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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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CONVENIENCE TRANSLATION INTO ENGLISH 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 Anonim Şirketi

1. We have audited the accompanying consolidated financial statements of Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Ticaret A.Ş. and its subsidiaries (the "Group") which comprise the consolidated balance sheet as of 31 December 2007 and the related consolidated statement of income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An audit involves performing independent audit techniques to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The techniques selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements.

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. as of 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Additional paragraph for convenience translation into English:

5. The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Burak Özpoyraz, SMMM
Partner

İstanbul, 10 March 2008

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

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

	Notes	2007 USD (*)	2006 USD (*)	2007	2006
ASSETS					
Current assets		**379.201.073**	**377.949.177**	**441.655.489**	**531.245.364**
Cash and due from banks	4	47.777.222	49.836.921	55.646.131	70.050.776
Marketable securities (net)	5	-	1.167.903	-	1.641.605
Trade receivables (net)	7	139.691.041	137.027.578	162.698.155	192.605.964
Financial lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	4.525.623	1.806.960	5.270.993	2.539.863
Other receivables (net)	10	10.711.605	9.009.265	12.475.806	12.663.423
Biological assets (net)	11		-	-	-
Inventories (net)	12	173.508.776	175.534.555	202.085.671	246.731.371
Receivables from construction contract work in progress (net)	13	-	-	-	-
Assets held for sale	19.b	-	759.818	-	1.068.000
Other current assets	15	2.986.806	2.806.177	3.478.733	3.944.362
Non-current asset		**577.329.226**	**578.304.826**	**672.415.350**	**812.865.262**
Trade receivables (net)	7	-	-	-	-
Financial lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	-	-	-	-
Other receivables (net)	10	8.847.693	7.679.655	10.304.908	10.794.522
Derivative financial instruments	44	-	-	-	-
Financial assets (net)	16	5.510.487	24.823.473	6.418.064	34.891.873
Goodwill/negative goodwill (net)	17	39.147.563	32.438.224	45.595.167	45.595.167
Investment property (net)	18	-	-	-	-
Property, plant and equipment (net)	19.a	511.521.569	495.980.445	595.769.171	697.122.001
Intangible assets (net)	20	5.068.994	5.250.531	5.903.857	7.380.147
Deferred tax assets	14	6.645.789	11.257.017	7.740.350	15.822.863
Other non-current assets	15	587.132	895.481	683.833	1.258.689
Total assets		**956.530.299**	**956.254.003**	**1.114.070.839**	**1.344.110.626**

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("TRY") for convenience purposes only, at the official TRY exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2007 and 31 December 2006, and therefore do not form part of these consolidated financial statements (Note 2.7).

These consolidated financial statements have been approved for issue by the Board of Directors on 10 March 2008 and signed on its behalf by Mehmet Nurettin Pekarun and Bülent Bozdoğan.

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

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006

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

	Notes	2007 USD (*)	2006 USD (*)	2007	2006
LIABILITIES					
Current liabilities:		**199.596.006**	**220.950.950**	**232.469.468**	**310.568.657**
Short-term borrowings (net)	6	57.319.328	71.582.084	66.759.821	100.587.685
Short-term portion of long-term borrowings (net)	6	16.272.874	20.951.901	18.953.016	29.449.992
Financial lease payables (net)	8	355.267	125.170	413.780	175.939
Other financial liabilities (net)	10	8.926.549	4.434.058	10.396.752	6.232.512
Trade payables (net)	7	91.814.452	95.221.894	106.936.292	133.843.894
Due to related parties (net)	9	3.124.004	5.859.503	3.638.527	8.236.119
Advances received	21	432.077	568.012	503.240	798.398
Construction contracts progress billings (net)	13	-	-	-	-
Provisions	23	1.322.109	6.548.916	1.539.860	9.205.157
Other current liabilities (net)	15	20.029.346	15.679.412	23.328.180	22.038.982
Other payables (net)	10	-	-	-	-
Non-current liabilities:		**191.598.450**	**189.068.191**	**223.154.715**	**264.348.649**
Long-term borrowings (net)	6	138.291.580	150.637.354	161.068.203	211.735.865
Financial lease payables (net)	8	1.773.864	1.485.147	2.066.019	2.087.522
Other financial liabilities (net)	10	4.391.717	3.331.340	5.115.033	4.682.532
Trade payables (net)	7	-	1.284.999	-	1.806.194
Due to related parties (net)	9	-	-	-	-
Advances received	21	-	-	-	-
Provisions	23	13.823.039	11.298.245	16.099.693	15.880.813
Deferred tax liabilities	14	27.084.796	17.999.917	31.545.662	25.300.684
Government grants	30	1.577.095	1.504.225	1.836.843	2.114.339
Derivative financial instruments	44	4.413.846	-	5.140.807	-
Other non-current liabilities (net)	15	242.513	526.964	282.455	740.700
Other payables (net)	10	-	-	-	-
MINORITY INTEREST	24	**71.959.672**	**80.418.857**	**83.811.430**	**113.036.746**
SHAREHOLDERS' EQUITY		**493.376.171**	**466.816.003**	**574.635.226**	**656.156.574**
Share capital	25	**167.020.757**	**138.395.757**	**194.529.076**	**194.529.076**
Treasury shares	25	-	-	-	-
Capital reserves	26	**475.526.867**	**432.379.942**	**553.846.142**	**607.753.246**
Share premium		53.277.871	76.332.339	62.052.736	107.292.736
Share cancellation gains		-	-	-	-
Revaluation fund		-	-	-	-
Financial assets fair value reserve		145.603	6.286.773	169.584	8.836.688
Inflation adjustments to shareholders equity		-	-	-	-
Shareholders' contribution	32	422.103.393	349.760.830	491.623.822	491.623.822
Profit reserves	27	**(86.565.029)**	**(36.107.967)**	**(100.822.290)**	**(50.753.358)**
Legal reserves		-	-	-	-
Statutory reserves		-	-	-	-
Extraordinary reserves		-	-	-	-
Special reserves		-	-	-	-
Investment and property sales income to be added to the share capital		-	-	-	-
Translation reserve		(86.565.029)	(36.107.967)	(100.822.290)	(50.753.358)
Ne income for the year		**20.358.665**	**39.251.820**	**23.711.737**	**55.172.359**
Accumulated losses	28	**(82.965.089)**	**(107.103.549)**	**(96.629.439)**	**(150.544.749)**
Total liabilities and shareholders' equity		**956.530.299**	**956.254.003**	**1.114.070.839**	**1.344.110.626**
Commitments, contingent assets and liabilities	31				

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("TRY") for convenience purposes only, at the official TRY exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2007 and 31 December 2006, and therefore do not form part of these consolidated financial statements (Note 2.7).

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

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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

	Notes	2007 USD (*)	2006 USD (*)	2007	2006
OPERATING REVENUE					
Sales (net)	36	1.032.741.863	712.305.637	1.202.834.448	1.001.216.804
Cost of sales (-)	36	(918.820.550)	(591.216.611)	(1.070.150.295)	(831.014.069)
Service income (net)	36	-	-	-	-
Other operating income	36	689.633	335.965	803.215	472.232
GROSS PROFIT		**114.610.945**	**121.424.991**	**133.487.368**	**170.674.967**
Operating expenses (-)	37	(84.855.277)	(63.364.915)	(98.830.941)	(89.065.724)
OPERATING PROFIT		**29.755.668**	**58.060.076**	**34.656.427**	**81.609.243**
Other income	38	26.433.716	20.241.151	30.787.349	28.450.962
Other expenses	38	(6.011.442)	(16.144.025)	(7.001.526)	(22.692.042)
Financial expenses (net)	39	(9.740.416)	(7.510.717)	(11.344.662)	(10.557.064)
INCOME BEFORE MONETARY GAIN / LOSS, TAXES, MINORITY INTEREST		40.437.527	54.646.485	47.097.588	76.811.099
Monetary gain	40	-	-	-	-
MINORITY INTEREST	24	**(1.214.206)**	**329.189**	**(1.414.186)**	**462.708**
INCOME BEFORE TAX		**39.223.321**	**54.975.674**	**45.683.402**	**77.273.807**
Taxes on income	41	(16.864.656)	(15.723.854)	(21.971.665)	(22.101.448)
NET INCOME FOR THE PERIOD		**20.358.665**	**39.251.820**	**23.711.737**	**55.172.359**
Earnings per share - ordinary shares	42			0,12	0,28

(*) USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY exchange rates announced by CBRT at 31 December 2007 and 2006, and therefore do not form part of these consolidated financial statements (Note 2.7).

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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

	Share capital	Shareholders' contribution	Share premium	Financial assets fair value reserve	Translation reserve	Net income for the year	Accumulated losses	Total
Balances at 1 January 2006	744.716.797	-	-	-	(7.039.556)	47.911.464	(228.545.878)	557.042.827
Capital increase (Note 32)	850.000.000	-	107.235.000	-	-	-	-	957.235.000
Capital repayment (Note 32)	(744.716.797)	-	-	-	-	-	-	(744.716.797)
Transfers	-	-	-	-	-	(47.911.464)	47.911.464	-
Transfer to parent company (Note 32)	-	(163.847.102)	-	-	-	-	-	(163.847.102)
Effect of merger (Note 32, Note 24)	(655.470.924)	655.470.924	57.736	-	(1.100.309)	-	57.277.721	56.235.148
Dividends paid	-	-	-	-	-	-	(27.188.056)	(27.188.056)
Financial assets fair value reserve	-	-	-	8.836.688	-	-	-	8.836.688
Currency translation differences	-	-	-	-	(42.613.493)	-	-	(42.613.493)
Net income for the year	-	-	-	-	-	55.172.359	-	55.172.359
Balances at 31 December 2006	**194.529.076**	**491.623.822**	**107.292.736**	**8.836.688**	**(50.753.358)**	**55.172.359**	**(150.544.749)**	**656.156.574**
Balances at 1 January 2007	**194.529.076**	**491.623.822**	**107.292.736**	**8.836.688**	**(50.753.358)**	**55.172.359**	**(150.544.749)**	**656.156.574**
Repurchase of founder shares (Note 27)	-	-	(45.240.000)	-	-	-	-	(45.240.000)
Additions	-	-	-	169.584	-	-	-	169.584
Transfers	-		-	-	-	(55.172.359)	55.172.359	-
Effect of change in the effective control rate of subsidiary	-	-	-	-	-	-	(1.257.049)	(1.257.049)
Financial assets fair value reserve	-	-	-	(8.836.688)	-	-	-	(8.836.688)
Currency translation differences	-	-	-	-	(50.068.932)	-	-	(50.068.932)
Net income for the year	-	-	-	-	-	23.711.737	-	23.711.737
Balances at 31 December 2007	**194.529.076**	**491.623.822**	**62.052.736**	**169.584**	**(100.822.290)**	**23.711.737**	**(96.629.439)**	**574.635.226**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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

