



Cord Fabric Manufacturing
and Trading Inc.

19th Annual Report
1991



ROYAL CANADIAN MOUNTED POLICE



Cord Fabric Manufacturing and Trading Inc.

19th Annual Report 1991

Head Office

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Factory

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Agenda

The Agenda of Annual General Meeting of KORDSA Cord Fabric Manufacturing and Trading Inc. on March 26, 1992:

1. Opening and setting up of the Chairman's Panel,
2. Authorizing the Chairman's Panel to sign the minutes of the Annual Meeting,
3. Presentation and deliberations on the reports of the Board of Directors and Auditors on activities and accounts for the year 1991 and discussion of the proposal of the Board regarding the Balance Sheet and the Statement of Income for the year 1991,
4. Ratification of the activities of the Board of Directors and the Auditors for the year 1991,
5. Discussion of the resolution of the Board of Directors relating to the appropriation of 1991 profit and the date of dividend distribution,
6. Approval of the independent external auditing institution engaged by the Board to audit the financial statements and transactions for the years 1992 and 1993 in accordance with the provisions of the Capital Market Law 2499.

19th Annual General Meeting of our company will be held in the Ball Room of Istanbul Sheraton Hotel at 10:00 on Thursday, March 26, 1992.





Letter From The Chairman

Dear Shareholders,

Firstly, I would like to thank and greet you, our esteemed shareholders and their representatives, for honouring our Annual General Meeting, and to present our 19th Annual Report together with financial statements and Auditors' Reports for your examination and approval.

Historic events which had marked fiscal 1990, such as the reunification of Germany, the Gulf War, and scattering tendencies in the Soviet Union, brought about certain critical evidences indicating the birth pangs of a "new world" in 1991. We witnessed a painful process characterized by recent formation of the Commonwealth of Independent States in the Soviet Union and newly emerging states in Central Asia, and Caucasus, while Civil War in Yugoslavia was resulting in separation of this country. These tremendous changes in world's political life had dramatic impacts on the U.S. and other developed economies including Germany and Japan by turning them recessionary. The intensive efforts of West European countries to speed up the establishment of an economic and political unity, such as the agreement on the introduction of a single currency in 1999, and awarding EC institutions a new say in social policy, can be evaluated as trying to protect the balance against adverse effects of this

volatile situation by them. Under such dynamic circumstances, Turkey successfully passed an election year which proved the great commonsense and the fidelity of her people towards universal democratic and liberal ideals once more. New dimensions emerging to the traditional role of Turkey at the cross-roads of three continents seem to enable her to gain unprecedented importance in a peaceful new world. Thanks to this potential asset together with the execution of irreversible liberal policies, Turkey's performance is hopefully bound to be better again in the coming years provided that inflationary tendencies will be curbed, interest rates will be decreased, uncertainties in foreign exchange markets will be eased and the world debt issue will be dealt with on a medium-term and proper perspective.

The year 1992 seems to be a difficult period for the whole Turkish industry which will probably face negative effects of narrowing world trade due to on-going recession. However, we believe that there are sufficient persuasive reasons to be optimistic about the future performance prospects for private enterprises like Kordsa with a sound financial structure and highly qualified personnel. When we look at the recent performance of our company, which is part of the Sabancı Group and one of the largest industrial conglomerates in

Turkey, strong 1991 sales growth and margin improvements, secure future earnings stream especially on the back of continuous quality improvements provided by high technology, and a solid balance sheet appear to be leading her outperform the market again in 1992. The main advantage of Kordsa is that it occupies the middle position in a vertically integrated tire division within the Sabancı Group, which also includes the tire producer BRISA, the industrial yarn producer DUSA, and the steel cord manufacturer BEKSA. Being aware of the fact that the success of our company to date is highly dependent upon the valuable contributions provided by our esteemed shareholders, wish all KORDSA community, our fellow countrymen, and all nations in the world a peaceful and successful year, and I would like to thank you for your interest in our Annual General Meeting.

Regards,



Sakıp SABANCI

Investments

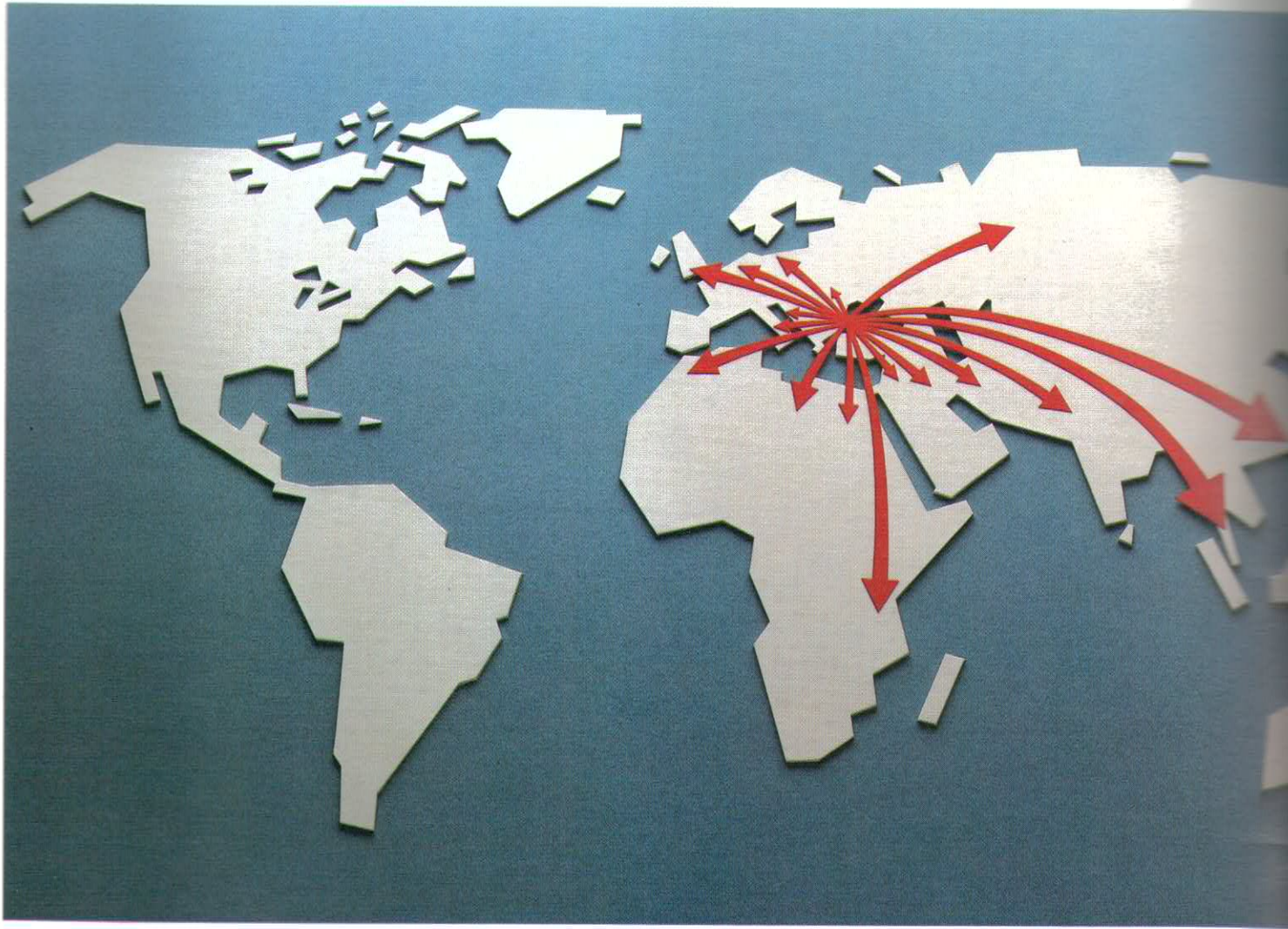


Feeling pride of being one of the most advanced institutions in its sector in the world with respect to capacity, technology, and quality, KORDSA has been pursuing a dynamic understanding and policies regarding investment, which are responsive to bring successful results for 19 years. Making the best of changing circumstances in domestic and foreign markets as an international organization, KORDSA management realized necessary investments promptly, and augmented its production capacity of semifinished fabric to 29.000 tons/year in 1991. Thanks to this production capacity, as always, KORDSA met all requirements of domestic market, while it was continuously displaying overwhelming efforts for penetration and expansion in international markets.

