KORDSA GLOBAL

2008 ANNUAL REPORT

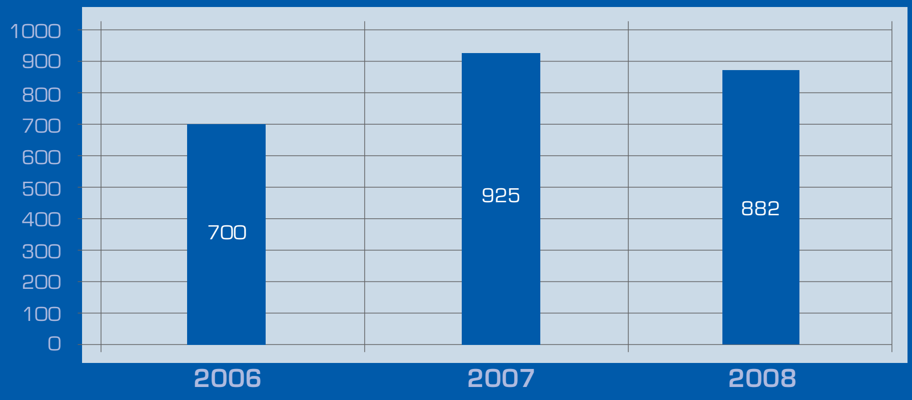
CONTENTS

Innovation

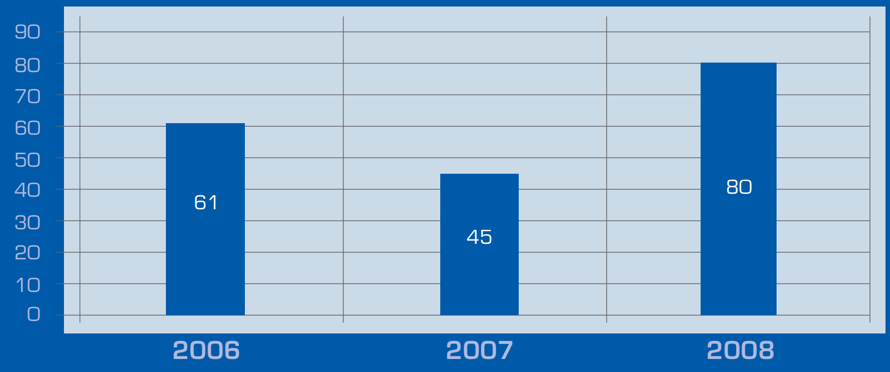
&

Excellence

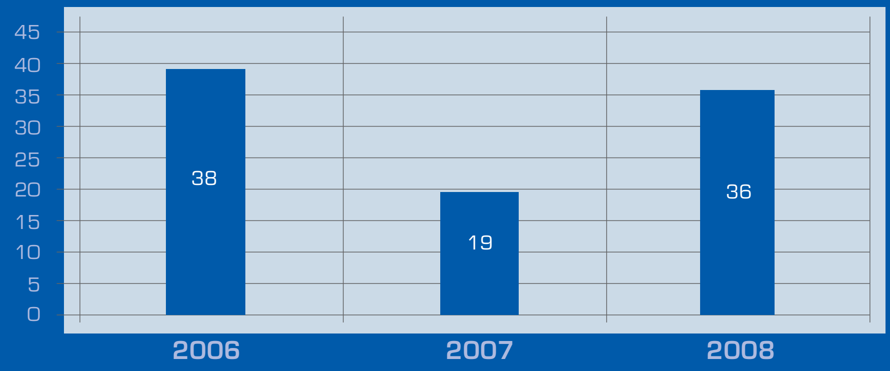
US $ Mil. **Sales**



US $ Mil. **Operating Profit**



US $ Mil. **Net Income**



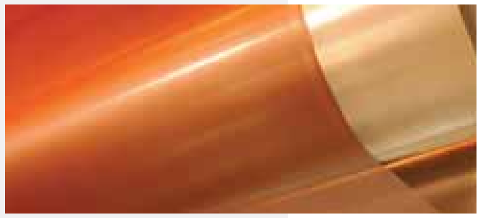
2007 figures include total restructured and written-off assets amounting to US$ 25 Million.

Kordsa Global Milestones

1973 Formation of Kordsa Turkey Tire Cord Fabric Plant
1987 Formation of Dusa-Sabancı DuPont JV Yarn Plant

1990 Initiation of “Quality Culture” Studies and Deployment of Total Quality Management

1993 The First ISO 9001 Certificate Given to a Textile Company in the World: Kordsa
1993 Establishment of Nile Kordsa
1998 Establishment of Interkordsa
1998 South America Investment
1999 Merger of Dusa Yarn Plant and Kordsa Fabric Plant



2000 North America Investment
2001 Formation of Global JV with DuPont

2003 Relocation of the Technology Center from Chattanooga, USA to Kordsa Turkey
2005 Acquisition of the DuPont Shares in Global JV
2005 Growth in Polyester

2006 Formation of Kordsa Global and Relocation of the Headquarters from USA to Turkey
2006 Growth in Asia
2006 Formation of Global Technology Center

2007 R&D and Single End Cord Investments

2008 Opening of the Global Technology Center in Izmit
2008 Single End Cord Investment in Turkey, Germany and Brazil Plants

Kordsa Global in Brief

Kordsa Global is the world's leading producer of nylon and polyester yarns, cord fabric, and single end cord and provides services to the tire reinforcement and mechanical rubber markets.

Kordsa's success story began with the investment in the cord fabric plant in Izmit, Turkey in 1973. Since then, the Company has become the global leader thanks to strategic acquisitions, made in collaboration with powerful business partners. With its 10 facilities, located in 9 countries over 5 continents, and a 4,500-strong workforce, the Company has maintained its position as a global leader. Kordsa Global recorded sales of US $ 882 million in 2008.

Kordsa Global, with its head office in Istanbul, operates in four regions:

- Europe, Middle-East and Africa, (Turkey, Germany, Egypt)
- North America, (USA - Laurel Hill & Chattanooga)
- South America, (Brazil, Argentina)
- Asia Pacific (China, Indonesia, Thailand)

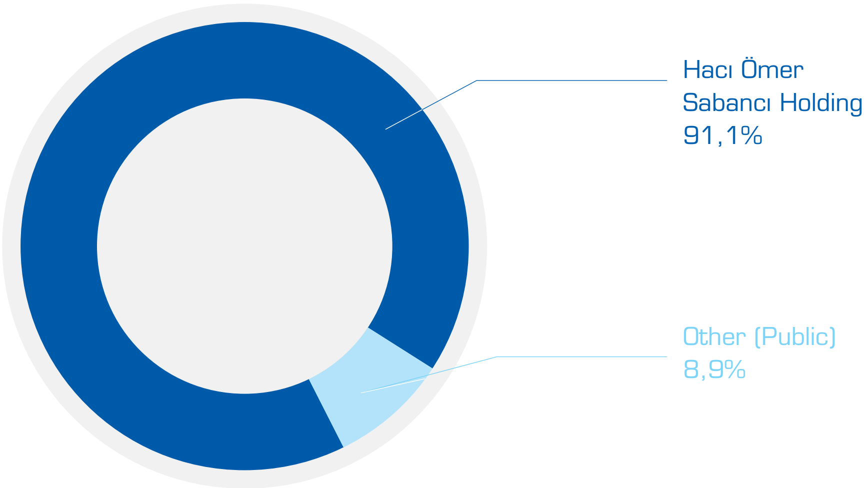
In order to provide innovative solutions to its customers, Kordsa Global focused on making investments in R&D, and in the single cord fabric segment, used especially for performance tires.

The R&D Centre, extended in the Izmit Plant in May, provides the Company with opportunities to produce innovative products for its customers. And the single-end-cord investments in Turkey, Brazil and Germany plants enabled the Company to meet the market demand as well as the needs of its global tire manufacturer customers.

2008 marked the year when the Company significantly improved its profitability, optimizing its core processes with the vision of Operational Excellence.

Kordsa Global shares are traded on the Istanbul Stock Exchange with a free float of 8.9%.

Shareholders' Structure



Strategy Model

Our Vision

Solution partner for the rubber industry, worldwide

Pillar Initiatives

Operating Excellence

- Competitive local cost at all sites
- Capacity aligned with market demand
- Global supply chain & product interchangeability

Solution Partner

- Connect with customers' technical & operation departments
- Advanced material & application know-how
- Differentiation via customized services
- Innovation culture to realize new solutions

Balanced Global Approach

- Global customer and product management
- Invest in Asia "customer and technical" development
- Global functions driving global synergies

Foundations

Systems: Enabling continuous improvement and business excellence

Values: SHE, integrity, customer focused, open minded, global collaboration, results driven

Resources: Employee development aligned with global strategy

Mission

Deliver high value added reinforcement solutions, globally

Vision

Solution partner for the rubber industry, worldwide

Corporate Values

SHE: (Safety, Health, and Environment)

Whatever we do, SHE comes first. We are 100% committed to achieving an accident-free and safe workspace for our employees and business partners. As a company respecting the society, our purpose is to protect environmental health and natural resources.

Integrity

In all business and personal matters, we always comply with the laws of the countries we operate and demonstrate the highest ethical values.

Customer Focused

We respect our customers. Our goal is not only finding the right and permanent solutions to their problems and supporting their successes, but also be their innovative and trustworthy business partner.

Open Minded

We are willing to embrace and consider new ideas and perspectives from different sources.

Global Collaboration

We believe in working together. While working together, we would like to create a synergy by benefiting from the strength and best-practices of our employees, suppliers, contractors and customers.

Results Driven

We are a 'result oriented' team and focused on delivering our commitments with a continuous improvement mindset.

What Does Kordsa Global Manufacture?

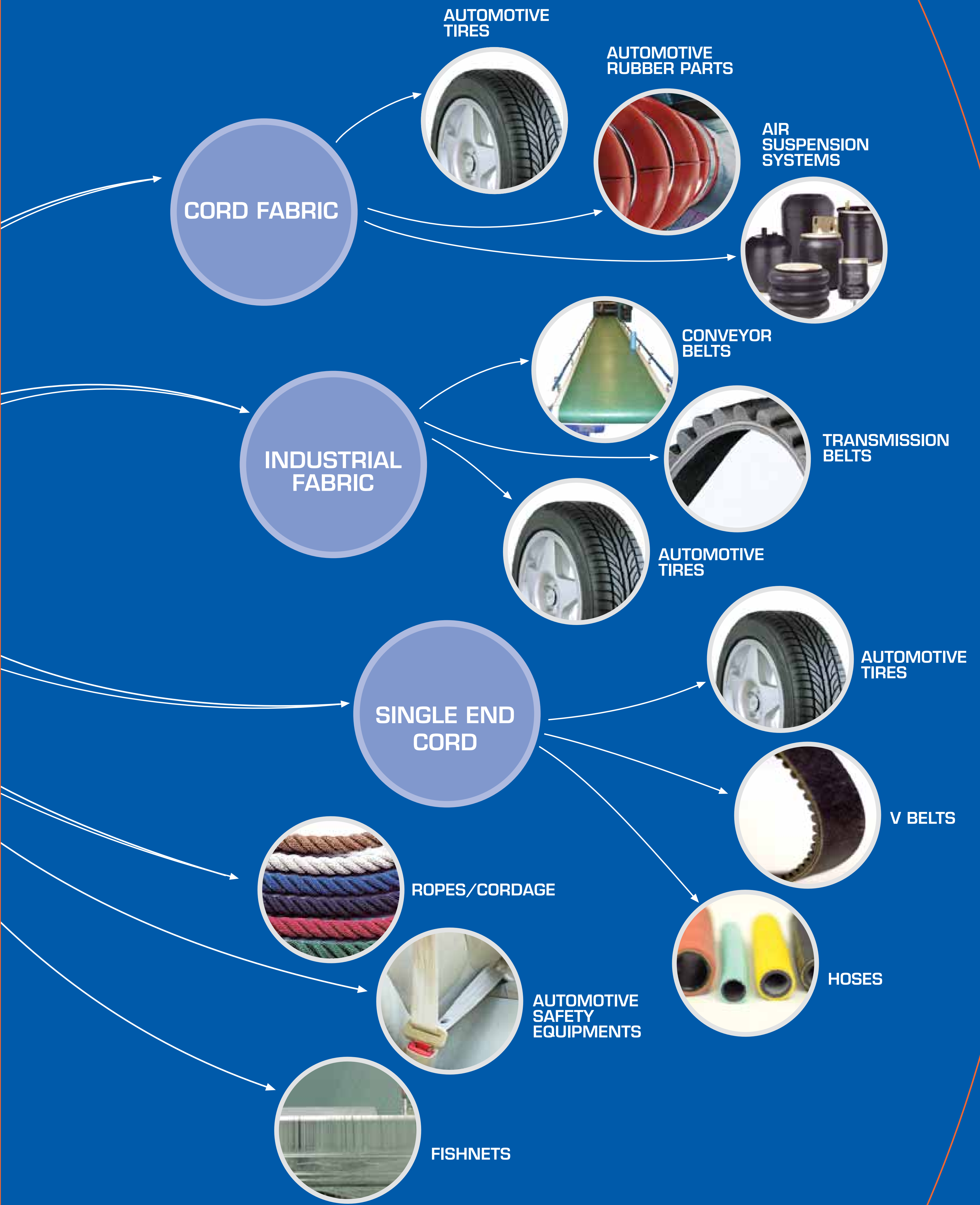
RAW MATERIAL

NYLON 6.6
- HMD
- AA

HMLS / TECHNICAL PET
- MEG
- PTA

YARN

PRODUCTION


CORD FABRIC
AUTOMOTIVE TIRES
AUTOMOTIVE RUBBER PARTS
AIR SUSPENSION SYSTEMS
INDUSTRIAL FABRIC
CONVEYOR BELTS
TRANSMISSION BELTS
AUTOMOTIVE TIRES
SINGLE END CORD
AUTOMOTIVE TIRES
V BELTS
HOSES
ROPES/CORDAGE
AUTOMOTIVE SAFETY EQUIPMENTS
FISHNETS

Worldwide Operations

From its foundation till today, gaining strength with selective investments, Kordsa Global, now, operates from 10 facilities spread over 5 continents. In 2008, the company generated US$ 882 Million consolidated net sales.

Kordsa Global is a part of Sabancı Group of Turkey.

EUROPE
MIDDLE EAST
AFRICA

US $ 383 Million

ANNUAL SALES REVENUE

ASIA PASIFIC

US $ 182 Million

ANNUAL SALES REVENUE

* Calculations are based on the average US$ exchange rate of Turkish Central Bank.

NORTH AMERICA

US $ 197 Million

ANNUAL SALES REVENUE

SOUTH AMERICA

US $ 135 Million

ANNUAL SALES REVENUE

Message of the Chairman

Dear Shareholders,

The Sabancı Group entered 2008 with prudent budgets in place. Although the year progressed as planned in the first three quarters, the downturn in the markets impacted by the global crisis was felt broadly and severely across every sector in the last quarter.

In 2008, the operations and goals of Kordsa Global focused on fulfilling the conditions to becoming a truly global company.

In today's global marketplace, having a strong technology & brand is critical and Kordsa Global is making the right investments to sustain its leadership. The Global Technology Center, which was extended in May, aims to offer our customers innovative solutions, as well as sustain Kordsa Global's market position. With new SEC investments at 3 Kordsa Global plants simultaneously, we aim to grow in the performance tire segment. And despite sales performance below target due to economic crisis in the last quarter, Kordsa Global team successfully maintained its profitability target.

This year, Kordsa Global aims to secure its market position by expanding its services to customers. In doing this, we anticipate emerging from this stagnation as a company further strengthened through proper risk management and future-oriented investments.

We foresee that the stagnation at the end of 2008 will prevail in 2009, as well. We are on top of developments in Turkey and across the world, building our plans by putting into place all the necessary measures to manage this global slowdown. In 2009, we will march onwards with confidence having taken the appropriate steps, strengthened by the motivation of the value we create in line with our vision and mission. With this firm determination we strongly believe we will be in a position to create maximum value for our stakeholders.

We thank all our stakeholders for their continued support and the trust they have placed in us.

GÜLER SABANCI
CHAIRMAN OF THE BOARD
OF DIRECTORS

In 2008, the operations and goals of Kordsa Global focused on fulfilling the conditions to becoming a truly global company.

Board of Directors

1 **GÜLER SABANCI**
CHAIRMAN OF THE BOARD OF DIRECTORS
(November 2006 - March 2009)
Güler Sabancı was born in Adana, Turkey and graduated from Boğaziçi University with a degree in Business Administration. She began her professional career at Lassa Lastik Sanayi A.Ş. in 1978, followed by 14 years as General Manager of Kordsa Kordbezi Sanayi ve Ticaret A.Ş. Until 2004, she was acting as President of Sabancı Holding's Tire, Tire Reinforcement Materials and Automative Group. Since May 2004, Sabancı is the Managing Director and Chair of the Board of Directors of Sabancı Holding where she also serves as President of the Human Resources Committee. She played a keyrole during the foundation of Sabancı University in addition to her business activities worldwide. Currently, she serves as the Chair for the Governors of Sabancı University and a member of TÜSİAD (Turkish Industrialists and Businessmen's Association). Güler Sabancı also produces wine with her own brand.

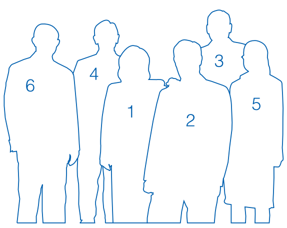
2 **TURGUT UZER**
VICE CHAIRMAN
(November 2006 - March 2009)
Turgut Uzer was born in Ankara in 1954 and graduated from the Department of Industrial Engineering at Middle East Technical University. He served in a number of managerial positions at Lassa Lastik Sanayi A.Ş. and Beksa A.Ş. between 1981 and 2004. On June1, 2004 he was appointed as President of Sabancı Holding's Tire, Tire Reinforcement Materials and Automotive Group. Uzer also serves as a member of the Board in a number of Sabancı Group subsidiaries.

3 **MEHMET GÖÇMEN**
MEMBER
(September 2008 - March 2009)
Mehmet Göçmen was born in 1957. He graduated from the Industrial Engineering department at the Middle East Technical University in 1981. He received his graduate degree from the Industrial Engineering department at the Syracuse University. He subsequently assumed various functions at Çelik Halat, steel rope manufacturers, and Lafarge, and had been Akçansa's General Manager between 2003 and 2008. On August 1st, 2008 Mehmet Göçmen was appointed as the Sabancı Holding Human Resources Executive Vice President.

4 **PETER GERARD KEHOE**
MEMBER
(November 2006 - March 2009)
Kehoe is a chemical engineer, he earned a BE and MSc. from Universty College, Dublin and a PhD from Yale University in the United States.
He worked for DuPont for 30 years in the fields of research, manufacturing, marketing and corporate planning. He acted as the General Manager in most of these companies.
Peter Kehoe is currently president of the Blasket Group, a business consulting company.

5 **TERRY HALL HAMMOND**
MEMBER
(November 2006 - March 2009)
Terry Hammond has worked in various positions in the tire industry over a 20 year period as a supplier of mainly polyester yarns, retiring in 2001 from the position of Vice President, responsible for Technical Fibers and North American Region at KoSa. Currently, she is responsible for programming, public relations and media development for WordNet, a broadcasting network owned and operated by Victory Christian Center in Charlotte, NC.

6 **RAFAEL C. R. DECALUWÉ**
MEMBER
(November 2006 - March 2009)
Rafael Decaluwé is a senior consultant, advising on strategy development and implementation and business start-ups in China. From 1994 to 2002, he served as CEO of N.V. Bekaert S.A., Belgium, a manufacturer of steelwire, steelcord and advanced materials. Decaluwé serves today as Chairman on the Board of Jensen Group N.V. and Malysse N.V. in Belgium.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Senior Management

1 MEHMET NURETTİN PEKARUN
PRESIDENT - CEO
Graduating from Bosphorus University, Department of Industrial Engineering, Mehmet Nurettin Pekarun studied for his MBA in Finance and Strategy Specialization at Purdue University. Pekarun started his career in 1993, working at theTransportation Systems of General Electric (GE) in the USA. Between 1996 and 1999 he initially worked as a Finance Manager responsible for Turkey and Greece at GE Healthcare Europe, then as a Financial Manager responsible for Eastern Europe.
Working as General Director of GE Lighting in Turkey between 1999 and 2000, as General Manager, Business Development for GE Healthcare - Europe, the Mid-East and Africa between 2000 and 2005, then as General Manager for Medical Accessories of the same company in Europe, the Mid-East and Africa, Pekarun has been CEO of Kordsa Global since March 1st, 2006.

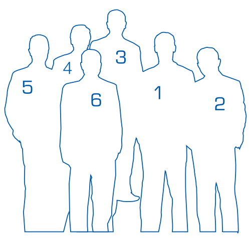
2 BÜLENT BOZDOĞAN
VICE PRESIDENT - FINANCE AND SOURCING
Bülent Bozdoğan graduated from the Mid-East Technical University-Faculty of Management in 1980. Having two years of audit experience at Price Waterhouse Cooper, he started work as a Cost Accounting Manager at Unilever in 1982. Having worked in various departments of Trading, Finance, and Human Resources for 9 years, Bozdoğan joined Brisa as Assistant General Manager responsible for functions of Finance, Planning, BT and Supply and Control in 1991. Later, in 2001 he started work as the leader in Purchasing and Finance at DUSA International, a joint company for DuPont in Wilmington Delaware, USA. Continuing to work as CFO of the new establishment after Sabancı had purchased shares of DuPont at DUSA in 2006, Bozdoğan has been working as Vice President responsible for Finance and Sourcing under the new operating model created in 2008.