	Notes	2007 USD (*)	2007	2006
Cash provided by operating activities:				
Net income for the year		**20.358.665**	**23.711.737**	**55.172.359**
Adjustments to reconcile net income before taxation and minority interest to net cash provided by operating activities:				
Minority interest	24	1.214.206	1.414.186	(462.708)
Depreciation and amortization	19,20, 33,i	39,732,653	46,276,621	49,438,616
Employment termination benefits	23	1.598.588	1.861.875	3.674.140
Deferred tax	14	12.848.733	14.964.919	12.125.573
Income from negative goodwill	38	-	-	(3.465.179)
Interest income	39	(2.867.553)	(3.339.839)	(2.838.554)
Interest expense	39	20.337.472	23.687.054	20.876.539
Income from sale of property, plant and equipment		(9.251)	(10.775)	(2.124.810)
Redemption of government grants		(118.802)	(138.369)	184,831
Inventory obsolescence loss		3.155.232	3.674.899	69.245
Accrual for termination of service agreement	15	(294.857)	(343.420)	748.655
Personnel bonus accrual	15	2,055,196	2,393,687	3,048,627
Impairment on assets held for sale	38	-	-	1.736.000
Income from the sale of assets held for sale	38	(564.094)	(657.000)	-
Impairment on property, plant and equipment	38	14,426,094	16,802,072	-
Impairment on financial assets	16,38	-	-	13.387.770
Income from the sale of financial assets held for sale	38	(6.338.555)	(7.382.515)	-
Provision for doubtful receivables	38	2.269.979	2.643.844	2.222.091
Loss on derivative financial instruments	44	4.413.846	5.140.807	-
Taxes on income	41	5.485.528	6.388.994	11.256.879
Net cash provided by operating activities before changes in operating assets and liabilities				
Changes in operating assets and liabilities:				
Marketable securities		2,820,210	3,284,699	-
Trade receivable		23.408.573	27.263.965	(7.508.249)
Due from related parties		(2.344.921)	(2.731.130)	(1.239.641)
Inventories		35,916,767	41,832,259	(31,357,940)
Other current receivables		161.086	187.617	10.259.352
Other non-current receivables		420.378	489.614	839.991
Other current assets		399,784	465,629	1,331,021
Non-current assets		493.566	574.856	(798.406)
Trade payables		(24.653.384)	(28.713.796)	5.043.302
Due to related parties		(3.947.447)	(4.597.591)	1,885,224
Other short-term payables		3,575,376	4,164,240	639,501
Other current liabilities		(906.867)	(1.056.228)	(3.716.300)
Other non-current liabilities and payables		(22.103)	(25.744)	(2.182.443)
Cash provided by operating activities		**153.024.096**	**178.227.167**	**138.525.487**
Employment termination benefits paid	23	(934.878)	(1.088.852)	(1.602.358)
Employee retirement benefit plans paid		(565.000)	(658.056)	-
Taxes paid		(10.989.191)	(12.799.111)	(6.549.458)
Net cash provided by operating activities		**140,535,029**	**163,681,148**	**130,373,671**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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

	Notes	2007 USD (*)	2007	2006
Cash flows from investing activities:				
Purchase of property, plant, equipment and intangible assets	19,20,33.f	(38.949.313)	(45.364.265)	(40.550.442)
Proceeds from sale of property, plant and equipment		17,927,949	20,880,882	14,271,461
Proceeds from sale of assets held for sale		1.481.068	1.725.000	-
Cash outflow on acquisition		-	-	(61.508.063)
Interest received	39	2.867.553	3.339.839	2.838.554
Proceeds from sale of financial assets held for sale		20.819.635	24.248.629	-
Cash outflow on additional share purchase of subsidiary		(11.735.702)	(13.668.572)	-
Net cash used in investing activities		**(7.588.810)**	**(8.838.687)**	**(84.948.490)**
Cash flows from financing activities:				
Dividends paid		-	-	(27.189.056)
Transfer to parent company		-	-	(163.847.102)
Dividends paid to minority interest	24	(580.444)	(676.043)	(1.951.615)
(Payments of)/proceeds from bank borrowings		(81.559.613)	(94.992.481)	48.303.013
Capital increase		-	-	850.000.000
Capital repayment		-	-	(744.716.797)
Share premium		-	-	107.235.000
Repurchase of founder shares		(38,842,620)	(45,240,000)	-
Change in financial leases		185.746	216.338	(806)
Interest paid		(20.337.474)	(23.687.054)	(20.876.539)
Net cash provided by financing activities		**(141.134.405)**	**(164.379.241)**	**46.957.098**
Currency translation differences		(4.179.501)	(4.867.865)	(57.001.757)
Net (decrease)/increase in cash and cash equivalents		(12.367.687)	(14.404.645)	35.380.522
Cash and cash equivalents at the beginning of the period	5	60.144.909	70.050.776	34.670.254
Cash and cash equivalents at the end of the period	5	**47.777.222**	**55.646.131**	**70.050.776**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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 (Note 32).

The Company is mainly engaged in production of carcass and industrial cloths included in the structure of vehicle tires, manufacture of industrial cloths 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 cloths, 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.

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: 16-17 /34330 Levent
İstanbul

Subsidiaries

The nature of business of the Subsidiaries consolidated in the consolidated financial statements as of 31 December 2007 and 2006 and, for the purpose of these consolidated financial statements, their respective geographical segments are as follows:

Subsidiaries	Country	Geographical segment
InterKordsa GmbH	Germany	Europe, Middle East and Africa
InterKordsa GbRmH	Germany	Europe, Middle East and Africa
Kordsa GmbH	Germany	Europe, Middle East and Africa
Nile Kordsa Company	Egypt	Europe, Middle East and Africa
Kian Kordsa	Iran	Europe, Middle East and Africa
Kordsa, Inc.	United States of America	North America
Kordsa Argentina	Argentina	South America
Kordsa Brazil	Brazil	South America
PT Indo Kordsa Tbk ("Branta Mulia") (*)	Indonesia	Asia
PT Indo Kordsa Teijin ("Branta Mulia Teijin") (*)	Indonesia	Asia
Thai Indo Kordsa Co., Ltd. ("Thai Branta Mulia") (*)	Thailand	Asia
Kordsa Qingdao Nylon Enterprise ("KQNE") (**)	China	Asia
Sabancı Industrial Yarn and Tire Cord Fabric B.V. ("Sabancı B.V.") (Note 32)	The Netherlands	Other
Kordsa Mauritius	Mauritius	Other
Dusa Spain International, S.L.	Spain	Other
Acordis International B.V.	The Netherlands	Other

(*) The Company acquired 51,29% of Branta Mulia on 22 December 2006. At the General Assembly Meeting of the Company held on 29 June 2007, it was decided to rename PT Branta Mulia Tbk to PT Indo Kordsa Tbk, PT Branta Mulia Teijin Indonesia to PT Indo Kordsa Teijin and Thai Branta Mulia to Thai Indo Kordsa Co.

(**) The Company acquired 99,5% shares of KQNE on 29 December 2006 (Note 32).

For the purposes of segment information in these consolidated financial statements, information related to corporate administrative operations of Kordsa Global have been included in the "Other" segment (Note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

The consolidated financial statements of the Company have been prepared in accordance with the Financial Reporting and reporting principles issued by the Capital Markets Board ("CMB"), ("CMB Accounting Standards"). The CMB issued a comprehensive set of accounting principles in Communiqué No: XI-25 "The Accounting Standards in the Capital Markets" (the "Communiqué"). In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") is accepted as an alternative to conform to the CMB Financial Reporting Standards. CMB announced that the companies should comply with the IFRS and the standarts in the Comminque with Communique XI-27 "The change in the communique of Accounting Principles in Capital Markets".

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its financial statements for the accounting periods starting 1 January 2005. These consolidated financial statements and the related notes have been presented in accordance with the formats required by the CMB with the 10 December 2004 dated announcement.

The consolidated financial statements are prepared in New Turkish lira ("TRY") based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.2 Basis of consolidation

a) The consolidated financial statements include the accounts of the parent company Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. and its Subsidiaries the ("Group") on the basis set out in sections (b), (c) and (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as stated in Note 2.1. The results of operations of Subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale, respectively.

b) Subsidiaries are companies in which the Company has the power to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% voting rights relating to shares in the companies or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The table below sets out all consolidated Subsidiaries and shows their shareholding rates at 31 December 2007:

Subsidiaries	Direct and indirect ownership interest by the Company and its Subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	100,00	100,00
InterKordsa GbRmH (*)	100,00	100,00
Kordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kian Kordsa	60,00	60,00
Kordsa, Inc.	100,00	100,00
Kordsa Argentina	100,00	100,00
Kordsa Brazil	94,49	94,49
PT Indo Kordsa Tbk (**)	60,21	60,21
PT Indo Kordsa Teijin	70,00	42,15
Thai Indo Kordsa	64,19	38,65
KQNE	99,50	99,50
Sabancı B.V. (Note 32)	100,00	100,00
Kordsa Mauritius	100,00	100,00
Dusa Spain International, S.L.	100,00	100,00
Acordis International B.V.	100,00	100,00

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

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

(*)On 3 May 2007, the Group purchased 20% of shares of InterKordsa GbRmh from the minority interest holder's for EUR 1.000.000 increasing the effective shareholding interest to 100%. The difference in the Group's equity due to the additional share purchase and increase in the effective ownership interest is accounted for under accumulated losses by adjusting the parent's equity and minority interest.

(**) As a result of the acquisition of 51,29% of shares of PT Indo Kordsa Tbk on 22 December 2006, the Group made a tender offer to Jakarta Stock Exchange and throughout the tender offer the Group purchased 27.460.420 shares on 27 February 2007 and the Group's the effective shareholding interest increased to 57,40%. The Group paid USD 6.028.267 for this share purchase transaction. On 17 December 2007 Kordsa Global purchased 12.640.500 shares and the Group's effective shareholding has reached to 60,21%. The Group paid USD 2.780.910 for this additional share purchase transaction. The difference in the Group's equity due to the additional share purchase and increase in the effective ownership interest is accounted for under accumulated losses by adjusting the parent's equity and minority interest.