Participations

KORDSA with its participations amounting to TL 87,562 million as of 1991 yearend occupies the middle position in a vertically integrated tire division within the SABANCI GROUP. Today, BRISA, DUSA and BEKSA, which are all the participations of our company with foreigners, are operating in the industrial complex named KENTSA, which is located in Köseköy, İzmit. These factories producing tire, industrial yarn, and steel cord based on high technology provide prominent contributions to domestic economy.





Sales

KORDSA, which has been meeting all cord fabric needs of our country since 1976, diversified its products and began producing and selling industrial fabrics such as conveyor belt and chafer after 1984. Increasing its share in domestic market and abroad in both cord fabric and industrial fabrics day by day, our company has become one of the noted institutions of the world in its sector today. Our products have proved to be persistently demanded and to have a prominent and permanent place in Middle Eastern, Asian and

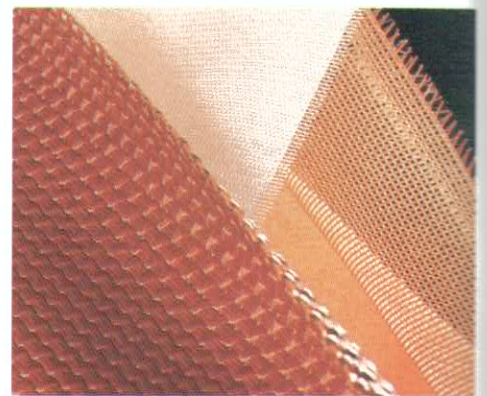
African countries together with many industrialized countries of Europe due to their high quality. Despite market conditions which are gradually becoming harder, KORDSA attained the sale of 22,140 tons of cord and industrial fabrics and realized proceeds totalling TL 664 billion and 895 thousands in 1991. Under strictly competitive foreign trade market circumstances, KORDSA accomplished an export volume amounting to US \$ 61 million and 343 thousand, continuing its export activities extended over 29 countries in a steady way.

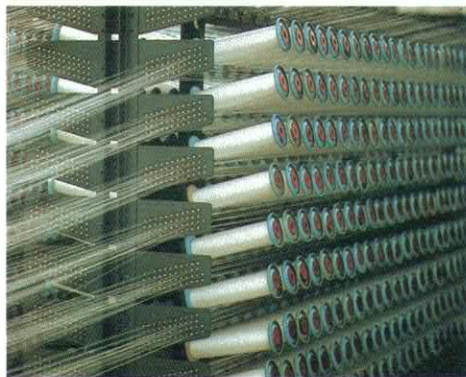
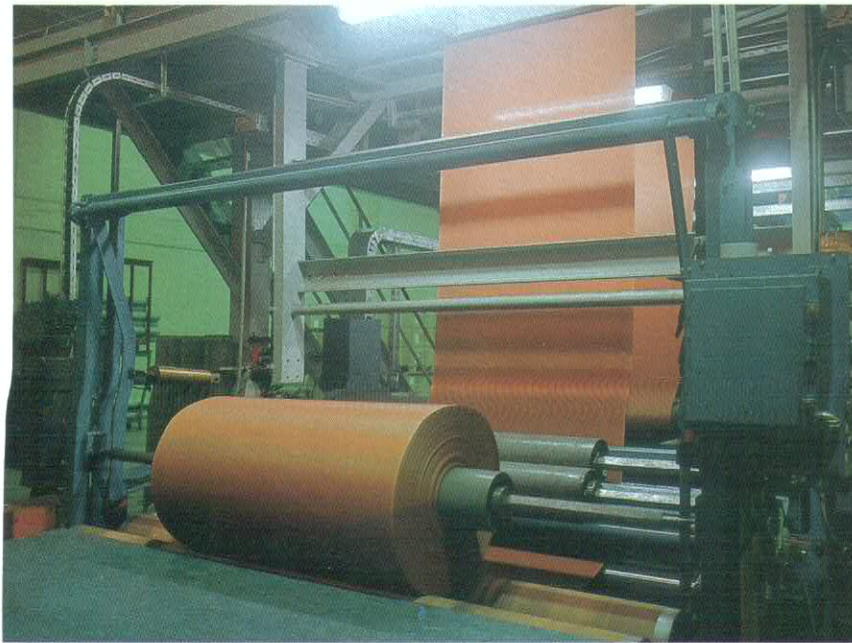
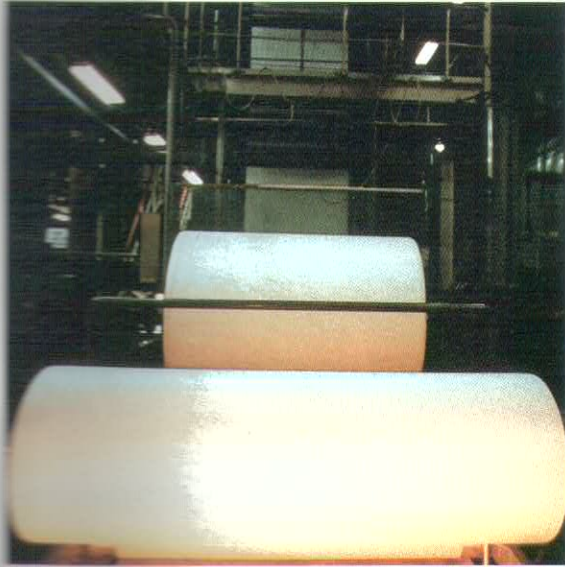


Production

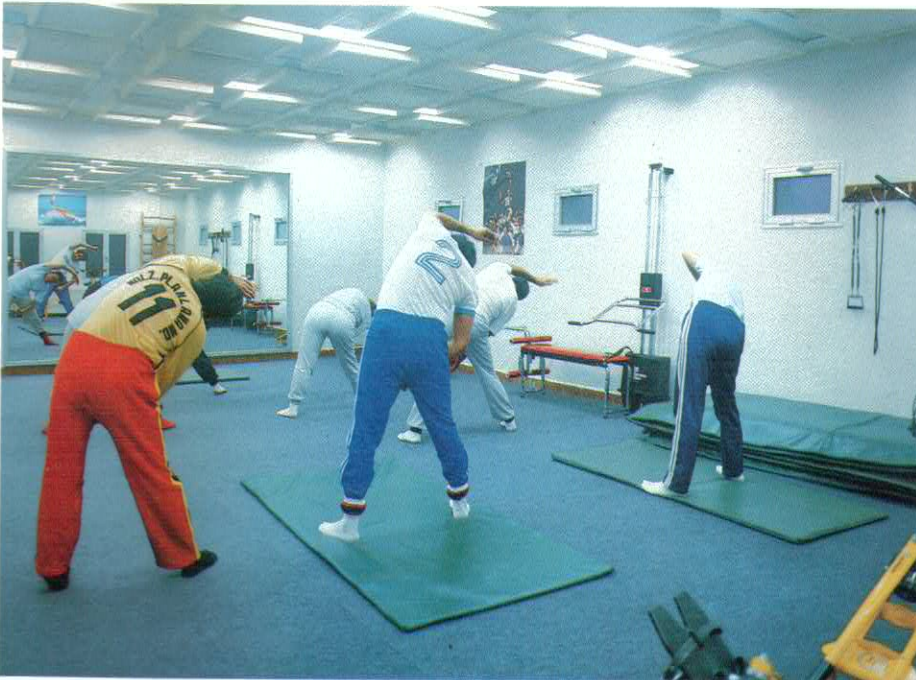
Being made up of dynamically-interconnected stages called cable twisting, warping, weaving, hot stretching, and chemical treatment, the production processes of cord and industrial fabrics require a diligent care from the viewpoint of production and quality assurance due to their nature. Keeping this fact in mind, activities, which are improving day by day and aimed at reaching worldwide quality leadership, have been incessantly pursued. In parallel with obtaining positive results of "Statistical Quality Control System" which was inaugurated in 1989, a project oriented to

"Creating a Quality Culture" in our company was initiated in 1990. In this comprehensive project, quality is intended to be a kind of comprehension and mode of life for all company employees rather than being only a subject of control and assurance. Continuing to substantiate its infra-structure with respect to quality in this way, Kordsa passed a fairly successful period of production again in 1991, thanks to its production planning activities which are adopted to changing conditions flexibly and at the right time. As a result, the production of 23,463 tons of semifinished fabric and 21,509 tons of fabric were realized in 1991.