3 CENK ALPER
VICE PRESIDENT - TECHNOLOGY and MARKET DEVELOPMENT
Cenk Alper got a degree in 1991 and did his Masters in 1994 at the Mid-East Technical University Faculty of Mechanical Engineering and completed his MBA program at Sabancı University in 2002.
Having started his career as a Process Engineer at Beksa in 1996, he worked as a Business Manager in the Technology and Production Departments. He was then appointed to Bekaert - Belgium Technology Centre as Project Manager. Later on, he worked in Tennessee as Technical Manager responsible for the plants in North and South America. He subsequently returned to Belgium Technology Centre as Product Development Manager. He joined Kordsa Global as Global Technology Director in 2007, and has been working as Vice President responsible for Technology and Market Development.

4 DİNÇER ÇELİK
VICE PRESIDENT - OPERATIONS
Dinçer Çelik graduated from Hacettepe University, Faculty of Chemical Engineering. He joined Kordsa in 1984. Having worked in different technical services in the Izmit Plant, he took charge of management of the Egypt NileKordsa Company between 1997 and 2001. He returned to the Izmit Plant as Operations Manager in January 2001. He was appointed Vice President-General Manager responsible for North American operations in 2005. Carrying on his career as Vice President, Asia- Pacific region between 2007 and 2008, he was appointed Vice President, Kordsa Global Operations.

5 HAKAN TİFTİK
VICE PRESIDENT - SALES
Hakan Tiftik graduated from Bosphorus University, Faculty of Engineering. He studied for his MBA at Koç University. Having joined Kordsa in 1994, he worked in different services. He then worked as Logistics and Purchasing Manager between 1999 and 2001. He carried on as General Manager of Interkordsa Germany and Manager of Single End Cord between 2001 and 2005. Having worked as General Manager for Interkordsa in North America in 2003 and Trading Manager responsible for Europe - Middle East - Africa, he was appointed to Kordsa Global Turkey as General Manager in 2007. Tiftik has been working as Vice President responsible for Sales since January 2009.

6 HAKAN ÖKER
VICE PRESIDENT - HUMAN RESOURCES and INFORMATION TECHNOLOGIES
Hakan Öker graduated from Hacettepe University, Department of Sociology in 1986. Having started his career as a personnel specialist at Beksa in 1988, and undertaken different responsibilities at Beksa between 1988 and 1998, Öker worked as Human Resources Director at Kordsa Turkey, and as Director of Quality and Information Systems of Tire, Tire Reinforment and Automotive Gorup. He then worked as Project Director. Taking responsibility for Global Human Resources at Kordsa Global from January 2007, Hakan Öker has been working as Vice President responsible for Human Resources and Information Technologies since January 2009.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Message of the CEO

Dear Stakeholders,

In 2008, we achieved important milestones as a global company, from key technology investments and new product breakthroughs, to making sizeable improvements in our financial and operating results.

Overall, despite the economic challenges of our times, we got closer to our vision, to "be the solution partner to our customers, worldwide".

Investing in Technology is essential for our competitiveness & growth. In 2008, we accelerated our efforts here, with a $5 Million investment at our Global Technology Center in İzmit. Furthermore, we invested in new single end cord capacities (supplying mainly the high performance tire segment) at our Turkey, Germany and Brazil plants. Finally, we initiated global account management, in order to upgrade our services for our customers worldwide.

Despite record-high raw material costs in the first nine months of the year and then the sharp demand drop in the final quarter, our financial results improved: sales reached US$ 882 Million; operating profitability rose to 10%. Although we were behind our annual targets, these results were a notable achievement in a year that was challenging in many aspects.

Looking forward, 2009 will be a dynamic year, with the economic slowdown triggering radical changes in most industries and companies. While some companies will fight for survival, those who are more prepared to manage the slowdown will see new business opportunities.

As Kordsa Global, we have entered this period in good shape. Consequently, we will continue investing in our strategic initiatives, while finetuning some of our efforts to come out of the downturn even stronger.

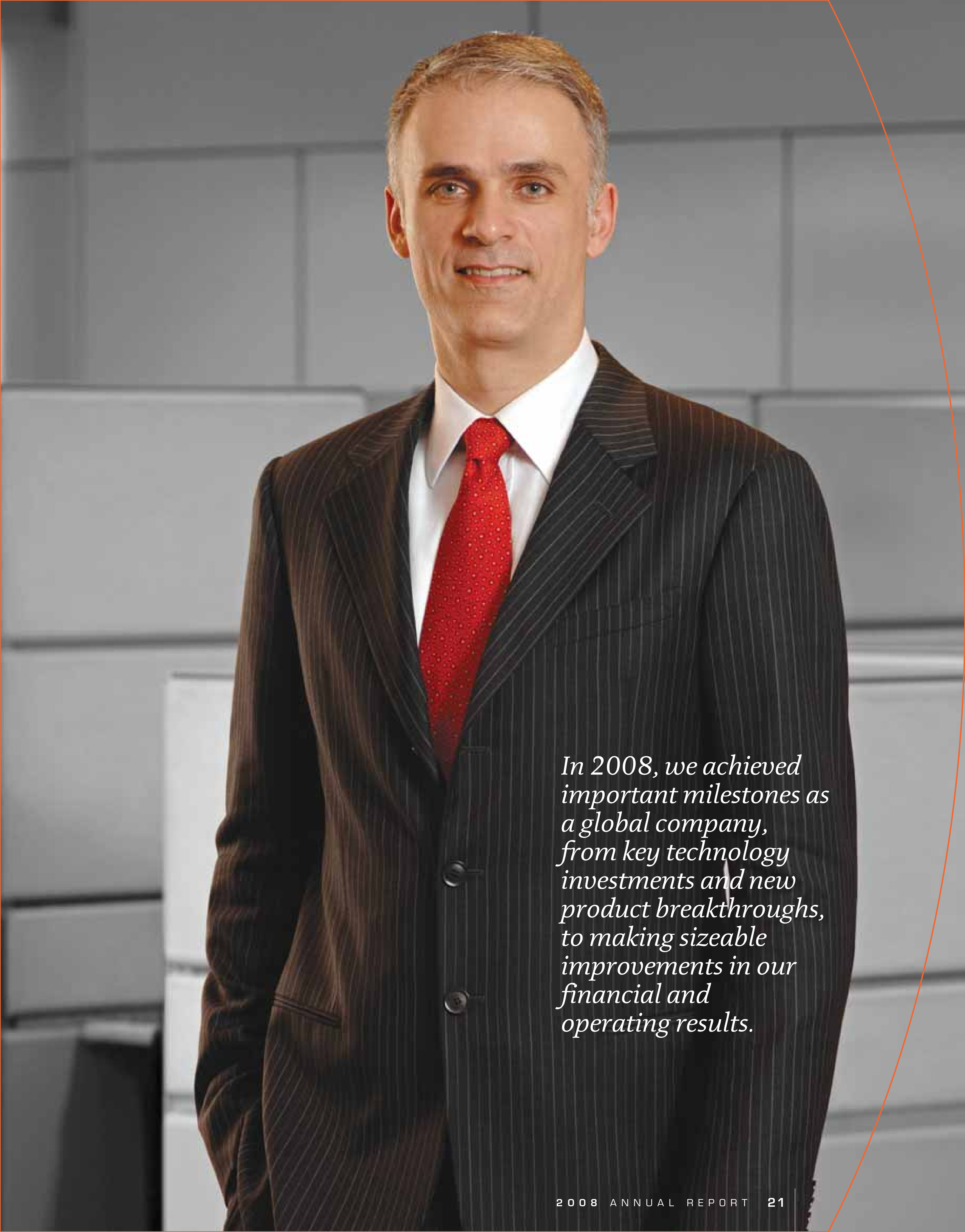
Our 2009 priorities will be:

- Offering our customers more flexible and cost-effective new products and service solutions, to meet the priorities of this challenging period,
- Continue with smart/strategic investments, while actively monitoring market developments,
- Keeping a tight focus on risk and cash management at all our sites.

With the implementation of the new operating model in January 2009, we aim to strengthen our competitiveness via capacity and resource optimizations, as well as respond dynamic market conditions and customer needs, more effectively. Furthermore, we will increase market development efforts, to capture the long-term growth opportunities in our markets.

In closing, despite the current global challenges, I would like to share again my excitement for the future of our business, thanks to the choice of our customers, excellence & expertise of our employees, and the continued support & encouragement of our shareholders.

MEHMET N. PEKARUN
CEO



In 2008, we achieved important milestones as a global company, from key technology investments and new product breakthroughs, to making sizeable improvements in our financial and operating results.

2008 Financial Highlights

Optimization

Kordsa Global has achieved higher profitability despite global economic slowdown towards the end of the year and volatile raw material prices throughout the year.

With the help of high quality products, worldwide product availability, and high service levels, Kordsa Global has been the reinforcement provider of choice, which is reflected in its market position.

The Company was also able to improve its profitability thanks to restructuring of non-viable manufacturing capacities especially in North and South America, as well as selling non-core business in Iran.

The EBITDA has increased from US$ 68 Million to US$ 118 Million.The foreign exchange rates had an impact on the results, as emerging market currencies were strong throughout the year, with a major devaluation against US Dollar, at year end.

Therefore, Kordsa Global for most of the year, did not benefit from the lower emerging market currencies, whereas negatively impacted from the devaluation of the US$ demoniated debt.

On the positive side, the relatively high Euro rate has compensated for some of the negative impact of these currency movements.

Investing in the Future

Kordsa Global has continued to invest heavily on growth segments such as single end cord and innovation to serve the development needs of its customers proactively. The R&D activites of the company continued to expand.

Strong Balance Sheet

Kordsa Global carries significantly less debt and has used its free cash flow to further pay down debt that has been built up for the acquisitions in Asia Pacific. This provides strong balance sheet to achieve business objectives and puts Kordsa Global in a formidable position throughout the global slowdown.

Financial Ratios

	2008	2007 (*)
Liquidity Ratios (%)		
Current Ratio	1.83	1.90
Acid-Test Ratio	0.74	0.94
Cash Ratio	0.20	0.24
Debt / Equity Ratio (%)	**34**	**37**
Profitability Ratios (%)		
Return on Equity	5.9	3.8
Gross Profit Margin	17.5	11.1
Operating Profit Margin	9.1	4.9
Net Profit Margin	4.1	2.1
EBITDA	**13.4**	**7.4**

(*) Changed considering the restated financial statements.

2008 Operating Highlights

In 2008, the crisis that had started in the American Real Estate Sector a year previously, spread throughout the globe. Following the financial sector, it can be seen that at first there was a rapid contraction, and then a recession in the real economy.

- The most remarkable event in the first half of the year was the rising costs of oil, energy and raw materials. The prices of most products in the oil and goods markets peaked.
  During this period, there were hikes in the raw material prices of synthetic thread, mainly because of oil dependency.
  The tire reinforcement sector was affected daily by these rising prices. In this period, while the adverse conditions in American markets continued to worsen, developed markets were still holding on, while emerging economies, including BRIC, were still rapidly growing.
- In the second half of the year, after the collapse of Lehman Brothers, financial markets were seized by a major crisis of confidence, which triggered liquidity problems and dampened demand in the real sector within a very short period of time. In the developed economies, despite much intervention, the deterioration continued, and resulted in a double-digit recession in the automotive sector in the last quarter. Inevitably, the same extreme contraction occurred in the real sector, and naturally in the automotive sector, in almost all emerging economies, apart from China. During the same period, prices of oil and commodities, which had peaked in the first half of the year, collapsed.
- It is expected that the structural problems in the financial and real sectors will persist in 2009 and this year's economic indicators are estimated to be, at best, slightly lower than those of 2008.

Europe, Middle-East and Africa Region

The company, the biggest supplier in this region, with production plants in Turkey, Germany and Egypt, reached a consolidated turnover of US$ 383 Million in 2008, on the back of 62.8 kilotons of sales. From the point of view of market dynamics in the area, it can be clearly seen that all big tire manufactures went through the first three quarters successfully, and that Kordsa Global realized the value of these positive market conditions. The main reasons for capitalizing on the positive market conditions are as follows; achieving reasonable agreements with our customers in this region; increase in sales to our Central European customers; constant growth in the market Commonwealth of Independent States; regular demand for high performance tires; and obtaining the expected success with market growth strategies for air suspension systems.

As we approach the last three months of the year, however, this positive atmosphere dissipated. Since the crisis originated in the global financial markets and seriously affected the real markets, it can be clearly seen that the consistent growth in world trade, ongoing for over 10 years, has come to a temporary halt. As uncertainty mounted, this sparked off a major loss in consumer confidence in this period. This negative atmosphere throughout the region had weighed down heavily on the automotive sector. Consequently, demand for tires and tire reinforcement products suffered.

Other fields that grew positively in 2008 were as follows: single end cord for tire-building systems with their robotic high production and 'cap-strip' applications, yarn and fabric specially designed for air suspension systems, and reinforcement materials for the conveyor belt sector.

It can also be seen that partial recession in this region has reduced sales, in a limited way. As a result of precautions taken, losses in sales remained limited, profits augmented and the negative effects were significantly curtailed.

Kordsa Global Izmit Plant, mainly focusing on the Eastern and Western European markets, the Commonwealth of Independent States, and Africa, is the biggest and most integrated of all plants. This plant produces nylon 6.6 (NY 66) yarn and HMLS polyester yarn for all kinds of tires, air suspension systems, conveyor belts, rubber reinforcement systems and high performance applications, as well as cord fabrics for special applications. To meet their high performance and security expectations, it has developed products suitable for all customers.

Izmit boasts a fully-equipped technology centre that carries out R&D activities for all Kordsa Global's plants worldwide.

Interkordsa Germany is the production centre for single end cord, mainly used as reinforcement material in high-tech tires. To meet recent rising customer requirements, new investments were made in 2008 to also manufacture this product in the plants in South America and Turkey.

Kordsa Global Egypt (Nile Kordsa) has been producing specially designed cord fabrics for tire manufacturers in the Africa region. Nile Kordsa combines its attractive location with its highly-motivated and qualified workforce and benefits from other competitive advantages arising from its strategic position in the region.

North American Region

Kordsa Global, comprising two plants that produce nylon 6.6 (NY 66) yarn in Chattanooga and every kind of cord fabric in Laurel Hill in North America, recorded a total turnover of US$ 197 Million in 2008 on the back of 41.7 kilotons of yarn and cord fabric in this region.

Kordsa Global's special type yarns produced in this region meet the requirements of domestic and international customers. Sales to tire customers make up 70% of total production. The remaining sales are to other customers in the sector that produces conveyor belts, power transfer elements, and mechanical rubber products such as automotive and industrial hoses, seat belts, nets and ropes.

The highly resistant and durable industrial nylon 6.6 yarn is used for reinforcement of tires, hoses, power transfer elements, seat belts, and net and rope sets, while cord fabric is used as reinforcement material in tire casings of cars, vans, trucks, buses, heavy construction equipment and planes.

The North American market is one of the world's largest markets both numerically and in terms of variety. Therefore it plays a leading role among tire producers in the sector. Recent annual growth of 2% continued in the first half of 2008. However, because of the effects of the crisis, economic growth reversed in the last three months.

In the medium term, falling energy prices will revitalize demand and reactivate sales of more efficient materials. Throughout the year it can be clearly seen that falling demand for reinforcement materials in the sector, and partial recession in the region, have pushed sales down. Yet, as a result of precautions taken, losses in sales remained limited and income losses were minimized.

ASIA PASIFIC

SOUTH AMERICA

Asia Pacific Region

Kordsa Global, with its 3 plants situated in Indonesia, Thailand and China, is approaching the position of most preferred supplier in the Asia Pacific market, where there has been rising demand for car and vehicle tires.

In the 2008 operating period, regional companies registered a consolidated turnover of US$ 182 Million on the back of 41.8 kilotons of sales in durable nylon 6.6 (NY 6.6), HMLS polyester yarn and cord fabric, used as tire reinforcement material.

This growth in the Asia Pacific region relating to reinforcement products for vehicle tires is attributable to the migration of global vehicle tire production into this region. Today, the Asia Pacific region is not only the world's production base of vehicle tires, but also a region of rising investments, in parallel with a stable growth in demand.

The increase in the production of vehicle tires has a positive effect on demand for both nylon 6.6 (NY 6.6) and HMLS polyester reinforcement materials. Escalation in the level of development in the region, particularly in China, enrichment, investment in urban infrastructure, and significant developments in highway infrastructure have together created a sizeable impetus for the vehicle market. This region is not only an export base for all domestic manufacturers, but also has a dynamic structure because of rising growth in domestic demand. Demand for radial tires has been growing in this area. This rising demand has resulted in a positive impact on the need for Kordsa Global products and services in the use of tire reinforcement materials. Kordsa Global, accelerating R&D activities for local reinforcement solutions relating to this region in recent years, has made significant developments in this field. It was possible to grow sales in the AP Area, since the impact of the crisis has been minimal throughout the year. Rising sales volumes have had a positive impact on sales revenue.

South American Region

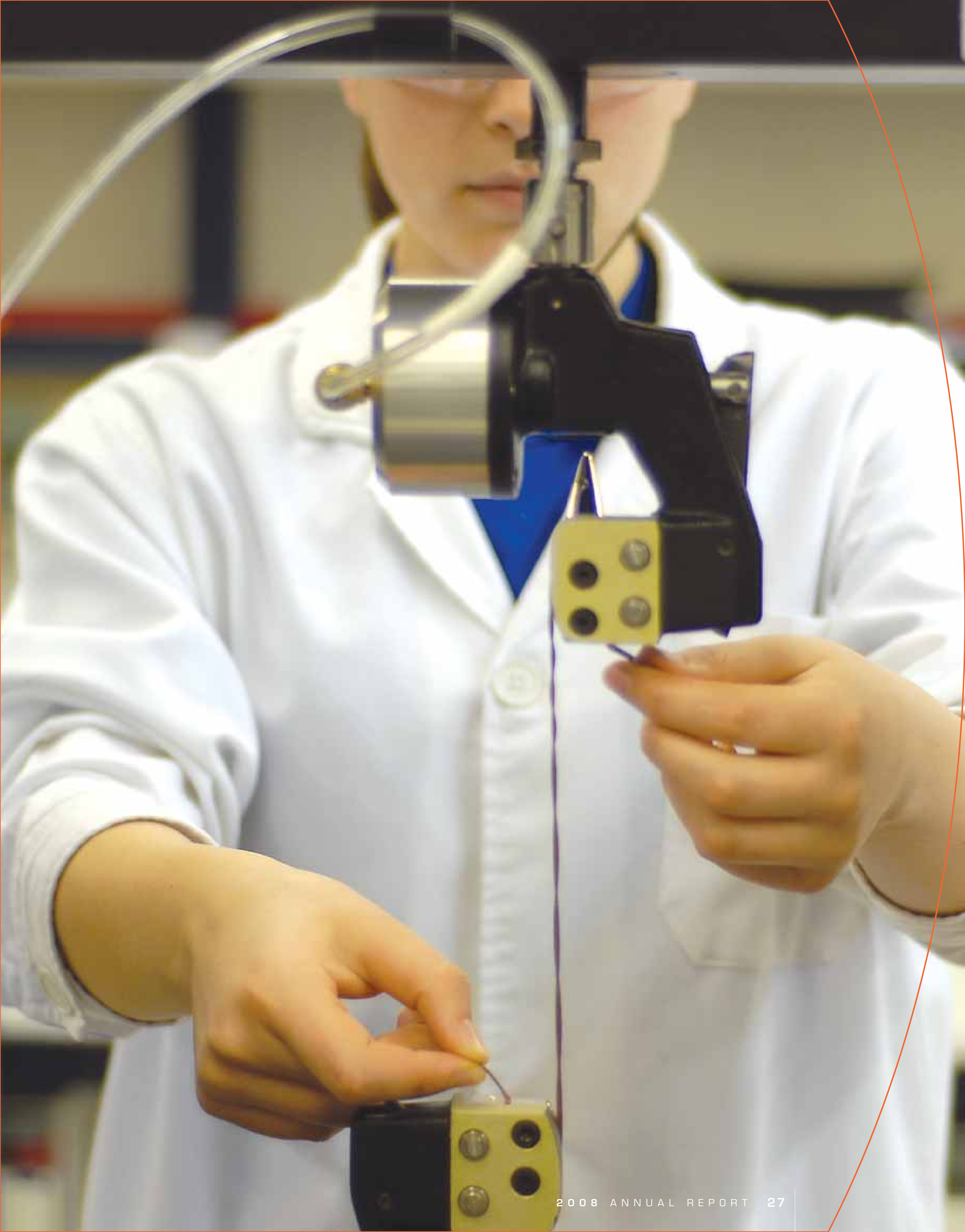
Kordsa Global has been producing nylon 6.6 in Argentina, and HMLS and technical polyester yarns and fabric in Brazil, and has maintained its status as the most preferred supplier for domestic customers.

In the 2008 operating period, it reached a consolidated turnover of US$ 135 Million, and realized sales figures of up to 30 kilotons of durable yarn and cord fabric, used as reinforcement material.

South America, showing striking growth in passenger car and motorcycle tires, is the worldwide production centre for car tires and all other kinds of tires. Additionally, the increase in truck and agricultural vehicle tire orders has continued with the growth in agricultural exports and the improvements in infrastructure.

Taking the whole year into account, as a result of being slightly less affected relative to other regions, the South American region saw an expansion in sales volumes and revenues.

Market oriented projects have been carried out for this growing sector. Kordsa Global continues to meet rising customer requirements in the region in the best possible way.



