties	-	-	4,084,181	-	4,084,181	27
Other financial liabilities (**)	12,697,782	-	-	-	12,697,782	8
31 December 2014 Financial assets						
Cash and cash equivalents	13,677,842	-	-	-	13,677,842	4
Trade receivables	270,627,898	-	-	-	270,627,898	7
Receivables from related parties	12,891,559	-	-	-	12,891,559	27
Financial investments	-	285,638	-	-	285,638	5
Other financial assets (**)	3,682,795	-	-	-	3,682,795	8
Derivative financial instruments	-	-	-	1,875,061	1,875,061	
Financial liabilities						
Borrowings	-	-	557,179,367	-	557,179,367	6
Trade payables	-	-	153,404,314	-	153,404,314	7
Payables to related parties	-	-	3,517,840	-	3,517,840	27
Other financial liabilities (**)	7,242,532	-	-	-	7,242,532	8

(*) The Group believes that the carrying values of the financial instruments approximate their fair values.

(**) Excludes tax and other legal receivables and payables.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)**Monetary assets**

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates to TL, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, fair value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate (Note 6).

Fair value estimation

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- First level: The fair value of financial assets and financial liabilities with quoted market prices.
- Second level: The fair value of financial assets and financial liabilities are determined with direct or indirect observable inputs for the assets or liabilities other than quoted prices in market.
- Third level: The fair value of financial assets and financial liabilities are determined with inputs for the assets and liabilities where observable market data cannot be determined.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)Fair value hierarchy of financial assets and liabilities:

Certain financial assets and liabilities of the Group are accounted for their fair values on each balance sheet date in the financial statements. The table below is the detail on how the fair value of the financial assets and liabilities aforementioned are determined:

Financial Assets / Financial Liabilities	Fair value		Fair value hierarchy	Valuation technique
	31 December 2015	31 December 2014		
Foreign Currency forward contracts	11.911.309	1.875.061	Level 2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties' credit risk.

NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

According to The Group's Board of Management decision numbered 2015/29 dated December 31 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with %51 and %100 of rates respectively, would be classified as "Assets Held for Sale" in the balance sheet as of December 31 2015. Hence, these companies were classified as "Assets Held for Sale" in preparation for financial tables in December 31, 2015. To ensure that financial tables would be comparable, finances that belong to above-mentioned companies were classified as "Assets Held for Sale" in profit/loss tables dated in December 31, 2014.

During the accounting of losses from the disposal of Kordsa Argentina S.A., a subsidiary of the group, Kordsa Argentina's portion of the Shareholders' Contribution amounting to TL 68.771.657 that arise during the mergers in 2006 is utilized. In addition, accumulated currency translation reserve of Kordsa Argentina S.A. which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 15.715.494 is included in the current year profit. During the liquidation of Kordsa Quingdao Nylon Enterprise ("KQNE"), accumulated currency translation reserve which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 10.981.805 is included in the current year profit. In the profit or loss statement, TL (2.412.069) of TL 5.692.803 is loss arising from liquidation of Kordsa Argentina S.A. and the TL (3.285.923) is the loss for the first nine months period of the entity. Remaining balance amounting to TL 11.390.795 is the currency translation difference arising from the liquidation of KQNE.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)

Nile Kordsa's operation results between January 1 2015 – December 31 2015 and January 1 2014 – December 31 2014 are presented below

NILE KORDSA

PROFIT OR LOSS	1 January- 31 December 2015	1 January- 31 December 2014
Sales	36.145.459	40.276.756
Cost of Sales (-)	(39.055.751)	(31.917.514)
GROSS PROFIT	(2.910.292)	8.359.242
Marketing Expenses (-)	(2.493.380)	(1.240.653)
General and Administrative Expenses (-)	(3.285.561)	(2.258.844)
Research and Development Expenses (-)	-	-
Other Operating Income	1.280.355	243.511
Other Operating Expenses (-)	(1.585.386)	(3.022.434)
OPERATING LOSS	(8.994.264)	2.080.822
Income From Investing Activities	4.394.527	141.119
Expenses From Investing Activities (-)	(402.808)	(431.882)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	(5.002.545)	1.790.059
Financial Income	-	-
Financial Expenses (-)	(2.630.838)	(1.676.513)
LOSS BEFORE TAX	(7.633.383)	113.546
Tax Expense:		
- Current Tax Expense	(726.730)	-
- Deferred Tax Income/ (Expense)	44.717	(639.297)
LOSS FOR THE PERIOD	(8.315.396)	(525.750)

