

CONTENTS

01	Kordsa Global in Brief	19	2006 Operating Highlights
02	Mission, Vision and Corporate Values	22	Product Portfolio and Capacities
03	Strategic Initiatives	24	Research and Development
04	Worldwide Operations	25	Human Resources
07	Financial Highlights	26	Social Responsibility
08	Milestones	27	Certificates, Awards and Achievements
10	Message of the Chairman	29	Statement Of Compliance With Corporate Governance Principles
12	The Board of Directors	35	Agenda
14	Message from the CEO	37	Consolidated Financial Statements and Independent Auditor's Report
16	Senior Management	88	Board of Auditors' Report Addresses

KORDSA GLOBAL IN BRIEF

The local solution partner providing high value added reinforcement solutions to its customers worldwide.

Kordsa Global is the world's largest supplier of industrial nylon and polyester yarn and tire cord fabric with an annual sales turnover of over US\$ 700 million and operations in Europe, Asia Pacific, North and South America, Middle East and Africa.

The company is the market leader in the production of heavy decitex industrial nylon and polyester used primarily in the tire industry. Kordsa Global's principal customers include all of the leading tire manufacturers and producers of mechanical rubber goods. Major products manufactured by the company include tire cord and industrial fabrics, industrial nylon and polyester yarns, and single-end treated cords. Kordsa Global's products are used in a vast number of applications; the most common end-uses being for tires, conveyor belts, V belts, hoses, seatbelts, and mooring cables.

With manufacturing sites in 10 countries, and five continents, Kordsa Global ranks as one of the top "truly global" firms in Turkey. The company is committed to working closely with its customers and provide them high value added solutions with a wide service network.

Mission of Kordsa Global is to offer innovative reinforcement solutions globally, going beyond selling yarn and fabric.

The Vision of Kordsa Global is to serve as a local solution partner, providing services from plants in ten countries around the world.

Strategic Objectives of Kordsa Global

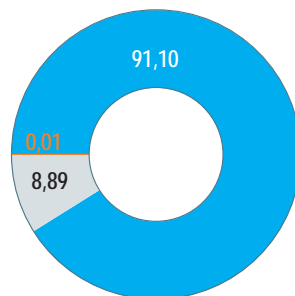
- In order to attain sustainable growth, Kordsa Global has been focusing on new investments worldwide to meet its customers' needs.

- The **"Voice of the Customer"** is the driving force behind Kordsa's innovation and development initiatives.
- The firm targets to maintain its operational excellence through its continuous improvement culture where it aims to achieve best-in-class productivity and quality.
- The expertise of its employees is the most important asset of Kordsa Global. With an "Empowered Global Team" approach, the Company aims to increase the synergies of its employees worldwide through global development programs, effective networking, and collaboration.

Kordsa Global looks forward to 2007 as the year of the **"Voice of the Customer"** and **"Innovation."**

The powerful financial structure of Kordsa Global, its ability to rapidly adapt to the changes on international financial markets and new situations, is the most important guarantee for its sustainable growth and success. Robust shareholder equity and the support of Sabancı Holding serve as driving forces behind Kordsa Global's success.

KORDSA GLOBAL A.fi. SHAREHOLDERS' STRUCTURE (%)



DISTRIBUTION OF THE ISSUED CAPITAL	Share (%)	Nominal Value (YTL)
Hacı Ömer Sabancı Holding A.fi.	91.108965	177,233,427.01
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.fi.	0.000779	1,516.25
Teknosa Çiğ ve Dış Ticaret A.fi.	0.000697	1,356.66
Pilsa Pilaşık Sanayi A.fi.	0.000671	1,304.55
Exsa Export Sanayi Mamulleri Sabıfl ve Araştırma A.fi.	0.000168	327.37
Temsa Sanayi ve Ticaret A.fi.	0.000027	52.11
Others (Public and Exchange)	8.888693	17,291,092.25
	100%	194,529,076.00

MISSION

TO DELIVER HIGH VALUE-ADDED REINFORCEMENT SOLUTIONS, GLOBALLY

VISION

TO BE THE LOCAL SOLUTION PARTNER TO THE RUBBER INDUSTRY, WORLDWIDE

CORPORATE VALUES

SHE (SAFETY-HEALTH-ENVIRONMENT):

Whatever we do, SHE comes first. We are 100% committed to achieving an accident and illness free workspace for our employees and business partners. We care for our environment and community and work to achieve zero waste generation to conserve natural resources.

INTEGRITY

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

CUSTOMER FOCUS

We respect our customers. Our goal is to be our customers' business partner, going beyond simply solving their problems.

INNOVATION

This is a key initiative at Kordsa Global. We explore 'new concepts' beyond our customers' current needs and seek to create 'new value' offerings.

PERFORMANCE DRIVEN

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

COLLABORATION

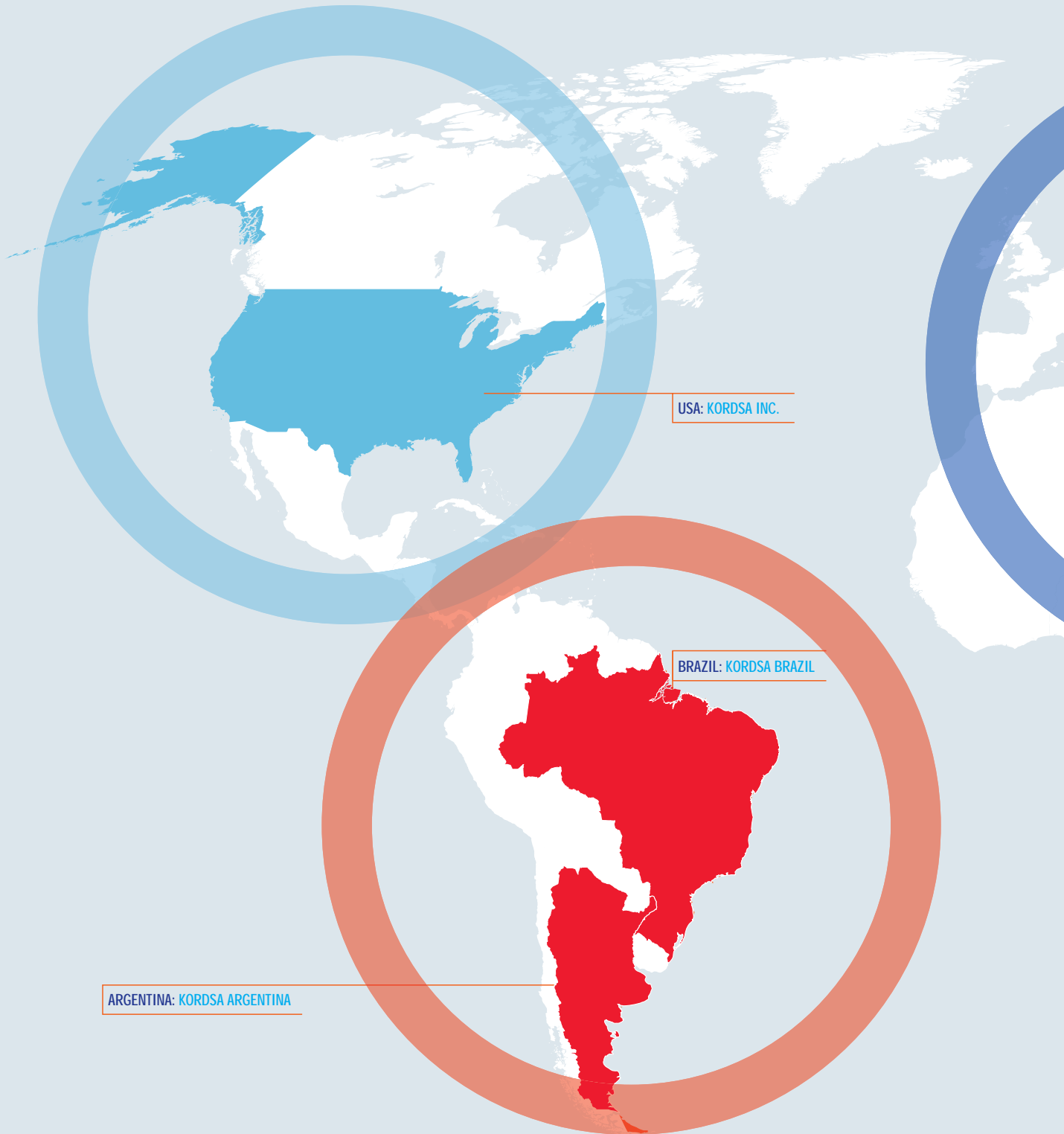
We believe in working together to benefit from the strengths and best practices of our employees, suppliers, contractors and customers wherever they are.