Innovation - Technology

Technology Platforms
Kordsa Global's R&D activities have been organized under different technology platforms in order to better serve its customers and its plants located worldwide, to boost the pace of innovation.

Research and Development activities are managed mainly in five platforms

- Material Research and Development Platform
- New Product and Process Development Platform
- Rubber Reinforcement Technologies Platform
- Engineering and Equipment Development Platform
- Intellectual Property Platform

Qualified Research Team
The fast ramp up of the research team has continued in 2008 and the number of researchers has exceeded 50. New technological competencies have been acquired with the new members. In addition to the core expertise areas; spinning, twisting, weaving, dipping, finish and hybrid cords technologies, new competencies on tire technologies, nano technology, synthesis of new fibers and dipping adhesives, reinforcement materials finite element analysis, equipment design have been added to the technology portfolio.
Most members of the research team have PhD (15%) and MSc (34%) degrees from the respected universities of Turkey and USA.

New Technology Center, Labs and Pilot Testing Facilities
Opening ceremony of the newly extended Technology Center has been held on May 22, 2008 with the participation of a distinguished group of management, customers, partners, research community and local authorities. The new building provides a fruitful research environment to the researches with the extended offices and 7 different laboratories. While expanding the lab area, new testing and characterization equipment have been added to the instrumentation labs in order to strengthen the micro structural characterization of the materials. In addition, collaborative projects conducted with the universities and the research centers further contributes in excelling our research capabilities. The installation of pilot yarn spinning line has been completed and first new fiber development experiments were conducted.

Open Innovation and Partnerships
The only way to boost the pace of innovation is to extend research and development capabilities beyond the company site borders.
In line with open innovation strategy, the company has extended its innovation network in 2008.
Currently more than 10 research projects are being executed with various partners in the United States, Belgium, Germany, Japan and Turkey. The company's open innovation network now spreads to the leading research institutes, universities and technology companies all around.

Customer Cooperation Programs
In today's world, innovation can only be realised by better understanding of customer needs and fulfilling the needs through cooperation programs with the customers. In line with the "solution partner for the rubber industry, worlwide" vision, Kordsa Global is further accelerating its cooperation with global and local customers. Today more than 30 cooperation programs are undertaken with major tire customers at different development stages from the lab assessment to tire building and testing.

Innovation Funnel
To sustain continuity of the R&D efforts and to deliver high value added products, it is important to form a solid innovation funnel from idea generation to commercialization. In that respect, 200 new ideas have been evaluated, 40 feasibility projects have been completed and 15 new projects have been initiated in line with the expanded technology resources. On the other hand, project based budgeting and cost follow up system is place to follow up effectiveness of each project.

New Products and Patents
In 2008, 2 patent applications have been granted and one patent application for nylon/steel hybrids has been filed and some new products have reached to commercialization stage.

- HMLS polyester with high tenacity and high dimensional stability
- 3300 dtex HMLS Polyester
- 2800 dtex Nylon 6.6
- Twisted monofilaments 3x0, 23, 4x0, 23, 3x0, 30, 4x0, 30
- Cap strips
- Aramide (1100 - 1670 dtex)/Nylon (940 - 1440 1880-2100 dtex)
- Nylon (940 - 1880 dtex)/Polyester (1100 - 1440 1670 - 2200 dtex) hybrids
- Rayon (1220, 1840, 2440)/Polyester (1100 - 1440 - 1670 - 2200 dtex)

Grants
Our research and technology efforts have been supported by TÜBİTAK and Ministry of Industry and Commerce in 2008. Nine projects in total have been granted and the assessment of two new applications continue.
On the other hand, in line with the new Research and Development Activities Support Law 5746, Kordsa Global applied for the Research and Development Center Accreditation to the Ministry of Industry.
The grants from TÜBİTAK and Ministry of Industry will further accelerate our efforts and help us build a more fruitful R&D climate in the company in the coming years.

Competitive Advantages

With its global production facilities and sales network, Kordsa Global is a reliable solution partner serving its customers. With its broad product line the company can meet customer needs in a flexible manner.

The company creates difference with the aftersales service and solution oriented approach towards customers. With a technology center that underscores its leading position in the sector in terms of innovative progresses, it is the preferred supplier of the leading tire manufacturers.

Kordsa Global is a world leader with 39% share in the Nylon 6.6 high-denier yarn sector. With its new acquisitions and enterprises, Kordsa Global has achieved a 10% share in the Polyester HMLS market.

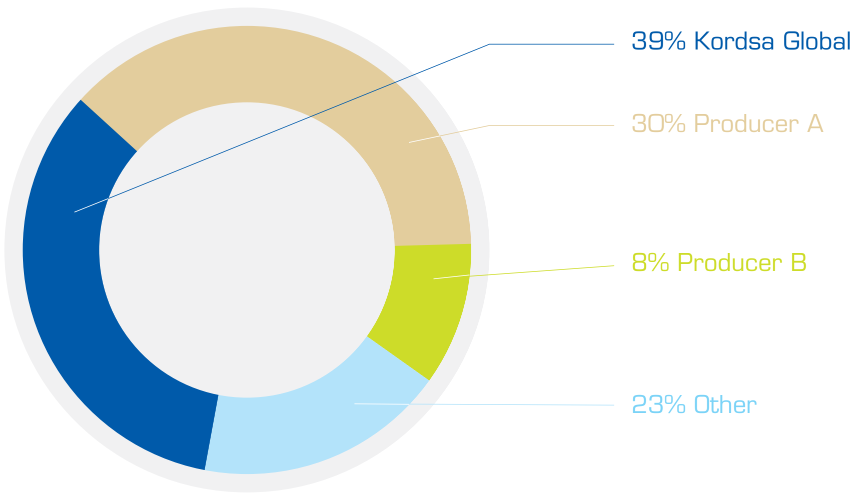
Market Shares

Kordsa Global has a leading position in high tenacity and heavy denier nylon 6.6 yarn, HMLS polyester and wide range of tire cord reinforcements for worldwide tire and rubber industry. The company has a global presence with its 10 state of the art manufacturing facilities and qualified human resources.

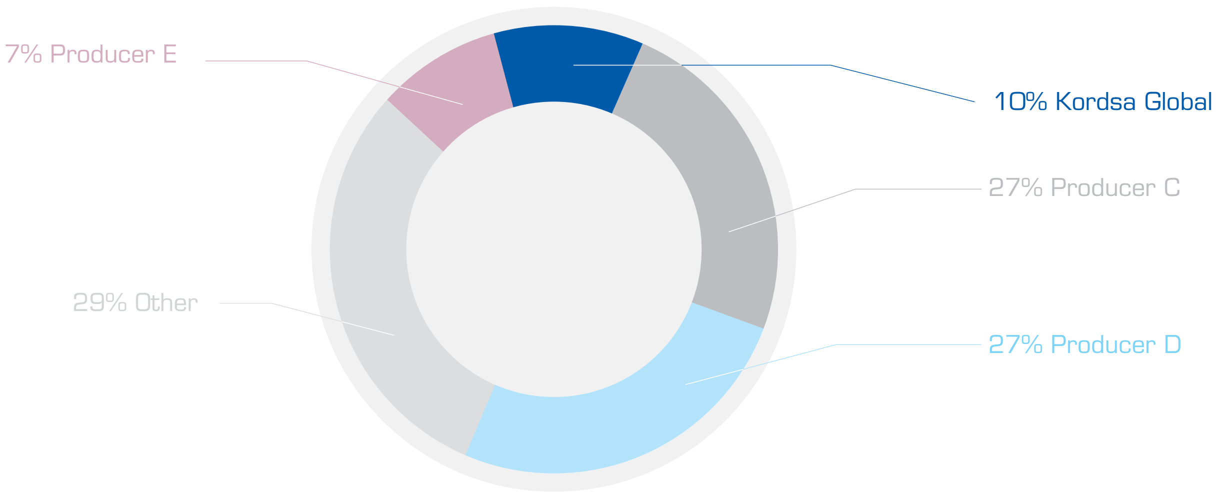
(000) TON

NYLON 6.6		POLYESTER (PET)	
KORDSA GLOBAL	119	KORDSA GLOBAL	43
PRODUCER A	92	PRODUCER C	116
PRODUCER B	23	PRODUCER D	120
OTHER	70	PRODUCER E	32
		OTHER	126
TOTAL	**304**	**TOTAL**	**437**

Nylon 6.6 Global Market Share



Polyester Global Market Share



Products

Kordsa Global is the leading supplier of heavy decitex industrial nylon and polyester (HMLS and Technical) yarns, tire cord fabric, industrial fabrics and single end cord. The customers include all the leading manufacturers of tires and mechanical rubber goods. With 10 sites in 9 countries, the company serves its customers on a true global scale. Kordsa Global's products are used in a vast number of applications; most common usages are tires, airsprings, hoses, conveyor belts, V-belts, ropes, cordage, webbing, fiber optics and paper felt.

New generation Nylon 6.6 and Polyester yarns, adhesion technologies, hybrids for fabric and single end cord applications are among research topics.

Yarns

- High tenacity, industrial heavy denier Nylon 6.6 yarn (940 dtex and above).
- High tenacity industrial HMLS and technical heavy denier Polyester yarn (1100 dtex and above).

Some application areas of the yarns are: Cord fabric, industrial fabrics, chafer fabrics, single end cord, security belts, ropes.

Tire Cord Fabric

Kordsa Global produces tire cord fabric for a wide range of applications using Nylon 6.6, Polyester (HMLS and Technical); Rayon and Aramide yarns are being converted at the plants. The tire body is constructed from the layers of rubberized tire cord fabrics or plies, that give the tire its strength and flexibility. All Kordsa Global fabrics are specially developed for individual customers according to their specific needs.

Industrial Fabrics

Kordsa Global offers a wide range of industrial fabrics like conveyor belt fabrics, chafer fabrics, liner fabrics, membrane fabrics according to customer needs.

Kordsa Global presents all those products to its worldwide customers as one of the major suppliers of high-grade quality of conveyor fabrics. With all these qualities the company is a major player for the industry it operates.

Kordsa Global produces three kinds of chafer fabrics: monofilament chafer fabrics, multifilament chafer fabrics and bulked chafer fabrics. The company manages its production in line with local demands of the customers. The company's other products include, liner and membrane fabrics.

Production Capacities (000 ton)

COUNTRY	TIRE CORD FABRIC	YARN	INDUSTRIAL FABRICS	SINGLE END CORD
TURKEY	52	61	5	1
EGYPT	6			
GERMANY				4
USA	14	43		
ARGENTINA	9	16		
BRAZIL	13	18		1
INDONESIA	24	35		
THAILAND	18			
CHINA		3		
TOTAL	**136**	**176**	**5**	**6**

Safety, Health, and Environment

"All accidents can be prevented"

Our aim is zero work-related accidents and zero environmental accidents, as well as preventing all work-related illnesses. Employees' health and safety is a part of life for our staff.

Kordsa Global aims to be one of the world's leading companies with its employees' health, work safety, and environmental management systems. The Company observes all legal obligations and standards relating to Safety, Health, and Environment.

It is the responsibility of all staff and subcontractors to observe this policy, and this is duly included in their contracts.

Kordsa Global constantly organizes and develops Safety, Health, and Environmental processes in accordance with technological developments and new concepts. In addition, the Company maintains records of measurable improvement in all operations. All Employees' Health and Safety and Environmental processes and policies are implemented and supervised by senior management.

It is the responsibility of all Kordsa Global staff and subcontractors to observe Employees' Health and Safety and Environmental processes and procedures. Every operational management team is responsible for training, informing and motivating personnel so that they can understand and implement Employees' Health and Safety and Environmental policies, and be fully informed of all the relevant governing laws.

Global Human Resources

Global Human Resources, responsible for setting up and operating the company's global human resources strategy, carries out strategic operations regarding sourcing, compensation and rewarding, management competence, development of staff, foreign appointments and organizational structure so as to plan and enhance human resources to support Kordsa Global's business targets.

Main responsibilities are:

- To contribute to the development of company strategy from a Human Resources point of view,
- To build up and practice Human Resources strategies in accordance with company strategies,
- To develop and enhance Global Human Resources processes together with their instruments,
- To perform and practice action plans aimed at determining and maintaining organizational structure,
- To support the management team closely in organization, design and structure operations in order to achieve organizational adaptation.

Global Human Resources Strategies

The aim of the Global Human Resources function is to constantly examine the organizational structure in order to create business processes, applications and policies suitable for the company's business plans and global needs and to train the best professionals at every level and to determine critical positions and their alternatives.

The target of Global Human Resources, as "One Global Human Resources Team", is to redesign and enhance Global Human Resources processes in accordance with business needs and priorities, considering local Human Resources operations and business plans in the operating countries and therefore to carry out operations to apply integrated Human Resources systems in all countries.

In order to carry out all operations at a global level and in mutual cooperation with countries, the Human Resources team makes fortnightly conference calls and holds annual function meetings.

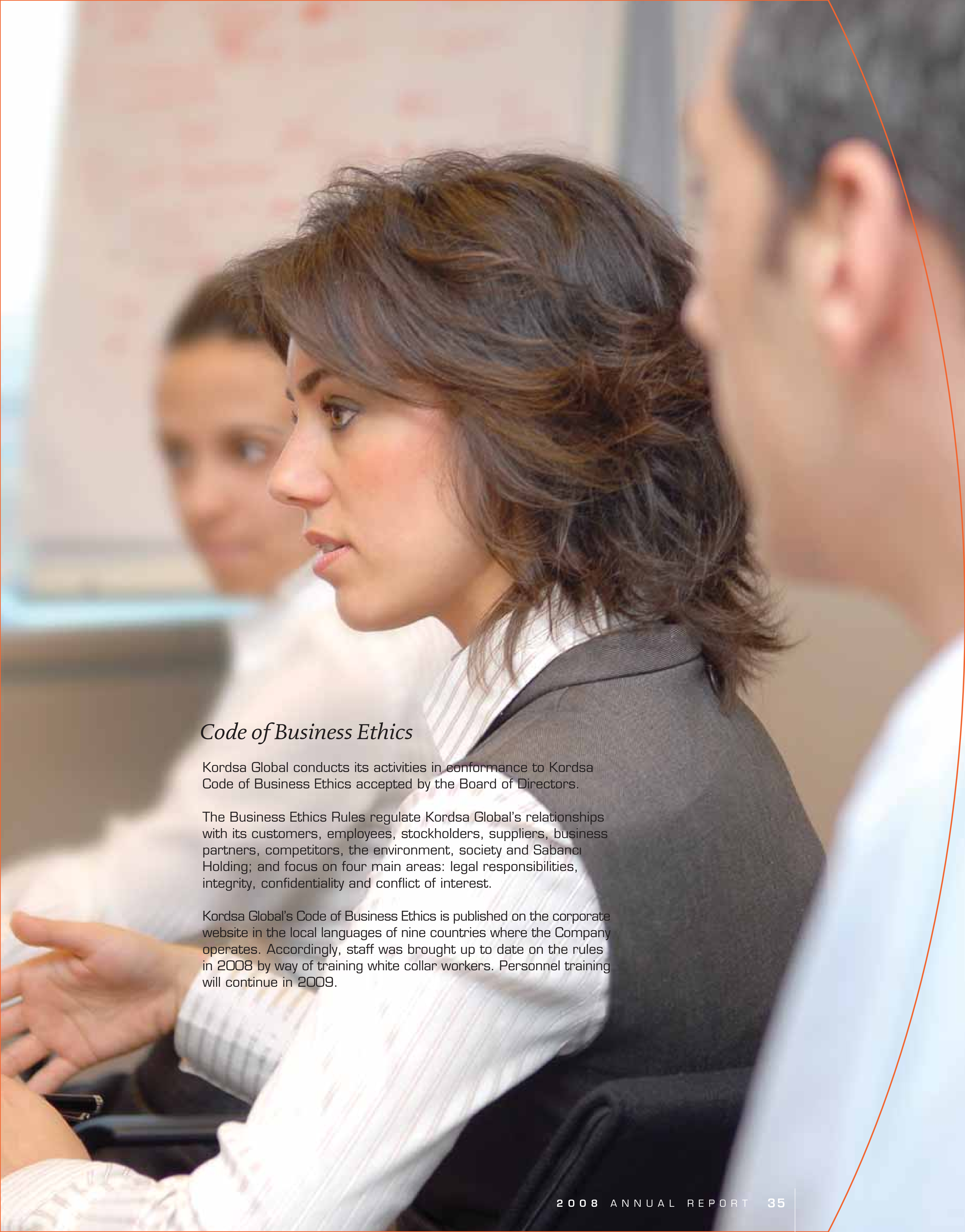
Our Aims

For Kordsa Global, 2008 was a year when we focused on operations to help the global structure work productively, and the Global Human Resources Function developed its operations towards this end.
These operations are summarized as follows:

- The necessary sourcing support was obtained by internal and external recruitment in accordance with the development strategy of the Global Technology Function in the R&D Centre;
- We built up the basic facilities of Human Resources database management in accordance with the process management approach for Integrated Human Resources;
- We extended self-evaluation operations to all management within the scope of Total Quality Management.

In 2009, we will focus on operations for functional integration, supporting a change from regional and business-based structure into functional structure in accordance with the New Operating Model.
Primary areas of focus for the Global Human Resources function team are as follows:

- Designing process maps for global performance and competence management and determining the elements to be used; at global level.
- Determining the steps of the recruitment process in accordance with external competence management, and fixing the performance parameters and elements to be used.
- Designing and applying programs and substructure for staff and leader development at global level.
- Continue operations for recovery of development areas, determining in accordance with organizational atmosphere-institutional cultural operations, and carrying out "staff loyalty" activities, including all personnel, to evaluate the efficiency of the process.
- Determining financial and non-financial reward parameters in accordance with the total reward approach and forming a global pricing and reward policy.

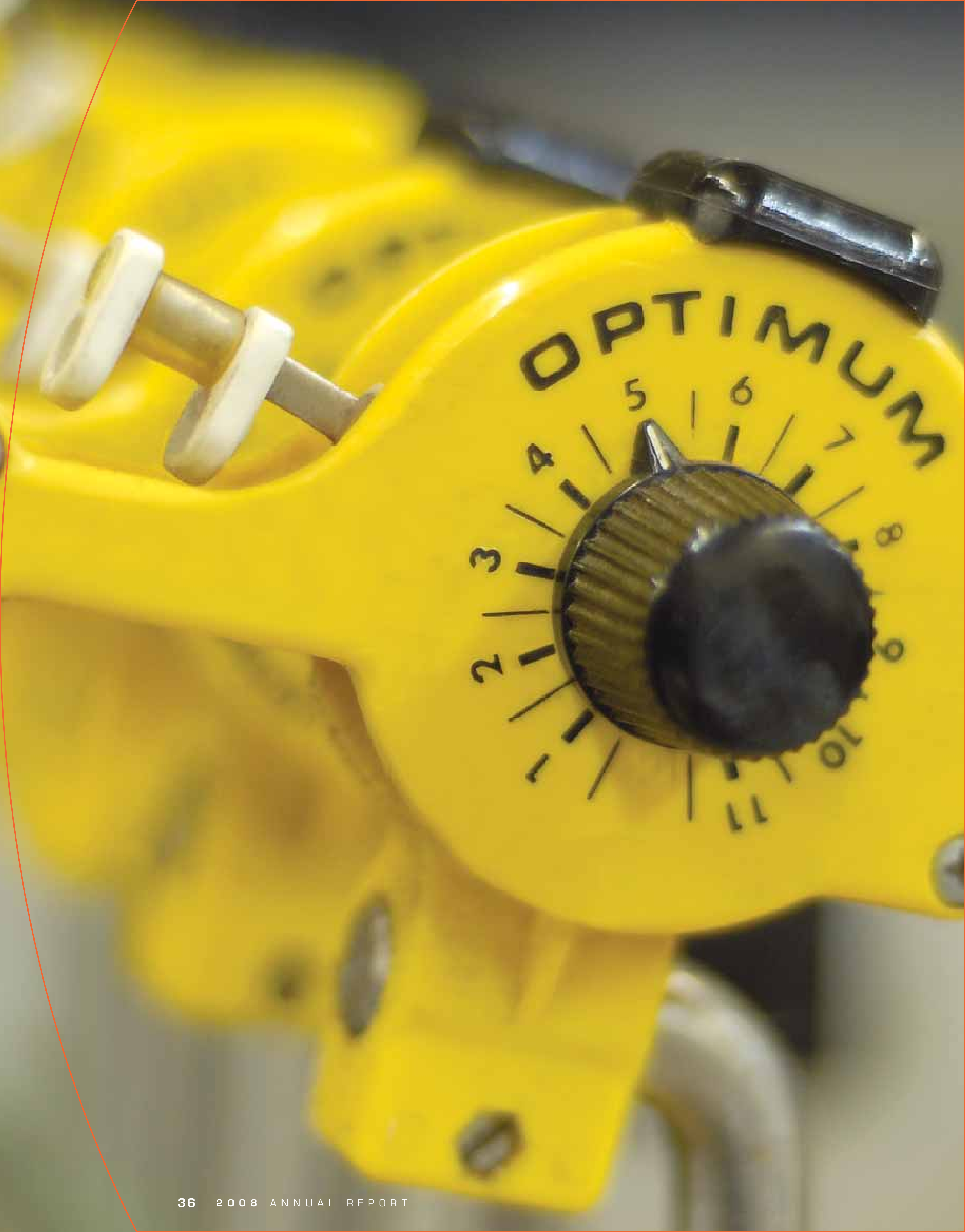


Code of Business Ethics

Kordsa Global conducts its activities in conformance to Kordsa Code of Business Ethics accepted by the Board of Directors.

