



Tyre Cord Fabric
Manufacturing and
Trading Inc.
23rd Annual Report
1995



Hacı Ömer Sabancı Holding, since its foundation in 1967, has grown in tandem with the Turkish Republic. In 28 years it has expanded to cover almost every sector of the Turkish economy, from its traditional base in cotton and agriculture to automotive, textiles, plastics, tires, banking, insurance, construction, foodstuffs, paper, electronics, tourism and data processing. Sabancı Holding employs over 30.000 personnel at its modern, integrated industrial facilities that approach 50 in number. Sabancı Holding has also gained a well-deserved and trustworthy reputation in foreign circles and has become a permanent fixture in lists of the top 300 companies in the world.

Many of the Sabancı Companies are linked into a kind of network. Take the Group's tire business based in Kentsa, a fully integrated industrial park that dominates the industrial town of Izmit. Kordsa is a proud member of Hacı Ömer Sabancı Holding which is an irreplaceable member of Turkish economy and industry. Knowing where she stands and her responsibilities, Kordsa strives for the better everyday.



Sabancı Holding Board members.

*Standing (Left to right): Hasan Güleşçi, Erol Sabancı, Oğuz Karahan, Özdemir Sabancı
Seated: Hacı Sabancı, Sakıp Sabancı, Şevket Sabancı*



**Tyre Cord Fabric
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Trading Inc.
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Agenda

The Agenda of Ordinary General Assembly of KORDSA Tyre Cord Fabric Manufacturing and Trading Inc. on March 21, 1996.

- 1- Opening and setting up of the Chairman's Panel.
- 2- Authorization of the Chairman's Panel to sign the minutes of the General Assembly.
- 3- Presentation and Discussions on activities and accounts for the year 1995; discussion and acceptance of the proposal of Board regarding the Balance Sheet and the Statement of Income for the year 1995.
- 4- Approval of the auditor's duty who is elected to the Board of Auditors to serve for the remaining period from the previous member.
- 5- Ratification of the activities of the Board of Directors and the Auditors for the year 1995.
- 6- Discussion of the resolution of the Board of Directors relating to the appropriation of 1995 profit and the date of dividend distribution.
- 7- Approval of the independent external auditing firm appointed by the Board of Directors to audit the financial statements and operations for the years 1996 and 1997 according to the Capital Markets' Code N : 2499.
- 8- Authorizing the Chairman and the Board of Directors to conduct the procedures stated by the provisions No. 334 and 335 of the Turkish Commercial Code.

23rd Ordinary General Assembly of our company will be held in the Conference Hall of Sabancı Center at 15:00 Thursday March 21, 1996.



The Chairman

Dear shareholders,

First, I would like to thank you esteemed shareholders and their representatives for honoring our Annual General Assembly, where we will present our 23rd Annual Report together with financial statements and Auditors' Reports for your examination and approval.

As we are all aware, the speedy growth rate in overall global economy continued in 1995 as well. Growth rate in OECD Countries, however, revealed a downyard trend in comparison with the figures pertinent to second half of 1994. Another important development monitored in 1995 was the monetary crisis that was caused by speedy loss of value of US currency. Foreign currency reserves of Turkey reaching to all-times-high levels and by targets set up for IMF, value of the Turkish Lira against Dollar was preserved.

Kordsa reached production and sales volume well above the projections due to record increases in exports and the growth trend in the local economy following the 1994 shrinkage.

Important developments for our country in 1996 may be listed as forming the new post-election cabinet and the Customs Union. We as Kordsa aim at not being negatively effected from these developments since we believe that companies possessing a strong financial structure and qualified personnel like Kordsa, can overcome these challenges. With our existing production and information technology, our modern management concept and our global vision, we wish and aim to become one of the most productive companies of the 21st century.

We are aware that our company's performance will reach to more advanced levels with our high quality production pursued within the frame of the Total Qualiyt Management.

Despite all negative environmental effects, I believe we will pass a fruitful 1996 due to our well-established presence in many markets and our financial strength. Never overlooking the fact that the success of our company to date is highly dependent upon the valuable contributions provided by our esteemed shareholders, I wish all the Kordsa community, our fellow countrymen and all nations in the world a peaceful and successful year and would like to thank you for your interest in our Annual General Assembly.

Regards,



Sakip SABANCI



▲ Dusa

▼ Beksa



▲ Nile-Kordsa



▼ Brisa



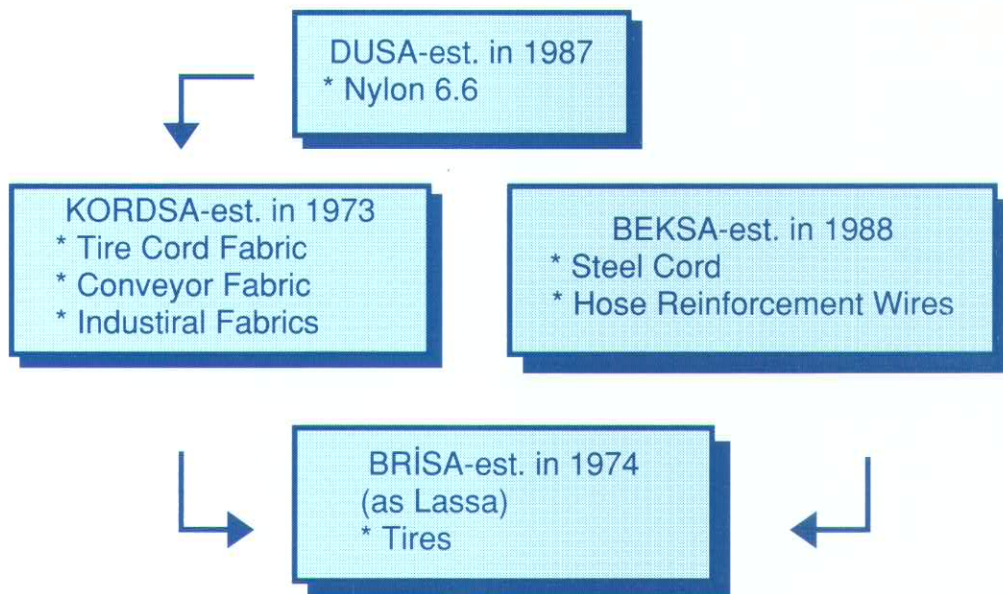
Investments and Participations

Kordsa is the oldest among the Sabancı group of companies located at Kentsa industrial complex.

It has been founded in 1973. Yet it is the most modern establishment in industrial textiles sector. Our principle at Kordsa is to be ahead of our time. This is how we define success in a competitive environment; therefore, our technology, production and quality control systems are being renewed continuously over time.

In 1992, Kordsa committed itself to a sizable investment for the modernization of its machinery and equipment. Subsequently in 1993, exported its machinery and own technology to Egypt establishing the Nile-Kordsa partnership. In 1995, a new line of investment was undertaken and a partial renovation has been applied. 5 million US dollars had been spent in 1995 for this mentioned investment. Our aim behind all these efforts is to improve the speed and quality production while conserving energy.

At Kentsa industrial complex our participations; Brisa, Dusa and Beksa pursue their activities. The scope our vertical integration is as below:



Our Customers on The World and Turkey

ASIA

| | |
|-----------------------|-------------|
| ATLAS TASMEH | IRAN |
| DENA TIRE | IRAN |
| IRAN TIRE | IRAN |
| KERMAN TIRE | IRAN |
| KIAN TIRE | IRAN |
| PARS TIRE | IRAN |
| SAHAND RUBBER | IRAN |
| TASMEH MELLI | IRAN |
| TASMIRAN | IRAN |
| YASA TIRE | IRAN |
| ALLIANCE | ISRAEL |
| AUTO LIFE | ISRAEL |
| MAGAM | ISRAEL |
| MANHATTAN | PHILIPPINES |
| HS CHEMICAL | S. KOREA |
| APOLLO | INDIA |
| CEAT | INDIA |
| FENNER INDIA | INDIA |
| HILTON ROULUNDS | INDIA |
| HILTON RUBBERS | INDIA |
| M.R.F. | INDIA |
| MODI | INDIA |
| DUNLOP-MALAYSIA | MALAYSIA |
| SIME TYRES | MALAYSIA |
| GENERAL TIRE-PAKISTAN | PAKISTAN |
| SINGAFONG | SINGAPORE |
| HAMA TIRE | SYRIA |
| CHENG SHIN | TAIWAN |

AFRICA

| | |
|------------------------|-----------|
| CAPLAM | MOROCCO |
| GENERAL TIRE-MOROCCO | MOROCCO |
| FIRESTONE-SOUTH AFRICA | S. AFRICA |
| FIRESTONE-KENYA | KENYA |
| AMAN TIRE | LIBYA |
| NARUBIN | EGYPT |
| TRENCO | EGYPT |
| DUNLOP-NIGERIA | NIGERIA |
| JOHN WHITE | NIGERIA |
| S.T.I.P. | TUNUSIA |

EUROPE

| | |
|-----------------------|----------|
| ARNTZ OPTIBELT | GERMANY |
| DUNLOP | GERMANY |
| SEMPERIT | AUSTRIA |
| BEKAERT | BELGIUM |
| BOBRUISKSHINA | BELARUS |
| AS ROULUNDS | DENMARK |
| DUNLOP-FRANCE | FRANCE |
| FIRESTONE-FRANCE | FRANCE |
| HUTCHINSON | FRANCE |
| S.F.B.T. | FRANCE |
| VREDESTEIN | HOLLAND |
| BTR | ENGLAND |
| FENNER | ENGLAND |
| NORTHERN RUBBER | ENGLAND |
| FIRESTONE-HISPANIA | SPAIN |
| BRIDGESTONE-FIRESTONE | ITALIA |
| CIGO | ITALIA |
| PRODUZIONE NASTRI | ITALIA |
| S.I.G. | ITALIA |
| SAIAG | ITALIA |
| DEBICA | POLAND |
| ROMTYRE | ROMANIA |
| SAVA | SLOVENIA |

AMERICA

| | |
|--------------------|-----------|
| PIRELLI-VENEZUELLA | VENEZUELA |
|--------------------|-----------|

AUSTRALIA

| | |
|---------------|------------|
| SOUTH PASIFIC | AUSTRALIA |
| RITEX | NEW ZELAND |

TURKEY

BRISA
PIRELLI
GOOD YEAR
PETLAS



Sales

Kordsa supplies tyre cord fabric, conveyor belting fabrics, chafer fabrics, coating fabrics, polypropylene liner and single cord to the world markets with its 28000 tons tyre cord and 5000 tons industrial fabric capacity.