The table below sets out all consolidated Subsidiaries and shows their shareholding rates at 31 December 2006:

Subsidiaries	Direct and indirect ownership interest by the Company and its Subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	80,00	80,00
InterKordsa GbRmH	80,00	80,00
Kordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kian Kordsa	60,00	60,00
Kordsa, Inc.	100,00	100,00
Kordsa Argentina	100,00	100,00
Kordsa Brazil	94,49	94,49
Branta Mulia	51,29	51,29
Branta Mulia Teijin	70,00	35,90
Thai Branta Mulia	64,19	32,92
KQNE	99,50	99,50
Sabancı B.V. (Note 32)	100,00	100,00
Kordsa Mauritius	100,00	100,00
Dusa Spain International, S.L.	100,00	100,00
Acordis International B.V.	100,00	100,00

c) Investments, in which the Group has interests below 20%, or over which the Group does not exercise a significant influence, or which are considered not having a significant impact on the consolidated financial statements are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for impairment (Note 16).

d) The results of Subsidiaries are included or excluded from their effective dates of acquisition and disposal, respectively.

The minority shareholders' share in the net assets and results for the period for Subsidiaries is separately classified in the consolidated balance sheets and statements of income as minority interest.

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

2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforcable 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.

2.4 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 2007 in comparison with its consolidated balance sheet at
31 December 2006, the Group also prepared the consolidated statements of income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the period between 1 January - 31 December 2007 in comparison with the accounting period between 1 January - 31 December 2006. There is no restatement of previous periods' financial statements that affects the net income/(loss) or the retained earnings/(accumulated deficit).

2.5 Significant Accounting Estimations and Decisions

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.

2.6 Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2006 and presentation of basic financial statements and the notes to them. Accordingly, these consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.7 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey on 31 December 2007 and 2006 of TRY 1,1647 = USD1 and TRY 1,4056 = USD1, respectively, and do not form part of these consolidated financial statements. Such translation should not be construed as a representation that the TRY amounts have been or could be converted USD at these or any other rates.

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the consolidated financial statements are summarised below:

Revenue recognition

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 commission, 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:
Royalty and rental income- on an accrual basis.
Interest income- on an effective yield basis.
Dividend income- when the Group's right to receive payment is established.

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 12). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 19). 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.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

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.

Assets held for sale

Assets held for sale are carried at the lower of cost or fair value. The carrying amount is recovered through the sale of the related asset. When a tangible asset is classified as held for sale, no depreciation charge for that asset is reflected in consolidated financial statements. The related tangible asset was sold in 2007 (Note 19.b).

Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method over a period not exceeding 20 years (Note 20).

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations are accounted for through applying the purchase method. Goodwill represents the difference between the fair value of purchase consideration and the attributable share of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired (Note 17). Goodwill is not amortised and its carrying value is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the releted period (Note 32).

Legal mergers arising between companies controlled by the Group are not within the scope of business combinations. Consequently, there is no recognition of any goodwill in these transactions. Furthermore, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are eliminated in the preparation of consolidated financial statements

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).

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 (Note7).

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 financial income and expense within the maturity period.

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 31).

Provision for employment termination benefits

Provision for employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 23).

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

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.

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 IAS 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. For the periods presented in the accompanying consolidated financial statements there is no fair value reserve.

Shareholders' equity

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as revaluation value increase fund to 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 is considered. In the restatement of share premium payment dates are considered (Note 25).

Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred 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. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred 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 and deferred 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 14).

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at period-end. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of income.

The results of Group undertakings using a functional currency other than New Turkish Lira are translated into New Turkish Lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into New Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve as a separate item in the shareholders' equity.

Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized 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.

International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective from 1 January 2009, yet voluntary early transition to the application right is reserved. The Company opted for early adoption and changed its accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs at 1 January 2007. 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 (Note 6).

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 15).

Financial instruments and 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 programme 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.

Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Turkish Lira. Foreign Exchange risk is followed by the analysis of foreign exchange positions. In addition, the Group aims to lower foreign exchange risk arising from assets and liabilities by using currency and interest rate swap instruments of Turkey operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

Derivative financial instruments of the Group include currency and interest rate swap instrument of the Turkish operations. The above mentioned derivative transactions, while providing effective economic hedges under the risk management position, do not qualify for hedge accounting under the specific rules under IAS 39 and are therefore treated as derivatives at fair value through profit or loss.

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently re-measured at their fair value. Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative (Note 44).

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.

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 2007, if interest rates on USD-denominated borrowings had been 10% higher/lower with all other variables held constant, post-tax profit for the year would have been TRY 200,776 thousand (2006: TRY 1,065,246 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2007, if interest rates on EURO-denominated borrowings had been 10% higher/lower with all other variables held constant, post-tax profit for the year would have been TRY 29,517 thousand (2006: TRY 28,761 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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. Company 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.

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 Company aims at maintaining flexibility in funding by keeping committed credit lines available.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued

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+minority interest) ratio. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents.

As of 31 December 2007 and 2006 Net debt/Shareholder's equity+net debt+minority interest rates are:

	2007	2006
Total liabilities	455,624,183	574,917,306
Cash and cash equivalents	(55,646,131)	(70,050,776)
Net deferred tax liability	(23,805,312)	(9,477,821)
Net debt	376,172,740	495,388,709
Shareholder's equity	574,635,226	656,156,574
Minority interest	83,811,430	113,036,746
Shareholder's equity+net debt+minority interest	1,034,619,396	1,264,582,029
Net debt/Shareholder's equity+net debt+minority interest	36%	39%

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.

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.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, 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 uncollectability 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.

Finance 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. The corresponding lease obligations, net of finance charges, are included as finance lease obligations (Note 8). The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

Accounting for derivative financial instruments and embedded derivatives

The derivative instruments of the Group mainly consist of cross currency interest rate swaps. These derivative financial instruments, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, "Financial Instruments: Recognition and Measurement", and are therefore accounted for as derivatives held-for-trading in the consolidated financial statements.

Held-for-trading derivative financial instruments are initially recognised in the consolidated financial statements at cost and are subsequently remeasured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative

Related parties

For the purpose of these consolidated financial statements, shareholders, the group companies 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 (Note 9).

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.

Reporting of cash flows

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately (Note 43).

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.

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 26).

Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

Because of the reason that and risk and reward rates are affected by differences between countries; the primary format to segment reporting is the geographical segments. Secondary format to segment reporting includes business segments by considering different product groups (Note 33).

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NOTE 4 - CASH AND CASH EQUIVALENTS

	2007	2006
Cash	434.354	231.330
Banks		
- Demand deposit	41.213.216	45.989.187
- Time deposit	12.434.615	20.494.055
- Cheques received	1.563.946	1.709.286
- Reverse repurchase agreements	-	1.600.000
Other	-	26.918
	55.646.131	70.050.776

The maturities of cheques in portfolio are less then three months. As of 31 December 2006, maturity of reverse repurchase agreements is less than three months and the interest rate is 18% p.a Maturities of the time deposits are less than one month and effective interest rate is 3,37% (2006: 3,52%).

NOTE 5 - MARKETABLE SECURITIES

Available-for-sale financial assets:

	2007	2006
- Corporate bond	-	1.250.678
- Debt securities	-	390.927
	-	1.641.605

As of 31 December 2006, effective interest rates of corporate bond and debt securities are 7,63% p.a. and 4,63% p.a., respectively.

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NOTE 6 - BORROWINGS

	2007		2006	
	Weighted average effective interest rate %	TRY	Weighted average effective interest rate %	TRY
Short-term bank borrowings:				
USD borrowings	6,74	55,655,623	6,58	69,660,426
Euro borrowings	5,30	10,555,545	4,47	30,927,239
Iranian Rial borrowings	7,58	548,653	-	-
		66,759,821		100,587,665
Short-term portion of long-term bank borrowings:				
USD borrowings	6,16	14.351.941	6,77	26.442.683
Euro borrowings	5,51	2.541.866	5,70	600.761
Brazilian Real borrowings	9,78	2.059.209	11,90	2.406.548
		18,953,016		29,449,992
Total short-term bank borrowings		85.712.837		130.037.657
Long-term bank borrowings:				
USD borrowings	6,16	102.297.216	6,77	151.057.353
Indonesian Rupiah borrowings	13,50	35,613,249	13,50	37,002,752
Euro borrowings	5,51	23.157.738	3,36	15.331.642
Brazilian Real borrowings		-	11,90	8.344.118
Total long-term bank borrowings		161.068.203		211.735.865

Redemption schedules of long-term borrowings are summarised below:

	2007	2006
		-
Within 1-2 years	42.692.530	35.644.408
Within 2-3 years	56,061,063	85,816,062
Within 3-4 years	27.503.198	36.450.177
After 4 years	34.811.412	53.825.218
	161.068.203	211.735.865

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables	2007	2006
Trade receivables	164,182,664	194,703,623
Advances given	2.367.176	2.752.222
Deposits and guarantees given	962.129	1.914
	167.511.969	197.457.759
Less: Unearned credit finance income	(331,234)	(352,927)
Less: Provision for doubtful receivables	(4.482.580)	(4.498.868)
	162,698,155	192,605,964

As of 31 December 2007 annual interest rates for discount of TRY, USD and Euro trade receivables and payables are 13,30%, 4,98% and 4,80%, respectively.

Movement schedules of provision for doubtful receivables are as follows:

	2007	2006
Balances at 1 January	4.498.868	2.070.632
Additions	2,643,844	2.222.091
Collections	(1.436.984)	(594.000)
Write-offs	(610.303)	(47.730)
Acquisition of subsidiary	-	809.626
Currency translation differences	(612.845)	38.249
Balances at 31 December	4.482.580	4.498.868

Trade payables	2007	2006
Trade payables	107.104.207	135.329.729
Notes payable	-	515.609
	107.104.207	135.845.338
Less: Unincurred credit finance expense	(167,915)	(195,250)
	106.936.292	135.650.088

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NOTE 8 - FINANCE LEASE RECEIVABLES AND PAYABLES

Finance Lease Payables	2007	2006
Short term finance lease payables	413.780	175.939
Long term finance lease payables	2.066.019	2.087.522
	2.479.799	**2.263.461**

Long term finance lease payables will be paid within the years 2009-2012 (2006: Long term finance lease payables will be paid within the year 2008).

NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES

The due to and due from related party balances as of period-end and transactions performed with related parties during the period are summarised below:

Bank balances:	2007	2006
Akbank T.A.Ş. - bank borrowings	55.399.345	86.630.398
Akbank T.A.Ş. - demand deposits	933.605	1.134.491
Akbank T.A.Ş. - time deposits	-	2.782.702
Akbank T.A.Ş. - reverse repurchase agreements	-	1.600.000
	56.332.950	**92.147.591**

Due from related parties:	2007	2006
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	4.348.561	1.536.231
Akbank A.G. (*)	684.619	743.518
Beksa Çelik Kord San. ve Tic. A.Ş. ("Beksa")	74.812	62.828
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	44.227	33.144
Other	118.774	164.142
	5.270.993	**2.539.863**

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

NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES (Continued)

Due to related parties:	2007	2006
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	2.952.365	2.990.498
Aksigorta A.Ş. ("Aksigorta")	263.440	161.161
Olmuksa International Paper Sabancı Ambalaj San. Tic. A.Ş.	128.359	39.766
Bimsa	101.904	150.578
H.Ö. Sabancı Holding A.Ş. ("Sabancı Holding")	38.492	197.702
Advansa Sasa Polyester Sanayi A.Ş. ("Advansa")	-	3.631.382
Qingdao Lien Chueng Stock Co.	-	365.538
Other	153.967	699.493
	3.638.527	**8.236.118**

Product sales	2007	2006
Brisa	**25.109.787**	**29.542.602**

Service sales		
Brisa	669.759	621.762
Beksa	343.685	424.365
Enerjisa	326.468	322.686
Temsa Termo Mekanik Sanayi ve Tic. A.Ş. ("Temsa")	108.635	-
Bimsa	85.859	87.542
Other	19.114	18.233
	1.553.520	**1.474.588**

Product purchases	2007	2006
Advansa	5.140.150	10.996.234
Other	757.301	360.342
	5.897.451	**11.356.576**

Service purchases		
Enerjisa	31.099.378	28.567.362
Aksigorta	3.778.654	3.119.971
Bimsa	1.025.912	1.226.142
Brisa	478.025	621.524
Sabancı Holding	263.917	367.639
Ak Emeklilik A.Ş.	232.100	280.263
Sabancı Telekominikasyon Hizmetleri A.Ş.	45.826	42.883
Other	145.237	47.712
	37.069.049	**34.273.496**

Property, plant and equipment purchases		
Bimsa	190.041	262.019
Temsa	86.315	101.858
Teknosa İç ve Dış Tic.A.Ş.	61.597	51.414
Ak Finansal Kiralama A.Ş.	-	40.442
	337.953	**455.733**

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NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES (Continued)

Interest income	2007	2006
Akbank T.A.Ş.	979.122	241.859

Interest expense		
Akbank T.A.Ş.	2,212,866	3,891,353

Foreign exchange gains/(losses)-net		
Akbank T.A.Ş.	65.035	(2.266.481)
Advansa	-	263.384
	65.035	(2.003.097)

Insurance income		
Aksigorta A.Ş.	-	1,100,543

Rent expense		
H.Ö. Sabancı Holding A.Ş.	278.558	218.295
Ak Finansal Kiralama A.Ş.	259.683	199.281
	538.241	417.576

Rent income		
Bimsa	28,800	25,800
Other	22.658	9.633
	51.458	35.433

Agency income		
Aksigorta A.Ş.	304.160	225.007

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NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES (Continued)

Dividends paid	2007	2006
H.Ö. Sabancı Holding A.Ş.	-	21,922,937
Public	-	5,265,119
	-	27.188.056

Donations		
Sabancı Üniversitesi	423.729	-

Remuneration		
Paid to the board members and top management	5,994,355	6,646,768

Security and guarantee letters given

2007

Related party	Amount	Currency	Description	Bank
Kian Kordsa	8,000,000	USD	Security letter	Akbank AG
Kian Kordsa	5,840,000	USD	Security letter	Akbank Malta
Interkordsa GmbH	2.001.708	Euro	Security letter	DZ BANK
Interkordsa GmbH	142.468	Euro	Security letter	VR Leasing
Kordsa GmbH	1,000,000	Euro	Security letter	VR Bank
Kordsa Arjantin	2,500,000	USD	Security letter	HSBC
Kordsa Inc.	6,000,000	Euro	Security letter	HSBC

2006

Related party	Amount	Currency	Description	Bank
Kian Kordsa	13,840,000	USD	Security letter	Akbank Malta
Interkordsa GmbH	5,086,235	Euro	Security letter	Akbank Frankfurt
Interkordsa GmbH	2.298.257	Euro	Security letter	DZ BANK
Kordsa GmbH	1,000,000	Euro	Guarantee letter	Akbank Frankfurt
Interkordsa GmbH	290.378	Euro	Guarantee letter	VR Bank
Kordsa Arjantin	2,500,000	USD	Security letter	HSBC

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	2007	2006
Other current receivables		
Prepaid taxes and funds	3.162.333	4.497.736
Value Added Tax ("VAT") receivable	2.798.483	3.426.251
Other taxes receivable	2.746.112	1.896.569
Transferred VAT	2.265.249	2.203.561
Other	1.503.629	639.306
	12.475.806	**12.663.423**
Other non-current receivables		
Other taxes receivable (*)	9.921.191	10.556.891
Other	383.717	237.631
	10.304.908	**10.794.522**

(*) Other taxes receivable mainly consists of Kordsa Brazil's previously overpaid social contribution and other tax receivables from Federal Tax Bureau.

	2007	2006
Other short-term payables		
Taxes and funds payable	4.981.873	4.050.326
Payables to personnel	2.602.841	1.849.218
Other	2.812.038	332.968
	10.396.752	**6.232.512**
Other long-term payables		
Taxes and funds payable (**)	4.457.493	4.076.848
Other	657.540	605.684
	5.115.033	**4.682.532**

(**) Taxes and funds payable consist of social contribution and other tax liabilities of Kordsa Brazil which are payable after 1 year's time from the balance sheet date.

NOTE 11 – BIOLOGICAL ASSETS

None (2006: None).

NOTE 12 – INVENTORIES

	2007	2006
Raw materials and supplies	67.034.917	80.976.325
Intermediate goods	23.576.172	24.235.167
Semi-finished goods	23.945.036	30.616.388
Finished goods	64.037.862	79.290.091
Spare parts	23.542.755	27.599.107
Other inventories	5.166.657	6.418.580
	207.303.399	249.135.658
Less: Provision for obsolescence	(5.217.728)	(2.404.287)
	202.085.671	**246.731.371**

Movement schedules for provision for obsolescence are as follows:

	2007	2006
Balances at 1 January	2.404.287	1.227.842
Additions	5.185.321	1.456.245
Reversals	(1.510.422)	(1.387.000)
Acquisition of subsidiary	-	1.016.249
Currency translation differences	(861.458)	90.951
Balances at 31 December	**5.217.728**	**2.404.287**

NOTE 13 – CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING

None (2006: None).

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NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

	2007	2006
Deferred tax assets	7.740.350	15.822.863
Deferred tax liabilities	(31.545.662)	(25.300.684)
Deferred tax liabilities - net	**(23.805.312)**	**(9.477.821)**

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

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming long-term and short-term periods under the liability method are 20%, respectively for the companies operating in Turkey (2006: 20% for long term temporary differences and %30 for short term temporary differences).

At 31 December 2007 and 2006, tax rates used for companies operating in Egypt, Germany and Iran are %20 , %25% and 25%, respectively.

At 31 December 2007 and 2006, tax rate used for companies operating in the United States of America is 35%, Argentine is 35% and Brezil is 21,5%.

At 31 December 2007 and 2006, tax rate used for companies operating in Indonesia and Thailand is 30%, China is 24%.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2007 and 2006 using the enacted tax rates, are as follows:

	Cumulative temporary Differences		Deferred tax assets/(liabilities)	
	2007	2006	2007	2006
Deferred tax assets				
Provision for employment termination benefits	15.410.004	15.273.674	3.171.130	3.250.438
Carry forward tax losses	7.169.864	3.082.267	2.167.363	1.229.825
Adjustment for consignment sales	4.573.669	3.891.916	914.734	1.167.575
Inventories	3.890.752	4.331.239	835.925	1.299.372
Unearned credit finance income	331.234	352.927	66.247	105.878
Unused investment incentives	-	75.562.461	-	7.707.371
Provision for impairment on assets held for sale	-	1.736.000	-	520.800
Other	2.039.334	1.558.706	584.951	541.604
Deferred tax assets			**7.740.350**	**15.822.863**
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	111.609.111	57.891.117	(31.021.483)	(24.476.214)
Unincurred credit finance expense	167.915	195.250	(33.583)	(58.965)
Other	1.812.423	2.187.157	(490.596)	(765.505)
Deferred tax liabilities			(31.545.662)	(25.300.684)
Deferred tax assets - net			**(23.805.312)**	**(9.477.821)**

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NOTE 14 – DEFERRED TAX ASSETS AND LIABILITIES (Continued)

	2007	2006
Deferred tax assets to be realized after twelve months	5.338.493	12.187.634
Deferred tax liabilities to be settled after twelve months	31.021.483	24.476.214

Movements in deferred taxes can be analysed as follows:

	2007	2006
Balances at 1 January	(9.477.821)	19.678.962
Current year deferred tax expense-net	(14.964.919)	(12.125.573)
Acquisition of subsidiary	-	(17.321.516)
Currency translation differences	637.428	290.308
Balances at 31 December	**(23.805.312)**	**(9.477.821)**

NOTE 15 – OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES

Other current assets	2007	2006
Prepaid expenses	2.774.856	3.522.903
Advances given to personnel	224.494	185.424
Other	479.383	236.035
	3.478.733	**3.944.362**

Other non-current assets	2007	2006
Deferred financing cost	592.832	853.562
Deposits paid	-	324.519
Other	91.001	80.608
	683.833	**1.258.689**

Movement schedule of deferred financing cost is as follows:

	1 January 2007	Additions	Exchange rate differences	31 December 2007
Deferred financing cost	1.317.998	305.854	(317.505)	1.306.347
Accumulated amortisation	(464.436)	(355.312)	106.233	(713.515)
Net	**853.562**			**592.832**

	1 January 2006	Additions	Exchange rate differences	31 December 2006
Deferred financing cost	**194.561**	**1.142.211**	**(18.774)**	**1.317.998**
Accumulated amortisation	(185.168)	(284.146)	4.878	(464.436)
Net	**9.393**			**853.562**

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NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES (Continued)

Other short-term liabilities	2007	2006
Accruals for sales discounts and commissions (*)	4.831.142	3.067.405
Unused vacation pay liability	3.771.716	3.877.746
Accruals for employee benefit plans (**)	2.946.691	3.194.929
Bonus accruals	2.393.687	3.048.627
Other tax accruals (***)	1.790.680	1.246.785
Accruals for restructuring (****)	1.059.877	-
Accrual for termination of service agreement (*****)	1.003.145	1.346.565
Accrued salaries and wages	924.546	1.330.686
Other	4.606.696	4.926.239
	23.328.180	**22.038.982**

(*) Accruals for sales discounts and commissions consist of total accrued sales discounts and commissions payable to intermediaries as of the balance sheet date.