The Business Ethics Rules regulate Kordsa Global's relationships with its customers, employees, stockholders, suppliers, business partners, competitors, the environment, society and Sabancı Holding; and focus on four main areas: legal responsibilities, integrity, confidentiality and conflict of interest.

Kordsa Global's Code of Business Ethics is published on the corporate website in the local languages of nine countries where the Company operates. Accordingly, staff was brought up to date on the rules in 2008 by way of training white collar workers. Personnel training will continue in 2009.


OPTIMUM

Certificates

TURKEY

ISO 9001.2000	Quality Management System
ISO 14001.2004	Environment Management System
OHSAS 18001	Safety and Health Management System

EGYPT

ISO 9001.2000	Quality Management System
ISO 14001.2004	Environment Management System

GERMANY

ISO 14001.2004	Environment Management System

USA

Chattanooga	
ISO-9001.2000	Quality Management System
Laurel Hill	
ISO-9001.2000	Quality Management System

ARGENTINA

ISO 9001.2000	Quality Management System

BRAZIL

ISO 9001.2000	Quality Management System

INDONESIA

ISO 9001.2000	Quality Management System

THAILAND

ISO 9001.2000	Quality Management System

CHINA

ISO 9001.2000	Quality Management System

Audit Committee Members, Rules and Procedures

The main duties of the Audit Committee are to provide information to the Board of Directors about the company's accounting system, financial reporting, disclosure and presentation of financial information, activities of Internal Audit Department and independent auditors, as well as operation and efficiency of internal control systems, and to support the company's operations regarding conformity to particularly capital market legislations, related laws and regulations, principles of corporate governance and codes of conduct of the company, and to supervise the above mentioned subjects.

Committee Structure and Core Responsibilities

In the company's structure, Audit Committee is composed of two people, with Turgut Uzer as chairman and Mehmet Göçmen as member.

Members comprise people who have no direct executive duties, are non-functional members of the Board of Directors, and are very experienced as well as well-informed about financial affairs. The chairman of the Audit Committee is appointed by the Board of Directors. Company's Internal Audit Department acts as a Reporter for the Audit Committee. The duties of the Reporter are assigned by the chairman of the Audit Committee. Support of any kind and necessary resources are provided by Board of Directors to the Audit Committee so that it can carry out its operations.

The Audit Committee monitors the company's accounting system, disclosure and presentation of financial information, activities of Internal Audit Department, independent audit services and the company's internal control system. Therefore, by holding regular meetings, the committee keeps financial and operational activities under supervision, provides a suitable environment to perform internal and external audits, issues a report on the financial statements, gives recommendations to the Board of Directors about the appointment of independent auditors, reviews the company policies, enquires them for compliance with laws, ethics, conflict of interest and bad management as well as fraudulent practices and compliance to these policies by means of the Internal Audit Department, comes together to debate the adequacy of the internal control system, and builds a communication bridge among the Board of Directors, financial managers, independent auditors and the Internal Audit Department.

The Audit Committee presents its activities, assessments and recommendations related to its core responsibilities to the Chairman of the Board of Directors.

Committee Meetings

Audit Committee holds four meetings annually, at least once in every three months in the registered office or at another location by invitation of the chairman of the committee. The committee can be called for emergency meetings by the chairman of the Board of Directors and the chairman of the committee. It can hold a meeting with auditors and executives.

Audit Committee held four meetings in 2008 and obtained information about operations and internal control systems from company executives, reviewed the audit findings of independent auditors, examined internal audit reports, approved the internal audit program and presented a report to the Board of Directors opining on the fair and accurate presentation of the consolidated financial statements.

Internal Audit Department

In the company's structure, Internal Audit Department reports directly to the Audit Committee, which is composed of independent members from the Board of Directors. The department's operations are managed by Alper Aytaç Tekin, Global Internal Audit Director. The internal control environment is set by the executive team and the boards of subsidiaries, and is coordinated and audited by the company's Internal Audit Department. The duties of the Internal Audit Department are to check the reliability and accuracy of the financial statements of the company and its subsidiaries, to carry out operations consistent with the company's policies and codes of conduct, to analyze processes, determining current and potential risks and to recommend solutions to reduce or eliminate these risks in order to enhance the efficiency and productivity of operations.

Statement of Compliance with Corporate Governance Principles

1. Statement of Compliance with Corporate Governance

In the period between January 1, 2008 and December 31, 2008, Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi veTicaret A.Ş. (hereinafter referred to as the Company) complied with and implemented the Corporate Governance Principles as published by the Capital Markets Board of Turkey (CMB).

SECTION I
SHAREHOLDERS

2. Shareholder Relations Units

In the Company's organization, an Investor Relations Division serves our shareholders within the Finance Department, reporting to the Finance Director. The coordination and responsibility for the division is carried out by Barış Oran. (Tel: 0 212 385 86 64 Fax: 0 212 282 00 12, e-mail: baris.oran@kordsaglobal.com)
Mustafa Yayla also serves in this division as Finance Officer (Tel.: 0 212 385 85 30 Ext: 28539 - 28547 Fax: 0 212 281 00 27 / 0212 282 54 00, e-mail: mustafa.yayla@kordsaglobal.com)
8.9 % of the shares in the Company are publicly held and the shareholders representing privately-held capital (91.1 %) are limited to five corporate shareholders.
The Investor Relations Division is assigned the role of carrying out interactions with the shareholders. Within the scope of this role, 50 telephone contacts and 70 e-mail applications from shareholders were responded to within this period.

3. Shareholders' Exercise of their Right to Obtain Information

In 2008, the Investor Relations Division responded to 120 queries in total received from shareholders including phone calls, emails and one-on-one contacts. In addition, information that might be of relevance to shareholders was also published within prescribed limits on the Company's website **www.kordsaglobal.com.tr**. Apart from matters that are publicly disclosed, the division also responded to shareholders' queries via telephone relating to matters regarding dividend policy and the takeover of Branta Mulia and KQNE companies in Asia.

The Company's Articles of Association do not stipulate the appointment of a special auditor as an individual right. No demands were received from the shareholders in this regard in 2008 either.

4. Information about General Meetings

The 2007 Ordinary General Meeting of Shareholders was convened on April 25, 2008. Shareholders representing 91.1 % of the capital attended the meeting. The invitation for this meeting was made in compliance with the provisions of the Turkish Commercial Code and the Company's Articles of Association.

In order to ensure attendance at the General Meeting, passes were issued to shareholders who applied to the Company's Investor Relations Division at least two days before the General Meeting and whose share certificates are kept by intermediary institutions using the CRA Blockade Form.

The Annual Report containing the audited 2007 figures was made available to shareholders for review at the Company's Headquarters at least 15 days in advance. During the General Meeting the shareholders did not exercise their right to direct questions and no proposals were presented in addition to the items on the agenda.

Crucial decisions covered in the Turkish Commercial Code were presented at the General Meeting for the approval of shareholders. Upon achievement of legal harmonization of the Corporate Governance Principles, all actual decisions covered by the laws to be amended shall also be presented at the General Meeting for the approval of shareholders.

Minutes of the General Meetings are made available for the inspection of shareholders at the Company Headquarters at all times and are also accessible on the Company website at **www.kordsaglobal.com.tr**.

The required quorums were achieved in these meetings and invitations to these meetings were made in compliance with the provisions of the Turkish Commercial Code and the Company's Articles of Association.

5. Voting Rights and Minority Rights

The Articles of Association grants no privileged voting rights.
There are no companies with cross shareholding interests.

6. Dividend Distribution Policy and Dividend Distribution Timing

Based on the resolution of the Company's Board of Directors dated March 14, 2006, numbered 816, the Company's Dividend Distribution Policy is spelled out as follows: "(the Company) distributes cash dividends each year to its shareholders in an amount that is equal to at least 50 % of the attributable profit in accordance with the CMB legislation, other legal stipulations and the Company's Articles of Association."

It was unanimously resolved that the said policy be reviewed each year by the Board of Directors in consideration of national and global economic conditions, the projects in the Company's agenda and the status of available funds presented at the subsequent General Meeting for the information of the shareholders.

Sections 35, 36 and 41 of the Articles of Association explicitly state the distribution manner and timing of the Company's profit. Each year, the Company performs dividend distribution within a legally prescribed period. By virtue of the fact that dividend distribution is performed within a legally prescribed period, to date no legal issues were experienced in this regard.

7. Transfer of Shares

The Company's Articles of Association contain no provisions restricting the transfer of shares.

SECTION II
PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The Company has in place a disclosure policy that conforms to the CMB's Corporate Governance Principles. Pursuant to this policy, the Company regularly makes public disclosure of mid-year and year-end consolidated reports drawn up in line with International Financial Reporting Standards (IFRS) and independently audited, as well as unaudited first and third quarter consolidated reports and material events requiring public disclosure, in accord with the CMB legislation and in due time via the ISE.
Disclosures are announced to the public also on the Company website accessible at **www.kordsaglobal.com.tr**.
The responsibility for the execution of the disclosure policy rests with Mehmet Nuri Pekarun, CEO.
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The responsibility for the execution of the disclosure policy rests with Mehmet Nuri Pekarun, CEO.

9. Disclosure of Material Events

In 2008, the Company made 15 material event disclosures to the CMB and the ISE, pursuant to the CMB regulations. Said disclosures were made in a timely manner and no sanctions were imposed either by the CMB or the ISE. The Company's shares are not quoted on overseas stock exchanges.

10. Company Website and its Content

The Company has an internet site accessible at **www.kordsaglobal.com.tr**. The content of the website is available in Turkish. Under the "Investor Relations" heading on the Company website, the information listed under CMB Corporate Governance Principles, Section II, Article 1.11.5 is made available.

11. Disclosure of Non-Corporate Ultimate Shareholder(s) Having a Controlling Interest

There are no non-corporate ultimate shareholders with a controlling interest in the Company. All of the Company shares/interests are registered. The share certificates representing the Company's publicly-held capital (8.889364 %) are traded on the ISE and the Company is not tracking such transfers.
Therefore, the Company officially has information only on the five corporate shareholders holding the share certificates/interests representing the Company's privately-held capital (91.110636%).

12. Public Disclosure of Those Who May Have Access to Insider Information

Information on the Members of the Board of Directors, Members of the Management Committee and Executives in the Organization are included in our Annual Reports and thus publicly disclosed. In addition, individuals elected to membership of the Board of Directors during the course of the year are publicly disclosed by being promulgated in the ISE bulletin and the Turkish Trade Registry Gazettes.

SECTION III
STAKEHOLDERS

13. Keeping Stakeholders Informed

Stakeholders are informed of developments relating to the Company by way of public disclosures made pursuant to applicable legislation. In addition to the information contained in
the financial statements and reports that are publicly disclosed pursuant to the CMB legislation (except for information that is not yet publicly disclosed), oral or written information is provided upon request by stakeholders such as Company employees, customers, vendors, unions, non-governmental organizations, the State and potential investors on matters related to them. Company employees are informed through seminars, meetings and various training programs organized depending on their fields of expertise and interest.

14. Stakeholder Participation in Management

Company employees, customers, suppliers and the society we interact with are considered stakeholders. Employee participation in management is secured through periodic internal meetings and annual target-setting and performance assessment meetings. In addition, the feedback mechanism serves to elicit a response from employees, customers and vendors on matters related to them, and the results are addressed in committee meetings and action plans devised to make the necessary changes. These approaches ensure the participation and contribution of the employees to assure efficient management of the Company.

15. Human Resources Policy

The Human Resources Policy and practices in place at the Company are presented below and posted on our website at **www.kordsaglobal.com.tr**. The related service is carried out by the Vice President of Human Resources and Information Technologies (HR & IT) departments, Hakan Öker. A brief overview of the functions of the Human Resources (HR) department is as follows:

- Formulating and implementing Human resources management systems in order to integrate the Company goals;
- Recruiting candidates in line with expectations in order to perpetuate the development of the talent pool;
- Ensuring top-notch professionals as well as making sure adequate contingency plans are developed;
- Providing employees with opportunities to excel;
- Designing compensation and benefits packages in line with the roles of employees;
- Constituting and sustaining an open, fair and constructive work environment;
- Ensuring and developing the related safety, health and environment applications to cover all the relevant needs;
- Developing performance- based management systems;
- Managing relations with employees and unions and producing the most favorable results for all parties concerned.

Aiming to create value with existing HR practices, the Company intends to establish a high-performance culture; to ensure development of necessary competencies and skills at every level of the organization; to place the right potential in the right position, and to select the best employees by using the primary processes of recruitment, assessment, development, career planning and retirement.

16. Relations with Customers and Suppliers

The company targets establishing long-term strategic alliances with its customers and acts in line with these targets. The principle of creating mutual value in its dealings with its shareholders is implemented. Also, the Company adheres to principles of integrity, an ethical approach and commercial and technological confidentiality with regard to customer relationships. Customer demands are responded to as soon as possible with efficient and productive solutions.

Kordsa Global possesses an organizational structure offering full support to its customers in commercial and technical issues. Research, development and improvement activities are carried out with keen consideration of the developments in the market and based on clear customer-focus.
Products and services offered are developed together by assessing the customers' existing and future needs at the highest levels. Kordsa Global is careful to make purchases from reliable suppliers that focus on customer satisfaction and are committed to good worker health, worker and environmental safety and quality. Kordsa Global establishes long-term

relationships with its suppliers based on mutual trust, efficient communication and business partnership, and implements win-win principles.

19. Qualifications of Board Members
Sections 19 and 22 of the Company's Articles of Association set forth the qualifications and election requirements for the members of the Board of Directors. The qualifications required coincide with the relevant articles contained in the CMB's Corporate Governance Principles.

20. Mission, Vision and Strategic Goals of the Company
The Company's Board of Directors determined its mission and vision and publicly disclosed the same in its Annual Report, as well as on its website, **www.kordsaglobal.com.tr**. The transactions decided upon in order to accomplish the company's vision and mission are often examined by the Company's Board of Directors.

21. Risk Management and Internal Control Mechanism
The internal control mechanism is in place at every level of the Company.

22. Authorities and Responsibilities of Board Members and Executives
The management rights and representation powers of the Company's Board of Directors are defined in Sections 14, 16, 17, 18, 19, 20, 21 and 22 of the Articles of Association and publicly disclosed on the Internet at **www.kordsaglobal.com.tr**.
The authorities and responsibilities of executives are not stipulated by the Company's articles of Association. However, these authorities and responsibilities are determined by the Company's Board of Directors.

23. Operating Principles of the Board of Directors
The Company's Board of Directors met 22 times in 2008 and settled the items on the agenda by mail and through circulation. The agendas of the Company's Board meetings are set upon contacts held by the Chairman of the Board with the Board members.

At the meetings held in 2008, no dissenting opinions were voiced by any Board member on any decisions. While deciding on the matters contained in Section IV, Article 2.17.4 of the CMB's Corporate Governance Principles, actual attendance of the members who did not have leave of absence was ensured in the relevant Board meetings. Because Board members did not have any questions, these matters were not entered into the records. Board members are not entitled to weighted voting and/or vetoing rights in relation to such resolutions.

24. Prohibition on Doing Business with or Competing with the Company
The Company's Board members did not do business with the Company and/or did not undertake initiatives that would compete in the same fields of activity in 2008.

25. Code of Ethics
The Company carries out all its activities in accordance with all applicable legislation, Articles of Association and social value judgments. Additionally, each Company employee annually completes the Kordsa Global Business Ethics Questionnaire, the results of which are evaluated at the General Manager level.

26. Number, Structure and Independence of the Committees under the Board of Directors
No committees other than the audit committee have been set up under the Board of Directors. The Audit Committee meets quarterly and audits financial results. The members of the Audit Committee are not assigned executive roles.

Since the Company's Board of Directors itself deals with the corporate governance principles and compliance therewith, it was not deemed necessary to set up a separate committee.

Since no other committees were formed under the Board of Directors, no conflicts of interest arose.

27. Remuneration of the Board of Directors

The form and conditions of all rights, interests and remuneration granted to the members of the Company's Board of Directors are described in the Articles of Association. The payment to be made out of the profit and attendance fee to be paid to the Chairman and members of the Board are set by the General Assembly. The Company's Articles of Association covers the provision "Remuneration of the members of the Board of Directors is set by the General Assembly." No remuneration is paid to the Board members since the proposals to the effect that "no remuneration be paid" was accepted during the negotiation of the relevant agenda item at the General Assembly.

In 2008, no loans were extended, nor credits granted to the members of the Board of Directors by the Company. The loans and credits already extended were not restructured for longer terms, nor were their conditions improved. No credits under the name of personal credit were extended directly or through a third party and no guarantees were provided in their favor.

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi

April 17th, 2009 Ordinary General Assembly Meeting

AGENDA

1. Opening and setting up of the Chairman's Panel,
2. Grant of authority to the Chairman's Panel to sign the Minutes of the General Assembly Meeting,
3. Presentation of, discussion and resolution on the Board of Directors' Report and Auditor's Report about 2008 activities and accounts,
4. Informing the shareholders about the donations that have been done in 2008,
5. Informing the shareholders about the transactions executed with the related parties within the scope of the Capital Markets Board of Turkey's Communiqué Serial: IV No: 41Article 4,
6. Reading, discussion and approval of the 2008 balance sheet and profit/loss statements; and review and resolution of the Board of Directors' proposal on the dividend pay-out,
7. Ratification of the Board Member who was elected to the Board within the year to serve for the resigning Board Member's remaining period,
8. Release of the Board Members and Auditors for the Company's activities of 2008,
9. Election of the Board Members and determination of their term of office and remuneration,
10. Grant of authority to the Chairperson and the Members of the Board of Directors to conduct the dealings set forth in Articles 334 and 335 of the Turkish Commercial Code.

Meeting Date : 17 April 2009, Friday
Meeting Time : 03:00 p.m.
Meeting Place: Hacı Ömer Sabanci Holding Conference Hall
Sabancı Center, 34330 4. Levent, Beşiktaş - ISTANBUL / TURKEY

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
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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 2008 and the 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 procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 2008, 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).

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Additional paragraph for US Dollar ("USD") translation

5. As explained in Note 2 to the consolidated financial statements, USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from New Turkish Lira ("YTL"), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2008

Additional paragraph for convenience translation into English:

6. 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, 16 March 2009

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

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

	Notes	2008 USD (*)	2007 USD (*)	2008	Restated 2007
ASSETS					
Current assets		**373.377.799**	**379.201.071**	**564.659.247**	**441.655.489**
Cash and due from banks	4	41.453.069	47.777.222	62.689.477	55.646.131
Trade receivables (net)	8	110.077.878	141.358.155	166.470.775	164.639.843
Other receivables (net)	9	13.221.395	6.507.295	19.994.716	7.579.046
Inventories (net)	10	192.255.298	173.508.776	290.747.687	202.085.671
Other current assets	17	16.370.159	10.049.623	24.756.592	11.704.798
Non-current assets:		**489.747.444**	**585.941.953**	**740.645.058**	**682.446.591**
Other receivables (net)	9	5.941.467	8.925.826	8.985.281	10.395.909
Financial assets (net)	5	1.992.496	5.510.487	3.013.251	6.418.064
Property, plant and equipment (net)	11	439.718.112	520.134.294	664.985.701	605.800.412
Intangible assets (net)	12	4.050.016	5.068.994	6.124.839	5.903.857
Goodwill/negative goodwill (net)	13	30.149.552	39.147.563	45.595.167	45.595.167
Deferred tax assets	25	7.175.130	6.645.789	10.850.949	7.740.350
Other non-current assets	17	720.671	509.000	1.089.870	592.832
Total assets		**863.125.243**	**965.143.024**	**1.305.304.305**	**1.124.102.080**

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2008 and 31 December 2007, and therefore do not form part of these consolidated financial statements (Note 2.5).

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 2008 AND 2007

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

	Notes	2008 USD (*)	2007 USD (*)	2008	Restated 2007
LIABILITIES					
Current liabilities:		**204.380.946**	**199.596.006**	**309.085.304**	**232.469.468**
Borrowings	6	81.921.447	73.947.469	123.889.804	86.126.617
Trade payables	8	95.418.540	94.938.455	144.301.458	110.574.819
Other payables	9	7.744.811	9.358.626	11.712.478	10.899.992
Income Taxes Payable	25	1.813.474	1.322.109	2.742.516	1.539.860
Other current liabilities (net)	17	17.482.674	20.029.347	26.439.048	23.328.180
Non-current liabilities:		**141.079.154**	**191.598.450**	**213.354.005**	**223.154.715**
Borrowings	6	93.288.915	140.065.443	141.080.826	163.134.222
Other financial liabilities	7	-	4.413.846	-	5.140.807
Other liabilities	9	3.323.407	4.391.717	5.025.989	5.115.033
Government grants	14	1.890.159	1.577.095	2.858.487	1.836.843
Provisions	15	10.561.760	13.823.039	15.972.549	16.099.693
Deferred tax liabilities	25	32.010.638	27.084.796	48.409.688	31.545.662
Other non-current liabilities (net)	17	4.275	242.514	6.466	282.455
SHAREHOLDERS EQUITY	**18**	**517.665.143**	**573.948.568**	**782.864.996**	**668.477.897**
MAJORITY'S EQUITY	**18**	**451.885.649**	**501.988.896**	**683.386.667**	**584.666.467**
Share capital	**18**	128.631.274	167.020.757	194.529.076	194.529.076
Share premium	18	41.032.028	53.277.871	62.052.736	62.052.736
Shareholders' contribution	18	325.083.530	422.103.393	491.623.822	491.623.822
Financial assets fair value reserve	18	(21.489)	145.603	(32.498)	169.584
Currency translation differences	18	(25.331.070)	(86.565.029)	(38.308.177)	(100.822.290)
Profit reserves	18	7.432.836	9.651.136	11.240.678	11.240.678
Accumulated losses	18	(52.042.987)	(84.003.500)	(78.704.609)	(97.838.876)
Net Income for the period	18	27.101.527	20.358.665	40.985.639	23.711.737
Minority interest		**65.779.494**	**71.959.672**	**99.478.329**	**83.811.430**
Total liabilities and shareholders' equity		**863.125.243**	**965.143.024**	**1.305.304.305**	**1.124.102.080**
Commitments, contingent assets and liabilities	15				

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2008 and 31 December 2007, and therefore do not form part of these consolidated financial statements (Note 2.5).