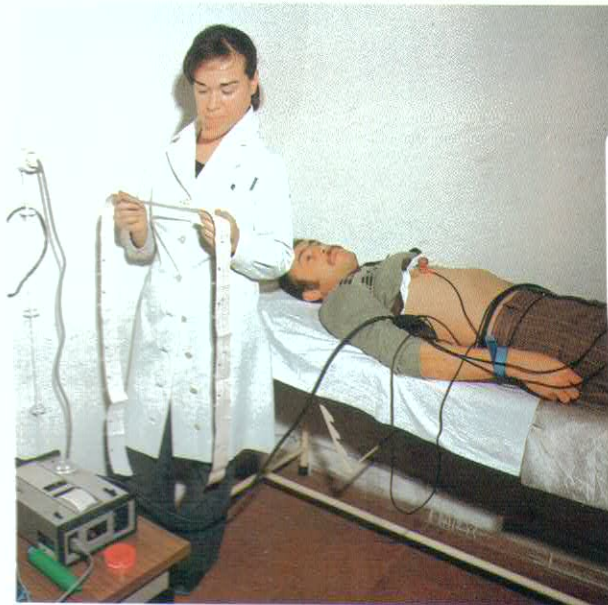




Administrative and Social Activities



Bearing always on mind the fact that the successful results of its operations are mainly due to its employees who feel integrity with their company, KORDSA pays a great attention to provide a reliable atmosphere enhancing a high morale and social status for its personnel. Accordingly, in addition to regular checkups and activities of consumer and housing cooperatives, training programmes devoted to improve the calibre of all personnel from various levels have been effectually continued in 1991 as well.



**Board of Directors'
Report**

I. Introduction

1. Period of Report:

Jan. 1, 1991 - Dec. 31, 1991

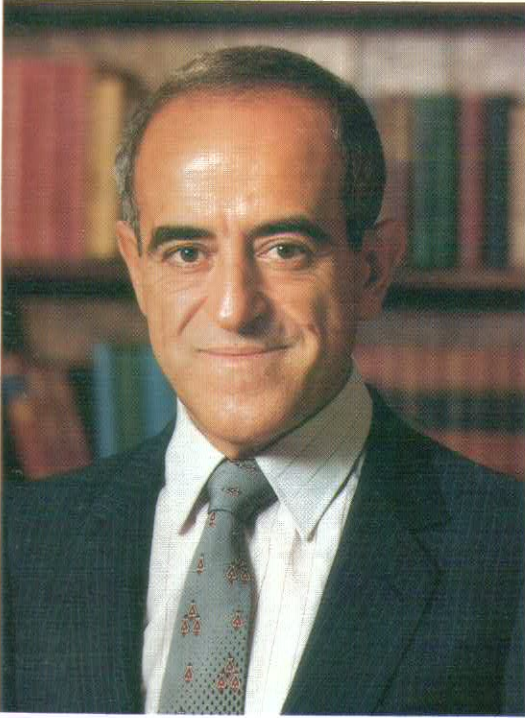
2. Title of Incorporation

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 clause in our Articles of Association.



Sakıp Sabancı

Chairman

March 29, 1991 - March, 1994

Members of Board of Auditors

Hüseyin Uçar

March 29, 1991 - March, 1994

Ali Bakar

March 29, 1991 - March, 1994

İhsan Sarıcı

March 29, 1991 - March, 1994



Hasan Güleşçi

Deputy Chairman

March 29, 1991 - March 1994



Oğuz Karahan

Director

March 29, 1991 -
March, 1994



Hamit B. Belli

Director

March 29, 1991 -
March, 1994



Güler Sabancı

Director and General Manager

March 29, 1991 - March, 1994

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:

No amendment was made in Articles of Association of our company during the period, January 1, 1991 - December 31, 1991.

5. Share Capital, Dividend Rates, Shareholders with More Than 10% Shareholding:

Our company had adopted registered capital system and the limit of its registered capital had been determined as TL 150,000,000,000 in our Extraordinary General Meeting held on October 20, 1989. According to the resolution approved in Board of Directors' meeting, No. 416, held on February 13, 1991, the share capital of our company was increased from TL 101,250,000,000 to TL 151,875,000,000. This increase of TL 50,625,000,000 was met by following sources: TL 30,375,000,000 in cash provided from shareholders and TL 20,250,000,000 from revaluation surplus. Our shares preserved their position and demandable status as to both the volume of transactions and value at Istanbul Stock Exchange during 1991.

The number of our shareholders is approximately 6000. Shareholders who own more than 10% of our capital are:

Akbank T.A.Ş. (33.29%),
Akbank T.A.Ş. Mensupları Tekaüt Sandığı (14.13%) and
Hacı Ömer Sabancı Holding A.Ş. (10.27%)

During the last three years, our company distributed following net profits to its shareholders in proportion to their paid-in capital:
1988 96%,
1989 45%, and
1990 21%.

6. Issued Securities:

As of December 31, 1991, our company has bearer shares of TL 136,001,700,000 and shares to the name of TL 15,873,300,000, both of which have the right to earn dividend, and 200 founder shares. Our company has no other issued securities.

7. Industry and Our Position Therein:

In our company's plant, cord fabric, which is used as carcass and girdling material in tire manufacturing, and industrial fabrics such as conveyor belts, chafer, and single cord being important inputs for textile industry, have been manufactured at a high quality level. Our plant, which has been manufacturing cord fabric since 1976, and industrial fabrics since 1984, is unique in Turkey, and one of the biggest and the most modern in the world. It meets the whole domestic demand, while it steadily increases export sales, and expands its markets thanks to its high quality and technology production. In 1991, it reached to an export figure of US \$61 million and 343 thousand.

II. Activities

A. Investments

1. Progress of Investments:

Investment activities of our company within the framework of our Incentive Certificates obtained from State Planning Organization, Encouragement and Implementation Department in 1989, No. 24163 concerning the extension of our investments and No. 24371 relating to the modernization and completion were continued in 1991 as well. The terms of these Incentive Certificates have been extended to April 4, 1992 and October 31, 1992 respectively.

2. Our company, thanks to Incentive Certificates obtained in 1989, gets benefit from incentives called Encouragement Premium, Customs Duty Exemptions, Investment Incentive Allowance, and Duty and Charges Exemption for its investment.

B. Activities Regarding Production of Goods and Services

1. Our company has pursued its manufacturing activities with 304 machines in cord fabric units and with 51 in industrial fabric units. In 1991 it has reached to a capacity utilization level of 81% realizing its production according to the demand of its customers.

2. In our factory, cord fabrics since 1976 and industrial fabrics like conveyor belt and chafer since 1984 have been manufactured. Since both cord fabrics and industrial fabrics have a vital importance to the industries utilizing them, KORDSA paid utmost attention to quality control performance, and preserved its existing high quality assurance system applied to each stage of production process in 1991 as well.