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

Interkordsa's operation results between January 1 2015 – December 31 2015 and January 1 2014 – December 31 2014 are presented below:

INTERKORDSA

	1 January- 31 December 2015	1 January- 31 December 2014
PROFIT OR LOSS		
Sales	45.055.383	96.307.792
Cost of Sales (-)	(40.773.361)	(92.710.895)
GROSS PROFIT	4.282.022	3.596.897
Marketing Expenses (-)	(2.613.813)	(2.972.807)
General and Administrative Expenses (-)	(1.798.883)	(1.713.651)
Research and Development Expenses (-)	-	-
Other Operating Income	538.354	367.651
Other Operating Expenses (-)	(217.315)	(725.774)
OPERATING LOSS	190.365	(1.447.684)
Income From Investing Activities	-	-
Expenses From Investing Activities (-)	-	-
OPERATING LOSS BEFORE FINANCIAL EXPENSE	190.365	(1.447.684)
Financial Income	-	-
Financial Expenses (-)	(33.201)	(151.110)
LOSS BEFORE TAX	157.164	(1.598.794)
Tax Expense:		
- Current Tax Expense	121.331	-
- Teferrüt Tax Income/ (Expense)	(90.288)	375.050
LOSS FOR THE PERIOD	188.207	(1.223.744)

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

Operational results of Kordsa Argentina for the period 1 January – 30 September 2014 and 1 January – 31 December 2013 are as follows:

	1 January- 30 September 2014	1 January- 31 December 2013
PROFIT OR LOSS		
Sales	16.208.973	13.145.699
Cost of Sales (-)	(5.759.619)	(4.009.225)
GROSS PROFIT	10.449.354	9.136.475
Marketing Expenses (-)	(3.081.153)	(3.437.002)
General and Administrative Expenses (-)	(2.841.449)	(3.621.288)
Research and Development Expenses (-)		
Other Operating Income	2.590.756	4.299.758
Other Operating Expenses (-)	(8.144.292)	(6.614.330)
OPERATING LOSS	(1.026.784)	(236.387)
Income From Investing Activities	290.687	590.714
Expenses From Investing Activities (-)	(6.582)	(35.648)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	(742.679)	318.679
Financial Income		
Financial Expenses (-)	(2.543.244)	(3.071.742)
LOSS BEFORE TAX	(3.285.923)	(2.753.063)
LOSS FOR THE PERIOD	(3.285.923)	(2.753.063)

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Operational results of KQNE for the period 1 January – 30 November 2014 and 1 January – 31 December 2013 are as follows:

	1 January- 30 September 2014	1 January- 31 December 2013
PROFIT OR LOSS		
Sales		
Cost of Sales (-)		
GROSS PROFIT		
Marketing Expenses (-)	(263.350)	(530.253)
General and Administrative Expenses (-)	(492.559)	(1.152.148)
Research and Development Expenses (-)		
Other Operating Income	5.569	3.527
Other Operating Expenses (-)		
OPERATING LOSS	(750.340)	(1.678.874)
Income From Investing Activities	290.855	360.219
Expenses From Investing Activities (-)	(11.492)	(11.939)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	(470.977)	(1.330.594)
Financial Income		
Financial Expenses (-)		
LOSS BEFORE TAX	(470.977)	(1.330.594)
Tax Expense:		
- Current Tax Expense		
- Teferrüt Tax Income/ (Expense)	411	335
LOSS FOR THE PERIOD	(470.576)	(1.330.267)

NOTE 32 – EVENTS AFTER THE REPORTING PERIOD

10th article of Group's Core Contract entitled "The Capital" which included the issue of making changes in 500.000.000 TL registered equity ceiling which was valid in the period between 2011-2015 to Group's Capital Market Board was examined in terms of Capital Market Law in a way that it would be appropriate for Capital System Annunciation numbered II 18.1, and it was decided that capital span registered in Group's Core Contract would be extended for 5 years (2016-2020). Draft concerning changes in above-mentioned 10th article of the Group's Core Contract was approved by Ministry of Customs and Trade of the Turkish Republic in January 11, 2015.

KORDSA GLOBAL

Sabancı Center Tower, 2. Kat.17 34330 4. Levent, Beşiktaş / İstanbul / TR
Tel : +90 212 385 86 57 Fax : +90 212 282 00 12
www.kordsaglobal.com

ANNUAL REPORT 2015

Nylon6.6 PET HMLS CapmaX Twixtra MONOLYX InterPlast InterCord Kratos HARtech

KORDSA GLOBAL | THE REINFORCER