(**) The Group offers a Capital Contribution Plan, a defined contribution profit-sharing plan to the employees working in North America region. The Group contributes up to 5% of total compensation for 2007 and 2006 and are deposited to employees' accounts annually and employees vest after attaining three years of service.

The Group also offers a 401(k) Plan. Under this plan, the Group contributes a matching amount equal to 100% of a participant's contribution up to 5% of the participant's salary.

(***) Other tax accruals mainly comprise foreign Subsidiaries' export, hygiene, security and other tax liabilities.

(****) Most of Kordsa Brazil Nylon 6 restructuring process accruals comprises personel expenses.

(*****) Accrual for termination of service agreement refers to the amount that the Group's Brazilian Subsidiary is obliged, if a contract with a service provider will not be renewed. It is contractually calculated by adding up 50% of invoiced services' amount to a fixed indemnity.

Other long-term liabilities	2007	2006
Unearned revenue	78.025	149.585
Other	204.430	591.115
	282.455	**740.700**

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NOTE 16 – FINANCIAL ASSETS

Available-for-sale financial assets:	2007	2006
Debt securities		
-Government bonds	3.625.768	4.406.514
-Corporate bonds	2.355.230	4.264.815
	5.980.998	8.671.329
Equity securities	437.066	26.220.544
	6.418.064	**34.891.873**

As of 31 December 2007, effective interest rates of government bonds and corporate bonds are 6,75% and 7,38%, respectively (2006: 6,75% and 7,54%). Corporate bonds belong to Indosat International Finance Company B.V., PGN Euro Finance Ltd. and Republic of Indonesia. These companies are domiciled in the Netherlands, Mauritius and Indonesia, respectively, and the credit ratings issued by Moody's Investor's Service Inc. are Ba1, Ba3 and Ba3, respectively.

Details of equity securities are as follows:

	2007		2006	
	Share %	Carrying amount	Share %	Carrying amount
Desenbanco	<0,01	186.047	<0,01	224.529
Projeto Optimizaçao Cetrel	<0,01	146.087	<0,01	176.302
Cetrel	<0,01	38.865	<0,01	46.928
Gıdasa Sabancı Gıda Sanayi ve Ticaret A.Ş.	0,03	42.986	0,03	42.096
PT Bank Muamalat Indonesia Tbk.	<0,01	12.864	<0,01	15.583
Incentivos Fiscais Finor	<0,01	10.168	<0,01	12.285
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	-	-	4,46	30.253.884
Akçansa Çimento Sanayi ve Ticaret A.Ş.	<0,01	9	<0,01	9
		437.066		30.771.626
Less: provision for diminution in value(*)		-		(13.387.770)
Financial assets fair value reserve (**)		-		8.836.688
		437.066		**26.220.544**

(*) Group sold all of its Enerjisa shares in May 2007 and generated TRY 7.384.962 sales income.

(**) At the board of directors meeting on 19 March 2007 the Group management decided to sell the equity investment in Enerjisa to Verbund (Österreichische Elektrizitatswirtschafts-Aktiengesellschaft). The sales transaction will be based on the total share value of Enerjisa determined as USD 410.000.000 before adjustments and the sales price will be determined by reference to the amount attributable to the Group's shares in Enerjisa. The subject amount is considered to be the fair value of Enerjisa and the difference between the carrying amount of Enerjisa investment and its fair value is accounted as financial assets fair value reserves under shareholders equity.

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NOTE 17 - GOODWILL/NEGATIVE GOODWILL

	1 January 2007	Additions	31 December 2007
Goodwill	45.595.167	-	45.595.167

	1 January 2006	Additions	31 December 2006
Goodwill	42.570.007	3.025.160(*)	45.595.167

(*) Additions to goodwill is resulted from the acquisition of Branta Mulia (Note 32).

NOTE 18 - INVESTMENT PROPERTY

None (2006: None).

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2007	Additions	Disposals	Impairment loss	Transfers	Exchange rate differences	31 December 2007
Cost:							
Land	62.102.575	229.998	(199.020)	-	-	(7.251.877)	54.881.676
Land improvements	17.553.467	72.389	-	-	(19.523)	(1.989.442)	15.616.891
Buildings	240.657.042	1.601.672	(539.257)	(2.906.873)	2.891.285	(14.931.682)	226.772.187
Machinery and equipment	996.017.288	10.671.143	(31.587.322)	(13.730.617)	11.669.785	(91.459.535)	881.580.742
Motor vehicles	5.657.203	840.244	(1.545.312)	-	21.912	(736.501)	4.237.546
Furniture and fixtures	25.453.969	1.435.945	(901.173)	(164.582)	125.507	956.518	26.906.184
Construction in progress and advances given	12.799.935	29.864.113	(4.298.545)	-	(14.688.966)	(2.574.418)	21.102.119
	1.360.241.479	**44.715.504**	**(39.070.629)**	**(16.802.072)**	**-**	**(117.986.937)**	**1.231.097.345**
Accumulated depreciation:							
Land improvements	18.962.511	3.341.855	-	-	-	(2.198.514)	20.105.852
Buildings	77.410.051	6.883.698	(380.908)	-	1.037.302	(4.907.861)	80.042.282
Machinery and equipment	543.048.111	31.775.993	(15.875.135)	-	(996.955)	(47.951.905)	510.000.109
Motor vehicles	3.649.231	999.006	(1.169.456)	-	(13.015)	(610.554)	2.855.212
Furniture and fixtures	20.049.574	1.979.031	(775.223)	-	(27.332)	1.098.669	22.324.719
	663.119.478	**44.979.583**	**(18.200.722)**	**-**	**-**	**(54.570.165)**	**635.328.174**
Net book value	**697.122.001**						**595.769.171**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2006	Additions	Disposals	Business combinations	Transfers to assets held for sale	Transfers	Exchange rate differences	31 December 2006
Cost:								
Land	16.650.127	117.779	(1.860)	45.052.077	(192.348)	-	476.800	62.102.575
Land improvements	17.149.352	-	-	-	-	-	404.115	17.553.467
Buildings	181.031.281	541.931	(395.358)	38.934.394	-	17.969.221	2.575.573	240.657.042
Machinery and equipment	786.307.837	8.302.983	(2.001.377)	161.660.666	(14.650.506)	40.590.440	15.807.245	996.017.288
Motor vehicles	2.146.499	163.687	(109.276)	3.410.419	-	-	45.874	5.657.203
Furniture and fixtures	23.413.838	507.889	(1.076.502)	1.131.049	(748.554)	1.301.086	925.163	25.453.969
Construction in progress and advances given	46.073.873	29.708.827	(4.934.525)	5.949	(81.748)	(60.825.430)	2.852.989	12.799.935
	1.072.772.807	**39.343.096**	**(8.518.898)**	**250.194.554**	**(15.673.156)**	**(964.683)**	**23.087.759**	**1.360.241.479**
Accumulated depreciation:								
Land improvements	9.874.919	486.768	-	8.585.920	-	-	14.904	18.962.511
Buildings	57.491.084	4.710.353	(112.475)	14.775.785	-	-	545.304	77.410.051
Machinery and equipment	420.641.031	40.321.925	(1.820.717)	87.218.107	(9.861.041)	-	6.548.806	543.048.111
Motor vehicles	1.253.770	282.173	(106.535)	2.205.322	-	-	14.501	3.649.231
Furniture and fixtures	17.748.313	2.059.362	(510.626)	937.227	(721.305)	-	536.603	20.049.574
	507.009.117	**47.860.581**	**(2.550.353)**	**113.722.361**	**(10.582.346)**	**-**	**7.660.118**	**663.119.478**
Net book value	**565.763.690**							**697.122.001**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2007 impairment loss amounting TRY 16.802.072 is included in cost of sales.

TRY 42.879.323 of current period depreciation and amortisation expenses are included in cost of sales (2006: TRY 44.967.697), TRY 143.828 of them are included in research and development expenses (2006: TRY 70.780) and TRY 3.253.470 of them are included in general administrative expenses (2006: TRY 4.400.139).

Amount of mortgage on property, plant and equipment is TRY 99.672.196 (2006: TRY 89.647.596).

Leased assets included in property, plant and equipment	2007	2006
Cost	20.474.797	2.326.561
Accumulated depreciation	(11.692.161)	(285.925)
Net book value	**8.782.636**	**2.042.636**

19.b) Assets held for sale

	1 January 2006	Additions	Disposals	Impairment	31 December 2007
Land	1.068.000	-	(1.068.000)(*)	-	-

	1 January 2006	Transfers	Disposals	Impairment	31 December 2006
Land 1.068.000	192.348	(192.348)	-	1.068.000	
Buildings	1.736.000	-	-	(1.736.000)	-
Machinery and equipment	-	4.789.465	(4.789.465)	-	-
Furniture and fixtures	-	27.249	(27.249)	-	-
Construction in progress and advances given	-	81.748	(81.748)	-	-
	2.804.000	**5.090.810**	**(5.090.810)**	**(1.736.000)**	**1.068.000**

Land classified as asset held for sale as of 31 December 2006 is sold at amount of TRY 1.725.000 at 27 March 2007. Gain on sale of land amounting to TRY 657.000 is accounted for as other income (Note 38).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 20 - INTANGIBLE ASSETS

	Exchange rate 1 January 2007	Additions	Transfers	differences	31 December 2007
Cost :					
Rights	21.493.518	497.498	-	(62.743)	21.928.273
Technology licenses	6.706.600	115.958	-	(1.161.605)	5.660.953
Computer software	2.111.567	35.305	-	(374.802)	1.772.070
Customer relationships	659.479	-	-	-	659.479
	30.971.164	648.761	-	(1.599.150)	30.020.775
Accumulated amortisation:					
Rights	19.678.498	606.366	-	(19.512)	20.265.352
Technology licenses	2.445.426	430.531	-	(464.367)	2.411.590
Computer software	1.467.093	260.141	-	(287.258)	1.439.976
	23.591.017	1.297.038	-	(771.137)	24.116.918
Net book value	7.380.147				5.903.857

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 20 - INTANGIBLE ASSETS (Continued)

	1 January 2006	Additions	Disposals	Business combinations	Transfers	Exchange rate differences	31 December 2006
Cost:							
Rights	20.701.671	616.655	-	-	138.947	36.245	21.493.518
Technology licenses	9.024.109	590.691	(3.388.921)	-	-	478.721	6.706.800
Computer software	1.230.865	-	-	11.101	825.736	43.865	2.111.567
Customer relationships	-	-	-	659.479	-	-	659.479
	30.956.645	1.207.346	(3.388.921)	670.580	964.683	558.831	30.971.164
Accumulated amortisation:							
Rights	18.824.577	642.044	-	-	-	211.877	19.678.498
Technology licenses	4.033.292	642.379	(2.299.626)	-	-	69.381	2.445.426
Computer software	1.157.004	293.612	-	10.227	-	6.250	1.467.093
	24.014.873	1.578.035	(2.299.626)	10.227	-	287.508	23.591.017
Net book value	6.941.772						7.380.147

NOTE 21 - ADVANCES RECEIVED

	2007	2006
Order advances received	503.240	798.398

NOTE 22 - RETIREMENT PLANS

There are no agreements for pension commitments other than the employment termination benefits explained in Note 23 - Provisions and defined contribution profit-sharing plan explained in Note 15.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 23 – PROVISIONS

	2007	2006
Provision for employment termination benefits	15.208.396	13.928.435
Taxes payable	1.539.860	9.205.157
Accruals for employee retirement benefit plans	891.297	1.952.378
	17.639.553	**25.085.970**

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 (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement.