Nylon 6, nylon 6.6, rayon, polyester, polypropylene, PVA and aramide are used as raw material. As a member of the industrial textiles sector, Kordsa provides intermediary material mainly for tire and conveyor belting industries. Our products are used as carcass material and bead wrap for tires, conveyor belt and v-belt reinforcement fabric, membrane fabric for auto breaks, truck tents and regular tents, adhesion avoiding liner in tire production, etc.

Our company who supplies almost all the tyre cord fabric requirement of Turkey since 1976, started with the production and marketing of other industrial fabrics in 1984. Kordsa, who is the first company to receive the ISO 9001 Quality Management Systems certificate, has spread its exports to the whole world.

In 1995 sales have been realized mainly to Germany, Venezuela, Iran, France, Kenya, South Africa, Austria, Israel, Italy, Malaysia, Denmark, Libya, CIS, Tunisia, Syria, Taiwan, Australia, Nigeria, Morocco, Poland, India, England and numerous others. The name "Kordsa" is now identical with "Quality in Product and Service" in the world markets. We are indebted our permanency in our markets to the steady steps we put forth in continuous improvement.

1995 was a very prosperous and successful year for Kordsa, who easily made through the economic crises of 1994 compared to the other market players. 27.603 tons tyre cord fabric and industrial fabrics were sold. The share of our exports have reached to 102 million dollars out of our total sales of 159 million.





Certificate of Approval

Awarded to

**KORDSA
TYRE CORD FABRIC MANUFACTURING AND TRADING INC.
TURKEY**

Bureau Veritas Quality International certify that the Quality Management System of the above supplier has been assessed and found to be in accordance with the requirements of the quality standards and scope of supply detailed below

QUALITY STANDARDS

BS EN ISO 9001 : 1994

SCOPE OF SUPPLY

DEVELOPMENT AND MANUFACTURE OF TYRE CORD FABRIC , SINGLE CORD, AND INDUSTRIAL FABRICS INCLUDING CHAFERS , CONVEYOR BELT FABRICS , MEMBRANE FABRICS , PVC COATING FABRICS , SALE OF SUBCONTRACTED TYRE CORD FABRIC AND INDUSTRIAL FABRICS FROM QUALITY ASSURED OR LOT TRACEABLE SOURCES.

Subject to the continued satisfactory operation of the supplier's Quality Management System, this Certificate is valid for a period of three years from:

13TH JANUARY 1993

For Bureau Veritas Quality International

Date **10TH MARCH 1995**



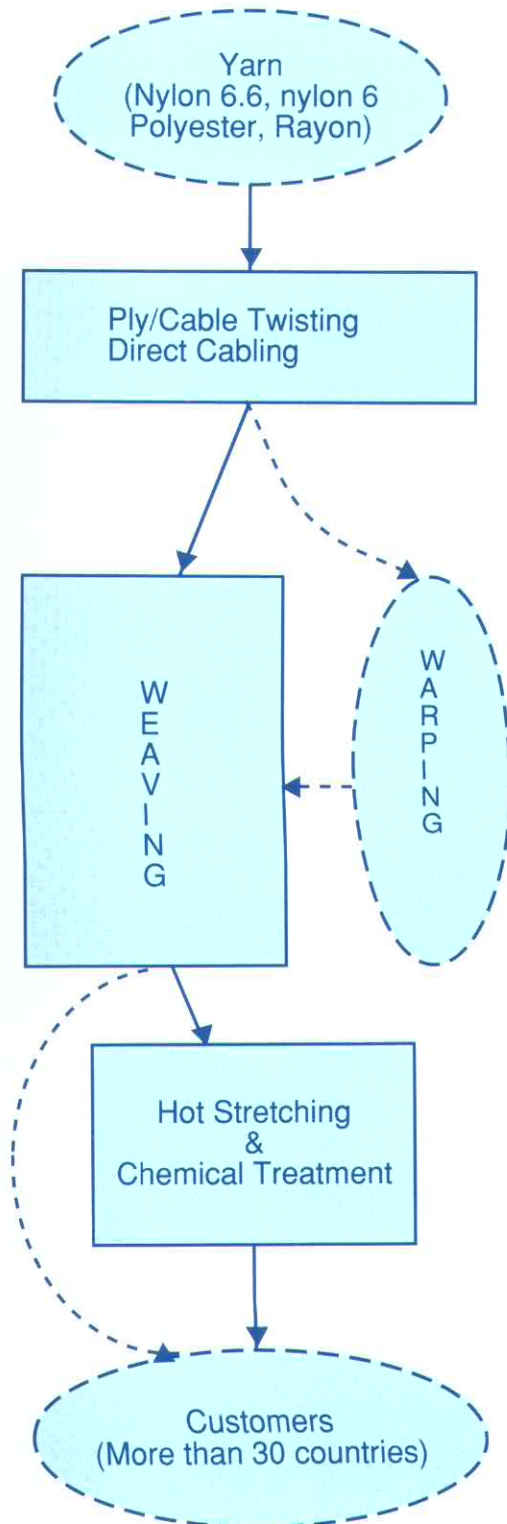
Registration Number 008

Certificate No: **2386**

SF06/B

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the accreditation certificate number 008

Production

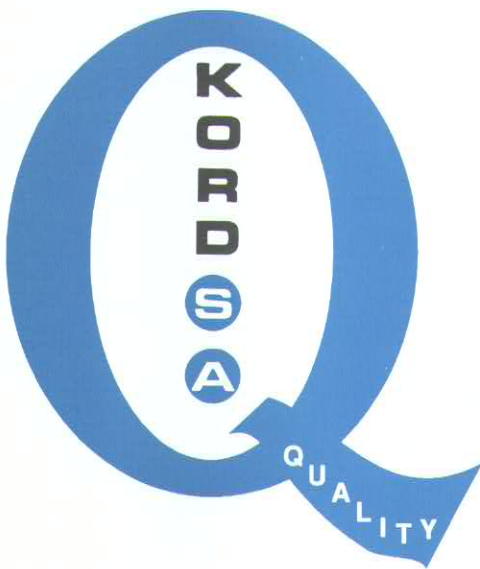


Kordsa -established on an area of 406.838 square meters- realizes the selection of its raw materials and dynamically interconnected production processes with extreme diligence from the view point of production and quality assurance.

Kordsa is now able produce **compatible products for every technology used around the world.** This was made possible through the continuous modernization and improvement efforts which eventually brought Kordsa's machinery and equipment to the most advanced level.

The quality concept embedded in our company culture since 1993, passed through several stages and finally materialized itself as our **ISO-9001 Quality Certificate** in January 1993-which is the passport of our exports. In 1995 "**Total Quality Management**" system was adopted. Currently, our efforts continue as a candidate to the Kal-Der Quality Award which we hope to receive in 1996.

Thanks to contemporary and successful management, marketing, planning and production activities; in 1995, 26.511 tons greige fabric, 27.302 tons dipped fabric, were produced with an above 80% capacity utilization. The production mix consisted of 89.72% tyre cord fabric, 9.14% industrial fabrics and 1.14% single cord.



Administrative and Social Activities

Kordsa's mission is "to become a profitable and competitive Company by reaching excellence in quality, costs and service with the participation of all employees".

One of our five basic principals of quality policy is as follows:

Our personnel is our most important asset. We believe involvement, training and satisfaction of all personnel are essential for continuous improvement of quality.

The common element in both of the above is the importance of employees for Kordsa.

In 1995, within the framework of Total Quality Management understanding, all the employees followed the regular training programs. Also the ideas of our personnel about improvement of the systems are evaluated under the application of Development Opportunities System. Through these, Kordsa family advances towards perfection as a whole.

Some of our social activities are new year and Bayram feasts, basketball, football and volleyball tournaments, feasts arranged as Kordsa Day and seminars for "the individual and their families".

These activities have proved to be effective ways of bonding employees and forming friendship among Kordsa people, therefore positively effect inter-company relations.

**Board of Directors
Annual Report**



I. Introduction

1. Period of Report:

Jan., 1, 1995-Dec., 31, 1995

2. Title of Incorporation:

KORDSA Kord Bezi Sanayi ve Ticaret
Anonim Şirketi

3. Board of Directors:

Extent of Authority,

Both Chairman and Directors are provided with authorities specified in related articles of the Turkish Commercial Code and 17th clauses in our Articles of Association.



Sakıp Sabancı

Chairman

31.3.1994 - March 1997

Members of Board of Auditors,

Kenan Karasu

31.3.1994 - March 1997

Ali Bakar

31.3.1994 - 29.9.1995

Yaşar Bozyürük

30.9.1995-March 1997

Müfit Süreyya Ünal

31.3.1994 - March 1997



Hasan Güleşçi

Deputy Chairman

31.3.1994 - March 1997



Oğuz Karahan

Director

31.3.1994 - March 1997



Özen Göksel

Director

31.3.1994 - March 1997



Güler Sabancı

*Director and General
Manager*

31.3.1994 - March 1997

Extent of Authority

According to 25th clause in our Articles of Association; duty, authority and responsibility of the Auditors are determined within the framework of principles stipulated in Articles 347 and 359 of the Turkish Commercial Code.