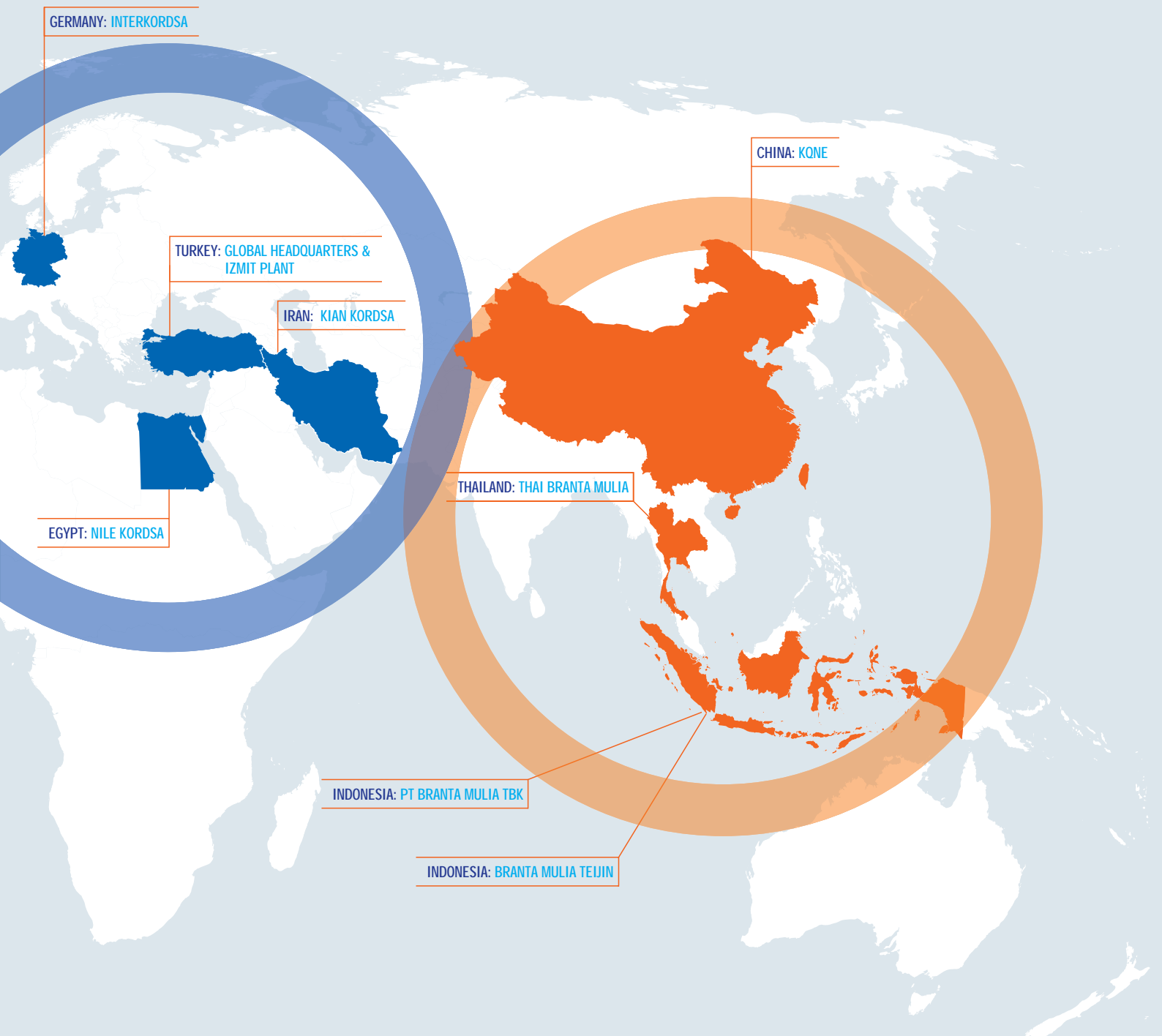
STRATEGIC INITIATIVES



WORLDWIDE OPERATIONS

5 continents, 4 regions, 10 countries, 12 manufacturing sites;
US\$ 700 million consolidated net sales revenue in 2006





*Region 4 Indonesia, China and Thailand companies are not included in this report's results, as they were incorporated to Kordsa at the end of 2006. This figure is expected sales revenue for 2007.

DINAWATY
ACCOUNTING OFFICER
PT BRANTA MULIA TBK, INDONESIA

Like all colleagues of mine, being a part of Kordsa's global operation is a privilege to me. Everybody has this enthusiasm here - from foreman to senior management.

Menjadi bagian dari Kordsa merupakan sebuah kehormatan tersendiri bagi saya juga rekan-rekan saya disini. Anda dapat merasakan betapa kami memiliki kegairahan yang sama baik dari jajaran tingkat manajemen maupun sampai ke tingkat produksi.

FINANCIAL HIGHLIGHTS

Kordsa Global recorded a turnover of YTL 1 billion in 2006 (US\$ 700 million), which represents an increase of 12% compared to the previous year.

Information about Financial Performance in 2006

Kordsa Global generated revenue of YTL 1 billion (US\$ 700 million) in 2006 with sales of 154 kilotons, an increase of 12% when compared to 2005 (YTL 898 million). The increase in revenue is broken down as follows: 7% is attributed to the increase in foreign exchange rates, whereas the 5% increase is the result of organic growth in the operations.

In addition to the increase in gross profit from YTL 162 million of 2005 (approximately US\$ 120 million) to YTL 171 million (approximately US\$ 122 million) in 2006; Kordsa Global realized a consolidated net income of YTL 55 million (approximately US\$ 38 million) in 2006 (2005: YTL 48 million or approximately US\$ 35 million) due to its successful cost reduction programs.

In accordance with applicable financial reporting standards and accounting principles, balance sheets of the newly acquired subsidiaries at the end of December 2006 in Asia were included in the consolidated balance sheets of Kordsa Global, whereas the results of operations were excluded from consolidated statements of income for 2006. Therefore, financial ratios for 2005 and 2006 alone are not meaningful since they are not directly measured on the basis of the same financial statements. To make a meaningful comparison, the same ratios were recalculated and presented by excluding the effects of newly acquired subsidiaries on the table below. As can be seen from both tables, there were considerable improvements in financial measures like liquidity ratios, return on equity, return on assets, EBITDA/net sales, gross profit margin and net profit margin, in year 2006.

FINANCIAL RATIOS

LIQUIDITY RATIOS	2006	2005
CURRENT RATIO	1.71	1.31
ACID-TEST RATIO	0.85	0.65
CASH RATIO	0.23	0.12

PROFITABILITY RATIOS (%)	2006	2005
RETURN ON EQUITY (ROE)	9.1	8.8
RETURN ON ASSETS (ROA)	4.6	4.8
EBITDA/NET SALES	14.7	13.3
GROSS PROFIT MARGIN	17.0	18.0
NET PROFIT MARGIN	5.5	5.3

FINANCIAL RATIOS (EXCLUDING NEWLY ACQUIRED SUBSIDIARIES)

LIQUIDITY RATIOS	2006	2005
CURRENT RATIO	1.44	1.31
ACID-TEST RATIO	0.72	0.65
CASH RATIO	0.16	0.12

PROFITABILITY RATIOS (%)	2006	2005
RETURN ON EQUITY (ROE)	9.7	8.8
RETURN ON ASSETS (ROA)	5.2	4.8
EBITDA/NET SALES	14.7	13.3
GROSS PROFIT MARGIN	17.0	18.0
NET PROFIT MARGIN	5.5	5.3

KORDSA GLOBAL MILESTONES



1973: FORMATION OF KORDSA TURKEY CORD FABRIC PLANT
1987: FORMATION OF DUSA-SABANCI DUPONT JV YARN PLANT

1973-89



1990: INITIATION OF "QUALITY CULTURE" AND DEPLOYMENT OF TOTAL QUALITY MANAGEMENT

1993: FIRST ISO 9001 CERTIFICATE GIVEN TO A TEXTILE COMPANY IN THE WORLD: KORDSA

1993: ESTABLISHMENT OF NILE KORDSA

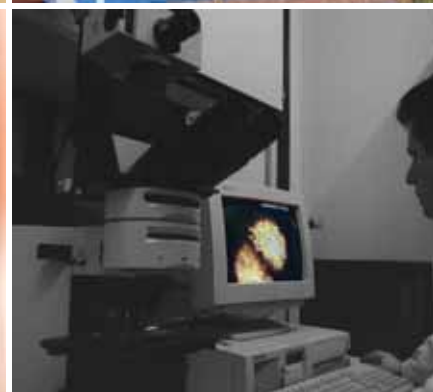
1998: ESTABLISHMENT OF INTERKORDSA

1998: ESTABLISHMENT OF DUSA BRAZIL

1998: ESTABLISHMENT OF DUSA ARGENTINA

1999: MERGER OF DUSA YARN PLANT AND KORDSA FABRIC PLANT

1990-99





2000: ESTABLISHMENT OF KORDSA USA

2000: ESTABLISHMENT OF INTERKORDSA USA

2001: FORMATION OF DUSA LLC

2000-01



2003: RELOCATION OF THE TECHNOLOGY CENTER FROM DUSA CHATTANOOGA, TENNESSEE, USA TO KORDSA TURKEY

2005: ACQUISITION OF THE DUPONT SHARES IN DUSA LLC OPERATION AND RENAMING IT KORDSA LLC

2005: ACQUISITION OF COBAFI POYESTER PLANT IN BRAZIL

2005: MERGER OF KORDSA AND SAKOSA POLYESTER PLANTS IN TURKEY

2002-05



2006: FORMATION OF KORDSA GLOBAL AND RELOCATION OF THE HEADQUARTERS FROM USA TO TURKEY

2006: MERGER OF KORDSA TURKEY AND KORDSA GLOBAL

2006: PURCHASE OF THE MAJORITY SHARES OF BRANTA MULIA

2006: ACQUISITION OF THE MAJORITY SHARES OF CHINA KONE

2006: SETTING UP THE GLOBAL TECHNOLOGY CENTER

2006: INCREASING NYLON CAPACITY AT KORDSA ARGENTINA

2006

MESSAGE OF THE CHAIRMAN

Dear Shareholders,

In today's environment where the effects of globalization are strongly felt, I am proud of the proactive strategic steps Kordsa has taken in 2006, in order to expand its global leadership position.

In line with the Sabancı Group's main objective of sustainable growth and profitability, Kordsa reinforced its leading role with the strategic acquisitions in Asia, becoming a world leader with operations in 10 countries from Argentina to China, USA to Indonesia, workforce exceeding 5000, and customers over 90 countries.

In this regard, Kordsa sets an example as one of the top "truly global" companies in Turkey based on the scope of its operations worldwide.

In 2006, Kordsa International headquarters was moved from the USA to Istanbul, a rapidly growing city, soon to become a global finance center. The company positioned all of its assets from around the world under one integrated publicly held company - Kordsa Global. With this move we anticipate the creation of new synergies and new cooperation with other Sabancı Group companies and enhanced access to world financial markets from a point of central

management. Kordsa shareholders will have the privilege of enjoying more opportunities for growth enabled by our access to worldwide markets.

In the coming period, we aim to be the partner for our customers providing reinforcement solutions according to their needs with our innovative approach and creativity. While doing this, we will be listening to the 'voice of our customers' more frequently. While the world's economic center moves toward Asia, we will increase our business there to become a dynamic player in the region as we expand our product range.

The expertise and the cultural diversity of our employees, our customers' faith in our business and the long-term support of our shareholders will be the guarantee of Kordsa Global's success in the future.



GÜLER SABANCI
THE CHAIRMAN OF THE BOARD OF DIRECTORS

In the coming period, we aim to be the partner of our customers providing reinforcement solutions according to their needs with our innovative approach and creativity. While doing this, we will be listening to the 'voice of our customers' more frequently.



THE BOARD OF DIRECTORS

GÜLER SABANCI

CHAIR OF THE BOARD OF DIRECTORS

Güler Sabancı was born in Adana, Turkey and graduated from Bozüyük University with a degree in Business Administration. She began her professional career at Lassa Lastik Sanayi A.S. in 1978, followed by 14 years as General Manager of Kordsa Kordbezi Sanayi ve Ticaret A.Ş. Since May 2004, Sabancı has been Managing Director and Chair of the Board of Directors of Sabancı Holding where she also serves as President of the Human Resources Committee. She played a key role during the foundation of Sabancı University in addition to her business activities worldwide. Currently she serves as the Chair for the Governors of Sabancı University and a Member of the Board of TÜSİAD (Turkish Industrialists and Businessmen's Association).

TURGUT UZER

VICE CHAIRMAN

Turgut Uzer was born in Ankara in 1954 and graduated from the Department of Industrial Engineering at Middle East Technical University. He joined Sabancı Group in 1981 where he initially served as a Stock Control Engineer at Lassa A.Ş.

Uzer has served in a number of managerial positions at Lassa and at Beksa, both part of the Sabancı Group of companies. He was Process Development Director at Bekaert, Belgium before returning to Turkey in 1994 to serve as Operating Executive at Beksa. In 1998, Uzer became General Director of Beksa until June 1, 2004 when he was appointed President of Sabancı Holding's Tire, Tire Reinforcement Materials and Automotive Group. Uzer also serves as a Member of the Board on a number of Sabancı Group subsidiaries. He is married and the father of two.