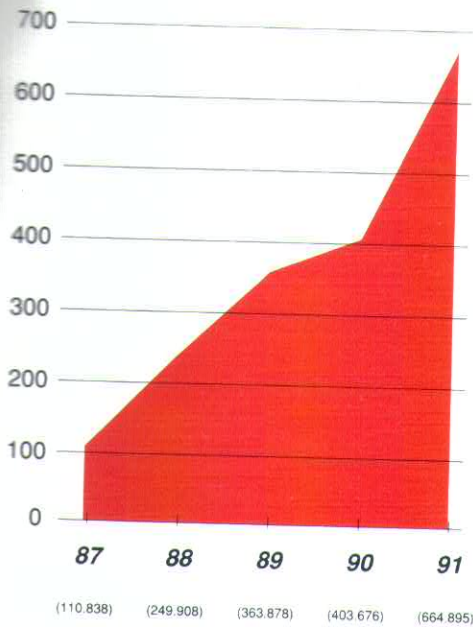


Production Figures for the Last Three Years (Tons)

| Cord Fabric | Seminifished | Finished |
|---------------------------|--------------|----------|
| 1989 | 22.307 | 20.788 |
| 1990 | 19.734 | 18.464 |
| 1991 | 21.525 | 19.349 |
| Industrial Fabrics | | |
| 1989 | 1.721 | 1.866 |
| 1990 | 1.906 | 2.113 |
| 1991 | 1.938 | 2.160 |

Total Turnover

MILLION TL



3. During 1991, a total 22.140 tons of products, in domestic and foreign markets, were sold, and a net turnover amounting to TL 664.894.800.452 was realized, our domestic sales increased by 108.5% (TL 199 Billion and 393 million), while percentage increase in our export sales climbed to 20.5 % (TL 41 Billion and 547 Million), and accordingly, total sales figure grew by 64.7% (TL 261 Billion and 220 million) in value compared to the last year. In 1991, the whole domestic demand was met, as our export sales were maintaining their stable course, the activities in conformity with main marketing policies of diffusion of risks and diversification of markets have been successfully pursued in 1991 as well. In 1991, the selling price of cord fabrics

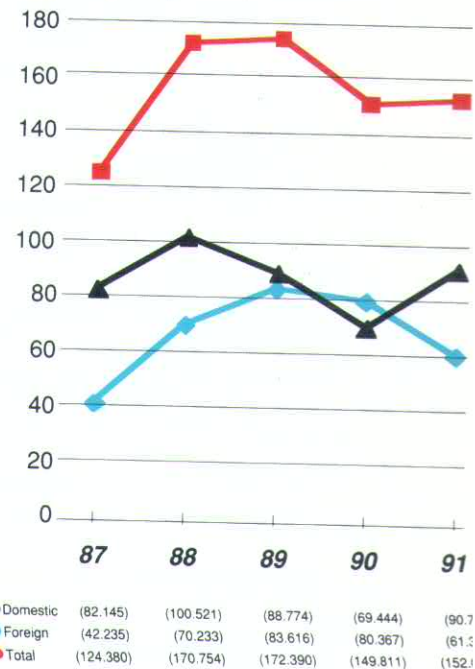
increased by 62%, while the increase was 59% in industrial fabrics all in US\$ terms.

4. During 1991 the necessary measures were effectively taken against the difficulties that sprang from market conditions which are gradually becoming harder.

The rate of productivity was realized as 76% in 1991.

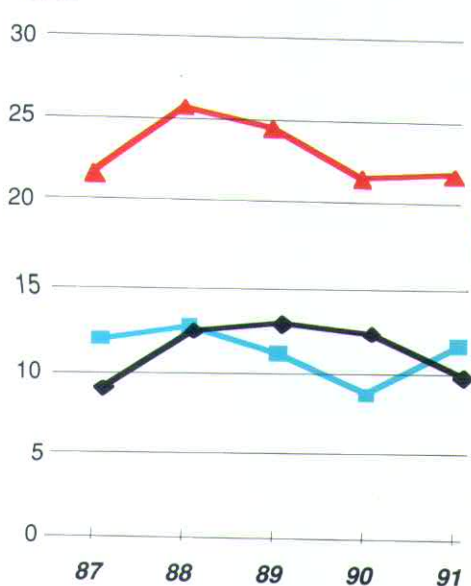
Sales

THOUSAND \$



Sales

TONS



Sales Figures for the Last Three Years (Tons)

| | Domestic | Foreign | Total |
|------|----------|---------|--------|
| 1989 | 11.628 | 13.285 | 24.913 |
| 1990 | 9.099 | 12.769 | 21.868 |
| 1991 | 12.049 | 10.091 | 22.140 |

| | Domestic | Foreign | Total |
|----|----------|---------|--------|
| 87 | 12.601 | 9.212 | 21.813 |
| 88 | 13.333 | 12.845 | 26.178 |
| 89 | 11.628 | 13.285 | 24.913 |
| 90 | 9.099 | 12.769 | 21.868 |
| 91 | 12.049 | 10.091 | 22.140 |

C- Information Related with Financial Structure:

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.
Detailed Balance Sheets as at December 31, 1991 and 1990 (TL 1,000)