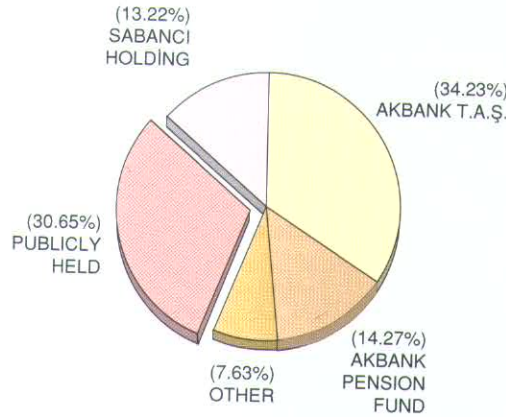
4. Amendments in Articles of Association During the Period:

The registered capital of the company that had been dictated as "TL. 300.000.000.000.-" by the 10th clause of Our Article of Association, has been increased to "TL. 1.000.000.000.000.-" through the decision of the General Assembly on March 30, 1995

5. Share Capital, Dividend Rates, Shareholders:

- Our company with has a registered capital of TL 1.000.000.000.000, has increased her share capital to TL 425.250.000.000 in 1995.
- During the last three years, Kordsa distributed net profits to its shareholders in proportion of 20% in 1992, 21.5% in 1993, 100% in 1994.
- The distribution of our issued capital is as follows:

| | |
|---------------------|--------|
| Akbank T.A.Ş. | 34.23% |
| Publicly Held | 30.65% |
| Akbank Pension Fund | 14.27% |
| Sabancı Holding | 13.22% |
| Other | 7.63% |



6. Issued Securities:

As of December 31, 1995, the Issued Stocks of our company concerning the right of receiving dividend from the profit is as follows: 348.626.700 shares to the bearer, 76.623.300 shares to the name and 200 founder shares.

7. Industry and Our Position Therein:

Kordsa pursues her mission, primarily by producing tyre cord fabric -which is vitally important as carcass and belting material in vehicle tires- and other industrial textiles.

Her operations lead by contemporary technology and "Total Quality" concepts; Kordsa is the only establishment of its kind in Turkey and one of the largest and most modern in the world.

II. Activities

A. INVESTMENTS

Our activities have taken place under the incentive Certificate for "modernization" No. 31874/A, received in 1992 and for "completion and renewal" No. 36542, received in 1994 granted by the Treasury and Foreign Trade Undersecretary, the General Directorate of Encouragement and Implementation.

Investment expenditures valued at TL. 234.048.698.722 were realized in 1995 within the framework of these certificates.

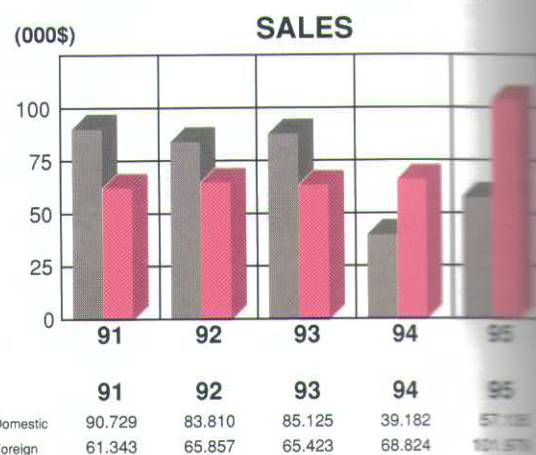
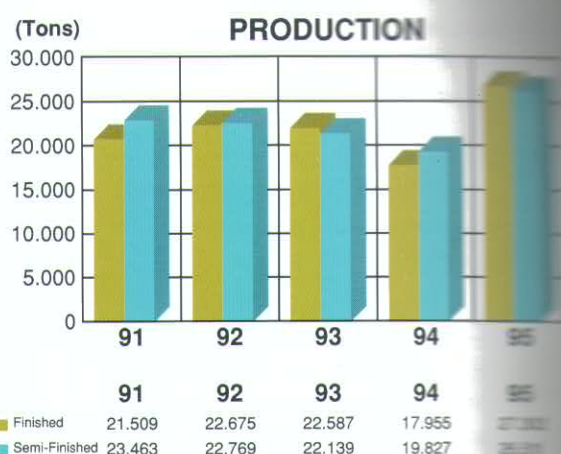
Our company, thanks to Incentive Certificates stated above is benefiting from incentives called Encouragement Premium, Customs Duty Exemptions, Investment Incentive Allowance, and Duty and Charge Exemptions for her investments.

B. ACTIVITIES REGARDING PRODUCTION OF GOODS AND SERVICES

1. Our company has pursued its manufacturing activities with 187 machines of direct cables and weaving looms in the recently modernized tyre cord fabric units and with 46 machines in industrial fabric units.

In 1995, it has reached to a capacity utilization level of 82% realizing its production according to the demand of its customers.

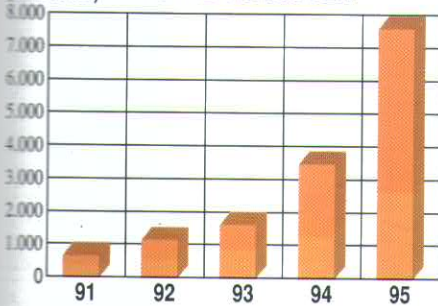
2. In our factory, tyre cord fabrics since 1976 and industrial fabrics like conveyor fabrics and chafer since 1984 have been manufactured. Since both tyre cord fabrics and industrial fabrics have vital importance to the industries utilizing them, KORDSA paid utmost attention to quality control performance, and



Sales Figures for the Last Five Years (Tons)

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|----------|--------|--------|--------|--------|--------|
| Domestic | 12.049 | 11.788 | 12.087 | 6.064 | 9.376 |
| Foreign | 10.091 | 11.445 | 12.284 | 13.121 | 18.227 |

(Billion TL.) TOTAL TURNOVER



| | 91 | 92 | 93 | 94 | 95 |
|----------|-------|-------|-------|---------|---------|
| Domestic | 368.2 | 577.3 | 936.5 | 1.138.7 | 2.821.5 |
| Foreign | 279.1 | 473.6 | 776.4 | 2.371.4 | 5.017.1 |

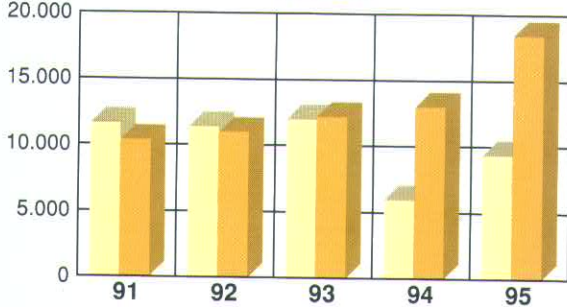
preserved its existing high quality assurance system applied to each stage of the production process in 1995 as well.

3. During 1995, a total 27.603 tons of products, in domestic and foreign markets, were sold, and a turnover amounting to TL. 7.838.636.810 was realized, our domestic sales increased by 147.78% (TL. 1682.8 billion), while percentage increase in our export sales climbed to 111.57% (TL. 2645.8 billion), and accordingly, total sales figure grew by 123.32% (TL. 4328.5 billion) in value compared to the last year.

In 1995, by diffusion of risk and diversification of markets most of the domestic demand was met, as our export sales were maintaining their increasing course.

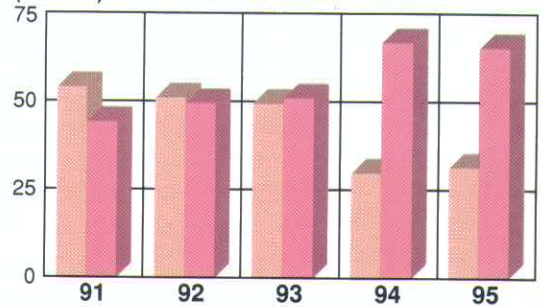
4. During 1995, necessary measures were effectively taken against the difficulties that sprang from market conditions which are gradually becoming harder. Kordsa is ready for the Customs Union with her export that is 66% of total sales.