PETER GERARD KEHOE

MEMBER

Peter Kehoe is President of the Blasket Group, a business consulting company. He worked for DuPont for over thirty years in the fields of research, manufacturing, marketing, and corporate planning. He served as the General Manager in most of these companies. His academic training is as a Chemical Engineer; he earned a BE and M. Eng. Sc from University College, Dublin and a PhD from Yale University in the United States. Prior to joining DuPont, he worked at the Institute for Industrial Research in Ireland and he held the ICI research Fellowship in Chemical Engineering at Cambridge University. He is married with four children

RİDVAN KADİR YİRMİBEFİLU

MEMBER

Rıdvan Yirmibefiloğlu was born in 1960, in Istanbul. After graduating from the Political Science and Public Administration Department of Istanbul University, Yirmibefiloğlu took his master's degree in Organization, Management and Operation Policies in the Business Administration Faculty of Istanbul University in 1988. He joined the Sabancı Group in 1986 at Kordsa and became company's Human Resources Manager in 1990. In 1996, he was appointed to Sabancı Holding as the Assistant Head of Human Resources; in 1998 he became the Head of the Department. As being the Head of Human Resources, Yirmibefiloğlu has taken the responsibility of developing human resources policies for various Sabancı Group companies. He was appointed as the Executive Vice President of Human Resources in 2005.

TERRY HALL HAMMOND

MEMBER

Terry Hammond was born, raised and educated in Raleigh, NC. She has worked in various positions in the Tire Industry over a 20-year period as a supplier of mainly polyester yarns, retiring in 2001 from the position of Vice-President, responsible for Technical Fibers and North American Region at KoSa. Currently, she is responsible for Programming, Public Relations and Media Development for WordNet, a broadcasting network owned and operated by Victory Christian Center in Charlotte, NC. She is married and the mother of two adult children.

FARUK BİLEN

MEMBER

Faruk Bilen was born in 1969. He received dual degrees from University of Pennsylvania in the United States in Electronic Engineering and in Finance from Wharton School. Faruk Bilen also holds a Master's Degree in business administration of Harvard Business School. After working several years in different companies both in Turkey and abroad, he joined Sabancı Group in 1996. Since September 1997, he has been the Chief Financial Officer of Sabancı Holding. He is also serving as board member at various companies of the Sabancı Group.

RAFAEL C. R. DECALUWÉ

MEMBER OF THE BOARD OF DIRECTORS

Rafael Decaluwé is a senior consultant, advising on strategy development and implementation and business start-ups in China. From 1994 to 2002, he served as CEO of N.V. Bekaert S.A., Belgium, a manufacturer of Steelwire, steelcord and advanced materials. Decaluwé serves today as Chairman on the Board of Jensen Group N.V. and Malysse N.V. in Belgium and as member of the Board of Kordsa Global in Turkey.



GÜLER SABANCI
CHAIR OF THE BOARD OF DIRECTORS



TURGUT UZER
VICE CHAIRMAN



RIDVAN KADIRCI OGLU
MEMBER



FARUK BİLEN
MEMBER



PETER GERARD KEHOE
MEMBER



TERRY HALL HAMMOND
MEMBER



RAFAEL C. R. DECALUWÉ
MEMBER OF THE BOARD OF DIRECTORS

MESSAGE FROM THE CEO

Dear Shareholders:

In Kordsa's long history, 2006 will be remembered as a milestone year. The journey that started in Turkey as a modest nylon fabric supplier in 1973 has brought Kordsa to the position of a global leader of industrial reinforcement products for the rubber industry.

Today, Kordsa Global, with sales approaching the US\$ 1 billion mark, is the world's leading supplier of nylon and HMLS polyester yarn and fabric, used primarily by tire manufacturers.

With our state-of-the-art production facilities, advanced technology, expertise of over 5,000 global employees and the strong support of our parent Sabancı Holding, we offer high value-added reinforcement solutions to our customers globally.

In 2006, our company took major steps to realize our vision of being the "local solution partner to the rubber industry, worldwide."

First, we have focused our global efforts around four key strategic initiatives:

Innovation, Growth, Operating Excellence and Empowered Global Teams.

Innovation & Growth

We made good progress in setting our Asia Pacific base, with the acquisition of majority shares in Branta Mulia and KONE. To invest in future growth, we made three significant moves, establishing a new Global Technology Organization, as well as launching new 'Voice of the Customer' and Innovation initiatives.

Operating Excellence

We have improved efficiency in our North American operations, after the grand opening of our new conversion facility in Laurel Hill. In South America, we have acquired additional nylon yarn production capacity and have made substantial progress on the upgrade of our polyester operations in Brazil.

Empowered Global Teams

We took the first step in strengthening the mechanism and communications within our global network. Our aim is clear: ONE INTEGRATED GLOBAL TEAM. Our employees' expertise and passion for their work are our key assets. Now with our truly global business and exciting growth initiatives, we offer a "world of career opportunities" to both our employees and promising external talent.

Central to our core values is Safety-Health-Environment (SHE). In 2006, we reduced recordable injuries by 40% and achieved the best SHE performance in Kordsa history.

As for financial results, we had a good year. With total global consolidated net sales reaching US\$ 700 million, we achieved a net operating margin of US\$ 54 million and net income of US\$ 38 million in parallel to our plans for the year.

In 2006, our markets continued to experience significant change, particularly in the tire segment. Our tire customers are investing in Asia, Eastern Europe and South America, while rationalizing some of their plants in North America. There is an increasing need for lighter, cheaper fabrics, as well as innovative new offerings. Cost

pressure is challenging the overall stability of industrial reinforcement suppliers and we continue to see further consolidation in our business. Kordsa Global is one of the few players who continue to invest along with its customers and provide reliable service globally, in a tough environment.

2007 will be the year of "Voice of the Customer" and "Innovation" at Kordsa. Inside Kordsa, we will accelerate synergies coming from our global assets/resources. Our customers will feel our global reach and our innovative actions. Asia, South America, single end cord and polyester will be key areas of growth and investment.

In closing, I am excited by the challenge in our markets, the demand for innovation by our customers and the progress we have made so far as Kordsa Global. And I believe that the diversity and energy of our employees will enable us to reach our vision of "local solution partner, worldwide."

Taking this opportunity, I would like to thank our employees, customers, and shareholders who always encourage us for the better, as well as all the social and economic stakeholders for their trust and support.



MEHMET NURETTİN PEKARUN
CEO

With our state-of-the-art production facilities, advanced technology, expertise over 5,000 global employees and the strong support of our parent, Sabancı Holding, we offer high value-added reinforcement solutions to our customers globally.



SENIOR MANAGEMENT



MEHMET N. PEKARUN
CEO

Mehmet N. Pekarun graduated from the Department of Industrial Engineering at Bozaziçi University. After attending Purdue University in the USA, Pekarun earned an MBA in Finance and Strategy Specialization. Pekarun commenced his professional career at General Electric USA Transportation Systems Department as a financial analyst in 1993. Between 1996 and 1998, he served as the Finance Manager in charge of Turkey and Greece and then Finance Manager in charge of Eastern Europe. He served as Managing Director at GE Lighting Turkey between 1999 and 2000. From 2000 - 2005, he was the General Manager of the Business Development Unit of GE Healthcare-Europe, Middle East and Africa regions. Pekarun continued to serve as General Manager of Medical Accessories for the same company between 2002 and 2005. He has been the CEO of Kordsa Global since March 1, 2006.



BÜLENT BOZDOĞAN
CFO

Bülent Bozdoğan was born in 1956 and graduated from the Business Faculty of Middle East Technical University. He commenced his career at PwC as an auditor where he served for two years. He later served at Unilever as Manager of Cost Accounting. There he undertook different responsibilities in Commerce, Finance and Human Resources departments between 1982 and 1991. He joined Brisa as Vice President in charge of Finance, Planning, IT, Procurement and Control Functions in 1991. He served as the head of Procurement and Finance in DUSA International, a new joint venture with DuPont in Wilmington DE, USA in January 2001. He is currently employed at Kordsa Global in the same position.



MEHMET TANJU ULA
**VICE PRESIDENT/
EUROPE, MIDDLE
EAST, AFRICA**

Mehmet Tanju Ula graduated from the Faculty of Mechanical Engineering at Middle East Technical University in 1969. He earned his MSc degree from the same faculty in 1971. Ula attended Ankara University where he earned an MA from the Business Faculty in 1975. His professional career began as he worked as a design engineer at the Atafı Refinery of Mobil. In 1976, he joined the Sabancı Group after the completion of his military service. He was Logistics and Planning Director at Lassa Rubber Factory from 1976 to 1985. He was appointed as General Manager to DUSA in 1996, to Sakosa in 1999 and to Beksa in 2004. Ula has been Vice President in charge of Region 1 at Kordsa Global since July 1, 2005.



EDWARD LOCKHART
**VICE PRESIDENT/
SOUTH AMERICA**

Edward Jack Lockhart was born in Washington (DC) - USA and graduated as Industrial & Mechanical Engineer from Instituto Tecnológico de Buenos Aires in Argentina. He worked 20 years for Dupont in different Technical, Manufacturing and Business Management positions in several countries, including Canada, USA and Brazil. He joined Kordsa executive management in 2003, and is currently Vice-President for Kordsa in South America, and Executive General Manager for Kordsa Argentina and Kordsa Brazil.



DİNÇER ÇELİK
**VICE PRESIDENT/
ASIA-PASIFIC**

Dinçer Çelik was born in Yozgat, Turkey and is a graduate of the Chemical Engineering Faculty at Hacettepe University. He joined Kordsa in 1984 and relocated to Egypt to manage Nile Kordsa from 1997 and 2001 after working in different technical levels at the İzmit Plants. In 2001, Çelik returned to İzmit to serve as Operations Director; in May 2005, he was appointed Director General and Vice President in charge of North America Operations. Çelik became Vice President in charge of Region 4 upon the Company's purchase of the majority of shares of Branta Mulia in March 2007.



BEKİR SOYTÜRK
**VICE PRESIDENT/
 BUSINESS
 DEVELOPMENT**

Bekir Soytürk was born in Kayseri and went on to graduate from the Mechanical Engineering Faculty at Yıldız Technical University and earned an MSc degree at the same Department. Soytürk has served in different managerial levels in the tire reinforcement companies of Sabancı such as Lassa/Brisa and Kordsa. Soytürk is Vice President of Kordsa Global A.Ş. in charge of Business Development; he is also the Head of the Business Development Department at the Tire, Tire Reinforcement Materials and Automotive Group of Sabancı Holding.



CENK ALPER
**GLOBAL TECHNOLOGY
 DIRECTOR (CTO)**

Cenk Alper was born in Edirne, Turkey in 1969. He earned a Mechanical Engineering degree from Middle East Technical University in 1991. In 1994, he completed an MSc degree at the same school and earned an MBA from Sabancı University in 2002. He started his business career at Beksa as a process engineer and served in different managerial levels in their Technology and Production Departments. In 2002, he worked as Project Director at the Technology Center of Bekaert Belgium. In Tennessee he also worked as Technical Director responsible for North and South America Factories. Alper consequently returned from Belgium as Kordsa Global's New Products Development Director at the Technology Center. Since 2007, he has been serving as CTO at Kordsa Global.