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 2008 AND 2007

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

	Notes	2008 USD (*)	2007 USD (*)	2008	Restated 2007
OPERATING REVENUE					
Sales (net)	19	753.827.829	1.033.431.496	1.140.013.826	1.203.637.663
Cost of sales (-)	19	(622.357.342)	(918.820.550)	(941.191.008)	(1.070.150.295)
GROSS PROFIT		**131.470.487**	**114.610.946**	**198.822.818**	**133.487.368**
Marketing, Selling and Distribution Expenses (-)	20	(26.337.556)	(31.990.052)	(39.830.286)	(37.258.814)
General and Administrative expenses (-)	20	(34.540.278)	(49.293.627)	(52.235.263)	(57.412.287)
Research and Development expenses (-)	20	(4.670.819)	(3.571.598)	(7.063.679)	(4.159.840)
Other Operating Income	21	13.854.624	26.433.716	20.952.348	30.787.349
Other Operating Expenses (-)	21	(11.041.926)	(6.011.442)	(16.698.704)	(7.001.526)
OPERATING PROFIT		**68.734.532**	**50.177.943**	**103.947.234**	**58.442.250**
Financial income	22	49.157.277	32.449.046	74.340.550	37.793.404
Financial expenses (-)	23	(71.496.905)	(42.189.462)	(108.124.769)	(49.138.066)
INCOME BEFORE TAX		**46.394.904**	**40.437.527**	**70.163.015**	**47.097.588**
Tax expense:					
- Current Tax Expense	25	(8.660.124)	(6.015.923)	(13.096.706)	(7.006.746)
- Deferred Tax expense	25	(7.158.588)	(12.848.733)	(10.825.932)	(14.964.919)
NET INCOME FOR THE PERIOD		**30.576.192**	**21.572.871**	**46.240.377**	**25.125.923**
ALLOCATION OF NET INCOME					
- Equity Holders of the Parent		27.101.527	20.358.665	40.985.639	23.711.737
- Minority interest		3.474.666	1.214.206	5.254.738	1.414.186
Earnings per 1.000 ordinary shares		1,57	1,11	2,38	1,29

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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 2008 AND 2007

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

	Share Capital	Share premium	Shareholders contribution	Revaluation fund of financial assets	Currency translation differences	Restricted reserves	Accumulated loss	Net income for the period	Total	Minority interest	Total Equity
Previously reported balance at 1 January 2007	**194.529.076**	**107.292.736**	**491.623.822**	**8.836.688**	**(50.753.358)**	**8.707.035**	**(159.251.784)**	**55.172.359**	**656.156.574**	**113.036.746**	**769.193.320**
Effect of functional currency change (Note 2.3)	-	-	-	-	-	-	10.031.241	-	10.031.241	-	10.031.241
Adjusted balance at 1 January 2007	**194.529.076**	**107.292.736**	**491.623.822**	**8.836.688**	**(50.753.358)**	**8.707.035**	**(149.220.543)**	**55.172.359**	**666.187.815**	**113.036.746**	**779.224.561**
Purchase of usufruct shares (Note 18)	-	(45.240.000)	-	-	-	-	-	-	(45.240.000)	-	(45.240.000)
Transfers	-	-	-	-	-	2.533.643	52.638.716	(55.172.359)	-	-	-
Effect of change in the effective rate of subsidiaries	-	-	-	169.584	-	-	(1.257.049)	-	(1.087.465)	(12.537.380)	(13.624.845)
Available for sale investments net fair value losses, net of tax	-	-	-	(8.836.688)	-	-	-	-	(8.836.688)	125.858	(8.710.830)
Dividends paid	-	-	-	-	-	-	-	-	-	(676.043)	(676.043)
Currency translation differences	-	-	-	-	(50.068.932)	-	-	-	(50.068.932)	(17.551.937)	(67.620.869)
Net income for the period	-	-	-	-	-	-	-	23.711.737	23.711.737	1.414.186	25.125.923
Balance at 31 December 2007	**194.529.076**	**62.052.736**	**491.623.822**	**169.584**	**(100.822.290)**	**11.240.678**	**(97.838.876)**	**23.711.737**	**584.666.467**	**83.811.430**	**668.477.897**
Balance at 1 January 2008	**194.529.076**	**62.052.736**	**491.623.822**	**169.584**	**(100.822.290)**	**11.240.678**	**(97.838.876)**	**23.711.737**	**584.666.467**	**83.811.430**	**668.477.897**
Transfers	-	-	-	-	-	-	23.711.737	(23.711.737)	-	-	-
Available for sale investments net fair value losses, net of tax	-	-	-	(202.082)	-	-	-	-	(202.082)	(133.602)	(335.684)
Dividends paid	-	-	-	-	-	-	-	-	-	(1.883.173)	(1.883.173)
Currency translation differences	-	-	-	-	58.406.053	-	-	-	58.406.053	14.643.231	73.049.284
Effect of change in the effective rate of subsidiaries (Note 2)	-	-	-	-	-	-	(4.577.470)	-	(4.577.470)	(2.214.295)	(6.791.765)
Transfer to the income statement due to sale of subsidiary (Note 23)	-	-	-	-	4.108.060	-	-	-	4.108.060	-	4.108.060
Net income for the period	-	-	-	-	-	-	-	40.985.639	40.985.639	5.254.738	46.240.377
Balances as of 31 December 2008	**194.529.076**	**62.052.736**	**491.623.822**	**(32.498)**	**(38.308.177)**	**11.240.678**	**(78.704.609)**	**40.985.639**	**683.386.667**	**99.478.329**	**782.864.996**

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 2008 AND 2007

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

	Notes	2008 USD (*)	2008	Restated 2007
Cash provided by operating activities:				
Net income for the year		**30.576.193**	**46.240.377**	**25.125.923**
Adjustments to reconcile net income before taxation and minority interest to net cash provided by operating activities:				
Depreciation and amortization	19, 20, 33.i	29.122.240	44.041.564	46.276.621
Employment termination benefits	23	1.731.258	2.618.182	3.024.847
Deferred tax	14	7.158.587	10.825.932	14.964.919
Interest income	39	(1.712.202)	(2.589.363)	(3.339.839)
Interest expense	39	13.015.687	19.683.624	23.687.054
Income from sale of property, plant and equipment		(269.417)	(407.439)	(10.775)
Redemption of government grants		362.952	548.893	(138.369)
Inventory obsolescence loss		(898.063)	(1.358.140)	3.674.899
Accrual for termination of service agreement	15	200..518	303.244	(343.420)
Personnel bonus accrual	15	2.440.179	3.690.282	2.393.687
Personnel vacation accrual	17	1.934.032	2.924.836	3.389.457
Employee retirement benefit provision	16	1.165.283	1.762.257	881.945
Impairment on assets held for sale	38	6.440.762	9.740.365	-
Provision for doubtful receivables	38	758.666	1.147.331	2.643.844
(Gain)/loss on derivative financial instruments	44	(3.399.330)	(5.140.807)	5.140.807
Exchange loss on sale of subsidiary	23	2.716.432	4.108.060	-
Taxes on income	41	8.660.124	13.096.706	7.006.746
Unrealised credit finance expense		(481.846)	(728.695)	27.335
Unearned credit finance income		(106.950)	(161.741)	(21.693)
Unrealized foreign exchange loss		14.856.903	22.468.094	(16.134.995)
Proceeds from sale of assets held for sale	38	-	-	(657.000)
Impairment on property, plant and equipment	38	-	-	16.802.072
Income from the sale of financial assets held for sale	38	-	-	(7.382.515)
Net cash provided by operating activities before Changes in operating assets and liabilities:		**114.272.011**	**172.813.562**	**127.011.550**
Trade receivable		(6.554.568)	(9.912.473)	24.389.043
Inventories		(61.862.527)	(93.554.699)	41.832.259
Other current receivables		(17.960.405)	(27.161.521)	2.041.879
Other non-current receivables		604.106	913.590	1.064.470
Trade payables		28.356.499	42.883.533	(33.860.606)
Other short-term payables		3.356.271	5.075.689	6.784.553
Other non-current liabilities and payables		(241.376)	(365.033)	(25.744)
Employment termination benefits paid	23	(1.344.348)	(2.033.058)	(1.656.517)
Employee retirement benefit plans paid		(1.290.733)	(1.951.976)	(1.594.289)
Employee vacation provision paid		(2.587.663)	(3.913.323)	(1.857.555)
Employee premium paid		(1.582.812)	(2.393.687)	(3.048.627)
Taxes paid		(7.864.874)	(11.894.050)	(14.054.291)
Net cash provided by operating activities		**45.299.579**	**68.506.554**	**147.026.125**
Cash flows from investing activities:				
Purchase of property, plant, equipment and intangible assets	19, 20, 33.f	(30.875.993)	(46.693.764)	(45.364.265)
Proceeds from sale of property, plant and equipment		2.889.285	4.369.466	20.880.682
Cash outflow on acquisition		(1.996.213)	(3.018.873)	-
Interest received	39	1.712.202	2.589.363	3.339.839
Cash outflow on additional share purchase of subsidiary		(4.491.017)	(6.791.765)	(13.668.572)
Proceeds from sale of financial assets held for sale		2.564.769	3.878.700	27.108.402
Proceeds from sale of assets held for sale		-	-	1.725.000
Net cash used in investing activities		**(30.196.967)**	**(45.666.873)**	**(5.978.914)**
Cash flows from financing activities:				
Dividends paid to minority interest	24	(1.245.238)	(1.883.173)	(676.043)
Payments of bank borrowings		(5.047.022)	(7.632.611)	(79.426.049)
Interest paid		(12.437.556)	(18.809.316)	(22.902.153)
Repurchase of usufruct shares		-	-	(45.240.000)
Net cash provided by financing activities		**(18.729.816)**	**(28.325.100)**	**(148.244.245)**
Currency translation differences		8.284.576	12.528.765	(7.207.611)
Net decrease in cash and cash equivalents		4.657.374	7.043.346	(14.404.645)
Cash and cash equivalents at the beginning of the period	5	36.795.696	55.646.131	70.050.776
Cash and cash equivalents at the end of the period	**5**	**41.453.069**	**62.689.477**	**55.646.131**

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2008 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTE 1 - ORGANIZATION 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.

The Company is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods.

Kordsa Global is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in the Istanbul Stock Exchange ("ISE") since 1991. As of 31 December 2008, 9% of the Group's shares is listed on the ISE. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows (Note 18):

	%
Hacı Ömer Sabancı Holding A.Ş.	91,00
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	<1
Teknosa İç ve Dış Tic. A.Ş.	<1
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	<1
Temsa Global Sanayi ve Ticaret A.Ş.	<1
Public shares and Takasbank	9,00
	100,00

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
Istanbul

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

The country of the Subsidiaries consolidated in these consolidated financial statements as of 31 December 2008 and 2007 and, for the purposes 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.")	The Netherlands	Other
Kordsa Mauritius	Mauritius	Other
Dusa Spain International, S.L.	Spain	Other
Acordis International B.V.	The Netherlands	Other

(*) On 16 April 2008, the Group transferred its all shares free of charge after paying, in its capacity as the guarantor, the bank credit amounting to USD 14.234.235 which Kian Kordsa failed to pay due to financial deficiency, and collecting its trade receivables amounting to USD 4.700.000 from Kian Kordsa. Kian Kordsa's operating income and expense was included in the consolidated financial statements until the date of the sale (Note 24).

These financial statements have been approved to be issued during the meeting of the Board of Directors held on 16 March 2009, and have been signed by President & CEO Mehmet Nurettin Pekarun and Vice President Bülent Bozdoğan on behalf of the Board of Directors. The shareholders of the Group have the right to make changes in the consolidated financial statements after the aforementioned financial statements are issued, and they are subject to approval of the shareholders at the general assembly meeting of the Group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

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 3).

2.1 Basis of preparation

A) Financial Reporting Standards Applied

The Capital Markets Board of Turkey ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, the consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which is based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required by the CMB on 14 April 2008 including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative consolidated financial statements (Note 2.1.4).

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

Changes in standards and interpretations

a) Changes and interpretations effective in 2008 but not relevant for Group financial statements

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the group's operations.

IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions"
IFRIC 12, "Service Concession Arrangements"
IFRIC 13, "Customer Loyalty Programmes"
IFRIC 14, "IAS 19 - The limit on a defined Asset minimum funding requirements and their interaction"

b) Changes and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

i) Changes and interpretations, with effect on Group's consolidated financial statements:

Changes and interpretation of the following standard's implementation is mandatory as of 1 January 2009 and 1 June 2009. These changes and interpretations are not implemented until the effective date of the standards.

- IFRS 8 "Operating Segments" (Effective for the reporting periods on or after 1 January 2009)
- IAS 1 (Change), Presentation of financial statements" and "Comprehensive Changes in the Net Income Statement realised through Equity" (Effective for the reporting periods on or after 1 January 2009)
- IAS 27 (Change), "Consolidated and Non Consolidated financial statements" (Effective for the reporting periods on or after 1 January 2009)
- IFRS 3 (Change), "Business Combinations" (Effective for the reporting periods on or after 1 January 2009)
- IFRS 5 (Change) "Non-Current assets held for sale and discontinued operations" (Effective for the reporting periods on or after 1 January 2009)
- IAS 36 (Change), "Impairment of Assets" (Effective for the reporting periods on or after 1 January 2009)
- IAS 38 (Change) "Intangible Assets" (Effective for the reporting periods on or after 1 January 2009)
- IAS 19 (Change), "Employee Benefits" (Effective for the reporting periods on or after 1 January 2009)
- IAS 39 (Change), "Financial Instruments: Recognition and Measurements" Changes on Hedging Transactions" (Effective for the reporting periods on or after 1 January 2009)
- IFRS 7 (Change), Financial Instruments: Disclosures"

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

ii) Changes and interpretations with no effect on Group's consolidated financial statements

Group management, believes that the implementation of the changes and interpretations will not have material effect on Group's financial statements:

- IAS 16 (Change), " Tangible Assets" (Effective for the reporting periods on or after 1 January 2009)
- IAS 28 (Change), "Investment in Associates" (Effective for the reporting periods on or after 1 January 2009)
- IAS 29 (Change), "Financial reporting in Hyperinflationary Economies" (Effective for the reporting periods on or after 1 January 2009)
- IAS 31 (Change), "Financial Reporting of Interest in Joint Ventures" (Effective for the reporting periods on or after 1 January 2009)
- IAS 38 (Change), "Intangible Assets" (Effective for the reporting periods on or after 1 January 2009)
- IAS 40 (Change), "Investment Property" (Effective for the reporting periods on or after 1 January 2009)
- IAS 41 (Change), " Agriculture" (Effective for the reporting periods on or after 1 January 2009)
- IAS 20 (Change), "Accounting of Government Grants and Disclosure of Government Assistance" (Effective for the reporting periods on or after 1 January 2009)
- IFRIC 15, " Agreements for the Construction of Real Estate"
- IFRS 2 (Change) "Share based payment - Earning and Cancelation of the rights" (Effective for the reporting periods on or after 1 January 2009)
- IAS 32 (Change), "Financial Instruments Presentation" Changes on repurchase option of financial instruments and explanation of liquidated liabilities (Effective for the reporting periods on or after 1 January 2009)
- IFRS 1 (Change), "First-Time Adoption of IFRS" (Effective for the reporting periods on or after 1 January 2009)
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operations"

B) Conversion of the Financial Statements of the Subsidiaries operating in Foreign Countries

The financial statements of the Subsidiaries operating in foreign countries are prepared in their functional currencies, and they are adjusted in accordance with the adjustments and classifications which are necessary with respect to compliance with the accounting policies present in the consolidated financial statements of the Group.

The assets and liabilities of the Subsidiaries were converted into New Turkish Lira by using the related foreign exchange rate on the date of the balance sheet. The income and expense of the Subsidiaries were converted into New Turkish Lira by using the related average foreign exchange rate. The foreign exchange differences arising from the re-converting the net assets at the beginning of the period and using the average foreign exchange rate are kept in the foreign currency conversion adjustments in the equities.

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

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

C) 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 2008:

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
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(*)	99,99	60,20
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

(*) On 17 December 2008, the Group acquired 29,99% of the shares of PT Indo Kordsa Teijin from the minority interest holders for USD 4.420.800 (YTL 6.791.765), and, as a result of the stated purchase of shares, increasing the effective shareholding interest of the Group in PT Indo Kordsa Teijin to 99,99%. The difference between the cost of the share purchase and the book value of the shares acquired from the minority interest holders has been accounted for under accumulated losses in the equity movement table of the Group.

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

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

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

The balance sheets and income statements of the Subsidiaries were consolidated by using the full consolidation method and the book value of the shares held by the Group and its Subsidiaries are net off from the related equity. The transactions and balances among the Group and the Subsidiaries are mutually net off within the scope of the consolidation. The cost of the subsidiary shares held by the Group and the Subsidiaries and the dividend incurring from these shares were deducted from the capital and the period profit.

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 5).

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

e) 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.

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

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

2.2 Changes in the Accounting Policies

Significant changes in the accounting principles and significant accounting errors should de applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting principles and significant accounting errors for the period 1 January- 31 December 2008.

2.3 Changes in or Corrections of the Accounting Estimations

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no changes in the accounting estimates for the period 1 January- 31December 2008.

The functional currency of Kordsa Brazil, is a subsidiary of the Group, was changed as Brazilian Real as of 1 January 2008, since it was decided that the Brazilian Real, which is the currency of the economy the Company operates in, depicts the operational results more accurately. The Group have accounted the aforementioned currency change retrospectively and booked in the consolidated financial statements effective from 1 January 2007.

The effect of the stated adjustment is summarized below:

	Restated 2007	Previously reported 2007
Property, plant and equipment	707.153.242	697.122.001
Accumulated losses	(149.220.543)	(159.251.784)

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

The accounting principles described in Note 3 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from 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, measurement principles and disclosure requirements for retirement benefits 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.

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

2.5 US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of income and consolidated statements of cash flows are translated from YTL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2008 of YTL1,5123 = USD1 and do not form part of these consolidated financial statements.

2.6 Summary of Significant Relevant Accounting Policies

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

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

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 11). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Furniture and fixtures	3-7

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

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.

Discontinued operations

According to International Financial Reporting Standard 5 ("IFRS 5") "Non-current assets held-for-sale and discontinued operations", a discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

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

Discontinued operations are the cash flows related with operations either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations. Discontinued operations are part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. The Company measures discontinued operations as the lower of carrying amount and fair value less costs to sell.

With regard to the discontinued operations, net assets related to the discontinued operations are measured through deduction of sales costs from reasonable values, and pretax profits or losses reflected to financial statements during the disposal of assets or asset groups constituting the discontinued operations, and after tax profit or losses of the discontinued operations are explained in the footnotes, and pretax profit/loss analysis is made together with revenues/expenses. In addition, net cash flows associated with operating, investment and financing operations of the discontinued operations are indicated in the footnotes or cash flow statements.

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 12).

Business combinations and goodwill

Business combinations are accounted for through applying the purchase method in accordance with IFRS 3. 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. 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 related period.

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).

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

Trade receivables and provision for impairment

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

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 15).

Financial leasing

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Principal payments are disclosed as liabilities and decreased according to payments made (Note 6). The interest element of the finance cost is charged to the income statement over the lease period. Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment and depreciated over the useful life.

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 16).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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. (Note 16).

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are recognised in the income statement by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

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.

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

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. Unrealized profit and loss resulted from changes in fair value of marketable securities available-for-sale is accounted as fair value reserve under equity and it does not have an effect to the net income of period. When the marketable securities available-for-sale is derecognized from consolidated financial statement, the related income and expenses followed in the fair value reserve of financial assets under equity are transferred to the consolidated income statement.

Share capital

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 18).

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.

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

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 25).

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.

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).

Derivative financial instruments and embedded derivatives

The derivative financial instruments of the Group comprise foreign currency and interest rate swap transactions.

Although the stated derivative financial instruments provide an effective hedge against the economic risks, they are treated as available for sale financial instruments since they not match the requirements of IAS 39 "Financial instruments :Recognition and measurement".

Available for sale derivative financial instruments are recognized in the financial statement at cost and carried at fair value after the period of recognition. Profit and loss arising from a change in the fair value of these financial instruments is recognized as income and expense in the consolidated income statement.

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

The positive fair valued derivative financial instruments are recognized in the asset side of the consolidated balance sheet where the negative fair valued derivative financial instruments are recognized in the liability side of the consolidated balance sheet (Note 7).

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 17).

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 The Group assigned its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 27).

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 (Not 26).

Reporting of cash flows

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

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from Group's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from Group's changes in the size and composition of the contributed equity and borrowings.

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within 3 months (Note 4).

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

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 18).

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 3).

Offsetting

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

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 2008 in comparison with its consolidated balance sheet at 31 December 2007, 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 2008 in comparison with the accounting period between 1 January - 31 December 2007.