(Tons) SALES



| | 91 | 92 | 93 | 94 | 95 |
|----------|--------|--------|--------|--------|--------|
| Domestic | 12.049 | 11.788 | 12.087 | 6.064 | 9.376 |
| Foreign | 10.091 | 11.445 | 12.284 | 13.121 | 18.227 |

(Tons %) SALES DISTRIBUTION



| | 91 | 92 | 93 | 94 | 95 |
|----------|-------|-------|-------|-------|-------|
| Domestic | 54.42 | 50.74 | 49.60 | 31.61 | 33.97 |
| Foreign | 45.58 | 49.26 | 50.40 | 68.39 | 66.03 |

Foreign Sales Figures for the Last Five Years (Thousand \$)

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|----------|---------|---------|---------|---------|---------|
| Domestic | 90.729 | 83.810 | 85.125 | 39.182 | 57.135 |
| Foreign | 61.343 | 65.857 | 65.423 | 68.824 | 101.979 |
| Total | 152.072 | 149.667 | 150.548 | 108.006 | 159.114 |

C- Information Related to Financial Statements

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş. Detailed Balance Sheet as at 31 December 1995 (TL. Million)

| ASSETS | Current Period 31/12/1995 | Previous Period 31/12/1994 |
|-------------------------------------------|------------------------------|-------------------------------|
| I. Current Assets | 3,893,345 | 2,434,387 |
| A. Liquid Assets | 158,414 | 6,227 |
| 1. Cash | 528 | 259 |
| 2. Banks | 157,886 | 5,968 |
| B. Marketable Securities | 11,999 | 58,405 |
| 1. Private Bond Securities | 11,999 | - |
| 2. Public Bond Securities | - | 58,405 |
| C. Short Term Trade Receivables | 1,672,999 | 1,214,969 |
| 1. Trade Receivables | 1,664,035 | 1,367,237 |
| 2. Notes Receivable | 7,943 | - |
| 3. Deposits and Guarantees | 130 | 130 |
| 4. Other Short Term Receivables | 3,462 | 152 |
| 5. Discount of Notes Receivable (-) | (283) | - |
| 6. Provision for Doubtful Receivables (-) | (2,288) | (152,550) |
| D. Other Short Term Receivables | 23,932 | 3,733 |
| E. Inventories | 1,662,530 | 859,949 |
| 1. Raw Materials | 990,677 | 363,850 |
| 2. Work in Progress | 215,703 | 202,246 |
| 3. Semi Finished Goods | 141,023 | 66,798 |
| 4. Finished Goods | 309,786 | 135,677 |
| 5. Other Inventories | 5,341 | 491 |
| 6. Advances on Purchase Orders | - | 90,887 |
| F. Other Current Assets | 363,471 | 291,104 |
| 1. Export VAT | 248,883 | 206,063 |
| 2. VAT | 9,776 | 53,068 |
| 3. Prepaid Tax | 101,486 | 14,651 |
| 4. Other Current Assets | 3,326 | 17,322 |
| II. Long Term Assets | 1,108,537 | 631,551 |
| A. Long Term Trade Receivables | - | 104 |
| 1. Deposits and Guarantees | - | 104 |
| B. Equity Investments | 120,651 | 124,034 |
| 1. Affiliates | 120,651 | 124,034 |
| C. Tangible Fixed Assets | 935,303 | 506,705 |
| 1. Land | 4,061 | 3,980 |
| 2. Superstructures and Infrastructures | 173,815 | 87,241 |
| 3. Buildings | 723,939 | 362,877 |
| 4. Plant, Machinery and Equipment | 1,759,195 | 957,756 |
| 5. Motor Vehicles | 17,887 | 11,325 |
| 6. Furniture and Fixtures | 29,320 | 14,997 |
| 7. Other Fixed Assets | - | 7,022 |
| 8. Accumulated Depreciation (-) | (1,784,372) | (938,493) |
| 9. Construction in Progress | 11,458 | - |
| D. Intangible Fixed Assets | 1,125 | - |
| E. Other Long Term Assets | 51,458 | 708 |
| Total Assets | 5,001,882 | 3,065,938 |

The accompanying notes are integral parts of these financial statements

| LIABILITIES AND SHAREHOLDERS' EQUITY | Current Period 31/12/1995 | Previous Period 31/12/1994 |
|---------------------------------------------------|--------------------------------------|---------------------------------------|
| I. Current Liabilities | 1,501,526 | 1,440,441 |
| A. Financial Liabilities | 127,766 | 493,904 |
| 1. Bank Loans | 65,000 | 443,132 |
| 2. Current Year Portion of Long Term Loans | 62,766 | 39,563 |
| 3. Other Financial Liabilities | - | 11,209 |
| B. Trade Payables | 421,366 | 437,286 |
| 1. Suppliers | 405,465 | 427,884 |
| 2. Deposits and Guarantees Received | 9,320 | 5,324 |
| 3. Other Trade Payables | 6,581 | 4,078 |
| C. Other Short Term Liabilities | 323,489 | 245,469 |
| 1. Amounts Due To Shareholders | 630 | 513 |
| 2. Accrued Expenses | 10,743 | 19 |
| 3. Taxes and Other Deductions Payable | 55,684 | 21,224 |
| 4. Extended Payables to the Government | 3,763 | 1,967 |
| 5. Deferred Export V.A.T. | 248,883 | 206,063 |
| 6. Other Short Term Liabilities | 3,786 | 15,683 |
| D. Purchase Orders Received | 83 | 21 |
| E. Accruals | 628,822 | 263,761 |
| 1. Accrual For Taxation | 616,375 | 263,761 |
| 2. Other Debt and Expense Accrual | 12,447 | - |
| II. Long Term Liabilities | 355,080 | 213,128 |
| A. Financial Liabilities | 81,449 | 103,688 |
| 1. Bank Loans | 81,449 | 103,688 |
| B. Other Long Term Liabilities | 31,777 | 4,435 |
| 1. Extended Payables to the Government | 3,763 | 4,134 |
| 2. Extended Taxes Payable | 28,014 | 301 |
| C. Provisions | 241,854 | 105,005 |
| 1. Retirement Pay Provision | 241,854 | 105,005 |
| III. Shareholders' Equity | 3,145,276 | 1,412,369 |
| A. Capital | 425,250 | 212,625 |
| B. Share Premium | 9,518 | 2,274 |
| C. Revaluation Reserve | 995,765 | 607,452 |
| 1. Revaluation of Tangible Fixed Assets | 963,877 | 575,564 |
| 2. Revaluation of Equity Investments | 31,888 | 31,888 |
| D. Reserves | 455,302 | 153,385 |
| 1. Legal Reserves | 87,531 | 40,945 |
| 2. Special Reserves | 98,239 | 119 |
| 3. Extraordinary Reserves | 258,734 | 112,321 |
| 4. Cos Increase Fund | 10,798 | - |
| E. Net Income For The Period | 1,259,441 | 436,633 |
| Total Liabilities and Shareholders' Equity | 5,001,882 | 3,065,938 |

Kordsa Kord Bezi Sanayi ve Ticaret A.Ş.

Notes to the Balance Sheet as at 31 December 1995

1) OPERATIONS OF THE COMPANY:

Production and sales of Nylon Tire Cord Fabric and some other industrial fabrics.

2) SHAREHOLDERS WHO OWN 10% OR MORE SHARES OF THE COMPANY (TL Million)

| Name | Share % | Share Amount |
|---------------------------|---------|--------------|
| Akbank Tekaüt Sandığı | 14,27 | 60.672 |
| Akbank T.A.Ş. | 34,23 | 145.557 |
| H.Ö. Sabancı Holding A.Ş. | 13,22 | 56.222 |

3) PRIVILEGED SHARES

Only shareholders with A Type shares are allowed to elect two of the Board of Directors.

4) REGISTERED CAPITAL LIMIT (TL Million)

As at 31 December 1995 the registered capital limit of the Company was 1.000.000.-

5) CAPITAL INCREASES DURING THE YEAR (TL Million):

| Date of Capital Increase | Increase Amount | Cash | Reserves | Revaluation Surplus |
|--------------------------|-----------------|------------|----------|---------------------|
| 29.05.1995 | 212.625 | 106.312,50 | — | 106.312,50 |

6) SECURITIES OTHER THAN SHARES ISSUED DURING THE YEAR:

There is no other security issued during the year.

7) SECURITIES RELATING TO LIABILITIES ISSUED DURING THE YEAR:

There are no securities relating to liabilities issued during the year.

8) MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR (TL Million):

| | |
|---------------------------------------------------------------|-----------|
| a) Cost of acquired, built or purchased goods | : 247.153 |
| b) Cost of fixed assets scrapped or sold | : 31.430 |
| c) Revaluation of tangible fixed assets in the current period | : 497.558 |
| Increase in Cost (+) | 1.408.703 |
| Increase in Accumulated Depreciation (-) | 551.145 |

9) CURRENT AND FUTURE INVESTMENT ALLOWANCES WHICH ARE DEDUCTIBLE FROM TAX BASE (TL Million):

| | |
|-----------------------------------|-----------|
| Current year investment allowance | : 222.905 |
| Future investment allowance | : 11.143 |

10) BALANCES WITH SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES (TL Million):

| | Receivables | | Payables | |
|--------------|-------------|-----------|----------|-----------|
| | Trade | Non Trade | Trade | Non Trade |
| Shareholders | - | - | 157 | - |
| Subsidiaries | 1.179.758 | - | 6.207 | - |
| Affiliates | 28.791 | - | 340.759 | - |

11) ACCOUNTING PRINCIPLES AND VALUATION METHODS:

a) Accounting Principles

The Capital Markets Board has published Decree No: XI/1 and Decree No: XI/4, XI/5 and XI/11 which amend or add to Decree XI/1. These Decrees define the principles and rules related to the preparation and

presentation of financial statements and reports to be prepared by those companies subject to Capital Markets Law for accounting periods commencing after 31 December 1988.

b) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method for raw materials, goods for resale and other inventories and by the monthly weighted average method for semi-finished goods and finished goods.

c) Equity Investments

Equity investments are stated at cost plus the nominal value of bonus shares received in cases where investee companies have converted their internal reserves into Capital, provided that there is no diminution in value.

d) Fixed Assets

The Company recognized that stating Fixed Assets at cost is not appropriate due to the consistently high inflation rate in Turkey. Therefore buildings (excluding land), superstructures and infrastructures, plant, machinery, and equipment, motor vehicles, furniture and fixtures are revalued by applying coefficients that are fixed by the Ministry of Finance. The resulting revaluation surplus is included in shareholders' equity.