MICHAEL KOTELEC
**VICE PRESIDENT -
 MARKETING AND SALE**

Michael Kotelec has a BA degree in Government, a MBA in Marketing from the College of William and Mary and a Black Belt in Six Sigma. He joined Kordsa in June 2006. Kotelec spent over 20 years in the industrial fibers industry where he held senior executive positions in general management, marketing and supply chain including five years as VP Asia Pacific for Honeywell's Performance Fibers.



HAKAN ÖKER
**DIRECTOR
 HUMAN RESOURCES**

Hakan Öker was born in Ankara, Turkey. He earned a degree in Sociology from Hacettepe University and commenced his career as a Personnel Specialist at Beksa, Bekaert- Sabancı Steel Cord Company in 1988. After serving in a number of positions at Beksa in 1988 and 1989, Öker was appointed Director of Human Resources at Kordsa Turkey. He consequently worked at several managerial positions at, Tire, Tire Reinforcement Materials and Automotive Group of Sabancı Holding. He is currently Human Resources Director of Kordsa Global since January 1, 2007.



BÜLENT ARASLI
**DIRECTOR
 SINGLE END CORD**

Bülent Araslı was born in Yozgat, Turkey. He earned a degree from the Business Faculty of Middle East Technical University and completed his MBA at Bozüyük University. His commenced his career in marketing and sales and took different executive positions in this area. Araslı is currently Global Single End Cord Director and the General Manager of Interkordsa GmbH and Kordsa GmbH, Germany.

RICARDO CRUZ
TWISTING OPERATOR
KORDSA BRAZIL, BRAZIL

I have been working here for five years and hope to stay for many more. I am glad that Kordsa is so sensitive towards environmental, health and safety conditions.

"Sou funcionário da Kordsa e pretendo continuar sendo por muito mais anos porque para mim, as condições de trabalho da Kordsa, bem como a sua sensibilidade nas questões ambientais de segurança são recursos muito valiosos".

2006 OPERATING HIGHLIGHTS

The investments spread over five continents are proof of Kordsa Global's commitment to the sector.

Sabancı Holding purchased the remaining 50% of DUSA International LLC from DuPont in 2005, providing opportunities for Kordsa to take new steps toward strategic growth objectives in global markets.

The Company started reorganization worldwide by changing the corporate name of DUSA International LLC to Kordsa International LLC, a well-known trade mark worldwide in the industrial yarn and fabric sector for long years. The headquarters of Kordsa International LLC was relocated from Wilmington, Delaware (USA) to Istanbul, Turkey combining worldwide operations in one integrated global company, Kordsa Global, and taking its place in the Sabancı Group and in Turkey.

On December 22, 2006, Kordsa Global A.fi. purchased majority shares totaling 51% of PT Branta Mulia Tbk, a company located in Indonesia. Thus two subsidiaries of Branta Mulia, one is located in Thailand, become part of the company. On December 29, 2006, Kordsa Global completed the acquisition of 99.5% of the shares of KQNE Qingdao Nylon Enterprise Limited operating in China. Having manufacturing sites in Asia now, Kordsa Global has completed its global integration.

As of the end of 2006, Kordsa Global is a manufacturing company of industrial yarns and cord fabrics with its 12 factories operating in 10 countries organized based on the below-mentioned regions.

Kordsa Global's regions are;

- Region 1: Europe, Middle East, Africa and CIS
- Region 2: North America
- Region 3: South America
- Region 4: Asia-Pacific

MARKET UPDATE

In 2006, the global demand for automotive and tire reinforcement materials were affected adversely from the significant increase in oil prices. Regionally, the North American tire industry recorded a sharp decline (10%) as a result of the drop in the production of passenger cars. Three tire factories were shut down because of high production costs and were replaced by lower-cost imports from South America and Asia. During this time, approximately 40% of the market demand was met by the lower-cost imports. This is expected to increase to 50% in the next three years, affecting the demand for Nylon 6.6, HMLS polyester yarn and fabrics.

The impact of lower-cost imports on the European market was relatively weak since it is mostly focused on performance tires. In this market the demand for industrial yarns and fabrics is strong and expected to maintain its level.

Production and capacity changes in developing markets such as China, India, Eastern Europe and the Association of Southeast Asian Nations (ASEAN) continued. In China, the demand for tires is expected to grow 12% per year driven on domestic consumption and exports. The local yarn industry made considerable investments to increase the capacities of HMLS polyester and Nylon 6.6. Developments in the Asian Pacific market will shape the global industrial yarn and fabrics market in the near future.

2006 OPERATING HIGHLIGHTS

OPERATIONS IN THE REGIONS

REGION 1

Despite the intensifying competition, Region 1 maintained its leading position in the market with its customer-focused approach and high quality products and services.

In 2006, Region 1 was the largest Kordsa operation, with US\$ 371 million of turnover and 73 kilotons of consolidated sales volume. During the year, polyester operations were successfully integrated into the system, creating further synergies.

While the different market segments were strengthening, European market growth was higher than the increase in gross national product (GNP). There was also an increase in the Commonwealth of Independent States (CIS) while the Middle East and African markets remained at the same level with the previous year. Regional competition by China and Far Eastern countries was felt due to their aggressive pricing and acquisitions.

Thanks to its experience and know-how, Kordsa has strengthened its position at the five largest tire producers through the new joint development projects, and reliable customer service.

REGION 2

Overall demand for tires was down 2% in the US for year 2006 due to a softer economy. However shipments of tire reinforcements were down approximately 10%. Three high cost tire plants were closed in preference for low cost imports from South America and Asia and higher gasoline prices which drove the market to smaller vehicles and tire sizes. One of the largest producers of tires in the US also suffered production outages during a three month labor contract strike. In the off-highway market, the large truck tires remained oversold with increases in mining due to the high energy and metal prices, but this was offset by a weak agriculture market. This trend is expected to go on during 2007, with some modest recovery gains expected in tire demand. Non-tire markets are tracking the automotive markets, except for conveyor belting which is experiencing demand increases in mining for oil shale.

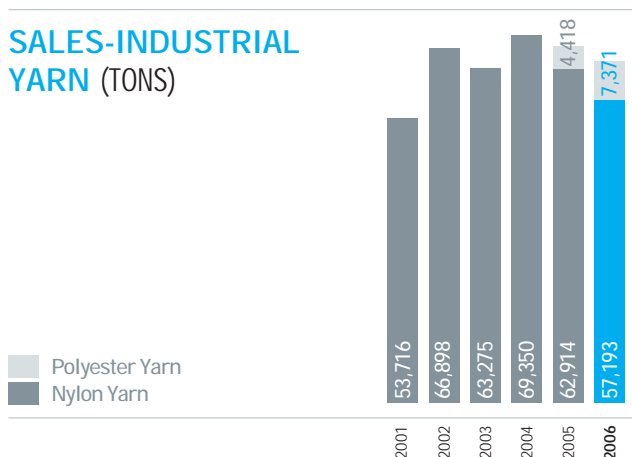
The consolidated turnover of Region 2 was US\$ 192 millions in 2006. The turnover of the yarn plant in Chattanooga, Tennessee reached US\$ 168 million with a sales volume of 44 kilotons. The Chattanooga Team has successfully completed a series of enhancements, including yarn operations,

factory planning and restructuring of the product mix. The efforts to increase the productivity of yarn operations will continue in 2007.

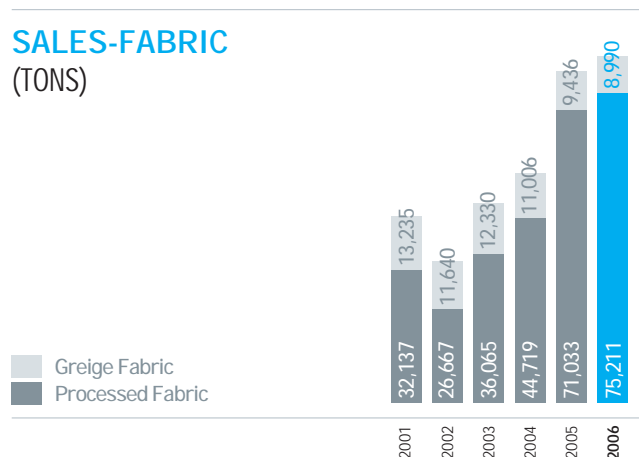
The 2006 turnover at the cord fabric plant in Laurel Hill, South Carolina was US\$ 50 million with a sales volume of nine kilotons. 2006 was considered as a transition period for this plant.

The fabric plant was renewed with an investment of US\$ 26 million. In the meantime, senior management changes and relative adaptations were carried out successfully. The Six Sigma approach was adopted and the efficiency of the fabric plant was increased in order to make the company a leader within the Kordsa Global family. Regular training programs on the new equipment and enhancement projects in the production process resulted in high performance levels among Laurel Hill employees. These efforts increased the efficiency by 41%, with a decrease in waste ratio by 18%; the result was that all of the deliveries were made on time in addition to higher product and service quality.

SALES-INDUSTRIAL YARN (TONS)



SALES-FABRIC (TONS)



REGION 3

After completing the merger of the newly acquired Polyester business in Brazil with the nylon operations in Camacari, a partial restructuring of the Nylon 6 plant was implemented together with the acquisition of a five-kiloton Nylon 6.6 spinning capacity in Argentina. The change of production mix minimized the impact of the escalation of caprolactam prices at a disadvantage to Nylon 6.6 products. As a result of these changes Kordsa South America's revenue grew more than 20% with a significant recovery in the market share taken from both local competition and imports in all segments. Regional market continues to strengthen, under a stable macroeconomic environment.

New facilities from two major tire companies in Brazil together with another one's expansion in passenger tire segment is increasing polyester demand progressively. These conditions cause higher expectations for the market: more than three kilotons growth in the next three years. Kordsa Brazil started up a new five-kiloton spinning facility at the beginning of the year and its capacity is already running full. Kordsa South America's turnover reached US\$ 142 million with a sales volume of 36 kilotons, a turnover increase of 20%. The Company increased its market share and its import ratio in all segments. Kordsa will continue to provide new expansion investments in line with customer's growth requirements.

REGION 4

On December 22, 2006, Kordsa Global A.fi. purchased majority shares totaling 51% of PT Branta Mulia Tbk, a company located in Indonesia. Thus two subsidiaries of Branta Mulia, one is located in Thailand, were integrated to the Company. On December 29, 2006, Kordsa Global completed the acquisition of 99.5% of the shares of KQNE Qingdao Nylon Enterprise Limited operating in China. Having manufacturing sites in Asia, as well as in Europe, the Middle East, Africa and South and North America, Kordsa Global has completed its global integration.