| ASSETS | Current Year December 31, 1991 | Previous Year December 31, 1990 |
|--|-----------------------------------|------------------------------------|
| I. Current Assets | | |
| A. Liquid Assets | 304,246,780 | 211,581,980 |
| 1. Cash | 6,790,703 | 4,552,480 |
| 2. Banks | 53,151 | 24,174 |
| B. Marketable Securities (Notes 3, 4) | 6,737,552 | 4,634,310 |
| C. Short-term Trade Receivables (Note 5) | | 12,054,080 |
| 1. Trade | 127,745,291 | 74,575,070 |
| 2. Notes Receivable | 126,760,822 | 74,132,985 |
| 3. Discount on Notes Receivable | 794,907 | 870,445 |
| 4. Deposits and Guarantees | (37,002) | (78,479) |
| 5. Other Short-term Receivables | 45,597 | 51,022 |
| D. Other Short-term Receivables (Note 6) | 180,967 | - |
| 1. Other Short-term Receivables | 3,272,213 | 1,408,678 |
| E. Inventories (Note 3) | 3,272,213 | 1,408,678 |
| 1. Raw Materials | 165,644,870 | 114,867,067 |
| 2. Work in Process | 60,877,562 | 58,922,538 |
| 3. Semi-Finished Goods | 60,956,159 | 26,580,155 |
| 4. Finished Goods | 6,600,364 | 5,173,566 |
| 5. Other Inventories | 32,030,051 | 14,550,253 |
| 6. Advances on Purchase Orders | 1,191,159 | 6,529,034 |
| F. Other Current Assets | 3,989,575 | 3,111,521 |
| | 793,703 | 3,596,854 |
| II. Long-Term Assets | | |
| A. Long-Term Trade Receivables | 187,318,646 | 114,944,285 |
| 1. Deposits and Guarantees | 1,541,915 | 1,081,585 |
| B. Investments (Notes 3, 7) | 1,541,915 | 1,081,595 |
| 1. Investments | 87,562,607 | 46,862,393 |
| 2. Unpaid Portion | 77,500,000 | 37,000,000 |
| 3. Other Investments | 10,062,607 | (200,000) |
| C. Tangible Fixed Assets (Notes 3, 8) | | 10,062,393 |
| 1. Land | 97,742,778 | 66,496,256 |
| 2. Superstructures and Infrastructures | 3,391,974 | 3,332,324 |
| 3. Buildings | 16,760,006 | 10,455,867 |
| 4. Plant, Machinery and Equipment | 68,257,393 | 44,267,577 |
| 5. Motor Vehicles | 205,090,640 | 128,896,917 |
| 6. Furniture and Fixtures | 5,846,431 | 3,284,778 |
| 7. Accumulated Depreciation | 7,967,971 | 5,618,143 |
| 8. Construction in Progress | (210,686,815) | (129,403,340) |
| 9. Advances on Purchase Orders | 453,178 | 14,000 |
| D. Intangible Fixed Assets (Notes 3, 9) | 662,000 | 30,000 |
| 1. Rights | 110,717 | 166,074 |
| E. Other Long-term assets | 110,717 | 166,074 |
| | 360,629 | 337,957 |
| Total Assets | 491,565,426 | 326,505,469 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Current Year December 31, 1991 | Previous Year December 31, 1990 |
|--|-----------------------------------|------------------------------------|
| I. Current Liabilities | 128,513,837 | 83,907,422 |
| A. Financial Liabilities | 34,007,408 | 2,549,828 |
| 1. Bank Overdrafts | 29,855,000 | - |
| 2. Current Year Portion of Long-term Loans | 2,225,120 | 2,339,408 |
| 3. Principal Instalment and Interest of Bond | | 955 |
| 4. Other Financial Liabilities | 1,927,288 | 209,465 |
| B. Trade Payables | 50,793,687 | 67,787,850 |
| 1. Suppliers | 50,590,077 | 67,745,269 |
| 2. Other Trade Payables | 203,610 | 42,581 |
| C. Other Short-term Liabilities | 5,665,743 | 3,980,840 |
| 1. Amounts Due to Shareholders | 230,960 | 61,980 |
| 2. Accrued Liabilities | 1,306,858 | 57,940 |
| 3. Taxes, Charges and Other Deductions Payable | 4,126,399 | 3,173,801 |
| 4. Payables Due to Government Deferred and Subject to Instalment | - | 161,055 |
| 5. Other Short-term Liabilities | 1,526 | 526,064 |
| D. Purchase Orders Received | 17,657 | 15,092 |
| E. Provisions | 38,029,342 | 9,573,812 |
| 1. Provision for Taxation (Note 10) | 38,029,342 | 8,201,162 |
| 2. Other Provisions | - | 1,372,650 |
| II. Long-term Liabilities | 28,900,032 | 17,817,384 |
| A. Financial Liabilities | 2,284,353 | 4,514,575 |
| 1. Bank Loans (Note 11) | 2,284,353 | 4,514,575 |
| B. Other Long-term Liabilities | 613,941 | - |
| 1. Other Long-term Liabilities | 613,941 | - |
| C. Provisions | 26,001,738 | 13,302,809 |
| 1. Provisions for Termination Indemnities (Note 12) | 26,001,738 | 13,302,809 |
| III. Shareholders' Equity | 334,151,557 | 224,780,663 |
| A. Capital (Note 13) | 151,875,000 | 101,250,000 |
| B. Share Premium | 2,274,049 | 2,011,387 |
| C. Revaluation Reserve | 41,546,491 | 28,398,222 |
| 1. Revaluation of Tangible Fixed Assets (Note 14) | 39,665,084 | 26,516,922 |
| 2. Revaluation of Investment | 1,881,407 | 1,881,300 |
| D. Reserves (Note 15) | 64,469,431 | 53,775,808 |
| 1. Legal Reserves | 16,309,668 | 11,991,480 |
| 2. Specific Reserves | 119,137 | 6,846,102 |
| 3. Extraordinary Reserve | 48,040,626 | 34,938,226 |
| E. Net Income for the Period | 73,986,586 | 39,345,246 |
| Total Liabilities and Shareholders' Equity | 491,565,426 | 326,505,469 |

The accompanying notes (pp. 20-23) are an integral part of this statement

Kordsa Kord Bezi Sanayi ve Ticaret A.Ş.
Notes to the Financial Statements for the Year
Ended December 31, 1991 and 1990
(TL 1,000)

1. Principal Activities

Kordsa Kord Bezi Sanayi ve Ticaret A.Ş., is a limited liability company, incorporated and registered in Istanbul, and is engaged in the manufacture and sale of cord and industrial fabrics.

2. Basis of Preparation of Financial Statements

The Company prepared its accounting records and its financial statements for the years ended December 31, 1991 and 1990, in accordance with current legislation and the declarations of the Capital Market Board.

3. Significant Accounting Policies

a) Marketable Securities:

Marketable securities are stated at cost.

b) Inventories

Inventories are physically counted at the year end. Inventories are stated at the lower of cost or net realizable value. Cost is determined by the continuous mobile average method for raw materials, goods for resale and others, and by the monthly average method for semi-finished goods and finished goods.

c) Investments

Investments are stated at revalued amounts.

d) Fixed Assets

Due to the high rate of inflation in Turkey, the Company does not consider historical cost an appropriate basis of accounting for its fixed assets. Accordingly, the Company values its buildings (excluding land) and its plant and machinery by applying co-efficients that are fixed by the Ministry of Finance. The revaluation surplus is included in shareholders' equity.

Revalued fixed assets are depreciated by the declining-balance method using the following rates which are in accordance with Tax Law:

| | |
|-------------------------------------|-------------|
| Superstructures and Infrastructures | 16-25 years |
| Buildings | 25-50 years |

| | |
|--------------------------------|---------|
| Plant, machinery and equipment | 4 years |
| Motor vehicles | 4 years |
| Furniture and fixtures | 4 years |

e) Intangible Assets

Intangible Assets are stated at net of amortizations.

f) Income Recognition

The accrual basis of accounting is applied for the recognition of income. Income is recognized at the time of delivery of goods.

g) Assets and Liabilities in Foreign Currency

Assets and liabilities in foreign currency are translated into Turkish Lira at exchange rates issued by the Turkish Central Bank at balance sheet dates. Transactions in foreign currencies during the year are translated into Turkish Lira at the rates in effect on transaction dates. Exchange gains and losses resulting from such transactions are included in the statements of income.

4. Marketable Securities

Marketable securities consist of government bonds.

5. Letters of Guarantee on Receivables

At December 31, 1991, the total amount of letters of guarantees obtained against short-term trade receivables amounted to TL 1,119,160 (1990 - TL 864,393).

6. Receivables from Personnel

At December 31, 1991, other short-term receivables include receivable from employees amounting to TL 2,569,165 (1990 - TL 1,408,678).

7. Investments

Investments consist of the following:

| | Percentage of equity | 1991 | 1990 |
|--|----------------------|------------|------------|
| Dusa Endüstriyel İplik San. ve Tic. A.Ş. | %22.5 | 40,500,000 | 20,250,000 |
| Beksa Çelik Kord San. ve Tic. A.Ş. | %22.5 | 36,000,000 | 15,750,000 |

| | | | |
|--|-------|-------------------|-------------------|
| Birsa Bilgi İşlem Merkezi Tic. ve San. A.Ş. | %10.0 | 1,000,000 | 800,000 |
| Birsa Bridgestone Sabancı Lazik San. ve Tic. A.Ş. | %6.6 | 10,062,188 | 10,062,188 |
| Yapı ve Kredi Bankası A.Ş. | | 394 | 180 |
| Çözeç Çimento A.Ş. | | 25 | 25 |
| | | <u>87,562,607</u> | <u>46,862,393</u> |

8. Mortgages on Tangible Fixed Assets

At December 31, 1991 and 1990, the total amount of mortgages outstanding on tangible fixed assets amounted to TL 5,162,000 .

9. Intangible Assets

Intangible assets consist of the following:

| | 1991 | 1990 |
|------------------------------|----------------|----------------|
| Rights | 291,431 | 291,431 |
| Less: Amortization (180,714) | (125,357) | |
| | <u>110,717</u> | <u>166,074</u> |

10. Short Term Accrued Liabilities

Companies in Turkey are subject to corporation tax at a rate of 46% on taxable income. Additional taxes increase the effective tax rate to 49.22% for the years 1991 and 1990.