Revalued tangible fixed assets (excluding buildings) are depreciated by the double declining and straight-line methods using the following rates in accordance with the Tax Law:

| | % |
|----------------------------------|-------|
| Suerstructures & Infrastructures | 4-6 |
| Buildings | 2-4 |
| Plant, Machinery & Equipment | 20-25 |
| Motor Vehicles | 20-25 |
| Furniture & Fixtures | 20-25 |

e) Income & Expenses

The accruals basis of accounting is applied for the recognition of revenues and expenses. Income is recognised at the time of delivery of goods or services. Price differences relating to the previous period sales are journalized during the year.

f) Assets & Liabilities in Foreign Currency

Assets and liabilities denominated in foreign currency are translated into Turkish Lira at exchange rates issued by the Turkish Central Bank at the balance sheet date. Transactions in foreign currencies during the year are translated into Turkish Lira at the rates ruling on the transaction dates. Exchange gains and losses resulting from such transactions are included in the profit and loss accounts.

g) Retirement Pay Provision

In accordance with the requirements of the Capital Market Board, provisions are made for potential future payments to employees with rights to retirement pay under Turkish Employment Legislation.

12) SUBSEQUENT EVENTS

The retirement pay ceiling has been increased to TL 35.176.250 commencing on 1 January 1996.

13) CONTINGENT EVENTS (TL Million):

| | |
|----------------------------------------------------|----------|
| Amount of legal claims pursued against the Company | : 522 |
| Amount of claims pursued by the Company | : 30.314 |

14) CHANGES IN THE ACCOUNTING ESTIMATES:

There is no change in the accounting estimates which could have a significant effect on profit.

15) MORTGAGES AND GUARANTEES ON ASSETS (TL Million):

Total amount of mortgages on tangible fixed assets : 95.000

16) INSURANCE ON ASSETS (TL Million):

| Type of Assets | Net Book Value | Insurance Value | Coverage % |
|----------------|----------------|-----------------|------------|
| Fixed Assets | 925.055 | 2.503.000 | 2,71 |
| Vehicles | 6.187 | 24.653 | 3,98 |
| Stocks | 700.930 | 800.000 | 1,14 |
| Total | 1.632.172 | 3.327.653 | - |

17) GUARANTEES AND MORTGAGES RECEIVED (TL Million):

| Customer Name | Receivable Balance | Type of Guarantees or Mortgages Received | Guarantee or Mortgages |
|--------------------|--------------------|------------------------------------------|------------------------|
| Anadolu Nakil Bant | 1.788 | Mortgage | 2.200 |
| Etibant | 1.298 | Mortgage | 1.000 |
| Anlaş | 7 | Letter of Guarantee | 3.350 |
| Seçenler | 3.226 | Letter of Guarantee | 1.200 |
| Birlik Lastik | 1.590 | Letter of Guarantee | 1.500 |
| Lapaş | 3 | Letter of Guarantee | 500 |
| Teknik Kauçuk | 5.348 | Letter of Guarantee | 500 |
| TOPLAM | 13.260 | | 10.250 |

There are also Letters of Guarantee amounting to 2.432 MTL from subcontractors

18) CONTINGENT LIABILITIES (TL Million):

| Type of Liabilities | 31.12.1995 Liability Balance | 31.12.1994 Liability Balance |
|---------------------|------------------------------|------------------------------|
| Letter of Gurantee | 829.475 | 234.718 |

19) BLOCKED DEPOSITS AT BANKS:

There are no blocked deposits at banks.

20) MARKETABLE SECURITIES UNDER MARKET VALUE:

The marketable securities circulating in the stock exchange are the stocks of Brisa A.Ş. The market value of the Brisa participation with nominal value of 1.000 TL. and amounting to 70.075,323 thousand TL is 14,750 TL per share as at 31 December 1995.

21) SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES:

There are no securities issued by shareholders, affiliates and subsidiaries.

22) DETAILS OF "OTHER" BALANCES IN FINANCIAL STATEMENTS:

*Income Statement/F.3

| Other Operating Profit and Income | | 177.408 |
|-----------------------------------|---------|---------|
| Foreign Exchange Profit | 106.061 | |
| Miscellaneous Sales | 62.858 | |
| Other | 8.489 | |

*Income Statement/G.2

| Other Operating Expenses and Losses | | 55.540 |
|-------------------------------------|--------|--------|
| Cost of Miscellaneous Sales | 40.641 | |
| Other | 14.899 | |

23) RECEIVABLES FROM AND PAYABLES TO PERSONNEL:

There is no receivable from or payable to personnel exceeding 1% of the total assets included in other receivables or other short term and long term liabilities.

24) DOUBTFUL RECEIVABLES RELATING TO SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES:

There is no doubtful receivable relating to the shareholders, affiliates and subsidiaries.

25) DOUBTFUL RECEIVABLES DUE (TL Million):

Doubtful Receivable Amount: 2.288,6

26) EQUITY INVESTMENTS (TL Million):

| Name | Investment Amount 31.12.1995 | Investment Rate 31.12.1995 | Investment Amount 31.12.1994 | Investment Rate 31.12.1994 |
|------------------------------------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| *Nile Kordsa | 11.626 | 30% | 15.208 | 40% |
| *Dusa End. Iplik San. ve Tic. A.Ş. | 22.500 | 12,50% | 22.500 | 12,50% |
| *Beksa Çelik Kord San. ve Tic. A.Ş. | 16.000 | 10,00% | 16.000 | 10 % |
| *Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. | 70.075 | 6,60% | 70.075 | 6,60% |
| *Betonsa Beton San. ve Tic. A.Ş. | 250 | <1 | 50 | <1 |
| *Yapı Kredi Bankası A.Ş. | 0.002 | <1 | 0.002 | <1 |
| *Marsa Kraft, Jacobs, Suchard Gıda San. ve Tic. A.Ş. | 200 | <1 | 200 | <1 |

27) FREE SHARES ISSUED BY AFFILIATES AND SUBSIDIARIES (TL Million):

Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. : 31.888

28) NON CASH RIGHTS ON INMOVABLES:

There are no non cash rights on immovables.

29) REVALUATION OF TANGIBLE FIXED ASSETS (TL Million):

| | Revaluation Surplus | | |
|--|---------------------|------------|------------|
| | 31.12.1993 | 31.12.1994 | 31.12.1995 |
| | 58,4% | 107,6% | 99,5% |
| | 144.165 | 336.181 | 497.558 |

30) ASSETS & LIABILITIES IN FOREIGN CURRENCY (TL Million):

| | Currency | Foreign Exchange Amount | Foreign Exchange Rate | MTL Amount |
|-------------|----------|-------------------------|-----------------------|------------------|
| Cash&Bank | \$ | 518.362,59 | 59.322,00 | 30.750 |
| | DM | 2.957.554,47 | 41.402,00 | 122.449 |
| | £ | 127,59 | 92.104,00 | 12 |
| | SFR | 649,63 | 51.567,00 | 33 |
| | | | TOTAL | |
| Receivables | \$ | 13.149.254,32 | 59.501,00 | 782.394 |
| | DM | 7.915.478,52 | 41.527,00 | 328.706 |
| | DK | 6.464.316,59 | 10.736,00 | 69.401 |
| | £ | 56.349,11 | 92.381,00 | 5.206 |
| | Liret | 1.400.001.415,50 | 37,57 | 52.598 |
| | FF | 8.054.846,74 | 12.144,00 | 97.818 |
| | SFR | 59.808,00 | 51.722,00 | 3.093 |
| | | TOTAL | | 1.339.216 |
| Payables | \$ | 149.132,46 | 59.501,00 | 8.874 |
| | DM | 328.915,01 | 41.527,00 | 13.659 |
| | | | TOTAL | |

31) GUARANTEES GIVEN ON BEHALF OF SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES:

There are no guarantees given on behalf of shareholders, affiliates and subsidiaries.

32) PERSONNEL STRUCTURE:

Average number of personnel during the year is as follows

| | |
|--------------|------------|
| Salaried: | 242 |
| Waged: | 458 |
| TOTAL | 700 |

33) OTHER SIGNIFICANT MATTERS AFFECTING THE FINANCIAL STATEMENTS:

There are no other significant matters affecting the financial statements.

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.
Detailed Statement of Income for the Year Ended 31 December 1995 (TL Million)

| | Current Period 31 December 1995 | Previous Period 31 December 1994 |
|-------------------------------------------------------------|-------------------------------------------|--------------------------------------------|
| A. Gross Sales | 7,838,637 | 3,510,084 |
| 1. Domestic Sales | 2,817,233 | 1,135,414 |
| 2. Export Sales | 5,017,131 | 2,371,360 |
| 3. Other Sales | 4,273 | 3,310 |
| B. Sales Deductions (-) | (3,060) | (9,922) |
| 1. Sales Returns (-) | (1,973) | (1,911) |
| 2. Sales Discounts (-) | (1,087) | (8,011) |
| Net Sales | 7,835,577 | 3,500,162 |
| C. Cost of Sales (-) | (5,127,509) | (2,069,015) |
| Gross Profit | 2,708,068 | 1,431,147 |
| D. Operating Expenses (-) | (924,356) | (322,480) |
| 1. Marketing, Selling and Distribution Expense (-) | (387,711) | (70,103) |
| 2. General Administrative Expenses (-) | (536,645) | (252,377) |
| Trading Profit | 1,783,712 | 1,108,667 |
| E. Income in Other Operations | 275,352 | 82,980 |
| 1. Dividend from Affiliates | 77,054 | 25,066 |
| 2. Interest and Other Dividend Income | 20,890 | 35,781 |
| 3. Other | 177,408 | 22,133 |
| F. Expenses and Losses from Other Operations (-) | (55,542) | (182,907) |
| 1. Provision for Doubtful Receivables (-) | (2) | (152,550) |
| 2. Other (-) | (55,540) | (30,357) |
| G. Financial Expenses (-) | (389,300) | (688,353) |
| 1. Short Term Borrowing Expenses (-) | (318,433) | (600,038) |
| 2. Long Term Borrowing Expenses (-) | (70,867) | (88,315) |
| Operating Profit | 1,614,222 | 320,387 |
| H. Extraordinary Income and Profits | 319,664 | 440,524 |
| I. Extraordinary Expenses and Losses (-) | (58,070) | (60,517) |
| Income for The Period | 1,875,816 | 700,394 |
| J. Taxes Payable and Other Statutory Obligations (-) | (616,375) | (263,761) |
| Net Income for The Period | 1,259,441 | 436,633 |

The accompanying notes are integral parts of these financial statements.