At 31 December 2007 the amount payable consists of one month's salary limited to a maximum of TRY 2.030,19 (2006: TRY 1.857,44) 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.

IAS 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:

	2007	2006
Discount rate (%)	5,71	5,71
Turnover rate to estimate the probability of retirement (%)	100,00	100,00

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 TRY 2.087,92 (1 January 2007: TRY 1.960,69), which is effective from 1 January 2008, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

TRY 689.888 of provision for employment termination benefits belongs to Kian Kordsa . According to Iran Labor Code, employment benefit is calculated by multiplying last salary with total employment years. For women maximum employment year for retirement benefit right is 25 years. For men for office job 30 years is required and 25 years for other jobs.

Movements in the provision for employment termination benefits during the year are as follows:

	2007	2006
1 January	13.928.435	11.838.093
Increase during the year	1.861.875	3.674.140
Paid during the year	(1.088.852)	(1.602.358)
Exchange rate differences	506.938	18.560
31 December	**15.208.396**	**13.928.435**

Provision for employment retirement benefit 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 24 - MINORITY INTEREST

	2007	2006
Balances at 1 January	113.036.746	72.015.781
Business combinations (Note 32)	(12.537.380)	98.809.470
Legal merger effect (Note 32)(*)	-	(56.183.988)
Change in fair value reserve of financial assets	125.858	-
Dividends paid	(676.043)	(1.951.615)
Cumulative translation differences	(17.551.937)	809.806
Net income for the year	1.414.186	(462.708)
Balances at 31 December	**83.811.430**	**113.036.746**

(*) TRY 1.100.309 of legal merger effect is derived from cumulative translation differences, (57.277.721) from retained earnings and TRY (6.576) from share premium.

NOTE 25 - CAPITAL / TREASURY SHARES

The Company's authorised and issued capital consists of 19.452.907.600 shares at 1 shares of YKr 1 nominal value (2006: 19.452.907.600 shares). The Company's shareholders and their shareholdings at 31 December 2007 and 31 December 2006 are as follows:

	2007	Share (%)	2006	Share (%)
Hacı Ömer Sabancı Holding. A.Ş.	177.233.427	91	177.233.427	91
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	1.516	<1	1.516	<1
Teknosa İç ve Dış Tic.A.Ş.	1.357	<1	1.357	<1
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	327	<1	327	<1
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	52	<1	52	<1
Pilsa Plastik Sanayi A.Ş	-	-	1.305	-
Other (Public and Takasbank)	17.292.397	9	17.291.092	9
Total paid-in share capital	**194.529.076**		**194.529.076**	

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

NOTE 26 – CAPITAL RESERVES

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values with an amount of TRY 102.684.000 and TRY 4.551.000 during the capital increases in May 2006 and June 2006, respectively after 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 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TRY 57.736 was accounted as addition to share premium.

Accordingly, on 23 January 2007 the usufruct and founder's redeemed shares have been purchased from the founding shareholders with a consideration of TRY 45.240.000. The relevant amount has been accounted for as a deduction from share premiums.

Retained earnings, excluding the legal reserves, are distributable in the legal financial statements with the following legal reserve conditions.

NOTE 27 – PROFIT RESERVES

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.

Public companies distribute dividends according to CMB regulations as follows:

In accordance with the CMB's decision numbered 7/242 on 25 February, 2005; if the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations does not exceed net distributable profit in the statutory accounts, the whole amount calculated per CMB's regulations should be distributed. On the contrary, the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations exceeds net distributable profit in the statutory accounts; distributable profit is limited to the profit per statutory accounts. In the case when there is a net loss per statutory accounts or financial statements prepared in accordance with CMB financial reporting standards, a distribution of profit is prohibited.

Additionally, under the Communiqué No: XI/25, if subsidiaries, joint ventures and associates that are included in consolidation have the decision of share distribution in their board meetings, provided that the profit attributable to the parent company which is accounted in the consolidated financial statements is considered as the maximum amount within the context of financial statements prepared in accordance with the recent adjustments relating to such entities, profit amount from the related companies transferred to the parent company is taken into consideration in the parent company's distributable profit depending on the decision of the General Assembly. For those subsidiaries and associates which did not take any profit distribution decisions in their General Assemblies, their net profit should not be taken into consideration when calculating the distributable net profit per consolidated financial statements.

In accordance with the Communiqué No: XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising as the balancing figures based on the first application of inflation adjustment are considered to be deductive when computing the distributable profit in line with CMB's profit distribution regulations. The accumulated deficit will first be netted-off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum dividend distribution ratio for the publicly listed joint stock companies shall be applied as 20%
(31 December 2006: 20%). Accordingly, it has been made possible that based on the decisions taken in general assemblies of the companies the distribution can be made in cash, non-cash by issuance of free shares with respect to the transfer of profits to the capital or a combination of both as partially in cash and non-cash. For the cases when the initial dividend determined is less than 5% of issued/paid in capital, it is allowed to retain the dividends within the companies. However, for those companies which are going to distribute dividends over the profits generated from 2007 operations and which increased their share capitals without distributing dividends in the previous year and thus have a distinguish of shares as "new" and "old" shares, it is enforced to make the distribution of initial dividends in cash.

NOTE 27 - PROFIT RESERVES (Continued)

Inflation adjustment to shareholders' equity can only be netted-off against losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders.

In accordance with the above explanation, the composition of Company's shareholders' equity, which is considered as the basis for profit distribution, in accordance with Communiqué No. XI/25, is as follows:

	2007	2006
Share capital	194.529.076	194.529.076
Shareholder's contribution	491.623.822	491.623.822
Share premium	62.052.736	107.292.736
Revaluation fund of financial assets	169.584	8.836.688
Net income for the period	23.711.737	55.172.359
Accumulated losses	(96.629.439)	(150.544.749)
Total equity based on profit distribution	675.457.516	706.909.932
Currency translation differences	(100.822.290)	(50.753.358)
Total shareholder's equity in the consolidated financial statements	**574.635.226**	**656.156.574**

(*) As the existence of 200 founder's redeemed shares and 112 usufruct shares, which have been issued in accordance with the article 12 of the articles of association of Kordsa Global and which possess the right to receive a dividend amount at 6% without possessing any voting right in Kordsa Global's distributable profit, contradicts the modern corporate governance principles and affects the company value in an adverse manner, pursuant to the decision of Board of Directors on 17 January 2007 with no 843, the decision has been taken to purchase such shares from their relevant owners at an amount of TRY 145.000 per share, which is the value determined by DTT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. Accordingly, on 23 January 2007 the usufruct and founder's redeemed shares have been purchased from the founding shareholders with a consideration of TRY 45.240.000. The relevant amount has been accounted for as a deduction from share premiums.

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

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

NOTE 28 - ACCUMULATED LOSSES

	Accumulated losses
Balance at 1 January 2006	**(228.545.878)**
Transfer of net income for 2005	47.911.464
Transfer from minority interest due to legal merger (Note 32)	57.277.721
Dividends paid	(27.188.056)
Balance at 31 December 2006	**(150.544.749)**
Transfer of net income for 2006	55.172.359
Transfer from minority interest due to legal merger (Note 32)	(1.257.049)
Balance at 31 December 2007	**(96.629.439)**

NOTE 29 - FOREIGN CURRENCY POSITION

Group's assets and liabilities denominated in foreign currencies at 31 December 2007 and 2006 are as follows:

	2007	2006
Assets	236.763.420	277.963.702
Liabilities	(379.687.609)	(483.750.125)
Net foreign currency position	**(142.924.189)**	**(205.786.423)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

		2007		2006	
	Foreign currency	Foreign currency amount	TRY equivalent	Foreign currency amount	TRY equivalent
- Cash and cash equivalents	USD	22.332.660	26.010.849	28.322.046	39.809.468
	Euro	5.645.423	9.654.802	4.629.763	8.572.006
	Thai Baht	243.674.980	8.404.900	160.132.671	6.260.029
	Endonesian Rupiah	32.744.272	4.048.971	43.133.746	6.747.028
	Argentinian peso	7.048.124	2.606.844	7.121.389	3.274.073
	Brazilian real	2.948.709	1.939.222	1.075.772	708.246
	Iranian riyal ('000)	10.095.335	1.238.392	12.755.978	1.943.610
	Chinese Renminbi	2.878.528	458.378	1.579.942	283.931
	Egyptian pound	765.963	160.626	2.264.791	558.000
	English pound	8.524	19.827	53.953	148.742
	Swiss Francs	-	-	304	350
- Trade receivables and due from related parties	USD	62.290.106	72.549.287	48.651.652	68.384.762
	EUR	31,878,844	54,519,199	34,217,288	63,353,309
	Brazilian real	20,099,004	13,218,131	36,338,245	23,923,671
	Thai Baht	270,467,402	9,329,031	207,235,089	8,101,393
	Iranian riyal ('000)	38,021,793	4,664,123	62,884,402	9,581,606
	Chinese Renminbi	11,013,358	1,753,771	21,731,719	3,905,402
	Endonesian Rupiah	10,853,347	1,342,063	43,133,746	5,020,140
	Egyptian pound	2,298,589	482,025	4,751,917	1,170,779
	English pound	64,460	149,928	57,569	158,713
	Argentinian peso	-	-	21,164	9,730
- Other receivables and assets	Brazilian real	18,086,675	11,894,721	19,815,968	13,046,054
	Argentinian peso	12.194.287	4.510.221	8.123.168	3.734.643
	USD	3.557.484	4.143.401	2.446.554	3.438.876
	Endonesian Rupiah	17.704.108	2.189.189	33.437.497	5.230.330
	Euro	489.289	836.782	-	-
	Egyptian pound	1.360.413	285.285	432.490	106.557
	Chinese Renminbi	1.053.933	167.829	9.816	1.764
	Thai Baht	2.928.586	101.014	12.546.823	490.490
	Iranian riyal (000)	689.730	84.609	-	-
			236.763.420		**277.963.702**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