The Group made the necessary classifications in its consolidated balance sheet dated 31 December 2007 and in its consolidated income statement for the year ended on 31 December 2007 with the intention of achieving compliance with the consolidated financial statements dated 31 December 2007. The details of these changes are given below:

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

In the consolidated balance sheet dated 31 December 2007, the receivables amounting to YTL 5.270.993 and booked in "Due from Related Parties" were reclassified to "Trade Receivables".

The advances paid and deposits and collaterals given, which amounted to YTL 3.329.305 and were classified in "Trade Receivables" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Other Receivables".

The receivables, which amounted to YTL 8.226.065 and were classified in "Other Receivables" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Other Tangible Assets".

The receivables, which amounted to YTL 91.001 and were classified in "Other Non-current Assets" in the consolidated balance sheet dated 31 December 2007, were reclassified into the long-term "Other Receivables.

The Liabilities, which amounted to YTL 413.780 and YTL 2.066.019 and were classified in the short-term and long-term "Financial Leasing" in the consolidated balance sheet dated 31 December 2007, were reclassified into the short-term and long-term "Financial Liabilities" respectively.

The liabilities, which amounted to YTL 3.638.527 and were classified in the "Due to Related Parties" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Trade Payables".

The advances received, which amounted to YTL 503.240 and were classified in the "Advances Received" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Other Liabilities".

The taxes payable, which amounted to YTL 1.539.860 and were classified in the "Debt Provisions" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Corporate Tax Payable".

The long term liabilities, which amounted to YTL 16.099.693 and were classified in the long-term "Debt Provisions" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Provisions for Employment Benefits".

The liabilities arising from derivative financial instruments, which amounted to YTL 5.140.807 and were classified in the "Derivative Financial Assets" in the consolidated balance sheet dated 31 December 2007, were reclassified in the "Other Financial Liabilities".

The long term liabilities, which amounted to YTL 5.115.033 and were classified in the "Other Financial Liabilities" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Other Liabilities".

The profits, which amounted to YTL 1.209.437 and were classified in "Accumulated Profit/Loss" in the consolidated balance sheet dated 31 December 2007, were reclassified into the "Profit Reserves".

The revenues, which amounted to YTL 803.215 and were classified in the "Other Revenues from Core Operations" in the consolidated income statement of the year ended on 31 December 2007, were reclassified into the "Sales Revenue".

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

2.7 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 judgment of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in note 2.4. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Global Management covering a three-year period. Cash flows beyond three years are extrapolated by taking into consideration the shut-down periods recurring once a year. The USD fair value is converted into YTL by using the related foreign exchange rate on the date of the balance sheet. Therefore, the value in use calculations are affected by the fluctuations in the foreign exchange market. The discount rate used in the value in use calculations is 5,40%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2008, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

(b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described the accounting policy in Note 2.4. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in the Note 2.4, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made.

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

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

(d) Provision for doubtful receivables

In accordance with the accounting policy given in the Note 2.4, the Group calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the inability of its customers' to make required payments. The estimates used in evaluating the adequacy of the provision for impairment of trade receivables are based on the aging of the trade receivable balances and the trend of collection performance. The provision for doubtful trade receivables is a critical accounting estimate that is formed by past payment performance and financial position of customers.

(e) Provisions

In accordance with the accounting policy given in the Note 2.4, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

NOTE 3 - SEGMENT REPORTING

The geographical segments which are defined as the primary format to segment reporting are as follows:

a) External revenues	**2008**	**2007**
Europe, Middle East and Africa	477.250.761	536.384.307
North America	253.177.444	264.194.607
South America	174.440.561	178.996.421
Asia	235.145.060	224.062.328
	1.140.013.826	**1.203.637.663**

b) Segment assets	**2008**	**2007**
Europe, Middle East and Africa	608.002.550	545.674.425
North America	183.386.806	143.573.461
South America	247.240.860	195.715.171
Asia	241.294.976	216.700.929
Other	410.723	644.916
Segment assets (*)	**1.280.335.915**	**1.102.308.902**
Unallocated assets	39.057.210	26.593.029
Less: Intersegment eliminations and reclassifications	(14.088.820)	(4.799.851)
Total assets per consolidated financial statements	**1.305.304.305**	**1.124.102.080**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment liabilities	2008	2007
Europe, Middle East and Africa	87.902.179	78.800.926
North America	42.922.401	29.313.076
South America	57.151.568	39.885.963
Asia	30.657.066	24.406.165
Other	159.967	203.034
Segment liabilities (**)	**218.793.181**	**172.609.164**
Unallocated liabilities	316.122.834	287.487.168
Less: Intersegment eliminations and reclassifications	(12.476.706)	(4.472.149)
Total liabilities per consolidated financial statements	**522.439.309**	**455.624.183**

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

d) Segmental analysis for the period 1 January- 31 December 2008

	Europe, Middle East and Africa	North America	South America	Asia	Inter-segment elimination	Total
External revenues	477.250.761	253.177.444	174.440.561	235.145.060	-	1.140.013.826
Inter-segment revenues	17.469.682	2.009.004	274.436	808.106	(20.561.228)	-
Revenues	494.720.443	255.186.448	174.714.997	235.953.166	(20.561.228)	1.140.013.826
Segment operating expenses	(417.195.741)	(229.505.605)	(173.473.773)	(218.632.947)	19.385.719	(1.019.422.347)
Total segment operating result	77.524.702	25.680.843	1.241.224	17.320.219	(1.175.509)	120.591.479
Unallocated expenses						(16.644.245)
						103.947.234

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

NOTE 3 - SEGMENT REPORTING (Continued)

e) 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

f) Capital expenditures

	2008	2007
Europe, Middle East and Africa	18.804.250	19.191.753
North America	5.369.714	6.645.502
South America	13.605.066	16.349.480
Asia	8.914.734	3.177.530
	46.693.764	**45.364.265**

g) Depreciation and amortisation

	2008	2007
Europe, Middle East and Africa	17.131.231	23.450.689
North America	7.256.070	10.474.539
South America	7.407.281	16.850.015
Asia	12.246.982	12.303.450
	44.041.564	**63.078.693**

h) Provision for doubtful receivables

	2008	2007
Europe, Middle East and Africa	1.040.313	2.609.852
North America	19.652	24.729
South America	-	3.546
Asia	87.366	5.717
	1.147.331	**2.643.844**

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

NOTE 3 - SEGMENT REPORTING (Continued)

i) Provision for inventory obsolescence:

	2008	2007
Europe, Middle East and Africa	446.956	433.364
North America	189.282	658.563
South America	1.335.310	3.990.419
Asia	55.331	102.975
	2.026.879	**5.185.321**

j) Provision for employment termination benefits

Provision for employment termination benefit amounting YTL 3.107.516 as of 31 December 2008 (2007: YTL 3.024.847) comprise the provisions of Europe, Middle East and Africa.

a) External revenues	2008	2007
Nylon yarn	273.860.136	278.064.159
Polyester yarn	26.131.355	27.252.754
Fabric	773.836.228	859.182.217
Other	66.186.107	39.138.533
	1.140.013.826	**1.203.637.663**

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

b) Segment assets	2008	2007
Nylon yarn	377.241.290	345.108.974
Polyester yarn	102.176.450	86.961.216
Fabric	555.936.598	520.499.768
Other	65.344.083	39.770.860
Segment assets	**1.100.698.421**	**992.340.818**
Unallocated assets	209.830.099	136.553.882
Less: Intersegment eliminations and reclassifications	(5.224.215)	(4.792.620)
Total liabilities per consolidated financial statements	**1.305.304.305**	**1.124.102.080**

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Capital expenditure	2008	2007
Nylon yarn	12.433.093	14.234.804
Polyester yarn	3.709.072	6.846.665
Fabric	16.606.282	18.679.598
Other	13.945.317	5.603.198
	46.693.764	**45.364.265**

NOTE 4 - CASH AND CASH EQUIVALENTS

	2008	2007
Cash	40.456	434.354
Time deposit	25.193.010	12.434.615
Demand deposit	36.948.697	41.213.216
Cheques received	507.314	1.563.946
	62.689.477	**55.646.131**

The maturities of cheques in portfolio are less than three months. Maturities of the time deposits are less than one month and effective interest rate is 3,12% (2007: 3,37%).

NOTE 5 - MARKETABLE SECURITIES

Available-for-sale financial assets:

	2008	2007
- Corporate bond	2.874.055	2.355.230
- Debt securities	-	3.625.768
	2.874.055	**5.980.998**
Common stock	139.196	437.066
	3.013.251	**6.418.064**

The Group has no government bonds available for sale as of 31 December 2008. The interest rate of the corporate bonds available for sale is 7,50% (2007: 7,38%). The interest rate of the government bonds available for sale is 6,75% as of 31 December 2007. The corporate bonds belong to Indosat International Finance Company B.V., PGN Euro Finance Ltd. and Republic of Indonesia. The countries where these companies have operations, and the credit ratings given by Moody's Investor's Service Inc. are the Netherlands, Mauritius, and Indonesia, and Ba1, Ba3 and Ba3, respectively.

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

NOTE 5 - MARKETABLE SECURITIES (Continued)

Details of the common shares are as follows:

	2008		2007	
	Percentage of shareholding %	Amount	Percentage of shareholding%	Amount
Investimentos Lei 8200	<0,01	84.565	-	-
Desenbanco	<0,01	50.051	<0,01	186.047
Incentivos Fiscais Finor	<0,01	4.580	<0,01	10.188
Projeto Optimizaçao Cetrel	-	-	<0,01	146.087
Gıdasa Sabancı Gıda Sanayi ve Ticaret A.Ş	-	-	0,03	42.986
Cetrel	-	-	<0,01	38.885
PT Bank Muamalat Indonesia Tbk.	-	-	<0,01	12.864
Akçansa Çimento Sanayi ve Ticaret A.Ş.	-	-	<0,01	9
		139.196		**437.066**

Movement schedule of marketable securities are as follows:

	2008	2007
Balances at 1 January	6.418.064	34.891.873
Disposals	(3.878.700)	(27.108.402)
Fair value reserve change	(479.549)	179.797
Translation gain/loss (net)	953.436	(1.545.204)
Balances at December 30	**3.013.251**	**6.418.064**

NOTE 6 - BORROWINGS

	2008	2007
Short Term Borrowings	95.092.249	85.712.837
Bonds issued (*)	28.744.463	-
Short Term Financial Leasing	53.092	413.780
Total Short Term Financial Liabilities	**123.889.804**	**86.126.617**
Long Term Bank Borrowings	138.619.580	125.454.954
Bonds issued (*)	-	35.613.249
Long Term Financial Leasing	2.461.246	2.066.019
Total Long Term Financial Liabilities	**141.080.826**	**163.134.222**
Total Financial Liabilities	**264.970.630**	**249.260.839**

(*) PT Indo Kordsa Tbk which is a subsidiary of the Group has issued bonds amounting YTL 28.744.463 (2007: YTL 35.613.249) as of 31 December 2008. The maturity of thementioned bonds are April 2009.

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

NOTE 6 - BORROWINGS (Continued)

	2008		2007	
	Weighted average effective interest rate %	YTL	Weighted average effective interest rate %	YTL
Short-term bank borrowings:				
USD borrowings	5,67	27.750.186	6,74	55.655.623
Euro borrowings	5,58	5.790.662	5,30	10.555.545
Iranian Rial borrowings	-	-	7,58	548.653
Egyptian Pound borrowings	-	2.860	-	-
		33.543.708		**66.759.821**
Short-term portion of long-term bank borrowings:				
USD borrowings	5,88	38.402.912	6,16	14.351.941
Euro borrowings	3,97	21.208.809	5,51	2.541.866
Brazilian Real borrowings	8,50	1.936.820	9,78	2.059.209
		61.548.541		**18.953.016**
Total short-term bank borrowings		**95.092.249**		**85.712.837**
Long-term bank borrowings:				
USD borrowings	5,88	116.463.874	6,16	102.297.216
Euro borrowings	3,97	17.906.007	5,51	23.157.738
Brazilian Real borrowings	8,50	4.249.699	-	-
Total long-term bank borrowings		**138.619.580**		**125.454.954**

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

NOTE 6 - BORROWINGS (Continued)

	2008		2007	
	Fair value	Book value	Fair value	Book value
USD Borrowings	185.018.767	182.616.972	175.276.274	172.304.780
Euro Borrowings	45.929.801	44.905.478	37.054.690	36.255.149
Brazilian Real Borrowings	6.445.810	6.186.519	2.059.209	2.059.209
Egyptian Pound Borrowings	2.860	2.860	-	-
Iranian Riyal Borrowings	-	-	548.653	548.653
Total Borrowings		**233.711.829**		**211.167.791**

Redemption schedules of long-term borrowings are summarised below:

	2008	2007
1 to 2 years	79.313.590	7.079.281
2 to 3 years	40.707.982	56.061.063
3 to 4 years	5.143.493	27.503.198
Over 4 years	13.454.515	34.811.412
	138.619.580	**125.454.954**

NOTE 7 - OTHER FINANCIAL LIABILITIES

Derivative Financial Instruments

As of 31 December 2008 the Group has no swap transactions. As of 31 December 2007, Group's total market value of swap is YTL (5.140.807) and disclosed as other financial liabilities in consolidated balance sheet. 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: YTL (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: YTL (4.626.141)

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables	2008	2007
Trade receivables	164.633.944	164.182.664
Related party receivables (Note 27)	4.902.322	5.270.993
Trade receivables	169.536.266	169.453.657
Less: Provision for doubtful receivables	(2.895.998)	(4.482.580)
Less: Unearned credit finance income	(169.493)	(331.234)
	166.470.775	**164.639.843**

As of 31 December 2008 annual interest rates for discount of YTL, USD and Euro trade receivables and payables are 16,71%, 3,70% and 5,63%, respectively.(2007: 13,30%,4,98% and 4,80%)

As of 31 December 2008, the trade receivables amounting to YTL 22.124.436 (2007: YTL 19.307.085) were past due but not impaired (Note 28). The aging of these receivables as of 31 December 2008 and 2007 is as follows:

	2008	2007
Up to 1 month	16.204.259	16.105.249
1 to 3 months	3.074.789	2.389.586
3 to 12 months	2.845.388	577.709
Over 12 months	-	234.541
	22.124.436	**19.307.085**

As of 31 December 2008, the trade receivables amounting to YTL 2.895.998 (2007: YTL 4.482.580) were impaired and provided for. The aging of these receivables as of 31 December 2008 and 2007 is as follows:

	2008	2007
Up to 1 month	-	-
1 to 3 months	1.179.291	244.587
3 to 12 months	1.322.280	138.300
Over 12 months	394.427	4.099.693
	2.895.998	**4.482.580**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES (Continued)

Movement schedules of provision for doubtful receivables as of 31 December 2008 and 2007 are as follows:

	2008	2007
Balances at 1 January	4.482.580	4.498.868
Additions	1.147.331	2.643.844
Collections	(331.659)	(1.436.984)
Disposal of subsidiary sale	(2.770.929)	-
Currency translation differences	368.675	(1.223.148)
Balances at 31 December	**2.895.998**	**4.482.580**

Trade payables	**2008**	**2007**
Trade receivables	145.198.068	110.742.734
Related party receivables (Note 27)	3.568.240	3.638.527
Trade payables	145.198.068	110.742.734
Less: Unrealised credit finance expense	(896.610)	(167.915)
	144.301.458	**110.574.819**

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables	**2008**	**2007**
Related party advances given (Note 27)	7.193.088	-
Advances given	2.041.871	2.367.176
Taxes and Dues (*)	8.822.600	2.746.112
Deposits and guarantees given	159.310	962.129
Other	1.777.847	1.503.629
	19.994.716	**7.579.046**

Other Long Term Receivables		
Taxes and Dues (*)	8.674.996	9.921.191
Other	310.285	474.718
	8.985.281	**10.395.909**

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Short Term payables	**2008**	**2007**
Taxes and Dues Payable	4.103.115	4.981.873
Advances Received (**)	3.475.949	503.240
Payable to personnel	1.937.824	2.602.841
Other	2.195.590	2.812.038
	11.712.478	**10.899.992**

Other Long Term payables		
Taxes and Dues payable (***)	4.352.156	4.457.493
Other	673.833	657.540
	5.025.989	**5.115.033**

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

(**) As of 31 December 2008, advances received comprise the advances received by Thai Indo Kordsa Co., Ltd which has been provided by Goodyear Arkon USA as the guarantor to Goodyear Venezuela.

(***) Taxes, duties and charges payable comprise the long term payables of Kordsa Brazil related to social security premiums and other taxes payables.

NOTE 10 - INVENTORIES

	2008	**2007**
Raw materials and supplies	90.115.822	67.034.917
Semi-finished goods	18.902.160	23.945.036
Intermediate goods	52.524.689	23.576.172
Finished goods	98.715.367	64.037.862
Spare parts	28.999.211	23.542.755
Other inventories	6.334.880	5.166.657
	295.592.129	**207.303.399**
Less: Provision for obsolescence	(4.844.442)	(5.217.728)
	290.747.687	**202.085.671**

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

NOTE 10 - INVENTORIES (Continued)

The details of the provisions for obsolescence are as follows:

	2008	2007
Finished Goods	2.726.375	1.500.353
Spare Parts	1.696.767	3.116.779
Raw Materials and supplies	407.806	331.935
Semi-finished goods	13.494	92.115
Other inventory	-	176.546
Balances at 31 December	**4.844.442**	**5.217.728**

Movement schedules for provision for obsolescence are as follows:

	2008	2007
Balances at 1 January	5.217.728	2.404.287
Additions	2.026.879	5.185.321
Reversals	(3.385.019)	(1.510.422)
Acquisition of subsidiary	(185.490)	-
Currency translation differences	1.170.344	(861.458)
Balances at 31 December	**4.844.442**	**5.217.728**

The amount of provision for inventory obsolescence classified to the cost of goods sold is YTL 1.549.453 for the year 2008 (2007: YTL 5.494.088).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment as of 31 December 2008 is as follows:

	1 January 2008	Additions	Disposals	Sale of subsidiary (Note 24)	Transfers	Currency translation differences	31 December 2008
Cost:							
Land	54.713.638	-	-	(29.775)	-	5.104.802	59.788.665
Land improvements	15.601.855	320.063	-	-	112.398	46.699	16.081.015
Buildings	226.718.546	1.554.437	(3.803.300)	(7.783.614)	791.042	17.791.129	235.268.240
Machinery and equipment	938.863.471	9.935.460	(10.938.097)	(10.013.183)	31.445.893	89.272.443	1.048.565.987
Motor vehicles	4.419.007	204.646	(747.600)	(33.484)	-	565.104	4.407.673
Furniture and fixtures	30.651.517	1.475.554	(247.810)	(525.768)	279.311	2.230.146	33.862.950
Construction in progress and advances given	21.747.486	31.473.360	(422.140)	(13.738)	(32.628.644)	3.456.905	23.613.229
	1.292.715.520	**44.963.520**	**(16.158.947)**	**(18.399.562)**	**-**	**118.467.228**	**1.421.587.759**
Accumulated depreciation:							
Land improvements	20.090.712	1.248.699	-	-	-	910.784	22.250.195
Buildings	80.638.819	8.566.344	(3.169.852)	(4.103.633)	-	5.389.393	87.321.071
Machinery and equipment	558.990.300	29.443.977	(8.187.261)	(9.215.178)	-	45.877.837	616.909.675
Motor vehicles	3.016.776	684.304	(591.997)	(33.484)	-	307.915	3.383.514
Furniture and fixtures	24.178.501	1.719.754	(247.810)	(525.768)	-	1.612.926	26.737.603
	686.915.108	**41.663.078**	**(12.196.920)**	**(13.878.063)**	**-**	**54.098.855**	**756.602.058**
Net book value	**605.800.412**						**664.985.701**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement of property, plant and equipment as of 31 December 2007 is as follows:

	1 January 2007-previously reported	Change in functional currency (Note 2.3)	1 January 2007 -restated	Additions	Disposals	Transfers	Currency translation differences	Impairment	31 December 2007
Cost:									
Land	62.102.575	(168.038)	61.934.537	229.998	(199.020)	-	(7.251.877)	-	54.713.638
Land improvements	17.553.467	(15.036)	17.538.431	72.389	-	(19.523)	(1.989.442)	-	15.601.855
Buildings	240.657.042	(53.641)	240.603.401	1.601.672	(539.257)	2.891.285	(14.931.682)	(2.906.873)	226.718.546
Machinery and equipment	996.017.288	57.282.729	1.053.300.017	10.671.143	(31.587.322)	11.669.785	(91.459.535)	(13.730.617)	938.863.471
Motor vehicles	5.657.203	181.461	5.838.664	840.244	(1.545.312)	21.912	(736.501)	-	4.419.007
Furniture and fixtures	25.453.969	3.745.333	29.199.302	1.435.945	(901.173)	125.507	956.518	(164.582)	30.651.517
Construction in progress and advances given	12.799.935	(645.366)	13.445.301	29.864.113	(4.298.545)	(14.688.966)	(2.574.417)	-	21.747.486
	1.360.241.479	**61.618.174**	**1.421.859.653**	**44.715.504**	**(39.070.629)**	**-**	**(117.986.936)**	**(16.802.072)**	**1.292.715.520**
Accumulated Depreciation:									
Land improvements	18.962.511	(15.140)	18.947.371	3.341.855	-	-	(2.198.514)	-	20.090.712
Buildings	77.410.051	596.537	78.006.588	6.883.698	(380.908)	1.037.302	(4.907.861)	-	80.638.819
Machinery and equipment	543.048.111	48.990.191	592.038.302	31.775.993	(15.875.135)	(996.955)	(47.951.905)	-	558.990.300
Motor vehicles	3.649.231	161.564	3.810.795	999.006	(1.169.456)	(13.015)	(610.554)	-	3.016.776
Furniture and fixtures	20.049.574	1.853.781	21.903.355	1.979.031	(775.223)	(27.332)	1.098.670	-	24.178.501
	663.119.478	**51.586.933**	**714.706.411**	**44.979.583**	**(18.200.722)**	**-**	**(54.570.164)**	**-**	**686.915.108**
Net book value	**697.122.001**	**10.031.241**	**707.153.242**						**605.800.412**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

YTL 40.671.356 of current period depreciation and amortisation expenses are included in cost of sales (2007: YTL 42.879.323), YTL 281.536 of them are included in research and development expenses (2007: YTL 143.828) and YTL 3.088.672 of them are included in general administrative expenses (2007: YTL 3.253.470).