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.
Statement of Funds Flow for The Year Ended 31 December 1995 (TL Million)

| | Current Period 31 December 1995 | Previous Period 31 December 1994 |
|---------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| A. Sources | 2,628,074 | 1,610,661 |
| 1. Sources From Operation | 2,036,283 | 505,875 |
| a. Operating Profit | 1,614,223 | 320,386 |
| b. Depreciation | 285,211 | 154,276 |
| c. Expenses not Involving Outlay of Funds (Retirement Pay) | 136,849 | 31,213 |
| 2. Fund Received from Extraordinary Profit | 319,664 | 440,524 |
| a. Extraordinary Profit | 319,664 | 440,524 |
| 3. Increase in Short Term Liabilities | - | 618,962 |
| 4. Increase in Long Term Liabilities | 5,103 | 45,300 |
| 5. Decrease in Long Term Assets | - | - |
| 6. Profit on Sale of Fixed Assets or Securities to be converted into Share Capital | - | - |
| 7. Cash Capital Increase | 106,313 | - |
| 8. Share Premium | 7,244 | - |
| 9. Cost Increase Fund | 10,798 | - |
| 10. Sales of Fixed Assets included in the Renewal Fund | 138,535 | - |
| 11. Tax Differences added to Extraordinary Reserves | 4,134 | - |
| B. Use of Funds | 2,628,074 | 1,610,661 |
| 1. Fund Used in Extraordinary Loss | 58,070 | 60,516 |
| a. Extraordinary Loss | 58,070 | 60,516 |
| 2. Taxes and Charges Paid | 263,761 | 35,303 |
| 3. Dividends Paid | 247,769 | 38,242 |
| 4. Increase in Current Assets | 1,458,959 | 1,439,124 |
| 5. Increase in Long Term Assets (Excluding Revaluation) | 307,985 | 37,476 |
| 6. Decrease in Short Term Liabilities | 291,530 | - |
| Change in Net Working Capital | | |
| 1. Increase/(Decrease) in Net Working Capital | 1,397,874 | 591,645 |

The accompanying notes are integral parts of these financial statements.

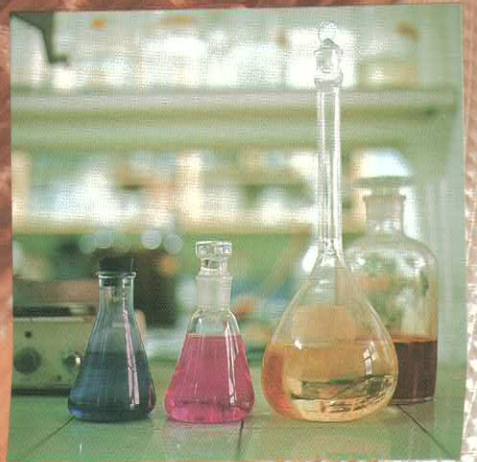
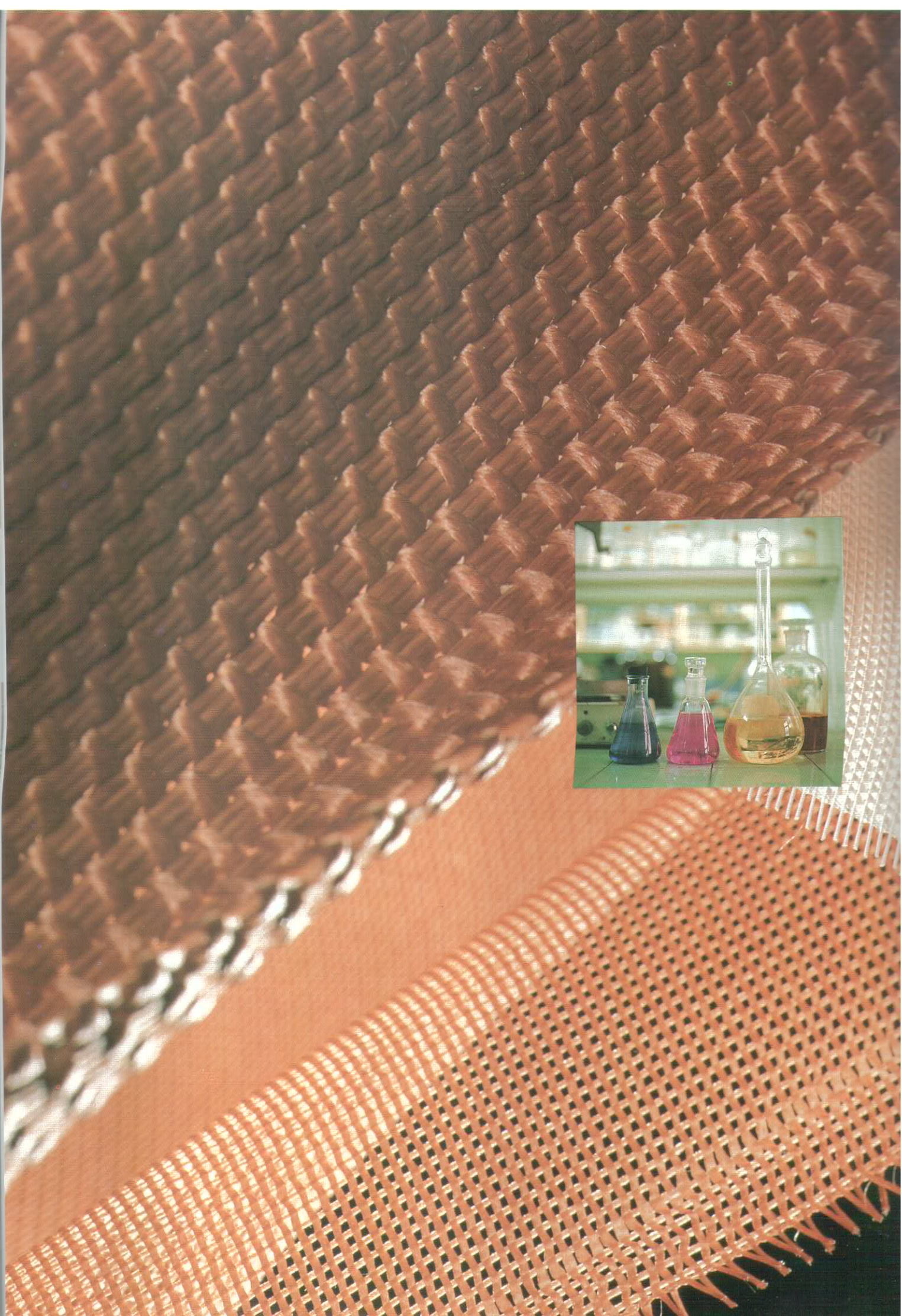
KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.
Statement of Cash Flow for The Year Ended 31 December 1995 (TL Million)

| | Current Period 31 December 1995 | Previous Period 31 December 1994 |
|------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| A. Cash Balances at The Begining of Period | 6,227 | 7,096 |
| B. Cash Receipts During The Period | 8,293,652 | 3,912,487 |
| 1. Cash Received From Sales | 7,377,546 | 2,803,086 |
| a. Net Sales | 7,835,576 | 3,500,162 |
| b. Increase in Receivables from Sales (-) | (458,030) | (697,076) |
| 2. Cash Received from Other Income and Profits | 275,353 | 82,980 |
| 3. Cash Received from Extraordinary Income and Profits | 319,664 | 440,524 |
| 4. Increase in Current Liabilities (Not Relating to Purchases) | - | 523,092 |
| 5. Other Cash Receipts | 321,089 | 62,805 |
| a. Increase in Long Term Liabilities (Not Relating to Purchases) | 54,065 | 62,805 |
| b. Profit on Sale of Fixed Assets and Securities | - | - |
| c. Capital Increase Cash | 106,313 | - |
| d. Share Premium | 7,244 | - |
| e. Cost Increase Fund | 10,798 | - |
| f. Sales of Fixed Assets included in the Renewal Fund | 138,535 | - |
| g. Tax Differences added to Extraordinary Reserves | 4,134 | - |
| C. Cash Payments During The Period | 8,141,465 | 3,913,356 |
| 1. Cash Payments Relating to Costs | 5,676,297 | 2,458,575 |
| a. Cost of Sales | 5,127,509 | 2,069,016 |
| b. Increase in Inventories | 802,581 | 604,282 |
| c. Increase in Liabilities Relating to Purchases | 15,920 | (95,869) |
| d. Expenses Not Requiring Cash Payments Such As Depreciation and Provisions (-) | (269,713) | (118,854) |
| 2. Cash Payments Relating to Operating Expenses | 772,009 | 255,845 |
| a. Marketing, Selling and Distribution Expenses | 387,711 | 70,103 |
| b. General Administrative Expenses | 536,645 | 252,377 |
| c. Expenses not Requiring Cash Payments (-) | (152,347) | (66,635) |
| 3. Cash Payments Relating Other Expenses and Other Losses | 55,542 | 182,907 |
| a. Other Expenses and Losses | 55,542 | 182,907 |
| 4. Cash Payments Relating to Financial Expenses | 389,300 | 688,353 |
| 5. Cash Payments Relating to Extraordinary Expenses and Losses | 58,070 | 60,516 |
| a. Extraordinary Expenses and Losses | 58,070 | 60,516 |
| 6. Cash Payments Relating to Purchases of Fixed Assets | 259,598 | 37,476 |
| 7. Principal Payments of Long Term Loans (Not Related to Purchases) | 48,962 | 17,505 |
| 8. Taxes and Charges Paid | 263,761 | 35,303 |
| 9. Dividends Paid | 247,769 | 38,242 |
| 10. Other Cash Payments | 370,157 | 138,634 |
| a. Decrease in Short Term Liabilities (Not relating to Purchases) | 275,610 | - |
| b. Other Cash Payments | 94,547 | 138,634 |
| D. Cash Balances at The End of Period | 158,414 | 6,227 |
| E. Cash Increase/(Decrease) | 152,187 | (869) |

The accompanying notes are integral parts of these financial statements.