11. Long Term Financial Liabilities

The Company obtained long term loans from certain local banks relating to its factory construction and importation of plant and machinery. These loans attract average interest rates ranging from 26 % to 59 % and mature as follows:

| | 1991 | 1990 |
|------|------------------|------------------|
| 1992 | - | 2,230,221 |
| 1993 | 1,305,735 | 1,305,735 |
| 1994 | 391,448 | 391,448 |
| 1995 | 391,448 | 391,448 |
| 1996 | <u>195,722</u> | <u>195,723</u> |
| | <u>2,284,353</u> | <u>4,514,575</u> |

12. Provision for Termination Indemnities

Under Turkish Law, the Company is required to pay termination indemnities

to each employee who has completed one year of service and whose employment is terminated without due cause, completes 25 years of service (20 years for women) and retires, is called up for military service or dies. The amount payable consists of one month's salary for each year of service and is limited to TL 3,385 as from the second half of 1991 (1990 - TL 1,969). The provision for employees' termination indemnities has been calculated in accordance with the above regulations and in line with Capital Market Board Declarations.

With effect from January 15, 1992 the limit for each year of service is been increased to TL 4,663.

13. Paid in Capital

On April 11, 1990, the Board of Directors resolved to increase the paid-in capital by TL 16,875,000 to be paid in cash, by TL 13,500,000 from the Revaluation Reserve and by TL 3,375,000 from the income from sales of investment. This increase was registered on July 24, 1990.

On February 13, 1991, the Board of Directors resolved to increase the paid-in capital by TL 30,375,000 to be paid in cash and by TL 20,250,000 from the Revaluation Reserve. This increase was registered on August 19, 1991.

At December 31, 1991 and 1990, the upper limit of the registered capital of the Company is TL 150,000,000 and the issued capital is TL 151,875,000 (1990 - TL 101,250,000) consisting of 151,875,000 shares (1990 - 101,250,000 shares) of TL 1,000 par value each.

At December 31, 1991 and 1990, the Company had 200 incorporator shares entitled to participate only in the profit, and 6 % of the period profit is distributed to the holders of such shares as stipulated in the Articles of Association.

14. Revaluation Reserve on Tangible Fixed Assets

The Increases relating to the costs and accumulated depreciation of tangible fixed assets arising from revaluations made in the last three years are as follows:

| | 31.12.1989 | 31.12.1990 | 31.12.1991 |
|--------------------------------------|--------------|--------------|--------------|
| Increase in costs | 38,922,047 | 54,967,481 | 83,325,744 |
| Increase in accumulated depreciation | (21,757,057) | (32,017,787) | (49,651,464) |
| Increase in net book value | 17,164,990 | 22,949,694 | 33,674,280 |

15. Reserves

a) In accordance with Turkish Trade Law, the Company is obliged to appropriate a certain percentage of its earnings to a legal reserve. Legal Reserves, which are divided as 1st Legal Reserve and 2nd Legal Reserve, are appropriated as below:

- 1st Legal Reserve: Appropriated out of net profits at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.
- 2nd Legal Reserve: Appropriated out of net profits at the rate of 10% distributions after providing for 1st legal reserve and an amount equal to 5% of capital as dividend.

Legal reserves which do not exceed one-half of the share capital may be used to absorb losses to support continuity of operations, maintain employment and to recover possible effects of economic recessions.

b) Specific reserves include replacement fund which arised from sales of fixed assets.

c) There are no limitations in appropriations of profits to extraordinary reserves. The distribution of such reserves are limited to the amount stated in statutory records.

16. Contingent Liabilities

At December 31, 1991, outstanding contingent liabilities in the form of letters of guarantees given to banks and customs authorities amounted to TL 48,173,853 (1990 -- TL 216,130,725).

17. Insurance Coverage

As at December 31, 1991, total insurance coverage for cash, inventories and tangible fixed assets amounted to TL 742,389,453 (1990 -- 443,850,000).

18. Related Party Transactions

In accordance with Declaration No. XI/I of the Capital Market Board, shareholders and subsidiaries having direct or indirect capital or management relations with the Company are defined as related parties. Balances with related parties are as follows:

| | Receivable | | Payable | |
|---------------------------|------------|------------|------------|-----------|
| | 1991 | 1990 | 1991 | 1990 |
| Olmuksa Oluklu Mukavva | | | | |
| San. ve Tic. A.Ş. | - | - | - | 20,190 |
| Dusa Endüstriyel İplik | | | | |
| San. ve Tic. A.Ş. | - | 72,890 | 27,481,214 | 9,562,584 |
| Exsa Export San. Mam. | | | | |
| Satış Araştırma A.Ş. | 66,930,297 | 42,867,209 | - | - |
| Brisa Bridgestone | | | | |
| Sabancı Lastik San. | | | | |
| ve Tic. A.Ş. | 16,344,239 | 9,290,379 | - | - |
| Bimsa Bilgi İşlem | | | | |
| Merkezi Tic. ve San. A.Ş. | - | - | 2,725,676 | - |
| Beksa Çelik Kord San. | | | | |
| ve Tic. A.Ş. | 138,515 | 81,943 | - | - |
| Pilsa Plastik Sanayi | | | | |
| ve Ticaret A.Ş. | - | - | - | 25,307 |
| Sasa Suni Elyaf San. | | | | |
| ve Tic. A.Ş. | - | - | 4,226 | - |
| Teksa Tekstil Tic. | | | | |
| ve San. A.Ş. | - | - | 375,365 | - |
| Aksigorta A.Ş. | - | - | 178,732 | - |
| Hacı Ömer Sabancı | | | | |
| Holding A.Ş. | - | 1,320 | - | - |
| Toyotasa A.Ş. | - | 386 | - | - |
| Vista Seyahat A.Ş. | - | - | 19,679 | - |
| | 83,413,051 | 52,314,127 | 30,784,892 | 9,608,081 |

Furthermore, the Company has deposit and credit balances with one of its shareholders, Akbank T.A.Ş. due to banking transactions.

19. Assets and Liabilities in Foreign Currency

Assets and liabilities denominated in foreign currencies without currency rate guarantees are as follows:

| | 1991 | 1990 |
|---|------------|------------|
| Foreign currency cash and bank balances | 2,435,169 | 1,051,659 |
| Export receivables | 66,930,297 | 43,338,031 |
| Drafts with acceptance credits | 13,295,427 | 53,487,200 |

20. Average Number of Employees

Average number of employees during the year was as follows:

| | 1991 | 1990 |
|----------|------------|--------------|
| Salaried | 351 | 284 |
| Waged | <u>629</u> | <u>753</u> |
| | 980 | 1,037 |

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.