Amount of mortgage on property, plant and equipment is YTL 45.096.677 (2007: YTL 99.672.196).

Leased assets included in property, plant and equipment	**2008**	**2007**
Cost	3.348.592	20.474.797
Accumulated depreciation	(651.350)	(11.692.161)
Net book value	2.697.242	8.782.636

NOTE 12 - INTANGIBLE ASSETS

	1 January 2008	**Additions**	**Currency translation differences**	**31 December 2008**
Cost:				
Rights	21.928.273	563.877	41.074	22.533.224
Technology licences	5.660.953	-	1.521.282	7.182.235
Computer software	1.772.070	1.166.367	663.576	3.602.013
Customer relationships	659.479	-	-	659.479
	30.020.775	**1.730.244**	**2.225.932**	**33.976.951**
Accumulated amortization:				
Rights	20.265.352	500.322	31.570	20.797.244
Technology licences	2.411.590	289.645	1.076.569	3.777.804
Computer software	1.439.976	1.588.519	248.569	3.277.064
	24.116.918	**2.378.486**	**1.356.708**	**27.852.112**
Net Book value	**5.903.857**			**6.124.839**

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

	1 January 2007	Additions	Currency translation differences	31 December 2007
Costs:				
Rights	21.493.518	497.498	(62.743)	21.928.273
Technology licences	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 amortization:				
Rights	19.678.498	606.366	(19.512)	20.265.352
Technology licences	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**

NOTE 13 - GOODWILL/NEGATIVE GOODWILL

The goodwill with an amount of YTL 45.595.167 net book value as of 31 December 2008 consisted of YTL 42.570.007 (2007: YTL 42.570.007), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, and YTL 3.025.160 (2007: YTL 3.025.160), which accrued in consequence of the acquisition of the Branta Mulia Group on 22 December 2006.

NOTE 14 - GOVERNMENT GRANTS

	2008	2007
Government grants	2.858.487	1.836.843

Government grants comprise the incentives related to the fixed asset purchase of Interkordsa GmbH.

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

NOTE 15 - 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:

	2008	2007
a) Guarantees given:		
Pledges Bonds given for Long term borrowings	42.040.928	32.377.881
Letter of guarantees	36.780.855	27.643.767
Pledges given for Machinery and Equipment	21.474.365	13.314.163
Letter of Credits	6.086.314	-
Pledges	212.025	329.804
Pledges given to Banks	66.606	425.453
Other Pledges	21.332.519	21.679.956
	127.993.612	**95.771.024**

	2008	2007
b) Guarantees received:		
Mortgages received	5.000.000	5.000.000
Letter of guarantees	1.157.575	749.000
Letter of Credits	1.538.306	-
Cheques and notes received as collateral	747.258	315.400
	8.443.139	**6.064.400**

i) During the fiscal period of 1 January-31 December 2008, the Group identified that a person employed at the accounting department of Kordsa Global İzmit had caused the Group to suffer a loss by misappropriation of assets of the Company, and, in an attempt to recover the money which the employee embezzled, the Group initiated the legal process with a claim of YTL 4.000.000, without limiting its right of litigation and right to claim any excess.

ii) In 2008, PT Indo Kordsa Teijin, a subsidiary of the Group had a tax inspection from tax authorities and received a tax loss penalty amounting to USD 2.4 million. The Group has objected the stated amount, but decided to install half of this amount until the end of June 2009. As of 31 December 2008, the total amount paid is USD 800.000. This payment was recorded as prepaid taxes. Since the objection of the Group was not concluded as of the date of preparation of these consolidated financial statements, the Group has no existing legal or applicable obligations. Furthermore, the Group does not expect any possible obligations to occur. Therefore, the Group did not account for any provisions for the stated amount in the consolidated financial statements.

NOTE 15 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

iii) In 2007, the local tax authorities requested information from Kordsa Argentina, which is a subsidiary of the Group, in regards to the 10% of the FOB value of the goods it exported, which is accounted for as a deduction from the income tax in 2005 and 2006, and in 2008, and a tax fine was imposed regarding the deduction amount made in 2005. The Group initiated an objection claim. In January 2009, the local tax authority confirmed this amount as USD 2.2 million. Since the case was not concluded as of the date of preparation of these consolidated financial statements, the Group has no existing legal or applicable obligations whatsoever. In the light of the available information and taking into account the opinion of its legal counsels, the Group does not expect any possible obligations to occur. Therefore, the Group did not establish any provisions for the stated amount in the consolidated financial statements.

iv) In 2003, Kordsa Argentina, which is a subsidiary of the Group, entered into a collective labor agreement with the Textile Workers' Association of Argentina, but this agreement was terminated by the Textile Workers' Association of Argentina subsequently. Kordsa Argentina filed lawsuit against the termination of this agreement, but the lawsuit was rejected in 2008. Following the rejection of the lawsuit against the termination of the agreement, the workers subject to the stated agreement demanded salary differences to be paid by Kordsa Argentina. The workers have not initiated any legal action regarding this issue, as of the date when these consolidated financial statements were prepared. However, there is a risk that these workers may initiate a legal action, and in case of a possible lawsuit process, the total liability of Kordsa Argentina for 108 workers was calculated to be USD 375.000. Since no legal action was initiated as of the date when the consolidated financial statements were prepared, the Group has no existing legal or applicable obligations whatsoever. Therefore, the Group did not establish any provisions for the stated amount in the consolidated financial statements.

v) In January 2009, Kordsa, Inc., which is a subsidiary of the Group, adopted a resolution to terminate the employment of 36 persons, and the probable employment termination benefit to be paid to these workers in 2009 was calculated approximately as USD 1 million. Since the process of employment termination was not definitely decided and it was not communicated to the workers, the Group did not establish any provisions for the stated amount in the consolidated financial statements.

vi) The Group can benefit from the incentives of Türkiye Bilimsel ve Teknik Araştırma Kurumu (the Scientific and Technological Research Council of Turkey-TÜBİTAK) in its research and development (R&D) projects, provided that its projects meet some certain standards. The related incentives are included in the financial statements when a reasonable assurance that the Group is going to meet the necessary conditions to receive it and that the incentive is going to be acquired by the entity occurs. Government grants are associated with the costs aimed to be recovered, and accounted for by deducting from the R&D expenses or from the cost of the physical assets which are acquired within the scope of the incentive. As of 31 December 2008, the amount of the incentives which the Group applied to TÜBİTAK to recover it is TRY 1.500.000. Since a reasonable assurance that the Group is going to secure the stated incentives did not occur as of the date when these consolidated financial statements were prepared, they were not included in the consolidated financial statements.

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

NOTE 16 - RETIREMENT PLANS

	2008	2007
Provision for employment termination benefits	15.103.832	15.208.396
Accruals for employee retirement benefit plans	868.717	891.297
	15.972.549	**16.099.693**

Provision for employment termination benefits

Provision for employment termination is allocated in accordance with the disclosures given below:

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 2008 the amount payable consists of one month's salary limited to a maximum of YTL 2.087,92 (2007: YTL 2.030,19) 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:

	2008	2007
Discount rate (%)	6,26	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 YTL 2.260,04 (1 January 2008: YTL 2.087,92), which is effective from 1 January 2009, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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

NOTE 16 - RETIREMENT PLANS (Continued)

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

	2008	2007
1 January	15.208.396	14.578.448
Increase during the year	3.107.516	3.024.847
Paid during the year	(2.033.058)	(1.656.517)
Disposal of subsidiary sale	(689.688)	-
Actuarial gain	(489.334)	-
Exchange rate differences	-	(738.382)
31 December	**15.103.832**	**15.208.396**

Provision for employment retirement benefits plans:

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations.

Provision for employment retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to work hours of the employees Work hours and salary provisions those should be paid is listed in the table below:

Duration of Employment/Service	Payable salary provision
Within 120 days- 1 year	30 days
Within 1 year- 3 year	90 days
Within 3 year- 6 year	180 days
Within 6 year- 10 year	240 days
Over 10 year	300 days

Provision of employee termination benefit is calculated by an independent firm with considering the variables such as employee ages, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in income statement as income or expenses with considering the expected working period of employees.

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

NOTE 16 - RETIREMENT PLANS (Continued)

Movement schedule of provision for employment retirement benefit plans is as follows:

	2008	2007
Balances at January 1	891.297	1.676.460
Additions	1.762.257	881.945
Payments	(1.951.976)	(1.594.289)
Exchange rate differences	167.139	(72.819)
Balances at 31 December	**868.717**	**891.297**

NOTE 17 - OTHER ASSETS AND LIABILITIES

	2008	2007
Prepaid taxes and dues (*)	13.325.967	3.162.333
Deductable VAT	5.768.556	2.798.483
Prepaid expenses	4.019.139	2.774.856
Deferred VAT	1.084.339	2.265.249
Advances given to personnel	254.887	224.494
Insurance Claim income	180.676	-
Other	123.028	479.383
	24.756.592	**11.704.798**

(*) Includes the amount which the Group paid in advance in the USA in 2008, but carried over to the next year since the corporate tax to be offsetted at the end of 2008 did not accrue.

Other non-current assets	2008	2007
Deferred financing cost	707.605	592.832
Other	382.265	-
	1.089.870	**592.832**

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

NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

Other short-term liabilities	2008	2007
Bonus accruals	3.690.282	2.393.687
Other tax accruals (*)	3.309.494	1.790.680
Unused vacation pay liability	3.203.474	3.771.716
Accruals for employee benefit plans (**)	3.325.638	2.946.691
Accrued salaries and wages	1.307.961	924.546
Accrual for termination of service agreement (***)	1.306.389	1.003.145
Accruals for sales discounts and commissions (****)	2.528.327	4.831.142
Accruals for restructuring (*****)	-	1.059.877
Other	7.767.483	4.606.696
	26.439.048	**23.328.180**

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

(**) 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 2008 and 2007 and is 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.

(***) 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.

(****) Sales discounts and commission accruals consists of the discounts and brokerage commissions which accrued as of the date of the balance sheet.

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

Movement schedule of vacation pay liability is as follows:

	2008	2007
Balances at 1 January	3.771.716	3.877.746
Additions	2.924.836	3.389.457
Payments	(3.913.323)	(1.857.555)
Exchange rate differences	420.245	(1.637.932)
Balances at 31 December	**3.203.474**	**3.771.716**

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

NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

Other long-term liabilities	2008	2007
Unearned revenue	6.466	78.025
Other	-	204.430
	6.466	**282.455**

NOTE 18 - EQUITY

Paid-in share capital

The Company's authorised and issued capital consists of 19.452.907.600 shares at 1 shares of YKr 1 nominal value (2007: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Company's shareholders and their shareholdings at

31 December 2008 and 2007 are as follows:

	2008	Share (%)	2007	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
Other (Public and Takasbank)	17.292.397	9	17.292.397	9
Total paid-in share capital	**194.529.076**		**194.529.076**	

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 YTL 102.684.000 and YTL 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 YTL 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 YTL 45.240.000. The relevant amount has been accounted for as a deduction from share premiums.

NOTE 18 - EQUITY (Continued)

Profit reserves

As of 31 December 2008 and 2007 profit reserves comprise the legal reserves amounting to YTL 11.240.678.

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.

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";

- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

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

NOTE 18 - EQUITY (Continued)

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 2007: 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.

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.

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/29, is as follows:

	2008	2007
Share capital	194.529.076	194.529.076
Shareholder's contribution	491.623.822	491.623.822
Share premium	62.052.736	62.052.736
Revaluation fund of financial assets	(32.498)	169.584
Profit reserve	11.240.678	11.240.678
Net income for the period	40.985.639	23.711.737
Accumulated losses	(78.704.609)	(97.838.876)
Total equity based on profit distribution	721.694.844	685.488.757
Currency translation differences	(38.308.177)	(100.822.290)
Total shareholder's equity in the consolidated financial statements	**683.386.667**	**584.666.467**

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

NOTE 18 - EQUITY (Continued)

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 YTL 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 YTL 45.240.000. The relevant amount has been accounted for as a deduction from share premiums.

NOTE 19 - SALES AND COST OF SALES

	2008	2007
Sales income (Gross)	1.151.673.506	1.216.546.944
Sales returns (-)	(1.901.769)	(1.205.962)
Sales discounts (-)	(5.587.918)	(10.640.189)
Other sales discounts (-)	(4.169.993)	(1.063.130)
Sales income (Net)	**1.140.013.826**	**1.203.637.663**
Cost of sales (-)	(941.191.008)	(1.070.150.295)
Gross profit	**198.822.818**	**133.487.368**

NOTE 20 - OPERATING EXPENSES

	2008	2007
Personnel Expenses	46.553.044	46.706.766
Distribution Expenses	26.514.355	29.962.716
Consultancy Expenses	6.355.495	5.116.543
Depreciation Expenses (Note 11)	3.370.208	3.397.298
Other(*)	16.336.126	13.647.618
	99.129.228	**98.830.941**

(*) Other expenses include the cost of entertainment, travels and transportation, rent, communication, training, information system, office supplies and cleaning expense.

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

NOTE 21 - OTHER INCOME/EXPENSES

Other income	**2008**	**2007**
Domestic production incentive income (*)	13.519.875	12.140.458
Income from insurance damages	1.800.419	5.630.650
Export incentive income	1.464.664	1.070.258
Gain on sale of property, plant and equipment	818.653	1.901.299
Income related to previous periods tax provision	368.771	403.693
Insurance agency income	180.917	304.160
Rent income	144.272	114.785
Gain on sale of fixed asset held for sale	-	657.000
Customs indemnities	-	162.021
Gain on sale of financial asset held for sale	-	7.382.515
Other	2.654.777	1.020.510
	20.952.348	**30.787.349**

Other expenses	**2008**	**2007**
Impairment loss on assets held for sale (**)	9.740.365	-
Taxes and duties paid	3.196.769	937.459
Doubtful receivable provision	1.147.331	2.643.844
Loss on sale of property, plant and equipment	411.214	1.890.524
Other	2.203.025	1.529.699
	16.698.704	**7.001.526**

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

NOTE 22 - FINANCIAL INCOME

Financial income:

	2008	**2007**
Foreign exchange gain	59.419.676	30.410.089
Derivative financial instruments	8.378.702	-
Credit finance income	3.537.434	3.832.348
Interest income	2.589.363	3.339.839
Other	415.375	211.128
	74.340.550	**37.793.404**

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

NOTE 23 - FINANCIAL EXPENSE

Financial expenses:

	2008	2007
Foreign exchange loss	80.181.500	17.504.394
Interest expense	19.683.624	23.687.054
Exchange loss on sale of Subsidiary (*)	4.108.060	-
Credit finance expense	2.650.610	2.626.072
Derivative financial instruments	-	5.140.807
Other	1.500.975	179.739
	108.124.769	**49.138.066**

(*) In consequence of the transfer of the Kian Kordsa shares by the Group free of charge on 16 April 2008, foreign currency conversion adjustments related with Kian Kordsa and included in the shareholders' equity allocated to the majority interest until the stated date were transferred into the income statement due to the sale of the subsidiary.

NOTE 24 - ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

On 16 April 2008, the Group transferred its all shares free of charge after paying, in its capacity as the guarantor, the bank credit amounting to USD 14.234.235 which Kian Kordsa failed to pay due to financial difficulty, and collecting its trade receivables amounting to USD 4.700.000 from Kian Kordsa. Kian Kordsa's operating income and expense was included in the consolidated financial statements until the date of the sale.

The Group recorded the amount of YTL 13.357.606, which is the total negative net assets of Kian Kordsa as of the date of transfer, as revenue; YTL 19.106.025, which is the credit it paid in the name of Kian Kordsa in its capacity as the guarantor, and YTL 3.991.946 which is the expenses it paid for other services and consultancy regarding the transaction of transfer, as expense; and in the consequence of the transfer transaction, the Group made a YTL 9.740.365 net loss (Note 21).

Kian Kordsa's income and expenses as of the end of 16 April 2008,which are included in the consolidated financial statements, are as follows:

	16 April 2008
Income	5.498.162
Expenses	(5.012.825)
Earnings before Tax	485.337
Taxes	-
Earnings after Tax	**485.337**

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

NOTE 24 - ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS (Continued)

The detail of assets and liabilities of Kian Kordsa is as follows:

	16 April 2008
Assets	
Current Assets	3.018.873
Trade Receivables (net)	2.735.330
Inventory (net)	5.080.479
Other Current Assets	1.694.057
Tangible Assets (net)	4.521.499
	17.050.238
Liabilities	
Financial Liabilities	19.106.025
Trade payables (net)	8.428.199
Other payables	1.326.807
Employee Termination Provision	689.688
Provisions	857.125
	30.407.844
Net Assets	**(13.357.606)**

NOTE 25 - TAXES ON INCOME

	2008	2007
Corporate tax currently payable	13.096.706	7.006.746
Less: Prepaid taxes	(10.354.190)	(5.466.886)
	2.742.516	**1.539.860**

Turkey

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 (2007: %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 witholding tax paid over used investment incentives).

NOTE 25 - 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 15%. 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. As of
1 January 2005, forementioned conditions are not valid thus, there are no inflation adjustments.

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

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.

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

NOTE 25 - TAXES ON INCOME (Continued)

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 2006. 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 the related articles of Income Tax Law). Accordingly, gains of the above nature which are in the profit/loss figures are taken into consideration, in the calculation of corporate tax.

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:

	2008	2007
Current period corporate tax	(13.096.706)	(7.006.746)
Deferred tax	(10.825.932)	(14.964.919)
	(23.922.638)	**(21.971.665)**

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

NOTE 25 - TAXES ON INCOME (Continued)

Tax reconciliation is as follows:

	2008	2007
Profit before tax in the consolidated financial statements	70.163.015	47.097.588
Tax charge according to parent company's tax rates%20 (2007: %30)	14.032.603	14.129.276
Tax rate differences of subsidiaries'	5.800.545	1.446.266
Expected group tax charge	**19.833.148**	**15.575.542**
Disallowable expenses	5.765.914	7.539.353
Other exempt income	(666.779)	(371.319)
Dividend income	(561.023)	(229.089)
Lump expense provision	(271.581)	(542.822)
Research and development incentive allowance	(177.041)	-
Investment allowances	-	(1.227.500)
Effective tax charge	23.922.638	20.744.165
Withholding tax charge over investment allowance	-	1.227.500
Tax expense of the Group	**23.922.638**	**21.971.665**

	2008	2007
Deferred tax assets	10.850.949	7.740.350
Deferred tax liabilities	(48.409.688)	(31.545.662)
Deferred tax liabilities - net	**(37.558.739)**	**(23.805.312)**

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 under the liability method are 20% in Turkey (2007: 20%).

At 31 December 2008 and 2007, tax rates used for companies operating in Egypt, Germany and Iran are %20 , %25% and 25%, respectively.

At 31 December 2008 and 2007, tax rate used for companies operating in the United States of America is 35%, Argentina is 35% and Brazil is 21,5%.

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

NOTE 25 - TAXES ON INCOME (Continued)

At 31 December 2008 and 2007, 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 2008 and 2007 using the enacted tax rates, are as follows:

	Cumulative temporary Differences		Deferred tax assets/(liabilities)	
	2008	2007	2008	2007
Deferred tax asset				
Carry forward tax losses	18.019.226	7.169.864	5.060.485	2.167.363
Provision for employment termination benefits	15.959.815	15.410.004	3.272.559	3.171.130
Inventories	5.885.969	3.690.752	1.238.313	835.925
Adjustment for consignment sales	1.615.955	4.573.669	323.191	914.734
Research and Development incentive	932.350	-	186.470	-
Unearned credit finance income	169.495	331.234	33.899	66.247
Other	3.428.113	2.039.334	736.032	584.951
Deferred tax assets			**10.850.949**	**7.740.350**
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	167.038.131	111.609.111	(44.944.311)	(31.021.483)
Unearned Income	4.718.047	-	(1.651.316)	-
Other	5.863.020	1.980.338	(1.814.061)	(524.179)
Deferred tax liabilities			**(48.409.688)**	**(31.545.662)**
Deferred tax liabilities - net			**(37.558.739)**	**(23.805.312)**

Since it is not anticipated to be able to offset the financial losses of the Group's subsidiary Kordsa Brazil, which amounted to YTL 23.596.941 as of 31 December 2008, from the profit of the Company, the deferred tax asset was not calculated. According to the Brazilian tax system, there is no time limitation for the carry forward of the financial losses. However, the maximum amount which can be offset within any given year is limited to the 30% of the total profit, which is subject to tax, of the related year.