Kordsa Kord Bezi Sanayi ve Ticaret A.Ş.
Notes to Income Statement for the Year Ended 31 December 1995 (TL Million)

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1) Depreciation and amortisation expenses of the period: | | 324,308 |
| a) Depreciation expense: | | 324,027 |
| aa) Depreciation expense: | 188,670 | |
| ab) Revaluation of depreciation: | 135,357 | |
| b) Amortisation expense: | | 281 |
| 2) Total Provisions: | | 139,316 |
| Discount on Notes Receivable: | 2,467 | |
| Retirement Pay Provision: | 136,849 | |
| 3) All financial expenses: | | 389,300 |
| a) At Production cost: | None | |
| b) Tangible Fixed Asset cost: | None | |
| c) Written as expense in profit and loss account: | 389,300 | |
| 4) Financial expenses related to shareholders, subsidiaries and affiliates: | | |
| Main items: | | 342,408 |
| Credits related to Akbank T.A.Ş. : | 232,518 | |
| Dusa Foreign Exchange Difference: | 107,601 | |
| 5) Sales to shareholders, affiliates and subsidiaries: | | 5,577,129 |
| <u>above 20% of sales:</u> | | |
| Exsa Export San. Mam. Satış ve Araşt. A.Ş.: | 3,317,510 | |
| Exsa UK: | 1,027,255 | |
| Brisa Bridgestone Sabancı Lastik San. A.Ş.: | 1,232,365 | |
| Purchases from shareholders, affiliates and subsidiaries (All from Dusa A.Ş.): | | 1,709,813 |
| 6) Interest, rent, and various expense paid to shareholders, affiliates and subsidiaries: | | 278,911 |
| <u>above 20% of the total amount</u> | | |
| Credit and interest paid to Akbank: | 149,119 | |
| Foreign Exchange difference paid to DUSA A.Ş. | 107,601 | |
| 7) Salaries and benefits paid to top management: | | 23,107 |
| 8) There is no change in depreciation calculation method. | | |
| 9) Stock costing calculation system: Lower of cost or net realisable value. | | |
| Stock valuation method | : Cost is determined by the weighted average method for raw material, goods for resale and other inventories; and by the monthly weighted average method for semi-finished goods and finished goods. | |
| 10) Physical stocktake is performed as at 31 December 1995. | | |
| 11) There is no sale of scrap materials which exceeds 20% of domestic and export sales. | | |
| 12) Freight support price stabilisation fund is received for 1994 exports during the year. | | |
| 13) Extraordinary income and profits includes freight support price stabilisation fund amounting to 271,257 received for 1994 exports. | | |
| 14) For profit and dividend per share please see Profit Distribution Table. | | |



KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.
Statement of Cost of Sales For The Year Ended 31 December 1995 (TL Million)

| | Current Period 31 December 1995 | Previous Period 31 December 1994 |
|----------------------------------------|-------------------------------------------|--------------------------------------------|
| Production Operations | | |
| A. Cost of Raw Materials | 4,298,831 | 1,812,289 |
| B. Cost of Direct Labor | 371,657 | 189,618 |
| C. General Production Overheads | 613,371 | 276,305 |
| D. Cost of Semi-Finished Goods Used | (87,681) | (189,678) |
| 1. Beginning Inventory (+) | 269,044 | 79,366 |
| 2. Ending Inventory (-) | (356,725) | (269,044) |
| Cost of Finished Goods Produced | 5,196,178 | 2,088,535 |
| E. Change in Finished Goods | (174,109) | (87,440) |
| 1. Beginning Inventory (+) | 135,677 | 48,237 |
| 2. Ending Inventory (-) | (309,786) | (135,677) |
| I. Cost of Finished Goods Sold | 5,022,069 | 2,001,095 |
| II. Cost of Trade Goods Sold | 105,440 | 67,920 |
| Cost of Sales | 5,127,509 | 2,069,015 |

Financial Ratios

| | Current Year | Previous Year |
|---------------------------------------------------------------------------------------------------|---------------------|----------------------|
| Liquidity Ratios | | |
| 1. Current Ratio (Current Assets / Current Liabilities) | 2.59 | 1.69 |
| 2. Acid Test Ratio (Current Assets-Inventories / Current Liabilities) | 1.49 | 1.09 |
| Financial Structure Ratios | | |
| 1. Total Liabilities / Total Assets (Current Liabilities+Long Term Liabilities/Total Assets) | 0.37 | 0.54 |
| 2. Shareholders' Equity / Total Liabilities (Shareholders' Equity/Current Liab.+Long Term Liab.) | 1.69 | 0.85 |
| Operating and Profitability Ratios | | |
| 1. Profitability Ratio of Sales (Income for the Period / Net Sales) | 0.24 | 0.20 |
| 2. Profitability Ratio of Sales (Income for the Period / Total Assets) | 0.38 | 0.23 |
| 3. Profitability Ratio of Shareholders' Equity (Net Income for the Period / Shareholders' Equity) | 0.40 | 0.31 |

The accompanying notes are integral parts of these financial statements.

D- Administrative Operations

1. The Management Team of Our Company



Güler Sabancı
(General Manager)

Hasan Cihat Erbaşol
(Legal Consultant)



Mustafa Hür Kazancıoğlu
(Ass. Gen. Mng. Finance and Accounting)

Hüseyin Güleşçi
(Accounting Manager)

Yasemin Çelik
(Finance Manager)



Yılmaz Kanbak
(Ass. Gen. Mng., Industrial Relations and Planning)

Rıdvan Yirmibeşoğlu
(Human Resources Manager)

Hayri Özer Gez
(Planning Manager)

Mahir Gülle
(Industrial Relations Manager)



Ahmet Çağlar
(Ass. Gen. Mng. Projects)

Aydın Kosova
(Quality Systems Manager)

Hüseyin Akduman
(Quality Assurance Manager)



Mehmet Akif Azizoğlu
(Ass. Gen. Mng. Technical)

Eray Atak
(Prod. Mng. Tyrecord Fabric)

Diñer Çelik
(Production Mng. Ind. Fabric)

Ali Vatansever
(Research and Development Mng.)

İbrahim Çaycı
(Main. and Sup. Dep. Mng.)



Tanju Ula
(Ass. Gen. Mng. Commercial)

Ahmet Dördüncü
(Marketing Manager)

Taylan Özer
(Procurement Manager)

Feridun Alpay
(Domestic Sales Manager)

Fikret İsaoglu
(Purchasing and Inv. Control Mng.)

Güler Sabancı

General Manager
Born in 1955. BA from
Faculty of Administrative
Sciences, Bosphorus
University. Working for our
Company since April, 1985.

Mustafa Hür Kazancıoğlu

Assistant General Manager,
Finance and Accounting.
Born in 1941. BA from
Finance Department,
Academy of Economic and
Commercial Sciences.
Working for our Company
since November 11, 1974.

Mehmet Akif Azizoğlu

Assistant General Manager,
Technical.
Born in 1944. BS from
Chemistry, Massachusetts
Institute of Technology.
Working for our Company
since April 28, 1975.

Yılmaz Kanbak

Assistant General Manager,
Industrial Relations and
Planning.
Born in 1945. BA from
Business and Statistics
Department, Istanbul
University. Working for our
Company since September
25, 1975.

Tanju Ula

Assistant General Manager,
Commercial.
Born in 1947. BS from
Faculty of Mechanical
Engineering, Middle East
Technical University.
Working for our Company
since June 1, 1985.

Ahmet Çağlar

Assistant General Manager,
Projects.
Born in 1952. BS from Yıldız
Academy of Engineering and
Architecture: MBA degree in
Business Administration,
The University of Texas.
Working for our Company
since November 1, 1988.

Hüseyin Güleşçi

Accounting Manager
Born in 1945. BA from
Eskişehir Academy of
Economic and Commercial
Sciences. Working for our
Company since November
1, 1973.

Taylan Özer

Procurement Manager
Born in 1942. BA from
Department of Business
Administration, Middle East
Technical University.
Working for our Company
since August 1, 1979.

Yasemin Çelik

Finance Manager
Born in 1955. BA from
Faculty of Administrative
Sciences, Middle East
Technical University.
Working for our Company
since January 10, 1984.

Hasan Cihat Erbaşol

Legal Consultant
Born in 1944. BA from Faculty
of Law, Istanbul University.
Working for our Company
since November 1, 1975.

Aydın Kosova

Quality Systems Manager
Born in 1953. BS from Faculty
of Chemical Engineering,
Istanbul University. Working
for our Company since
January 3, 1983.

Hüseyin Akduman

Quality Assurance Manager
Born in 1947. BS from
Faculty of Chemical
Engineering, I.D.M.M.A.
Working for our Company
since March 1, 1975.

Eray Atak

Production Manager (Tyre
Cord Fabric)
Born in 1949. BS from
Faculty of Chemical
Engineering, Middle East
Technical University.
Working for our Company
since December 14, 1981.

Diñer Çelik

Production Manager
(Industrial Facbrics)
Born in 1957. BS from Faculty
of Chemical Engineering,
Hacettepe University. Working
for our Company since March
6, 1984.