Detailed Statement of Income for the years ended December 31, 1991 and 1990 (TL 1,000)

| | Current Year December 31, 1991 | Previous Year December 31, 1990 |
|---|-----------------------------------|------------------------------------|
| A. Gross Sales | 665,344,050 | 403,719,875 |
| 1. Domestic Sales | 384,382,648 | 183,421,849 |
| 2. Export Sales | 279,077,220 | 219,190,370 |
| 3. Other Sales | 1,884,182 | 1,107,656 |
| B. Sales Deductions | (449,250) | (43,966) |
| 1. Sales Returns | (449,250) | (43,966) |
| C. Net Sales | 664,894,800 | 403,675,909 |
| D. Cost of Sales | (421,563,437) | (269,552,942) |
| Gross Profit | 243,331,363 | 134,122,967 |
| E. Operating Expenses | (112,049,444) | (60,336,557) |
| 1. Marketing, Selling and Distribution Expenses | (15,383,181) | (12,001,060) |
| 2. Administration Expenses | (96,666,263) | (48,335,497) |
| Trading Profit | 131,281,919 | 73,786,410 |
| F. Income and Profit From Other Operations | 9,887,198 | 11,447,635 |
| 1. Dividend Income from Investments | 977,992 | 1,389,363 |
| 2. Interest Income and Other Dividends | 2,804,176 | 3,287,182 |
| 3. Other Income and Profit Relating to Operations | 6,105,030 | 6,771,090 |
| G. Expenses and Losses From Other Operations | (3,793,921) | (11,155,005) |
| H. Financial Expenses | (38,638,278) | (26,532,632) |
| 1. Short-term Borrowing Expenses | (36,938,611) | (18,732,544) |
| 2. Long-term Borrowing Expenses | (1,699,667) | (7,800,088) |
| Operating Profit | 98,736,918 | 47,546,408 |
| I. Extraordinary Income and Profits | 17,911,775 | - |
| 1. Prior Period Income and Profits | 11,855,625 | - |
| 2. Other Extraordinary Income and Profits | 6,056,150 | - |
| J. Extraordinary Expenses and Losses | (4,632,765) | - |
| 1. Other Extraordinary Expenses and Losses | (4,632,765) | - |
| Income for the Period | 112,015,928 | 47,546,408 |
| K. Taxes Payable and Other Statutory Obligations | (38,029,342) | (8,201,162) |
| Net Income for the Period | 73,986,586 | 39,345,246 |

KORDISA KORD BEZİ SANAYİ VE TİCARET A.Ş.

Statements of Funds Flow for the Years Ended December 31, 1991 and 1990 (TL 1,000)

| | Current Year December 31, 1991 | Previous Year December 31, 1990 |
|--|-----------------------------------|------------------------------------|
| A. Sources | 201,575,168 | 118,553,244 |
| 1. Sources from Operations | 144,930,073 | 70,640,584 |
| a. Operating Profit | 98,736,918 | 47,546,408 |
| b. Depreciation | 33,494,226 | 15,909,364 |
| c. Expenses Not Involving Outlay of Funds | 12,698,930 | 7,184,812 |
| 2. Fund Received From Extraordinary Profit | 11,229,198 | 3,375,000 |
| a. Extraordinary Profit | 11,229,198 | 3,375,000 |
| 3. Increase in Current Liabilities | 14,778,235 | 13,113,310 |
| 4. Increase in Capital (Cash Injection) | 30,375,000 | 29,952,788 |
| 5. Share Premium | 262,662 | 1,471,562 |
| B. Uses of Funds | 201,575,168 | 118,553,244 |
| 1. Funds Used in Extraordinary Loss | 4,632,765 | - |
| a. Extraordinary Loss | 4,632,765 | - |
| 2. Taxes and Charges Paid | 8,201,162 | 4,177,887 |
| 3. Dividends Paid | 21,924,657 | 19,777,268 |
| 4. Increase in Current Assets | 92,685,596 | 66,861,487 |
| 5. Increase in Long-term Assets (Excluding Revaluation) | 72,514,707 | 17,379,916 |
| 6. Decrease in Long-term Liabilities | 1,616,281 | 10,356,686 |
| Change in net Working capital | | |
| 1. Increase in Net Working Capital | 48,079,181 | 49,724,903 |

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.

Statements of Cash Flow for the Years Ended December 31, 1991 and 1990 (TL 1,000)

| | Current Year | | Previous Year | |
|---|--------------------|--------------|--------------------|------------|
| | December 31, 1991 | | December 31, 1990 | |
| A. Ccsh Balances Beginning of Period | 4,658,484 | | 2,727,100 | |
| B. Cash Receipts During Period | 709,374,865 | | 412,345,886 | |
| 1. Cash Received From Sales | 612,125,482 | | 366,098,901 | |
| a) Net Sales | 664,894,800 | 403,675,909 | | |
| b) Increase in Receivables (from Sales) | (52,769,318) | (37,577,008) | | |
| 2. Cash Received From Other Income and Profits | 9,887,198 | | 11,447,635 | |
| 3. Cash Received From Extraordinary Income and Profits | 11,229,198 | | - | |
| 4. Increase in Current Liabilities (Not Relating to Purchases) | 31,773,353 | | - | |
| a) Other Increases | 31,773,353 | - | | |
| 5. Increase in Long-term Liabilities (Not Relating to Purchases) | 728,228 | | - | |
| a) Other Increases | 728,228 | - | | |
| 6. Cash Received from Capital Increase | 30,637,662 | | 31,424,350 | |
| a) Cash Received from Capital Increase | 30,375,000 | 29,952,788 | | |
| b) Share Premium | 262,662 | 1,471,562 | | |
| 7. Other Cash Receipts | 12,993,744 | | 3,375,000 | |
| C. Cash Payments During Period | 707,242,646 | | 410,414,502 | |
| 1. Cash Payments Relating to Costs | 478,156,324 | | 232,485,599 | |
| a) Cost of Sales | 421,563,437 | 269,552,942 | | |
| b) Increase in Inventories | 50,777,803 | 15,055,023 | | |
| c) Decrease in Liabilities (Relating to Purchases) | 16,994,163 | - | | |
| d) Increase in Liabilities (Relating to Purchases) | - | (46,931,064) | | |
| e) Expenses Not Requiring Cash Payment, such as | | | | |
| Depreciation and Provisions | (11,179,079) | | (5,191,302) | |
| 2. Cash Payment Relating to Operating Expenses | | 77,035,364 | | 42,433,681 |
| a) Marketing, Selling and Distribution Expenses | 15,383,181 | 12,001,060 | | |
| b) Administration Expenses | 96,666,263 | 48,335,497 | | |
| c) Expenses Not Requiring Cash Payments | (35,014,080) | (17,902,876) | | |
| 3. Cash Payments Relating to Other Expenses and Losses | 3,793,921 | | 11,155,005 | |
| a) Cash Payments Relating to Other Expenses and Losses | 3,793,921 | 11,155,005 | | |
| 4. Cash Payments Relating to Financial Expenses | 38,638,278 | | 26,532,631 | |
| 5. Cash Payments Relating to Extraordinary Expenses and Losses | 4,632,765 | | - | |
| a) Extraordinary Expenses and Losses | 4,632,765 | - | | |
| 6. Cash Payments Relating to Long-term Assets | 72,031,715 | | 17,379,916 | |
| 7. Repayments of Short-term Liabilities (Not Related to Purchases) | 955 | | 45,871,843 | |
| a) Payments in Relation to Marketable Securities | 955 | 12,054,088 | | |
| b) Other Payments | - | 33,817,755 | | |
| 8. Principal Payments of Long-term Loans (Not Related to Purchases) | 2,344,509 | | 10,161,340 | |
| 9. Taxes and Charges Paid | 8,201,162 | | 4,177,887 | |
| 10. Dividends Paid | 21,924,657 | | 19,777,268 | |
| 11. Other Cash Payments | 482,996 | | 439,332 | |
| D. Cash Balance end of Period | 6,790,703 | | 4,658,484 | |
| E. Cash Increase | 2,132,219 | | 1,931,384 | |

KORDSA KORD BEZİ SANAYİ VE TİCARET A.Ş.