	Foreign currency	2007 Foreign currency amount	2007 TRY equivalent	2006 Foreign currency amount	2006 TRY equivalent
- Trade payables and due to related parties	USD	60,176,029	70,087,020	59,835,377	84,104,606
	Euro	12,262,217	20,970,843	9,754,396	16,060,265
	Endonesian Rupiah	47,336,043	5,853,306	9,625,324	1,505,604
	Brazilian Real	3,872,398	2,546,687	2,829,583	1,862,896
	Argentinian Peso	6,257,079	2,314,265	3,481,572	1,600,660
	Iranian Riyal (000)	6,727,112	825,213	4,034,605	614,747
	Thai Baht	21,482,083	740,965	29,143,815	1,139,312
	Egyptian pound	1,345,001	282,053	-	-
	Chinese Renminbi	1,544,343	245,922	2,779,871	499,570
	Swiss Francs	98,093	98,152	-	-
	Japanese Yen	8,550,238	88,638	-	-
	English pounds	6,495	15,107	715	1,971
- Bank borrowings	USD	90,802,935	105,758,179	175,840,301	247,161,127
	Euro	60,048,857	102,695,555	26,419,932	46,859,641
	Endonesian Rupiah	237,169,526	29,327,035	236,554,323	37,002,087
	Brazilian Real	14,026,895	9,224,802	16,329,446	10,750,665
	ranian Riyal ('000)	4,472,603	548,653	-	-
	Egyptian pound	506,398	106,194	-	-
- Other payables and liabilities	USD	13,365,355	15,566,630	9,418,497	13,238,639
	Brazilian Real	6,208,324	4,082,911	13,032,853	6,580,318
	Argentinian Peso	7,941,276	2,937,189	5,971,986	2,745,633
	Iranian Riyal ('000)	16,951,061	2,079,380	-	-
	Euro	1,010,277	1,727,776	1,110,918	2,056,864
	Endonesian Rupiah	7,167,765	886,325	9,625,324	4,183,416
	Egyptian pound	2,239,368	469,606	-	-
	Thai Baht	6,065,212	209,203	29,143,815	1,457,569
	Chinese Renminbi	-	-	2,779,871	324,545
			379,687,609		483,750,125

NOTE 30 - GOVERNMENT GRANTS

	2007	2006
Government grants	1,836,843	2,114,339

Government grants are related with the fixed asset purchase of Interkordsa GmbH.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

	2007	2006
a) Guarantees given:		
Letter of guarantees	4,958,871	9,324,690
Pledged bonds given for long term	7,499,167	1,793,546
	12,458,038	**11,118,236**

	2007	2006
b) Guarantees received:		
Mortgages received	5,000,000	5,950,000
Letter of guarantees	749,000	1,056,443
Cheques and notes received as collateral	315,400	315,400
	6,064,400	**7,321,843**

Commitments denominated in foreign currencies are as follows:

		2007	2006
Guarantees received			
	Euro	-	21,000
	USD	-	125,312

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 32 - BUSINESS COMBINATIONS

2007: None.

Summary of business combinations in 2006 is as follows:

Prior to the establishment of the Company on 9 February 2006, other Subsidiaries were consolidated under Sabancı B.V., which was a subsidiary of Sabancı Holding. After the establishment, the Company became the ultimate parent by acquiring 88,61% of shares of Kordsa Turkey in consideration of TRY 649.365.922 from Sabancı B.V. and 100% of shares of Sabancı B.V. in consideration of TRY 304.551.000 from Sabancı Holding. These transactions took place between two companies under the common control of Sabancı Holding, therefore no goodwill or negative goodwill was calculated on these transactions. As the purpose for the establishment of Kordsa Global is operational and global restructuring of Sabancı group companies engaged in operations mentioned in Note 1, capital injections of Sabancı Holding and related transactions afterwards have been accounted with continuity to Sabancı B.V.'s shareholders' equity. The differences in cash transactions on share transfers of Sabancı B.V. to the Company have been included in 'Transfer to parent company' as a separate line item in the consolidated statements of changes in shareholders' equity with a deduction from accumulated deficit. Accordingly, TRY 744.719.797 was repaid by Kordsa Global to Sabancı Holding during the acquisition of Kordsa Turkey and Sabancı B.V. and this amount is presented as a capital repayment on the consolidated statements of changes in shareholders' equity. Furthermore, the difference of TRY 163.847.102 arising on Kordsa Global's acquisition of Kordsa Turkey and Sabancı B.V. is presented as a "transfer to parent company" on the consolidated statements of changes in shareholder's equity.

In the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, it was decided that Kordsa Global and Kordsa Turkey would be merged through acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities.

İstanbul Trade Registry Office announced in the Trade Registry Gazette dated 6 December 2006 number 6698 that Extraordinary General Assembly Meeting decision and merger agreement were registered on 30 June 2006.

The purpose of this merger is to restructure the companies under Sabancı Holding, and form a structure in which these two companies have a common functional management unit. Since the merger took place between two companies controlled by Sabancı Holding as of 30 June 2006, and Kordsa Turkey took over other Kordsa Global's assets and liabilities as a whole in the merger, Kordsa Turkey's financial statements as of 31 December 2006 was prepared by combining the balance sheets of two companies prepared in accordance with CMB Accounting Standards.

The difference in the amount of TRY 655.470.924 arising as a result of this merger was accounted as shareholders' contribution under the consolidated statement of changes in shareholders' equity, as it is not a separate item in the financial statement presentation format, which application is required by the CMB.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 32 - BUSINESS COMBINATIONS (Continued)

On 29 December 2006, Group acquired 99,5% of shares of KQNE in consideration of TRY 12.082.745. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY 3.465.178 and was credited to other operating income. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Trade receivables	4.218.173
Inventory	3.858.977
Property, plant, equipment and intangible assets-net	10.675.658
Trade payables	(1.818.900)
Other liabilities	(1.306.425)
Total net assets	15.627.483
Minority interest	(79.560)
Net assets acquired	15.547.923
Less: cost of acquisition	(12.082.745)
Excess recognised in consolidated statement of income	**3.465.178**

On 22 December 2006, Group acquired 51,29% shares of Branta Mulia Group in consideration of TRY 49,425,318. Parent company Branta Mulia owns 70% shares of Branta Mulia Teijin and 64,19% shares of Thai Branta Mulia and prepares consolidated financial statements. The excess of cost of acquisition over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities amounted to TRY 3,025.160 and was recorded as goodwill in the consolidated balance sheet (Note 17). The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Marketable securities	10.312.934
Trade receivables	34.706.664
Inventory	54.336.279
Property, plant and equipment-net	125.797.426
Intangible assets-net	659.479
Other assets	7.030.730
Financial liabilities	(42.500.982)
Trade payables	(21.937.115)
Deferred tax liability	(16.535.078)
Other liabilities	(6.740.269)
Total net assets	145.130.068
Minority interest	(98.729.910)
Net assets acquired	46.400.158
Less: cost of acquisition	(49.425.318)
Goodwill	**3.025.160**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 33 - SEGMENT REPORTING

The geographical basis segment reporting determined as primary reporting is as follows:

a) External revenues (*)

	2007	2006
Europe, Middle East and Africa	536.384.307	527.724.717
North America	264.194.607	273.307.731
South America	178.996.421	200.656.588
Asia	224.062.328	-
	1.203.637.663	1.001.689.036

b) Segment assets	2007	2006
Europe, Middle East and Africa	545.674.425	614.709.496
North America	143.573.461	202.639.040
South America	185.683.930	227.269.418
Asia	213.722.401	251.841.538
Other	644.916	4.554.671
Segment assets (*)	1.089.299.133	1.301.014.163
Unallocated assets	29.571.557	49.653.141
Less: Intersegment eliminations and reclassifications	(4.799.851)	(6.556.678)
Total assets per consolidated financial statements	**1.114.070.839**	**1.344.110.626**

(*) Segment assets comprise operating assets and excluding tax liabilities.

c) Segment liabilities	2007	2006
Europe, Middle East and Africa	78.800.926	87.491.305
North America	29.313.076	43.329.026
South America	39.885.963	36.858.422
Asia	24.406.165	29.721.546
Other	203.034	5.067.721
Segment liabilities (**)	172.609.164	202.468.020
Unallocated liabilities	287.487.168	378.542.824
Less: Intersegment eliminations and reclasifications	(4.472.149)	(6.093.537)
Total liabilities per consolidated financial statements	**455.624.183**	**574.917.307**

(**)Segment liabilities comprise mainly operating liabilities and exclude financial liabilities and taxation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 33 - SEGMENT REPORTING (Continued)

d) Segmental analysis for the period 1 January- 31 December 2007

	Europe, Middle East and Africa	North America	South America	Asia	Inter-segment elimination	Total
External revenues	536.384.307	264.194.607	178.996.421	224.062.328	-	1.203.637.663
Inter-segment revenues	13.627.703	3.865.351	756.978	10.685.682	(28.935.714)	-
Revenues	550.012.010	268.059.958	179.753.399	234.748.010	(28.935.714)	1.203.637.663
Segment operating expenses	(481.057.901)	(262.099.050)	(195.697.006)	(222.345.491)	28.598.939	(1.132.600.509)
Total segment operating result	68.954.109	5.960.908	(15.943.607)	12.402.519	(336.775)	71.037.154
Unallocated expenses						(12.594.904)
						58.442.250

e) Segmental analysis for the period 1 January- 31 December 2006

	Europe, Middle East and Africa	North America	South America	Inter-segment elimination	Total
External revenues	527.724.717	273.307.731	200.656.588	-	1.001.689.036
Inter-segment revenues	3.598.751	2.497.105	2.081.889	(8.177.745)	-
Revenues	531.323.468	275.804.836	202.738.477	(8.177.745)	1.001.689.036
Segment operating expenses	(470.990.520)	(257.276.176)	(185.253.950)	8.503.489	(905.017.157)
Total segment operating result	60.332.948	18.528.660	17.484.527	325.744	96.671.879
Unallocated expenses					(12.768.894)
Negative goodwill					3.465.178
					87.368.163