Ali Vatansever

Research and Development
Manager
Born in 1954. BS and MS from
Faculty of Chemistry, Middle
East Technical University, Ph.
D. from University of
Tennessee, Materials Science
and Engineering. Working for
our Company since April 20,
1987.

İbrahim Çaycı

Maintenance and
Supporting Departments
Manager
Born in 1955. BS from
Faculty of Electrical
Engineering, Middle East
Technical University.
Working for our Company
since August 1, 1983.

Rıdvan Yirmibeşoğlu

Human Resources Manager
Born in 1960. BA from
Faculty of Public
Management Sciences,
Istanbul University. Working
for our Company since
August 20, 1986.

Hayri Özer Gez

Planning Manager
Born in 1935. BS from
Faculty of Mechanical
Engineering, Yıldız University
Working for our Company
since August 29, 1991.

Mahir Gülle

Industrial Relations Manager
Born in 1950. BA from
Faculty of Law, Ankara
University. Working for our
Company since November
25, 1983.

Ahmet Dördüncü

Marketing Manager
Born in 1953. BS from
Faculty of Business
Administration, Çukurova
University. Working for our
Company since January
19, 1987.

Feridun Alpay

Domestic Sales Manager
Born in 1954. BA from
Faculty of Business
Administration, Academy of
Economic and Commercial
Sciences. Working for our
Company since February
1, 1980.

Fikret İsaoğlu

Purchasing and Inventory
Control Manager
Born in 1946. BA from
Faculty of Management,
Academy of Economic and
Commercial Sciences.
Working for our Company
since June 12, 1975.

**2. Issues Related to
Personnel and Workers**

Number of employees in our
company as of December 31,
1995 is 687. No important
employee disputes has occurred
in 1995.

**3. Pactice of Collective
Bargaining**

The articles of the 10th Term
Collective bargaining for the
period between January 1,
1995 and December 31, 1996
had been applied.

**4. Severance Pay
Obligations**

As of December 31, 1995
severance pay liability of our
company in accordance with
the rules of the prevailing
legislation is TL
241,853,757,828.

**5. Fringe Benefits
Provided to Personnel and
Workers**

Quartely paid salary bonus,
allowance for religious holiday,
allowance for marriage,
maternity allowance, aid in
case of death, seniority bonus,
food allowance, transport
service, annual leave
transportation fee, clothing
allowance for family and aid in
case of natural disaster.

III. Proposal for Profit Appropriation and Conclusion

The Board of Directors hereby submits and kindly requests appropriation of the net income in the balance sheet which is the result of our operation in 1995 and constituted in accordance with the Article 34 of the Articles of Association of our Company amounting to TL 1,875,816,487,425 remaining out of deductions for Corporation Tax and Fund, Income Withholding Tax and Fund, and 1st Legal Reserve as per the Article 35 of the said Articles of Association as follows:

Statement of Profit Distribution for The Year Ended 31 December 1995 (TL Million)

| | Current Period 31 December 1995 | Previous Period 31 December 1994 |
|---------------------------------------------------------------------|------------------------------------|-------------------------------------|
| A. Distribution of Profit For The Period | | |
| 1. Income For The Period | 1,875,816 | 700,393 |
| 2. Taxes Payable | (637,075) | (263,761) |
| Corporation Tax | (428,643) | (184,448) |
| Income Tax | (150,516) | (55,335) |
| Other Taxes and Charges | (57,916) | (23,978) |
| 3. First Legal Reserve | (42,525) | (20,237) |
| Distributable Net Profit For The Period | 1,196,216 | 416,395 |
| 4. First Dividend To Shareholders | (667,123) | (237,609) |
| Ordinary Shareholders | (595,350) | (212,625) |
| Privileged Shareholders | (71,773) | (24,984) |
| 5. Dividends to the Board of Directors | (16,000) | (10,160) |
| 6. Second Legal Reserve | (73,540) | (26,349) |
| Extraordinary Reserves | 439,553 | 142,277 |
| B. Profit Per Share (TL/%) | | |
| 1. Ordinary Shareholders | | |
| aa) 212.625.000 Shares Acquired 12 Months Dividend From 1994 Profit | | 2.054 TL./205.4% |
| ab) 425.250.000 Shares Acquired 12 Months Dividend From 1995 Profit | 2.913 TL./291% | |
| C. Dividends Per Share (TL/%) | | |
| 1. Ordinary Shareholders | | |
| aa) 212.625.000 Shares Acquired 12 Months Dividend From 1994 Profit | | 1.000 TL./100% |
| ab) 425.250.000 Shares Acquired 12 Months Dividend From 1995 Profit | 1.400 TL./140% | |
| 2. 200 Founder Shareholders | 358,865,000 TL | 124,920,000 TL |

The Board of Directors kindly requests your adoption and approval for the financial statements pertaining to the operations of our Company in 1995. After constitution of income in accordance with Article 35 of Articles of Association, the Board also submits the distribution of dividend as: - TL 1.400 - againsts each share of TL 1000 - par value of shares with series 3.4.5.6.7. and groups of A, B, C, D, by coupon 1995 and the determination of the date for the distribution of dividend as May 15, 1996 for your approval.

The accompanying notes are integral parts of these financial statements.

Auditor's Report

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

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trade Name | : | KORDSA Kord Bezi Sanayi ve Ticaret A.Ş. |
| Head Office | : | İstanbul |
| Issued Capital | : | TL 425.250.000.000 |
| Field of Operation | : | Manufacture and trade of tyre cord fabric used as raw material of tyres, conveyor belt and other industrial fabrics. |
| Names and Assignment Period of Auditor or Auditors and Whether They are Shareholders of the Company | : | Kenan KARASU, Yaşar BOZYÜRÜK, Müfit Süreyya ÜNAL Assignment period is 3 years, from March 31, 1994 to March 1997. They are not shareholders of the Company. |
| Numbers of Board Meetings Attended and Auditors' Meetings Held | : | Five board meeting were attended and four auditors' meetings were held. |
| Scope of Examination Conducted on the Company's Books of Accounts and Documents. Dates of Examination and Findings | : | Investigations and controls in terms of the Turkish Tax Legislation and Commercial Code were done in the last weeks of the 3rd, 6th, 9th and 12th months and nothing to be criticized was found. |
| Number and Findings of Cash Counts Conducted in Accordance with Subparagraph 3 of Paragraph 1 of Article 353 of the Turkish Commercial Code | : | Four cash counts were made and count results were found in line with the records. |
| Dates and Findings of Examinations in Accordance with Subparagraph 4 of Paragraph 1 of Article 353 of the Turkish Commercial Code | : | Examinations conducted in the first working day of every month revealed that existing securities were in line with the records. |
| Irregularities and Complaints Noted and Measures Taken | : | There were no complaints and irregularities. |

We have examined the accounts and transactions of Kordsa A.Ş. for the period Jan. 1. 1995 - Dec. 31. 1995 in accordance with the Turkish Commercial Code, the Articles of Association of the Company, other regulations and generally accepted accounting principles and standards.

In our opinion, the accompanying balance sheet prepared as of Dec. 31, 1995 reflects the financial position of the company at this date: the income statement for the period Jan. 1, 1995 - Dec. 31, 1995 reflects the true and accurate results of the Company's operations: the proposal for profit appropriation in conformity with the legislation and the Articles of Association.

We hereby submit the approval of the balance sheet and the income statement and the ratification of the actions of the Board of Directors to your votes.

Müfit Süreyya ÜNAL

BOARD OF AUDITORS
Kenan KARASU

Yaşar BOZYÜRÜK



KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.

**INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 1995**

1. We have examined the attached balance sheet of Kordsa Kord Bezi Sanayi ve Ticaret A.Ş. "the Company" as of 31 December 1995 (pages 1 and 2) and the related profit and loss statement for the year then ended (page 3). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.
2. In our opinion the attached financial statements present fairly the financial position of the Company as at 31 December 1995 and the results of its operations for the year then ended, in conformity with legislation and generally accepted accounting principles (see Balance Sheet Note 11a) as published by the Turkish Capital Market Board, applied on a consistent basis.

**DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

Member Firm of **DELOITTE TOUCHE TOHMATSU INTERNATIONAL**


Zeki KURTCU

Partner

İstanbul, 16 February 1996

Member :

**Deloitte Touche
Tohmatsu
International**

Ankara : Attar Sokak 9/3, 06700 Gaziosmanpaşa
Tel: (312) 437 43 13 Fax: (312) 436 88 58



***An entrepreneurial heart
beating for a hopeful future***

One of our founder shareholders;

ÖZDEMİR SABANCI

Özdemir Sabancı was born in Adana, on May 15, 1941. After graduating from Tarsus American College, he completed his Post-Graduate studies at Manchester University, Chemical Engineering. He received his specialist degree from Zurich University, in Switzerland.

He was the man realizing the incorporation of Sasa Group, one of the largest industrial establishments of Sabancı Group.

Because of his special interest in automotive, he commenced production of Marathon buses, minibuses and commercial vehicles at Temsa. Afterwards, established Toyotasa, a 50-50% joint venture with Japanese.

Sasa, Temsa, Toyotasa, Pilsa, Yazakisa, Sapeksa and Akkardansa were under the administration of Özdemir Sabancı, who was the Chairman of Sabancı Holding's Synthetic Fibers, Automotive, and Plastics Groups.

We lost a man whose eyes always searched for a hopeful future and who used his whole energy and heart to serve his country.

We believe that what he has done is indeed so little in comparison what he would have done for our country in the future.

He was on his work, as usual, producing...

Memory of Özdemir Sabancı, will not be forgotten as long as Sabancı Group lives.

We respectfully send tribute to his memory.



RECYCLED