Statements of Cost of Sales for the years ended December 31, 1991 and 1990 (TL 1,000)

| | Current Year December 31, 1991 | Previous Year December 31, 1990 |
|---------------------------------------|--|---|
| Production Operations | | |
| A. Cost of Raw materials | 369,258,208 | 214,226,096 |
| B. Cost of Direct Labour | 48,581,966 | 16,263,294 |
| C. General Production Overhead | 64,071,473 | 44,409,175 |
| D. Cost of Semi-Finished Goods Used | (42,868,412) | (844,909) |
| 1. Beginning Inventory | 24,688,111 | 23,843,202 |
| 2. Ending Inventory | (67,556,523) | (24,688,111) |
| Cost of Finished Goods Sold | 439,043,235 | 274,053,656 |
| E. Change in Finished Goods Inventory | (17,479,798) | (4,500,714) |
| 1. Beginning Inventory | 14,550,253 | 10,049,539 |
| 2. Ending Inventory | (32,030,051) | (14,550,253) |
| Cost of Sales | 421,563,437 | 269,552,942 |

| Financial Ratios | Current Year | Previous Year |
|---|---------------------|----------------------|
| Liquidity Ratios | | |
| 1. Current Ratio (Current Assets / Current Liabilities) | 2.37 | 2.52 |
| 2. Acid Test Ratio (Current Assets-Inventories /Current Liabilities) | 1.08 | 1.15 |
| Financial Structure Ratios | | |
| 1. Total Liabilities/Total Assets | 0.32 | 0.31 |
| 2. Shareholder's Equity /Total Liabilities | 2.12 | 2.21 |
| Operating and Profitability Ratios | | |
| 1. Profitability Ratio of Sales (Income for the Period / Net Sales) | 0.17 | 0.12 |
| 2. Profitability Ratio of Sales (Income for the Period / Total Assets) | 0.23 | 1.15 |
| 3. Profitability Ratio of Shareholders' Equity (Net Income for the Period/Shareholders' Equity) | 0.22 | 0.18 |

Measures Regarding Financial Structure

Owing to its healthy and sound financial structure, our Company has also successfully accomplished this period in spite of the severe conditions of 1991.

D- Administrative Operations
1. The Management Team of Our Company



Güler Sabancı

General Manager

Born in 1955. BA from Faculty of Administrative Sciences, Bosphorus University. Working for our company since April 1, 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 Procurement

Born in 1947. BS from Faculty of Mechanical Engineering, Middle East Technical University. Working for our company since June 1, 1985.



Bülent Savaş

Assistant General Manager Marketing

Born in 1947. BS from Faculty of Chemical Engineering, Middle East Technical University. Working for our company since December 13, 1985.



Ahmet Çağlar

Assistant General Manager Data Processing and 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.*

Caner Ertuna

*Finance Manager
Born in 1956. BA from
Business Administration and
SC from Economics,
Bosphorus University. Working
for our company since October
1, 1987.*

Hasan Cihat Erbaşol

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

2. Issues Related to Personnel and Workers

Number of employees in our company as of Dec. 31, 1991 is 976. No employee disputes has occurred in 1991.

3. Practice of Collective Bargaining

Negotiations of 8th Term Collective Bargaining, which were conducted within the framework of a high understanding and a mature manner among both parties, were completed on February 4, 1991. The terms of aforesaid agreement will be in force until the end of 1992.

4. Severance Pay Obligations

As of December 31, 1991 severance pay liability of our Company in accordance with the rules of the prevailing legislation is TL 26,001,738,665.

5. Fringe Benefits Provided to Personnel and Workers

Quarterly paid salary bonus, allowance for religious holiday, allowance for marriage, maternity allowance, aid in case of death, seniority bonus, food allowance, allowance for children, education aids, 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 request appropriation of the net income in the balance sheet, which is the result of our operations in 1991 and constituted in accordance with the Article 34 of the Articles of Association of our Company, amounting to TL 68.358.789.759 remaining out of deductions for Coporation Tax, Income Witholding Tax, Support Fund for Defense Industry and 1st Legal Reserve as per the Article 35 of the said Articles of Association as follows:

| A. Distribution of Profit for the Period | Current Year December 31, 1991 | Previous Year December 31, 1990 |
|--|-----------------------------------|------------------------------------|
| Income for the Period | 112,015,928 | 47,546,407 |
| Taxes Payable | (38,029,342) | (8,201,162) |
| - Corporation Tax | (29,723,097) | (3,077,456) |
| - Income Tax | (5,929,170) | (4,675,556)S |
| - Other Taxes and Charges | (2,377,075) | (449,150) |
| First Legal Reserve | (5,600,796) | (2,377,320) |
| Distributable Net Profit for the Period | 68,385,790 | 36,967,925 |
| First Dividend to Shareholders | (39,385,790) | 36,967,925 |
| - To Ordinary Shareholders | (34,931,250) | (18,731,250) |
| - To Privileged Shareholders | (4,103,000) | (2,218,075) |
| Dividends to the Board of Directors | (1,842,485) | (975,332) |
| Second Legal Reserve | (3,767,450) | (1,940,808) |
| Extraordinary Reserve | (23,741,596) | (13,102,400) |
| Profit per Share (TL %) | | |
| - To Ordinary Shareholders | | |
| a. 67.500.000 Share Receiving 12 Months' Share from 1990 Profits | | 441 TL/%44,1 |
| b. 33.250.000 Shares Receiving 8 Months' Share from 1990 Profits | | 283 TL/%28,3 |
| c. 101.250.000 Shares Receiving 12 Months' Share of 1991 Profits | 531 TL/%53,1 | |
| d. 50.625.000 Shares Receiving 9 Months' Share of 1991 Profits | 400 TL/%40,0 | |
| Dividends per Share (TL/%) | | |
| - To Ordinary Shareholders | | |
| a. 67.500.000 Shares Receiving 12 Months' Share of 1990 Profits | | 210 TL/%21,0 |
| b. 33.750.000 Shares Receiving 8 Months' Share of 1990 Profits | | 135 TL/%13,5 |
| c. 101.250.000 Shares Receiving 12 Months' Share of 1991 Profits | 250 TL/%25,0 | |
| d. 50.625.000 Shares Receiving 9 Months' Share of 1991 Profits | 190 TL/%19,0 | |
| - To 200 Incorporator Shareholders | 20,515,000TL/- | 11,090,375TL/- |

The Board of Directors kindly request your adoption and approval for the financial statements pertaining to the operations of our Company in 1991. The Board also submits the distribution of dividend as:

- TL 250 against each share of TL 1000 par value of shares with series I-V, VI, VII, VIII and groups A, B, C, D by coupon "18",
- TL 250 against each share of TL 1000 par value of shares with series 2, 3 and groups of A, B, C, D by coupon "1991",
- TL 190 against each share of TL 1000 par value of shares with series 4 and groups A, B, C, D by coupon "1991", and the determination of the date for the distribution of dividend as April 1, 1992 for your approval.

Auditors' Report

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

| | |
|---|--|
| Trade Name | : Kordsa Kord Bezi Sanayi ve Ticaret A.Ş. |
| Head Office | : Istanbul |
| Issued Capital | : TL 151,875,000,000 |
| Field of Operation | : Manufacture and trade of cord fabric used as raw material of tires, conveyor belt and other industrial fabrics. |
| Names and Assignment Period of Auditor or Auditors and Whether They are Shareholders of the Company | : Hüseyin UÇAR - Ali BAKAR - İhsan SARICI. Assignment period is 3 years, from March 29, 1991 to March 1994. |
| Number of Board Meetings Attended and Auditors' Meetings Held | : Five board meetings were attended and four 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 12 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, 1991 - Dec. 31, 1991 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, 1991 reflects the financial position of the company at this date; the income statement for the period Jan. 1, 1991 - Dec. 31, 1991 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.

BOARD OF AUDITORS

Hüseyin UÇAR



Ali BAKAR



İhsan SARICI



Kordsa Kord Bezi Sanayi ve Ticaret A.Ş.
Auditors' Report for the 1991 accounting period

We have examined the balance sheets of Kordsa Kord Bezi Sanayi ve Ticaret A.Ş. as of December 31, 1991 and 1990, and the related statements of income, funds flow, cash flow, cost of sales and proposed profit distribution for the years then ended. Our examination were 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.

In our opinion, the financial statements referred to above present fairly the financial position of Kordsa Kord Bezi Sanayi ve Ticaret A.Ş. as of December 31, 1991 and 1990, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles issued by the Capital Market Board, applied on a consistent basis.

DRT DENET REVİZYON TASDİK YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.



Ömür Günel

İstanbul,
February 14, 1992