	2008	2007
Deferred tax assets to be realized after twelve months	5.060.485	5.338.493
Deferred tax liabilities to be settled after twelve months	44.944.311	31.021.483

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

NOTE 25 - TAXES ON INCOME (Continued)

Movements in deferred taxes can be analysed as follows:

	2008	2007
Balances at 1 January	(23.805.312)	(9.477.821)
Current year deferred tax expense-net	(10.825.932)	(14.964.919)
Currency translation differences	(2.927.495)	637.428
Balances at 31 December	**(37.558.739)**	**(23.805.312)**

NOTE 26 - 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.

	2008	2007
Net income for the year	46.240.377	25.125.923
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	2,38	1,29

Nominal values of ordinary shares for the years ended 31 December 2008 and 2007 are assumed to be YKr1 each.

NOTE 27 - RELATED-PARTY TRANSACTIONS

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:	2008	2007
Akbank T.A.Ş. - bank borrowings	29.928.855	55.399.345
Akbank T.A.Ş. - demand deposits	11.034.850	933.605
	40.963.705	**56.332.950**

Due from related parties:	2008	2007
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	3.689.332	4.348.561
Beksa Çelik Kord San. ve Tic. A.Ş. ("Beksa")	121.847	74.812
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	83.333	-
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	62.006	-
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	45.116	44.227
Akbank A.G. (*)	41.173	684.619
Other	859.515	118.774
	4.902.322	**5.270.993**

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

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

NOTE 27 - RELATED-PARTY TRANSACTIONS (Continued)

Other current due from related parties:	**2008**	**2007**
Advansa Sasa Polyester Sanayi A.S. ("Advansa") (*)	7.193.088	-

Due to related parties:	**2008**	**2007**
Enerjisa	2.157.020	2.952.365
H.Ö. Sabancı Holding A.Ş. ("Sabancı Holding")	332.977	38.492
Bimsa	189.159	101.904
Olmuksa International Paper Sabancı Ambalaj San. Tic. A.Ş.	130.927	128.359
Sabancı Üniversitesi	113.518	-
Brisa	91.284	-
Aksigorta	48.793	263.440
Temsa Global Sanayi ve Ticaret A.Ş.	5.480	-
Other	499.082	153.967
	3.568.240	**3.638.527**

Product sales	**2008**	**2007**
Brisa	22.113.528	25.109.787

Service sales	**2008**	**2007**
Brisa	1.048.674	669.759
Beksa	387.316	343.685
Enerjisa	373.481	326.468
Bimsa	141.236	85.859
Temsa	140.923	108.635
Akbank T.A.Ş.	15.173	-
Teknosa	6.086	-
Other	169.205	19.114
	2.282.094	**1.553.520**

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

NOTE 27 - RELATED-PARTY TRANSACTIONS (Continued)

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

Product purchases	2008	2007
Olmuksa	594.695	-
Advansa	467.808	5.140.150
Temsa	17.827	-
Bimsa	5.211	-
Other	31.847	757.301
	1.117.388	**5.897.451**

Service purchases	2008	2007
Enerjisa	32.595.102	31.099.378
Aksigorta	3.001.942	3.778.654
Bimsa	1.095.450	1.025.912
Sabancı Holding	374.915	263.917
Brisa	343.987	478.025
Sabancı Üniversitesi	288.224	-
Ak Emeklilik A.Ş.	271.541	232.100
Advansa	81.414	-
Sabancı Telekomünikasyon Hizmetleri A.Ş.	33.533	45.826
Other	4.264	145.237
	38.090.372	**37.069.049**

Property, plant and equipment purchases	2008	2007
Bimsa	731.793	190.041
Teknosa İç ve Dış Tic. A.Ş.	1.845	61.597
Temsa Global Sanayi ve Ticaret A.Ş.	-	86.315
Other	45.172	-
	778.810	**337.953**

Interest income	2008	2007
Akbank T.A.Ş.	180.807	979.122

Interest expense	2008	2007
Akbank T.A.Ş.	504.376	2.212.866

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

NOTE 27 - RELATED-PARTY TRANSACTIONS (Continued)

Foreign exchange gains/(losses)-net	2008	2007
Akbank T.A.Ş.	(1.185.969)	65.035

Rent expense	2008	2007
H.Ö. Sabancı Holding A.Ş.	359.340	278.558
Ak Finansal Kiralama A.Ş.	79.342	259.683
	438.682	**538.241**

Rent income	2008	2007
Bimsa	35.100	28.800
Other	16.963	22.658
	52.063	**51.458**

Agency income	2008	2007
Aksigorta A.Ş.	181.391	304.160

Renumerations:

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

Details of the renumerations provided by the Group for 2008 and 2007 are as follows:

	2008	2007
Short-term employee benefits	5.624.673	5.372.299
Employee termination benefits	829.968	561.883
Other long-term benefits	125.947	127.709
Post-employment benefits	85.818	100.416
	6.666.405	**6.612.307**

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

NOTE 27 - RELATED-PARTY TRANSACTIONS (Continued)

Security and guarantee letters given

2008

Related party	Amount	Currency	Description	Bank
Interkordsa GmbH	1.705.159	Euro	Credit Guarantee	Akbank Frankfurt
Interkordsa GmbH	2.141.427	Euro	Credit Guarantee	DZ BANK
Interkordsa GmbH	5.429.161	Euro	Credit Guarantee	Dresdner Bank
Kordsa Arjantin	2.500.000	USD	Credit Guarantee	HSBC Plc London
Kordsa Arjantin	4.000.000	USD	Credit Guarantee	İş Bank
Kordsa Arjantin	4.000.000	USD	Credit Guarantee	İş Bank
Kordsa Brezilya	4.500.000	USD	Credit Guarantee	İş Bank
Kordsa Brezilya	9.000.000	USD	Credit Guarantee	ING Bank
Kordsa Brezilya	3.500.000	USD	Credit Guarantee	ING Bank

2007

Related party	Amount	Currency	Description	Bank
Kian Kordsa	8.000.000	USD	Credit Guarantee	Akbank AG
Kian Kordsa	5.840.000	USD	Credit Guarantee	Akbank Malta
Interkordsa GmbH	2.001.708	Euro	Credit Guarantee	DZ BANK
Interkordsa GmbH	142.468	Euro	Credit Guarantee	VR Leasing
Kordsa GmbH	1.000.000	Euro	Credit Guarantee	VR Bank
Kordsa Arjantin	2.500.000	USD	Credit Guarantee	HSBC
Kordsa Inc.	6.000.000	Euro	Credit Guarantee	HSBC

NOTE 28 - FINANCIAL RISK MANAGEMENT

Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Finance department of Kordsa Global under policies approved by the board of directors. Finance department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Company will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities.The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

Liquidity risk analysis of the financial liabilities of the Group is as follows:

Derivative financial liabilities [1][2]:

2008	Book value	Contractual cash flow	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	264.970.630	275.790.295	33.195.719	97.093.468	141.040.739	4.460.369
Trade payables	144.301.458	147.971.639	138.239.879	9.731.760	-	-
Other payables	16.738.467	20.499.738	9.483.741	2.324.204	8.691.793	-
	426.010.555	**444.261.672**	**180.919.339**	**109.149.432**	**149.732.532**	**4.460.369**

2007	Book value	Contractual cash flow	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	249.260.839	261.671.772	144.297.929	32.670.158	84.703.685	-
Trade payables	110.574.819	110.742.734	102.781.266	7.961.468	-	-
Other payables	16.015.025	17.852.218	15.699.009	311.980	1.841.229	-
	375.850.683	**390.266.724**	**262.778.204**	**40.943.606**	**86.544.914**	-

(1) Only financial instruments comprise to maturity analysis and exclude legal liabilities.

(2) The aforementioned cash flows are contractual and non-discounted amounts. Since, discounted amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the book value.

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates.

Interest rate risk table of the Group as of 31 December 2008 and 2007 is as follows:

	2008	2007
Fixed Interest financial assets		
Financial payables	53.847.175	92.777.607
Variable Interest financial assets		
Cash and Cash Equivalents	25.193.010	12.434.615
Financial payables	211.123.455	156.483.232

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 2008, 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 YTL 465.219 thousand (2007: YTL 200.776 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 YTL 162.342 thousand (2007: YTL 29.517 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

On 31 December 2008, if the annual interest of the floating-rate loans in Brazilian Real was 10% high/low and all other variables remained unchanged, current period profit before tax would be approximately YTL 60.185 (2007: YTL 20.139) more/less as a result of the high interest expense incurring from floating-rate credits.

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

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 monitored with an analysis of foreign exchange positions. In addition, the Group aims to reduce foreign exchange risk arising from assets and liabilities by using currency and interest rate swap instruments.

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.

Foreign Currency Position

Group's assets and liabilities denominated in foreign currencies at 31 December 2008 and 2007 are as follows:

	2008	2007
Assets	262.591.896	243.138.489
Liabilities	(440.823.964)	(381.288.030)
Net foreign currency position	**(178.232.068)**	**(138.149.541)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

2008	Total YTL Equivalent	USD	Euro	Thailand Baht	Indonesian Rupiah (000)	Brazilian Real	Argentinean Pesos	Other YTL Equivalent
Assets:								
Trade Receivables	153.566.773	40.866.179	27.293.072	252.804.847	-	28.203.179	1.897.365	3.137.030
Cash and Cash Equivalent	60.662.886	21.149.237	5.830.682	201.474.556	24.513.582	3.648.606	2.310.384	692.834
Monetary other receivables and assets	9.229.372	594.500	-	1.040.393	-	-	18.920.678	0
Non-Monetary other receivables and assets	26.074.324	9.042.200	635.424	11.544.745	34.209.541	8.086.206	-	579.259
Current Assets	**249.533.355**	**71.652.116**	**33.759.178**	**466.864.541**	**58.723.123**	**39.937.991**	**23.128.427**	**4.409.123**
Assets held-for sale	3.013.251	1.900.453	-	-	100.014	193.764	-	-
Monetary other receivables and assets	10.045.290	467.900	-	-	2.551.796	13.885.461	-	-
Non-current Assets	**13.058.541**	**2.368.353**	-	-	**2.651.810**	**14.079.225**	-	-
Total Assets	**262.591.896**	**74.020.469**	**33.759.178**	**466.864.541**	**61.374.933**	**54.017.216**	**23.128.427**	**4.409.123**
Liabilities:								
Trade Payables	132.750.633	64.254.020	12.845.405	34.236.321	4.259.680	4.040.342	4.428.510	1.366.326
Financial Payables	123.889.804	43.743.366	12.594.304	-	208.142.382	2.993.077	-	2.860
Monetary other payables and liabilities	38.076.712	15.455.932	776.945	38.689.295	17.970.140	5.570.877	9.964.078	912.591
Total Short Term liabilities	**294.717.149**	**123.453.318**	**26.216.654**	**72.925.616**	**230.372.202**	**12.604.296**	**14.392.588**	**2.281.777**
Financial Payables	141.080.826	77.011.095	9.481.960	-	-	6.567.299	-	-
Monetary other payables and liabilities	5.025.989	-	-	-	-	7.766.943	-	-
Total Long Term liabilities	**146.106.815**	**77.011.095**	**9.481.960**	-	-	**14.334.242**	-	-
Total liabilities	**440.823.964**	**200.464.413**	**35.698.614**	**72.925.616**	**230.372.202**	**26.938.538**	**14.392.588**	**2.281.777**
Net asset/liability position of off balance sheet financial instruments (A-B)	-	-	-	-	-	-	-	-
A. Off balance sheet derivative financial instruments recognized as asset	-	-	-	-	-	-	-	-
B. Off balance sheet derivative financial instruments recognized as liability	-	-	-	-	-	-	-	-
Net Foreign Currency asset/(liability) Position	**(178.232.068)**	**(126.443.944)**	**(1.939.436)**	**393.938.925**	**(168.997.269)**	**27.078.678**	**8.735.839**	**2.127.346**
Monetary Items Net foreign Currency asset/(liability) Position	**(204.306.392)**	**(135.486.144)**	**(2.574.860)**	**382.394.180**	**(203.206.810)**	**18.992.472**	**8.735.839**	**1.548.087**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

2007	Total YTL Equivalent	USD	Euro	Thailand Baht	Indonesian Rupiah (000)	Brazilian Real	Argentinean Pesos	Other YTL Equivalent
Assets:								
Trade Receivables	155.974.824	61.865.512	31.878.845	270.467.402	24.998	19.796.047	-	7.049.847
Cash and Cash Equivalent	54.542.811	22.332.660	5.645.423	43.674.980	32.744.272	2.948.709	7.048.124	1.877.223
Monetary other receivables and assets	4.650.876	1.129.484	484.878	2.928.586	3.369.773	2.090.770	839.875	302.789
Non-Monetary other receivables and assets	10.635.020	2.343.594	4.410	-	24.660.081	629.594	11.354.412	234.934
Current Assets	**225.803.531**	**87.671.250**	**38.013.556**	**317.070.968**	**60.799.124**	**25.465.120**	**19.242.411**	**9.464.793**
Assets held for sale	6.375.069	5.135.226	-	-	104.032	579.649	-	-
Monetary other receivables and assets	10.959.889	509.000	-	-	502.603	15.669.268	-	-
Non-current Assets	**17.334.958**	**5.644.226**	-	-	**606.635**	**16.248.917**	-	-
Total Assets	**243.138.489**	**93.315.476**	**38.013.556**	**317.070.968**	**61.405.759**	**41.714.037**	**19.242.411**	**9.464.793**
Liabilities:								
Trade Payables	104.068.171	60.176.029	12.262.217	21.482.083	47.336.043	3.872.398	6.257.079	1.555.085
Financial liabilities	86.126.617	60.107.808	7.900.357	-	-	3.130.924	-	548.653
Monetary other payables and liabilities	22.668.432	8.973.638	1.010.277	6.065.212	7.167.765	6.208.324	7.941.278	2.373.431
Total Short Term liabilities	**212.863.220**	**129.257.475**	**21.172.851**	**27.547.295**	**54.503.808**	**13.211.646**	**14.198.357**	**4.477.169**
Financial liabilities	163.134.222	87.831.387	14.749.010	-	288.016.571	-	-	-
Monetary other payables and liabilities	5.290.588	4.391.717	-	-	-	-	-	175.555
Total Long Term liabilities	**168.424.810**	**92.223.104**	**14.749.010**	-	**288.016.571**	-	-	**175.555**
Total Liabilities	**381.288.030**	**221.480.579**	**35.921.861**	**27.547.295**	**342.520.379**	**13.211.646**	**14.198.357**	**4.652.724**
Net asset/liability position of off balance sheet financial instruments (A-B)	-	-	-	-	-	-	-	-
A. Off balance sheet derivative financial instruments recognized as asset	-	-	-	-	-	-	-	-
B. Off balance sheet derivative financial instruments recognized as liability	-	-	-	-	-	-	-	-
Net Foreign Currency asset/(liability) Position	**(138.149.541)**	**(128.165.103)**	**2.091.695**	**289.523.673**	**(281.114.620)**	**28.502.391**	**5.044.054**	**4.812.069**
Monetary Items Net foreign Currency asset/(liability) Position	**(148.784.561)**	**(130.508.697)**	**2.087.285**	**289.523.673**	**(305.774.701)**	**27.872.797**	**(6.310.358)**	**4.577.135**

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position as of 31 December 2008 and 2007 in regard to the changes in foreign currency rates is depicted in the table below:

2008

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against YTL by 10%				
USD Net Assets/Liabilities	20.963.930	(24.801.433)	21.935.296	(17.957.821)
Hedged USD (-)	-	-	-	-
USD Net Effect	**20.963.930**	**(24.801.433)**	**21.935.296**	**(17.957.821)**
Change in EURO against YTL by 10%				
Euro Net Assets/Liabilities	2.190.026	(2.222.791)	232.812	(190.482)
Hedged Euro (-)	-	-	-	-
Euro Net Effect	**2.190.026**	**(2.222.791)**	**232.812**	**(190.482)**
Change in Other Currency against YTL by 10%				
Other Currency Net Assets/Liabilities	542	(543)	-	-
Hedged Other Currency (-)	-	-	-	-
Other Currency Net Effect	**542**	**(543)**	**-**	**-**
	23.154.498	**(27.024.767)**	**22.168.108**	**(18.148.303)**

2007

	Profit/Loss	Equity		
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against YTL by 10%				
USD Net Assets/Liabilities	6.134.519	(8.282.690)	9.581.776	(8.240.823)
Hedged USD (-)	-	-	-	-
USD Net Effect	**6.134.519**	**(8.282.690)**	**9.581.776**	**(8.240.823)**
Change in EURO against YTL by 10%				
Euro Net Assets/Liabilities	4.868.435	(4.887.426)	135.729	(111.051)
Hedged Euro (-)	-	-	-	-
Euro Net Effect	**4.868.435**	**(4.887.426)**	**135.729**	**(111.051)**
Change in Other Currency against YTL by 10%				
Other Currency Net Assets/Liabilities	-	(2)	-	-
Hedged Other Currency (-)	-	-	-	-
Other Currency Net Effect	**-**	**(2)**	**-**	**-**
	11.002.954	**(13.170.116)**	**9.717.505**	**(8.351.874)**

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Export and import balances from Turkey as of 31 December is as follows:

	2008		2007	
	Original Balance	**YTL**	**Original Balance**	**YTL**
Euro	148.558.586	275.060.483	164.106.871	296.212.902
USD	52.201.361	66.608.936	47.028.544	62.971.221
Total Import		**341.669.419**		**359.184.123**

	2008	2007
Export	86.500.391	95.805.349

(c) Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Group are from financially strong various financial institutions.

(d) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. 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.

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2008,the credit risk regarding the financial instruments is as follows:

	Trade Receivables		Other Receivables (*)		Bank Deposits	
2008	**Related Party**	**Other**	**Related Party**	**Other**	**Related Party**	**Other**
Maximum Credit Risk Based on Financial Instruments as of reporting date	**12.330.040**	**157.206.226**	**7.430.769**	**4.051.632**	**11.034.850**	**51.106.857**
Collateralized or secured with guarantees part of maximum credit risk *	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	11.452.954	135.958.876	7.430.769	4.051.632	-	-
Net book value of past due but not impaired financial assets	877.086	21.247.350	-	-	-	-
- Collateralized or guaranteed part *	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross Amount of Overdue part	-	2.895.998	-	-	-	-
- Impairment (-)	-	(2.895.998)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes tax and other legal receivables.

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2007,the credit risk regarding the financial instruments is as follows:

	Trade Receivables		Other Receivables (*)		Bank Deposits	
2008	**Related Party**	**Other**	**Related Party**	**Other**	**Related Party**	**Other**
Maximum Credit Risk Based on Financial Instruments as of reporting date	**5.243.885**	**164.209.772**	-	**5.307.652**	**933.605**	**52.714.226**
Collateralized or secured with guarantees part of maximum credit risk *	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	4.624.230	145.522.342	-	-	-	-
Net book value of past due but not impaired financial assets	619.655	18.687.430	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross Amount of Overdue part	-	4.482.580	-	-	-	-
- Impairment (-)	-	(4.482.580)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes tax and other legal receivables.

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

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired are analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms is as follows:

	2008	2007
0-1 month	16.204.259	16.105.249
1-3 months	3.074.789	2.389.586
3-12 months	2.845.388	577.709
1-5 years	-	234.541
	22.124.436	**19.307.085**

(e) Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the debt/(total capital+net debt+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 2008 and 2007 Net debt/Shareholder's equity+net debt+minority interest rates are:

	2008	2007
Total liabilities	522.439.309	455.624.183
Cash and cash equivalents	(62.689.477)	(55.646.131)
Net deferred tax liability	(37.558.739)	(23.805.312)
Net debt	422.191.093	376.172.740
Shareholder's equity	683.386.667	584.666.467
Minority interest	99.478.329	83.811.430
Shareholder's equity+net debt+minority interest	1.205.056.089	1.044.650.637
Net debt/Shareholder's equity+net debt+minority interest	35%	36%

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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 uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate,fair value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate (Note 6).

NOTE 30 - EVENTS AFTER THE BALANCE SHEET DATE

a) Change in currency of Republic of Turkey

In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values is converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

b) In January 2009, Kordsa, Inc., which is a subsidiary of the Group, adopted a resolution to terminate the employment of 36 persons, and the probable employment termination benefit to be paid to these workers in 2009 was calculated approximately as 1 million US Dollars. Since the process of employment termination was not definitely decided and it was not communicated to the workers, the Group did not make any provisions for the said amount in the consolidated financial statements.

c) Kordsa, Inc which is a subsidiary of the Group incurred a loss as a supplier in the US declared force majeure. The Group made a claim to the related insurance company for the compensation of the stated loss, and the compensation experts verbally stated that the amount of the compensation to be paid was USD 5,4 million. However, since the related amount of the damage provision was not finalized by the insurance company as of the date when these consolidated financial statements were prepared, the amount to be paid could not be determined reliably. Therefore, no income regarding the stated compensation was accounted for in the consolidated financial statements.

Board of Auditor's Report

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 : Istanbul

Issued Capital : TL 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 end 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 25 April 2008 to April 2011
Fuat ÖKSÜZ 25 April 2008 to April 2011
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. It is determined that required corrections relating to the below mentioned misappropriation case's effect on the financial statements have been made in accordance with the Tax Regulations.

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:
The company management determined that an employee from Izmit accounting department misused the company assets and caused damage to the company. In order to collect the misappropriated sum, the company, by reserving its right to proceed with any further legal remedies, initiated necessary legal proceedings for an amount equal to 4.000.000 TL.

We have examined the accounts and transactions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. for the period of 01.01.2008 - 31.12.2008 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 31.12.2008 reflects the true financial status of the company at the date; the Profit and Loss Statement for period 01.01.2008 - 31.12.2008 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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