PRODUCT PORTFOLIO AND CAPACITIES

Kordsa Global has grown from a regional producer of cord fabrics in Turkey to an integrated industry leader, with a broad product portfolio

PRODUCTS

- High quality reinforcement solutions for tire and rubber industry.

Yarns

- High tenacity, industrial heavy denier Nylon 6.6 yarn (940 dtex and above)
- High tenacity, industrial heavy denier polyester yarn (1100 dtex and above)
- Wide HMLS Polyester yarn and Nylon 6.6 portfolio for rope, seat belt and various technical applications

Tire Cord Fabric

Raw Materials

High Tenacity, heavy denier Nylon 6.6, HMLS Polyester, Nylon 6, Rayon and Aramid fiber

Tire Cord Fabric Applications

- Passenger and all other tire types
- Bicycle tires
- Industrial hoses, air springs, conveyor belts
- Chafer fabric for all types of tires

Single End Cord

Raw Materials

High Tenacity, Heavy Denier Nylon 6.6, HMLS Polyester, Rayon and Aramid fiber

Single End Cord Applications

- High performance passenger car tires,
- V-belts, power transmission belts, timing belts
- High pressure hoses
- Fiber optic applications
- Elastic weft material
- Paper felt

Industrial Fabrics

Raw materials

High tenacity heavy denier Nylon 6.6 and Polyester fibers

Conveyor Belt Fabrics

- EP fabrics
- PP fabrics
- EE fabrics

Conveyor Belt Applications

- Conveyor Belts

Chafer Fabrics

- Monofilament Chafers
- Multifilament Chafers
- Bulked Chafers

Chafer Fabrics Applications

- Vehicle tires

Leader Liners Fabrics

- Polypropylene Liners (Multi-Mono)
- Polypropylene Liners (Multi-Multi)
- Calendar Liners

Membrane Fabrics (Nylon reinforcement)

Industrial Yarn

Industrial quality Nylon 6.6, HMLS PET and technical PET yarns.

Kordsa Global's specially designed products for world markets

- Super High Tenacity yarn development
- Nylon 6.6 for SEC applications
- 2200 dtex HMLS PET yarn for tire cord fabric
- 1670 x 3 aramid tire cord fabric
- 10000-dtex-monofilament tire cord fabric
- Hybrid Cords

Kordsa Global's registered products

Kordsa® standard cord for tire reinforcement

InterCord® standard cord for power transmission

InterTens® the cord with high modulus for power transmission

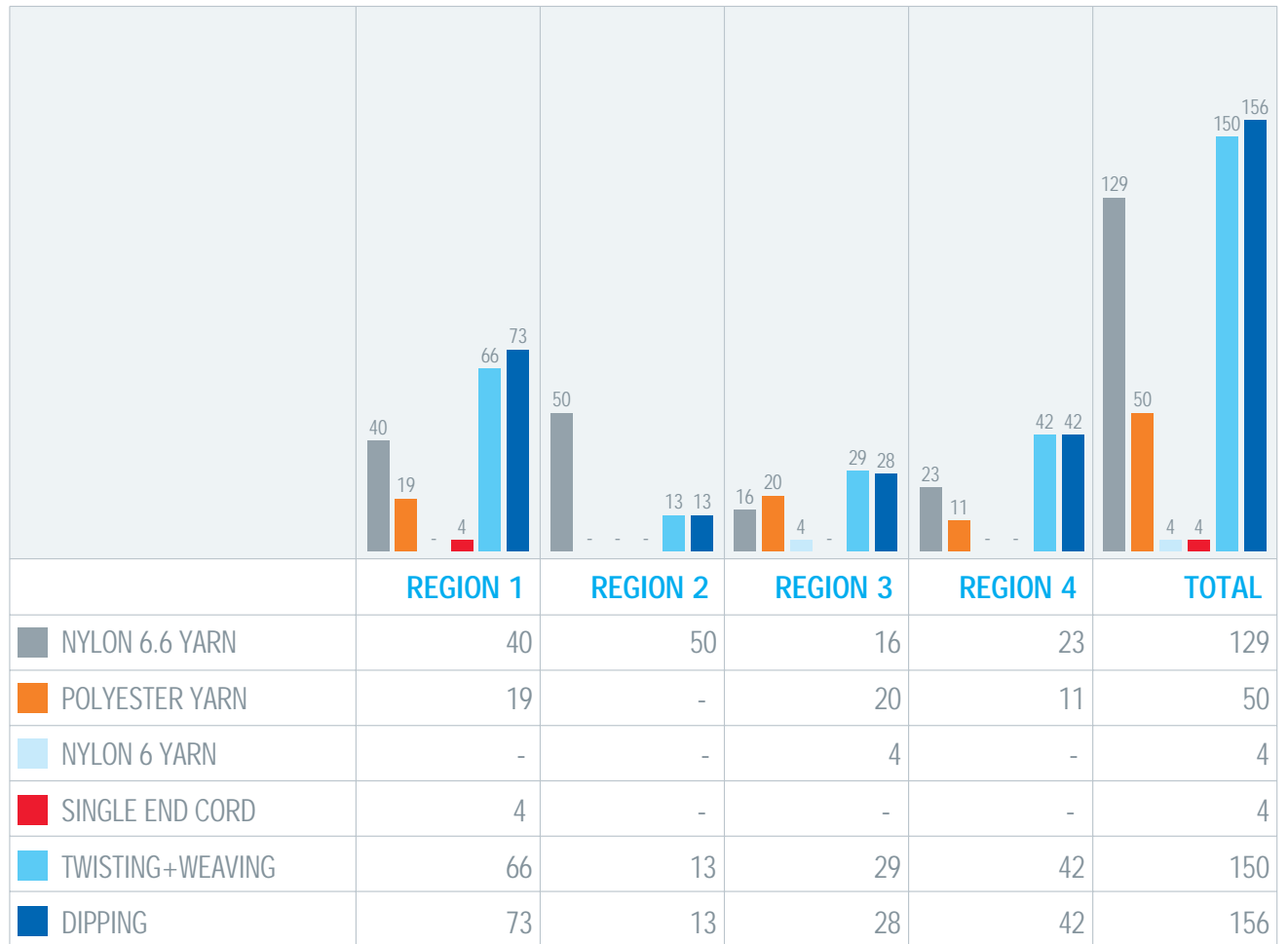
InterFlex® high quality technical yarn with low titer for hoses, tires and paper felt

InterPlast® highly elastic weft yarn for tires

InterVision® high quality Aramid and glass cords for fiber optics

InterRex® laboratory measuring equipment for testing cord shrinkage and shrinkage force

PRODUCTION CAPACITY (000 TONS/YEAR)



Region 1: Europe, The Middle East, Africa

Region 2: North America

Region 3: South America

Region 4: Asia-Pacific

MARKET SHARE

Kordsa has rapidly grown from a regional producer of cord fabrics in Turkey to an integrated global leader producing industrial reinforcement fabrics from nylon and polyester industrial yarns. Kordsa's current market shares of Nylon 6.6 and Polyester HMLS are estimated as 38% and 8%, respectively.

In the future, Kordsa will continue to expand its business in line with the regional growth rates, shifting its growth focus to polyester and Asia Pacific investments.

RESEARCH AND DEVELOPMENT



Kordsa Global wants to reinforce its global market leadership with technology leadership in the next five years.

At Kordsa Global, we believe that sustainable and profitable success can only be accomplished with systematic research and development activities. In line with this idea we have geared up our innovation and technology initiatives with our new Global Technology Management approach. While increasing our own R&D efforts we aim for technology leadership through increased collaborations within the scope of our 'Open Innovation' concept.

The majority of our R&D team is made up of members with PhDs and MAs. As a part of our restructuring efforts, new researchers with international R&D experience have now joined the team. The Global Technology Center at Kentsa Industrial Park in Izmit cooperates with TUBITAK, Sabancı University, Kocaeli University, Uludag University and Middle East Technical University. Our joint development programs with Innovent Institute and Jena University in Germany on adhesion and splicing technology have led us to two new patent applications in 2006.

In general, we develop proprietary products through cooperation programs with our customers. Many of these new products are concentrated around higher tenacity and dimensionally stable yarns and fabrics. New generation Nylon 6.6 and PET yarns, adhesion technology, hybrids for fabric and single end cord applications are some of the other research topics.

At the beginning of 2007, we restructured the Technology Organization to meet the requirements of our global markets and appointed a new Chief Technology Officer to head the Kordsa Global Technology Center.

Our research and development efforts will continue in the following four platforms;

- New Product Development
- Market Application Development
- Operational Excellence
- Open Innovation

HUMAN RESOURCES

Kordsa Global adopted "think global, act local" approach in its Human Resources Management processes.

Human Resources

Kordsa Global aims to develop Human Resources Management models and applications which meet the necessities of business dynamics and are compatible with the mission and vision of all entities.

Kordsa Global, Global Human Resources Division aims to act in line with the "think global, act local" perspective on five continents and 10 different countries. Short-term and long-term international assignments, which are designed for the development of the employee potentials, are good examples of this approach.

Currently, 5,102 employees work for Kordsa Global. The average seniority is 11 years overall.

Level of Education (%)

PhD/ Graduate	3
University	66
Vocational/High school	24
Primary/Secondary	6

Education

The different skills and competencies required for different jobs are defined throughout the Company. Annual training programs are customized and executed based on the needs of different employee groups. Training programs are classified

under health and safety, quality, personal and management skills, software and information, technical and professional training groups.

Performance and competency evaluations provide input for the annual training plan. Furthermore, Leadership Development Programs are followed in parallel with the practices of Sabancı Holding Human Resources. Employees from all entities can participate in these programs. Internal and external communication, corporate identity and social activities are also the issues that Kordsa Global Human Resources Division concentrates on for increasing employee loyalty.

HR targets

Future targets of Kordsa Global Human Resources Department are;

- Follow-up of deployment and the implementation of the global targets,
- Reduction of the central targets to the performance assessment processes,
- Spreading integrated human resources processes and global communication strategies, increasing the efficiency of global functions,
- Expanding international rotation opportunities.



SOCIAL RESPONSIBILITY



From local to global, Kordsa Global aims to be a driving force in society as well as in the economy.

Since its inception, Kordsa Global has contributed to social and cultural life as part of its social responsibility approach. The social activities organized within the Company intend to establish closer relationships, increase motivation and share the common corporate values.

2006 Highlights:

- Contributions to the Thuringian association of engineers and technicians who are responsible for yearly competition by young pupils and students in research and development of natural sciences.
- Some cultural souvenirs were donated to universities, museums and other cultural organizations in Salvador city.
- Teaching English and Portuguese to low income groups in Region 3, within the scope of social responsibility projects.

- Kordsa Global has organized events for the disabled and supported schools through the employee initiatives (scholarships, tsunami donations, etc.), Kordsa Day and athletic competitions within the Company.

Other activities organized by Kordsa Global include: picnics, bowling days, trekking events for Young Diabetics and the American Heart Association, junior league baseball teams, contributions to local sport activities, health fairs, friendship lunches and dinners, Christmas and Easter parties, competitions, organizations of visits of the employees' families to the plants, visiting the hospitals, orphanages, nursing homes on a certain day of each month.