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 33 - SEGMENT REPORTING (Continued)

f) Capital expenditures

	2007	2006
Europe, Middle East and Africa	19.191.753	10,423,546
North America	6.645.502	15,225,899
South America	16.349.480	14,900,997
Asia	3.177.530	-
	45.364.265	40,550,442

g) Depreciation and amortisation

	2007	2006
Europe, Middle East and Africa	23.450,689	30,114,586
North America	10.474,539	10,364,773
South America	16.850,015	8,648,729
Asia	12,303,453	-
Other	-	310,528
	63.078.896	49.438.616

The product basis segment reporting determined as secondary reporting is as follows:

a) External revenues	2007	2006
Nylon yarn	278.064.159	305.101.162
Polyester yarn	27.252.754	33.780.275
Fabric	859.162.217	619.965.072
Other	39.138.533	42.842.527
	1.203.637.663	1.001.689.036

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

NOTE 33 – SEGMENT REPORTING (Continued)

b) Segment assets	2007	2006
Nylon yarn	345.108.974	386.990.104
Polyester yarn	84.465.025	101.430.938
Fabric	513.240.723	625.336.189
Other	39.494.855	39.831.775
Segment assets	982.309.577	1.155.589.006
Unallocated assets	136.553.882	195.078.297
Less: Intersegment eliminations and reclassifications	(4.792.620)	(6.556.677)
Total liabilities per consolidated financial statements	**1.114.070.839**	**1.344.110.626**

c) Capital expenditure	2007	2006
Nylon yarn	14.234.804	11.766.156
Polyester yarn	6.846.665	5.401.018
Fabric	18.679.598	20.845.858
Other	5.603.198	2.537.410
	45.364.265	40.550.442

NOTE 34 – SUBSEQUENT EVENTS

None.

NOTE 35 – DISCONTINUED OPERATIONS

None (2006: None).

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

NOTE 36 - OPERATING INCOME

	2007	2006
Sales income (Gross)	1,216,546,944	1,012,095,526
Sales returns (-)	(1,205,962)	(2,227,444)
Sales discounts (-)	(10,640,189)	(8,179,046)
Other sales discounts (-)	(1,063,130)	-
Sales income (Net)	1,203,637,663	1,001,689,036
Cost of sales (-)	(1,070,150,295)	(831,014,069)
Gross profit	**133,487,368**	**170,674,967**

NOTE 37 - OPERATING EXPENSES

	2007	2006
Research and development expenses	4.159.840	3.074.646
Marketing and selling expenses	37.258.814	30.219.084
General administrative expenses	57.412.287	55.771.994
	98.830.941	**89.065.724**

NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/LOSSES

Other income	2007	2006
Domestic production incentive income (*)	12.140.458	13.798.041
Gain on sale of financial asset held for sale	7.392.515	-
Income from insurance damages	5.630.650	1.121.710
Gain on sale of property, plant and equipment	1.901.299	2.238.999
Export incentive income	1.070.258	1.489.410
Gain on sale of fixed asset held for sale	657.000	-
Income related to previous periods tax provision	403.693	1.495.456
Insurance agency income	304.160	225.910
Customs indemnities	162.021	1.416.867
Rent income	114.785	110.593
Income from negative goodwill (Note 32)	-	3.465.178
Other	1.020.507	3.088.798
	30.787.349	**28.450.962**

Other expenses	2007	2006
Doubtful receivable provision	2.643.844	2.222.091
Loss on sale of property, plant and equipment	1.890.524	114.189
Taxes and duties paid	937.459	1.244.176
Impairment loss on financial assets (Note 16)	-	13.387.770
Impairment loss on assets held for sale (**)	-	1.736.000
Royalty expense	-	442.401
Compensation expenses	-	303.940
Other	1.529.699	3.241.475
	7.001.526	**22.692.042**

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

(**) Impairment loss on buildings classified under assets held for sale due to the damage incurred is TRY 1.736.000.

NOTE 39 – FINANCIAL EXPENSES (NET)

Financial income:

	2007	2006
Foreign exchange gain	30.410.089	35.742.124
Credit finance income	3.832.348	3.527.993
Interest income	3.339.839	2.838.554
Other	211.128	26.961
	37.793.404	**42.135.632**

Financial expenses:

	2007	2006
Interest expense	23.687.054	20.876.539
Foreign exchange loss	17.504.394	28.758.088
Derivative financial instruments	5.140.807	-
Credit finance expense	2.626.072	2.515.916
Other	179.739	542.153
	49.138.066	**52.692.696**
Financial expenses - net	**(11.344.662)**	**(10.557.064)**

NOTE 40 – NET MONETARY POSITION PROFIT/LOSSES

None (2006: None).

NOTE 41 – TAXES ON INCOME

	2007	2006
Corporate tax currently payable	6.388.994	11.256.879
Less: Prepaid taxes	(4.849.134)	(2.051.722)
	1.539.860	**9.205.157**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporate Income Tax Law has been changed with the law numbered 5520 which was published at 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable for the year 2007 is % 20. (2006: %20).

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

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

NOTE 41 - TAXES ON INCOME (Continued)

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate
(SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the year 2006.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

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

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

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

Exemption for investment incentive allowance:

The exemption for investment incentive allowance that has been applied for several years and latest calculated as 40% of corporate tax payers' capital expenditures exceeding a certain amount, has been abolished with Corporate Income Tax Law No.5479 dated 30 March 2007. On the other hand, according to the law and the temporary clause number 69 added to Income Tax Law, unused investment incentive allowance related to the ongoing projects at 31 December 2005,

a) investment started after 1 January 2006, within the scope of investment incentive share certificates granted prior to 24 April 2003 in accordance with the appendices 1,2,3,4,5, and 6 of Income Tax Law numbered 193 prior to the change with the law numbered 4842 dated 9 April 2003.

b) investment allowances being granted before 1 January 2006, which presents an economic and technical integrity with the investments, in accordance with the Income Tax Law numbered 193 abolished article No.19 of Corporate Income Tax Law numbered 193

can be utilised for the income generated in the years 2006, 2007 and 2008 in accordance with the articles valid on 31 December 2005 (including the corporate tax rate in accordance with Corporation Tax Law numbered 5422 and the related articles of Income Tax Law).

NOTE 41 – TAXES ON INCOME (Continued)

Once one of the above alternatives has been chosen, the application cannot be changed. Corporations that choose to utilise this right will be subject to the previous legislation's tax rates.

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

The taxes on income reflected to consolidated statements of income for the years ended 31 December are summarised as follows:

	2007	2006
Current period corporate tax	(6.388.994)	(11.256.879)
Deferred tax	(14.964.919)	(12.125.573)
Currency translation differences	(617.752)	1.281.004
	(21.971.665)	**(22.101.448)**

NOTE 42 – EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated statements of income 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.

	2007	2006
Net income for the year	23.711.737	55.172.359
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Earnings per share YKr	0,12	0,28

Nominal values of ordinary shares for the years ended 31 December 2007 and 2006 are assumed to be YKr1 each.

NOTE 43 – STATEMENTS OF CASH FLOW

The statement of cash flow is disclosed together with the consolidated financial statements.

NOTE 44 – DISCLOSURE OF OTHER MATTERS

Derivative Financial Instruments

As of 31 December 2007, Group's total market value of swap is TRY (5.140.807) and disclosed as derivative financial instruments in consolidated balance sheet (2006: None). Details of the transaction are summarised as follows:

1. Transaction date: 20 April 2007
   Maturity date: 16 December 2011
   USD amount: 5.800.000
   Euro amount:4.261.672
   USD floating interest rate: 6.83%
   Euro fixed interest rate: 5.80%
   Market value of swap as of balance sheet date: TRY (514.666)

2. Transaction date: 20 April 2007
   Maturity date: 16 December 2011
   USD amount: 51.000.000
   Euro amount: 37.472.447
   USD floating interest rate: 6.21%
   Euro fixed interest rate: 5.80%
   Market value of swap as of balance sheet date: TRY (4.626.141)

2007 İç Denetim Raporu

To the General Assembly of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

Trade Name : Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

Head Office : İstanbul

Issued Capital : YTL 194.529.076

Field of Operation: Production of fabrics, which are contained in the structure of vehicle tires and constitute the main frame, and of industrial fabrics; production of industrial fabrics and industrial single and cord contained in the structure of rubber and plastic materials such as drive belts, V-belts, rubber hoses; production of heavy denier fibers and liners; transformation of any kind of yarn into tire cord fabric, into fabrics used in mechanical rubber goods and other rubber reinforcement materials, and marketing thereof; production of Nylon 6, Nylon 6.6, and PET (Polyethyleneterephthalate) HMLS (High Modulus Low Shrinkage) polyester and rayon heavy decitex yarn to be used in auto tires and mechanical rubber products; and marketing, sales, importation and exportation of all the abovementioned.

Name(s) and Duration of Office of the Auditor and if they are partners:
Mevlüt AYDEMİR
04 April 2005 to March 2008

Fuat ÖKSÜZ
04 April 2005 to March 2008

Duration of office is 3 years. They are not shareholders of the Company.

Numbers of Board Mettings and Auditors' Meetings Attended:
Attended in five Board Meetings and four Auditors' Meetings.

Scope and Dates of the Examinations Conducted on the Documents and Conclusions:
Investigations and controls have been carried out on the last weeks of 3rd, 6th, 9th and 12th months according to Tax Regulations Company Book of Accounts, and Commercial Code, no subject for criticism has been detected.

Number and Dates of Cash Counts Performed at the Corporation's Treasury, according to Paragraph 3, Clause 1 of Turkish Commercial Code Article 353:
There has been 4 cash counts performed and found in compliance with current records.

Examinations and dates, performed according to Paragraph 4, Clause 1 of Turkish Commercial Code Article 353:
On the examinations conducted on the 1st business day of each month, it is observed that the valuable documents are in compliance with the records.

Complaints and Unlawful acts Noted and Measures Taken:
No complaints have been received.

We have examined the accounts and transactions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. for the period of 01.01.2007 - 31.12.2007 according to Turkish Commercial Code, Articles of Association, other regulation and Generally Accepted Accounting Principles and Standards.

In our opinion, the Balance Sheet as of 31.12.2007 reflects the true financial status of the company at the date; the Profit and Loss Statement for period 01.01.2007 – 31.12.2007 reflects the true operational results of the period.
We hereby submit the approval of the Balance Sheet, Profit and Loss Statement, and ratification of the actions of the Board of Directors to your votes.

BOARD OF AUDITORS

Mevlüt AYDEMİR **Fuat ÖKSÜZ**

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