In the future, our aim is to get more involved in the community and make the Kordsa name well known in the regions we operate.

CERTIFICATES, AWARDS AND ACHIEVEMENTS



Kordsa Global has been recognized by a number of international organizations

Region 1

Kordsa Turkey

Management System Certificates

- ISO 9001: 2000 Quality Management System Certificate (BVQI)
- ISO 14001: 2004 Environment Management System Certificate
- OHSAS 18001 Employee Health and Safety Management Systems Certificate

National Quality Awards

- National Quality Grand Award (1996 Kordsa Cord Plants)
- National Quality Achievement Award (1998 Kordsa Nylon Yarn Plants)

Interkordsa

- ISO 9001: 2000 Quality Management System Certificate

National Quality Awards

- Grand National Quality Award (1996 Kordsa Fabric Plant)
- National Quality Achievement Award

Nile Kordsa

- ISO 9001: 2000 Quality Management System Certificate (BVQI)
- ISO 14001: 2004 Environment Management System Certificate

Kian Kordsa

- ISO 9001: 2000 Quality Management System Certificate
- ISO 14001: 2004 Environment Management System Certificate
- OHSAS 18001: Employee Health and Safety Management Systems Certificate

Region 2

Laurel Hill

Management System Certificates

- ISO 9001: 2000 Quality Management System Certificate - October 1, 2006

Safety/Environment/Government-Local

- Scotland County - Alan Audit Certificate - June 2, 2006
- Scotland County - Alan Sedimentation Adaptation Certificate - September 27, 2006
- Scotland County - Pressurized Tanks Certificate - June 16, 2006

Chattanooga

Management System Certificates

- ISO 9001: 2000 Quality Management System Certificate - April 26, 2004

Safety/Environment Award

- Pretreatment Excellence Award by Kentucky/Tennessee Water Environment Association, Global Dosimeter for a work environment free of radiation - 1/1/05. This award was given to the Company for its noteworthy performance in pretreatment activities of the industrial waste water for all of the Chattanooga operational area.

Region 3

Brazil

Management System Certificates

- ISO 9001: 2000 Quality Management System Certificate awarded by BVQI.
- BV Mode 2 Survey Scheme Certification: This certificate was given to endorse polyester quality used in the production of marine rope.

Argentina

Management System Certificates

- ISO 9001: 2000 Quality management System Certificate - November

A woman with short dark hair and safety glasses is smiling in a factory setting. She is wearing a dark blue t-shirt with the KORDSA logo. A white speech bubble is positioned in the upper right corner of the image, containing a quote in blue text. The background is filled with industrial machinery and equipment.

"The most valuable part of being a Kordsa employee is feeling part of a very large family and working in that way. We are a member of a big family spread all over the world."

ANDRISILA WILLIAMS
YARN OPERATOR
KORDSA INC., ABD

KORDSA

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In the period between January 1 and December 31, 2006, Kordsa Global Endüstriyel Çelik ve Kord Bezi Sanayi ve Ticaret A.Ş. (hereinafter referred to as the Company) complied with and implemented the Corporate Governance Principles as published by the Capital Markets Board of Turkey (CMB).

SECTION I - SHAREHOLDERS

Shareholder Relations Unit

In the Company's organization, an Investor Relations Division serves our shareholders within the Finance Department, reporting to the Finance Director.

The coordination and responsibility for the division is carried out by Fatma Arzu Ergene, Finance Director (Tel.: 0-212-385 85 30 Ext: 28545, Direct Tel.: 0-212-385 85 45 Fax: 0-212-281 00 27, 28 254 00, email: arzuogun@kordsa.com).

Mustafa Yayla also serves in this division as Finance Officer (Tel.: 0-212-385 85 30 Ext: 28545- 28547 Fax: 0-212-281 00 27 / 0212-282 54 00, email: mustafayayla@kordsa.com).

8.88% of the shares in the Company are publicly held and the shareholders representing the privately-held capital (91.12%) are limited to six corporate shareholders.

The Investor Relations Division is assigned the role of carrying out interactions with the shareholders. Within the scope of this role, 525 telephone contacts and 83 email applications from shareholders were responded to within this period. The Central Registry System (CRS), whose legal infrastructure was drawn up by the Capital Markets Board of Turkey (CMB) and its data processing infrastructure designed by the Central Registry Agency (CRA), was put into force on November 25, 2005, for shares traded on the stock exchange. With the new system, investor accounts pertaining to the Company's shareholders that were held at Takasbank (ISE Settlement and Custody

Bank Inc.) were transferred to the Central Registry Agency system on said date. From that date on, intermediary institutions began obtaining information relating to custody, transfer, pledge and similar transactions from the Company's shareholders' stocks via the new central system.

Now, new issues to be registered by the CMB will only be soft registered by the CRA on the basis of the accounts of owners of rights; importation, printing and circulation of valuable papers have also been discontinued. The new system is expected to result in cost savings in terms of share certificate printing and custody, as well as establishing healthy communications between companies and small-scale shareholders.

As of December 31, 2006, Kordsa Global A.Ş. shares with a nominal value of YTL 58,999,273,487 have been registered with the CRA.

Distribution of Series 15 registered share certificates as a result of the 200% bonus capital increase effected on November 5, 2003:

- Date of Commencement: November 5, 2003
- Period of Time: Unlimited
- Number of shareholders that applied to the Company apart from the ISE Settlement and Custody Bank Inc. as of December 31, 2004:
 - November 5, 2003-December 31, 2003: 133 people
 - January 1, 2004-December 31, 2004: 79 people
 - January 1, 2005-December 31, 2005: 48 people
 - January 1, 2006-December 31, 2006: 27 people

Totally 287 shareholders visited the Company Headquarters and received their bonus rights attached to their share certificates coming from the past and arising from the latest capital increase.

Shareholders' Exercise of their Right to Obtain Information

In 2006, the Investor Relations Division responded to 540 queries in total received from shareholders, including 400 phone calls, about 70 emails and 70 one-on-one contacts. Information that might be of relevance to the shareholders was also announced within prescribed limits at the Company's website www.kordsaglobal.com.tr. Apart from the matters not yet publicly disclosed, the division also responded to shareholders' queries via telephone relating to matters about the 2005 profit distribution and the merger of Kordsa A.Ş. with Kordsa Global A.Ş. in 2006, change of company name, capital increase and amendments to the Articles of Association.

The Company's Articles of Association do not stipulate appointment of a special auditor as an individual right. No demands were received from the shareholders in this regard in 2006, either.

Information about General Meetings

The 2005 Ordinary General Meeting of Shareholders was convened on March 31, 2006. The invitation for this meeting was made in compliance with the provisions of the Turkish Commercial Code and the Company's Articles of Association. Shareholders representing 88.6% of the capital attended the meeting.

To ensure attendance at the General Meeting, passes were issued to shareholders who applied to the Company's Investor Relations Divisions at least two days before the General Meeting. Those shareholders whose share certificates are kept by intermediary institutions are required to apply using the CRA Blockade Form and those who personally hold the share certificates are required to apply with their receipts proving that they lodged the share certificates with the banks.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Annual Report containing audited 2005 figures made available for the review of shareholders at least 15 days in advance at the Company's Headquarters. During the General Meeting, the shareholders did not exercise their right to direct questions and no proposals were presented in addition to the agenda items.

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

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

Kordsa A.fi. Extraordinary General Meeting of Shareholders on November 29, 2006 concerning the merger through the transfer of Kordsa Global Endüstriyel  plik ve Kord Bezi Sanayi ve Ticaret A.fi. to Kordsa Endüstriyel  plik ve Kord Bezi Sanayi ve Ticaret A.fi., Kordsa A.fi., and Special Extraordinary General Meeting of Holders of Founders' Bonus and Bonus Certificates were convened.

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

- Relying upon prior approvals at these meetings obtained from the Prime Ministry Capital Markets Board and the Ministry of Industry and Trade Directorate General of Domestic Trade, sections 2, 3, 5, 7, 9, 10, 11, 12, 14, 16, 17, 19 and 38 of the Articles of Association of Kordsa Endüstriyel  plik

ve Kord Bezi Sanayi ve Ticaret A.fi. have been amended and provisional articles 1 and 2 have been deleted.

- The Company name has been changed to Kordsa Global Endüstriyel  plik ve Kord Bezi Sanayi ve Ticaret A.fi., Kordsa Global A.fi. shareholders were included in the Company's shareholding structure.
- Kordsa A.fi. increased its share capital in the amount of YTL 42,667,813.00 and issued Series 18 registered shares to be distributed to its shareholders, whereby its share capital was raised from YTL 151,861,263 to YTL 194,529,076.

In accordance with Article 80 of the Trade Registry Regulation and the provisions of Articles 150 and 151 of the Turkish Commercial Code numbered 6762, the registration of Kordsa Global Endüstriyel  plik ve Kord Bezi Sanayi ve Ticaret A.fi. was ex officio deleted on December 7, 2006, effective from November 30, 2006, which company was registered under registry number 577969/525551 and which was dissolved without liquidation by way of take-over with all its assets and liabilities by Kordsa Endüstriyel  plik ve Kord Bezi Sanayi ve Ticaret A.fi. registered with Istanbul Trade Registry under the registry number 123648/70791 pursuant to the provisions of Article 451 of the Turkish Commercial Code.

Voting Rights and Minority Rights

The Articles of Association grants no privileged voting rights.

There are no companies with cross-shareholding interests.

Dividend Distribution Policy and Timing

Based on the Company's Board of Directors resolution dated March 14, 2006, numbered 816, the Company's Dividend Distribution Policy is spelled out as follows: "(the Company) distributes cash dividends each

year to its shareholders in an amount that is equal to at least 50% of the attributable profit in accordance with the CMB legislation, other legal stipulations and the Company's Articles of Association."

It was unanimously resolved that the said policy be reviewed each year by the Board of Directors in consideration of national and global economic conditions, the projects in the Company's agenda and the status of available funds and laid down at the immediately following General Meeting for the information of the shareholders. The same information was submitted to the shareholders at the 2005 Ordinary General Meeting of Shareholders convened on March 31, 2006.

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

As per the provisions of the Company's Articles of Association, dividend distribution is made to holders of founders' bonus shares, holders of bonus shares, members of the Board of Directors, as well as to shareholders directly or via the CRA.

Transfer of Shares

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

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

Company Disclosure Policy

The Company has in place a disclosure policy that conforms to the CMB's Corporate Governance Principles.

Pursuant to this policy, the Company regularly makes public disclosure of half-year and year-end consolidated reports drawn up in line with International Financial Reporting Standards (IFRS) and independently audited, as well as unaudited first and third quarter consolidated reports and material events required to be publicly disclosed, in accord with the CMB legislation and within due time via the ISE.

Disclosures are announced to the public also on the Company website accessible at www.kordsaglobal.com.tr.

The responsibility for the execution of the disclosure policy rests with Mehmet Nuri Pekarun, CEO.

Disclosure of Material Events

In 2006, the Company made 26 material event disclosures to the CMB and the ISE, pursuant to the CMB regulations. Said disclosures were made in a timely manner and no sanctions were imposed either by the CMB or the ISE.

The Company's shares are not quoted on overseas stock exchanges.

Company Website and its Content

The Company has an Internet site accessible at www.kordsaglobal.com.tr.

The content of the website is available in Turkish.

Under the "Investor Relations" heading on the Company website, the information listed under CMB Corporate Governance Principles, Section II, Article 1.11.5 is made available.

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

There are no non-corporate ultimate shareholders with a controlling interest in the Company.

All of the Company shares/interests are registered. The share certificates representing the Company's publicly-held

capital (8.8886%) are traded at ISE and the Company is not tracking such transfers. Therefore, the Company officially has information only on the six corporate shareholders holding the share certificates/interests representing the Company's privately-held capital (91.1114%).

Public Disclosure of Those Who May Have Access to Insider Information

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

SECTION III - STAKEHOLDERS

Keeping Stakeholders Informed

Stakeholders are informed on the developments relating to the Company by way of public disclosures made pursuant to applicable legislation.

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

Stakeholder Participation in Management

Company employees, customers, suppliers and the society we interact with are considered stakeholders.

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

Human Resources Policy

The Human Resources Policy and practices in place at the Company are presented below and posted on our website at www.kordsaglobal.com.

- Our integrated systems are designed to support the local policies and practices.
- Human resources management systems are formulated and implemented to integrate the Company goals and employees' objectives and to create a safe working environment for all employees.
- Human resource planning is devised taking into consideration the Company's strategic plans and in line with medium and long-term goals, free from any discrimination; it is implemented fairly.
- Participation and creativity are encouraged through the systems designed to recognize and reward employees.
- Systems aimed at ensuring efficient communication are set up and a well-functioning organizational structure is designed.
- In order to ensure that Kordsa Global values are identified with the employee profile, personal and professional development of employees is supported with individual development plans.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

- Systems related to HR are implemented to ensure that employees become a part of the corporate culture.
- Opportunities are created and social events are organized to encourage mingling of the employees both among themselves and with their families.
- Regarding employees and the union, the management displays a fair and constructive approach taking into consideration the current conditions to produce the most favorable results for all parties concerned.
- Opinion, knowledge, skill and experience sharing is supported by teamwork, proposal systems and training programs.
- responds to customer demands as soon as possible by efficient and productive solutions.

Kordsa Global possesses an organization structure offering full support to its customers in commercial and technical issues. Research, development and improvement activities are carried out with keen consideration of the developments in the market and based on clear customer-focus. Products and services offered are developed together by assessing the customers' existing and future needs at the highest levels.

Kordsa Global is careful to make purchases from reliable suppliers that focus on customer satisfaction and are committed to good worker health, worker and environmental safety and quality. Kordsa Global establishes long-term relationships with its suppliers based on mutual trust, efficient communication and business partnership and implements win-win principles.

Social Responsibility

In all activities carried out at Kordsa Global, the order of priority is Worker Health, Occupational Safety, Environment and Quality.

At Kordsa Global, it is believed that all occupational accidents and occupational diseases can be prevented. In keeping with this, all employees coming to the workplace, even for a short-term assignment, are given training on worker safety, occupational and environmental safety; the scope of the safety training is expanded depending on the training needs identified.

The Company fulfills its duties within the scope of social responsibility through dividend contributions made to Sabancı University and donations made to natural disaster response committees, related public agencies and institutions, as well as universities and secondary education institutions.

Apart from the above, our employees actively participated with donations in kind and in cash during book donation campaigns directed toward schools located in Turkey's eastern regions and in other campaigns supporting education.

There are no lawsuits lodged against the Company because of any environmental issues.

SECTION IV - BOARD OF DIRECTORS

Structure and Formation of the Board of Directors, Independent Members

The Company's Board of Directors consists of seven members elected for three-year terms of office in accordance with the provisions of the Turkish Commercial Code and the Articles of Association. Although there are no independent Board members, there are executive Board members.

Güler SABANCI:
Chairman (non-executive)

Turgut UZER:
Vice Chairman (non-executive)

Rıdvan Kadir YERMEKÇİ/ LU:
Member (non-executive)

Faruk BİLLEN:
Member (non-executive)

Peter Gerard KEHOE:
Member (non-executive, independent)

Terry Hall HAMMOND:
Member (non-executive, independent)

Rafael C. R. DECALIVE:
Member (non-executive, independent)

The sections of the Company's Articles of Association relating to the Board of Directors do not contain any stipulations on the differentiation of independent, executive and non-executive members.

The Chairman and the members of the Board of Directors are granted the right to carry out transactions in accordance with Articles 334 and 335 of the Turkish Commercial Code, based on the General Assembly resolution.

Aiming to create value with existing HR practices, the Company intends

- to select the best employees by using the primary processes of recruitment, assessment, development, career planning and retirement;
- to establish a high performance culture;
- to ensure development of necessary competencies and skills at every level of the organization;
- to place the right potential in the right position, and
- to be a privileged company to be working for with a high-caliber employee profile guaranteeing post-retirement living standards through a private pension plan.

Relations with Customers and Suppliers

Kordsa Global targets,

- the establishment of long-term strategic alliances with its customers and acts in line with these targets.
- implements the principle of creating mutual value in its dealings with its shareholders.
- adheres to principles of integrity, an ethical approach and commercial and technological confidentiality with regard to customer relationships.

Qualifications of Board Members

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

Mission, Vision and Strategic Goals of the Company

The Company's Board of Directors determined its mission and vision and publicly disclosed the same in its Annual Report, as well as on its website, www.kordsaglobal.com.tr.

Risk Management and Internal Control Mechanism

The internal control mechanism is in place at every level of the Company. In carrying out its activities, the Company provides internal control and prevents risk through computerized authorization levels and verification mechanisms, reconciliation performed with customers and vendors, periodic reports presented to the management, Standard Operating Procedures and Guidelines which are among the requirements of ISO 9001 and periodic in-house internal audits. In addition, as part of the external (Holding and independent audit) auditing process, the efficiency of the system along with risk are monitored and the necessary actions are taken in line with the recommendations.

Authorities and Responsibilities of Board Members and Executives

The management rights and representation powers of the Company's Board of Directors are defined in Sections 14, 16, 17, 18, 19, 20, 21 and 22 of the Articles of Association and publicly disclosed on the Internet at www.kordsaglobal.com.tr.

The authorities and responsibilities of executives, however, are not stipulated by the Company's Articles of Association. However, these authorities and responsibilities are determined by the Company's Board of Directors.

Operating Principles of the Board of Directors

The Company's Board of Directors met 32 times in 2006 and settled the agenda items by mail and circulation. The agendas of the Company's Board meetings are set upon contacts held by the Chairman of the Board with the Board members. At the meetings held in 2006, no dissenting opinions were voiced by any Board member against the decisions.

While deciding on the matters contained Section IV, Article 2.17.4 of the CMB's Corporate Governance Principles, actual attendance of the members who did not have an excuse was assured in relevant Board meetings. Because Board members did not have any questions, these matters were not entered into the records. Board members are not entitled to weighted voting and/or vetoing rights in relation to such resolutions.

Prohibition on Doing Business or Competing with the Company

The Company's Board members did not do business with the Company and/or did not undertake initiatives that would compete in the same fields of activity in 2006.

Code of Ethics

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

Number, Structure and Independence of the Committees under the Board of Directors

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

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

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

Remuneration of the Board of Directors

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

In 2006, no loans were extended, no credits granted to the members of the Board of Directors by the Company. The loans and credits already extended were not restructured for longer terms or their conditions were not improved. No credits under the name of personal credit were extended directly or through a third party and no guarantees provided in their favor.

As a Turk and an employee of Kordsa Global, I am very proud to be working for a Turkish company operating worldwide.

Bir Türk firketinin kendi alanında dünya çapında ifl yapıyor olmas› ve benim de bu firketin kalbinde çalıflıyor olmam, hem bir Türk hem de bir Kordsa Global çalıflan› olarak bana gurur veriyor.

MAHİR ESER
CORD FABRICS OPERATOR
KORDSA GLOBAL, TURKEY

KORDSA GLOBAL ENDÜSTRİYEL KAPLIK VE KORD BEZİK SANAYİK VE TİCARET ANONİM FİRKETİK

AGENDA OF THE ORDINARY SHAREHOLDERS' GENERAL MEETING FOR THE 2006 TO BE HELD ON APRIL 27, 2007

AGENDA

1. Formation of the Presiding Board of the General Assembly Meeting,
2. Authorize the Presiding Board for the signing of the General Assembly minutes,
3. Read and discuss the Board of Directors' and the Statutory Auditor's Reports regarding the activities and accounts of the year 2006,
4. Read, discuss and approve the Balance Sheet and Profit and Loss statement and take decision on the profit distribution proposal,
5. Inform shareholders of the rationale for not participating in the capital increase of our Company's subsidiary Enerjisa Enerji Üretim A.Ş. and outline the existing shareholder percentages and figures.
6. Absolve of the Board Members and Board Auditors for the Company's accounts and activities of the year 2006,
7. Take decision on the cancellation of the Article 12th and the amendment of the Article 35th of our Company's Articles of Association, approved by the Capital Markets Board of Turkey, by the document dated March 15, 2007, No. B.02.1.SPK.0.13-474-6407 and the decision dated 16 March, 2007, No. 10/266, and the permission granted by the Turkish Ministry of Industry and Trade, General Directorate of Domestic Trade, dated 16 March, 2007, No. B.14.O.TG.0.10.00.01/401.01-3195-17169-1894.
8. Take decision on financing the payments for the Founder and Usufruct Shares, purchased by the Company upon the cancellation of the Article 12th.
9. Give permission to the Board President and Members for performing business activities outlined in the Commercial Law Articles 334 and 335.

Meeting Date : 27 April 2007, Friday

Meeting Hour : 11:00 a.m.

Meeting Location : Sabancı Center, Hac Ömer Sabancı Holding Conference Hall
34330 4. Levent, Beşiktaş - İSTANBUL

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

**CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2006
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Kordsa Global Endüstriyel İplik ve Kord Bezi
Sanayi ve Ticaret Anonim Şirketi**

1. We have audited the accompanying consolidated financial statements of Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Ticaret A.Ş. and its subsidiaries (the "Group") which comprise the consolidated balance sheet as of 31 December 2006 and the related consolidated statement of income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. as of 31 December 2006, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Additional paragraph for convenience translation into English:

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

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



Burak Özpoyraz, SMMM
Partner

Istanbul, 11 April 2007

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

CONTENTS

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1	ORGANISATION AND NATURE OF OPERATIONS
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS
NOTE 3	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NOTE 4	CASH AND CASH EQUIVALENTS
NOTE 5	MARKETABLE SECURITIES
NOTE 6	FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE
NOTE 7	TRADE RECEIVABLES AND TRADE PAYABLES
NOTE 8	LEASE RECEIVABLES AND LEASE PAYABLES
NOTE 9	DUE FROM AND DUE TO RELATED PARTIES
NOTE 10	OTHER RECEIVABLES AND PAYABLES
NOTE 11	BIOLOGICAL ASSETS
NOTE 12	INVENTORIES
NOTE 13	CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING
NOTE 14	DEFERRED TAX ASSETS AND LIABILITIES
NOTE 15	OTHER CURRENT/NON-CURRENT ASSETS AND OTHER CURRENT/NON-CURRENT LIABILITIES
NOTE 16	FINANCIAL ASSETS
NOTE 17	GOODWILL / NEGATIVE GOODWILL
NOTE 18	INVESTMENT PROPERTY
NOTE 19	PROPERTY, PLANT AND EQUIPMENT
NOTE 20	INTANGIBLE ASSETS
NOTE 21	ADVANCES RECEIVED
NOTE 22	RETIREMENT PLANS
NOTE 23	PROVISIONS
NOTE 24	MINORITY INTEREST
NOTE 25	SHARE CAPITAL / TREASURY SHARES
NOTE 26	CAPITAL RESERVES
NOTE 27	PROFIT RESERVES
NOTE 28	ACCUMULATED LOSSES
NOTE 29	FOREIGN CURRENCY POSITION
NOTE 30	GOVERNMENT GRANTS
NOTE 31	PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS/LIABILITIES
NOTE 32	BUSINESS COMBINATIONS
NOTE 33	SEGMENT REPORTING
NOTE 34	SUBSEQUENT EVENTS
NOTE 35	DISCONTINUED OPERATIONS
NOTE 36	OPERATING INCOME
NOTE 37	OPERATING EXPENSES
NOTE 38	OTHER INCOME/EXPENSES AND PROFIT/LOSSES
NOTE 39	FINANCIAL EXPENSES
NOTE 40	GAIN/LOSS ON NET MONETARY POSITION
NOTE 41	TAXES ON INCOME
NOTE 42	EARNINGS PER SHARE
NOTE 43	STATEMENTS OF CASH FLOWS
NOTE 44	DISCLOSURE OF OTHER MATTERS

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2006 AND 2005

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

	Notes	2006 USD (*)	2005 USD (*)	2006	2005
ASSETS					
Current assets		377.949.177	272.530.849	531.245.364	365.681.893
Cash and due from banks	4	49.836.921	25.838.615	70.050.776	34.670.254
Marketable securities (net)	5	1.167.903	-	1.641.605	-
Trade receivables (net)	7	136.039.650	108.112.160	191.217.332	145.064.896
Financial lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	1.806.960	969.013	2.539.863	1.300.221
Other receivables (net)	10	9.009.265	14.642.845	12.663.423	19.647.770
Biological assets (net)	11	-	-	-	-
Inventories (net)	12	175.534.555	117.191.400	246.731.371	157.247.420
Receivables from construction contract work in progress (net)	13	-	-	-	-
Assets held for sale	19.b	759.818	2.089.730	1.068.000	2.804.000
Other current assets	15	3.794.105	3.687.086	5.332.994	4.947.332
Non-current assets:		578.304.826	507.773.690	812.865.262	681.330.738
Trade receivables (net)	7	-	1.448.208	-	1.943.205
Financial lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	-	-	-	-
Other receivables (net)	10	7.679.655	8.670.825	10.794.522	11.634.513
Financial assets (net)	16	24.823.473	22.916.971	34.891.873	30.749.992
Goodwill/negative goodwill (net)	17	32.438.224	31.726.045	45.595.167	42.570.007
Investment property (net)	18	-	-	-	-
Property, plant and equipment (net)	19.a	495.960.445	421.645.320	697.122.001	565.763.690
Intangible assets (net)	20	5.250.531	5.173.477	7.380.147	6.941.772
Deferred tax assets	14	11.257.017	16.185.844	15.822.863	21.718.166
Other non-current assets	15	895.481	7.000	1.258.689	9.393
Total assets		956.254.003	780.304.539	1.344.110.626	1.047.012.631

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("TRY") for convenience purposes only, at the official TRY exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2006 and 31 December 2005, and therefore do not form part of these consolidated financial statements (Note 2.6).

These consolidated financial statements have been approved for issue by the Board of Directors on 11 April 2007 and signed on its behalf by Mehmet Nurettin Pekarun and Bülent Bozdoğan.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2006 AND 2005

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

	Notes	2006 USD (*)	2005 USD (*)	2006	2005
LIABILITIES					
Current liabilities:		221.207.861	207.731.346	310.929.768	278.733.922
Short-term borrowings (net)	6	71.562.084	60.055.969	100.587.665	80.583.099
Short-term portion of long-term borrowings (net)	6	20.951.901	42.294.692	29.449.992	56.751.018
Financial lease payables (net)	8	125.170	68.606	175.939	92.055
Other financial liabilities (net)		5.779.842	5.357.142	8.124.146	7.188.213
Trade payables (net)	7	95.593.184	80.525.417	134.365.779	108.049.005
Due to related parties (net)	9	6.116.412	4.229.054	8.597.229	5.674.545
Advances received	21	196.723	346.084	276.513	464.376
Construction contracts progress billings (net)	13	-	-	-	-
Provisions	23	6.548.916	2.809.530	9.205.157	3.769.828
Other current liabilities (net)	15	14.333.629	12.044.852	20.147.348	16.161.783
Other payables (net)	10	-	-	-	-
Non-current liabilities:		187.811.282	103.756.225	263.987.538	139.220.101
Long-term borrowings (net)	6	152.100.689	86.221.698	213.792.729	115.692.274
Financial lease payables (net)	8	21.811	85.965	30.658	115.348
Other financial liabilities (net)	10	3.331.340	5.020.132	4.682.532	6.736.013
Trade payables (net)	7	-	-	-	-
Due to related parties (net)	9	1.028.090	-	1.445.083	-
Advances received	21	-	-	-	-
Provisions	23	9.909.245	8.822.547	13.928.435	11.838.093
Deferred tax liabilities	14	17.999.918	1.519.753	25.300.684	2.039.204
Government grants	30	1.504.225	1.438.000	2.114.339	1.929.508
Other non-current liabilities (net)	15	1.915.964	648.130	2.693.078	869.661
Other payables (net)	10	-	-	-	-
MINORITY INTEREST	24	80.418.857	53.671.025	113.036.746	72.015.781
SHAREHOLDERS' EQUITY		466.816.003	415.145.943	656.156.574	557.042.827
Share capital	25	138.395.757	555.013.264	194.529.076	744.716.797
Treasury shares	25	-	-	-	-
Capital reserves	26	432.379.942	-	607.753.246	-
Share premium		76.332.339	-	107.292.736	-
Share cancellation gains		-	-	-	-
Revaluation fund		-	-	-	-
Financial assets fair value reserve		6.286.773	-	8.836.688	-
Shareholders' contribution	32	349.760.830	-	491.623.822	-
Profit reserves	27	(36.107.967)	(5.246.353)	(50.753.358)	(7.039.556)
Legal reserves		-	-	-	-
Statutory reserves		-	-	-	-
Extraordinary reserves		-	-	-	-
Special reserves		-	-	-	-
Investment and property sales income to be added to the share capital		-	-	-	-
Translation reserve		(36.107.967)	(5.246.353)	(50.753.358)	(7.039.556)
Current year profit		39.251.820	35.706.859	55.172.359	47.911.464
Accumulated losses	28	(107.103.549)	(170.327.827)	(150.544.749)	(228.545.878)
Total liabilities and shareholders' equity		956.254.003	780.304.539	1.344.110.626	1.047.012.631
Commitments, contingent assets and liabilities	31				

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("TRY") for convenience purposes only, at the official TRY exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2006 and 31 December 2005, and therefore do not form part of these consolidated financial statements (Note 2.6).

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

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

	Notes	2006 USD (*)	2005 USD (*)	2006	2005	
OPERATING REVENUE						
Sales (net)	36	712.305.637	669.099.380	1.001.216.804	897.797.548	
Cost of sales (-)	36	(591.216.611)	(548.444.470)	(831.014.069)	(735.902.790)	
Service income (net)	36	-	-	-	-	
Other operating income	36	335.965	3.997	472.232	5.364	
GROSS PROFIT		121.424.991	120.658.907	170.674.967	161.900.122	
Operating expenses (-)	37	(63.364.915)	(57.695.321)	(89.065.724)	(77.415.582)	
OPERATING PROFIT		58.060.076	62.963.586	81.609.243	84.484.540	
Other income	38	20.241.151	19.817.970	28.450.962	26.591.752	
Other expenses	38	(16.144.025)	(12.267.028)	(22.692.042)	(16.459.898)	
Financial expenses (net)	39	(7.510.717)	(14.326.874)	(10.557.064)	(19.223.799)	
INCOME BEFORE MONETARY GAIN / LOSS, TAXES, MINORITY INTEREST		54.646.485	56.187.654	76.811.099	75.392.595	
Monetary gain	40	-	-	-	-	
MINORITY INTEREST		24	329.189	(5.380.130)	462.708	(7.219.059)
INCOME BEFORE TAX		54.975.674	50.807.524	77.273.807	68.173.536	
Taxes on income	41	(15.723.854)	(15.100.665)	(22.101.448)	(20.262.072)	
NET INCOME FOR THE PERIOD		39.251.820	35.706.859	55.172.359	47.911.464	
Earnings per share	42					
usufruct shares		7,548	-	10,610	-	
('000) ordinary shares		1,90	0,58	2,67	0,78	

(*) USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY exchange rates announced by CBRT at 31 December 2006 and 2005, and therefore do not form part of these consolidated financial statements (Note 2.6).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005**

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

	Share capital	Shareholders' contribution	Share premium	Financial assets fair value reserve	Translation reserve	Net income for the year	Accumulated losses	Total
Balances at 1 January 2005	744.716.797	-	-	-	24.278.743	89.136.748	(305.745.056)	552.387.232
Transfers	-	-	-	-	(89.136.748)	89.136.748	-	-
Dividends paid	-	-	-	-	-	-	(11.937.570)	(11.937.570)
Currency translation differences	-	-	-	-	(31.318.299)	-	-	(31.318.299)
Net income for the period	-	-	-	-	-	47.911.464	-	47.911.464
Balances at 31 December 2005	744.716.797	-	-	-	(7.039.556)	47.911.464	(228.545.878)	557.042.827
Balances at 1 January 2006	744.716.797	-	-	-	(7.039.556)	47.911.464	(228.545.878)	557.042.827
Capital increase (Note 32)	850.000.000	-	107.235.000	-	-	-	-	957.235.000
Capital repayment (Note 32)	(744.716.797)	-	-	-	-	-	-	(744.716.797)
Transfers	-	-	-	-	-	(47.911.464)	47.911.464	-
Transfer to parent company (Note 32)	-	(163.847.102)	-	-	-	-	-	(163.847.102)
Effect of merger (Note 32, Note 24)	(655.470.924)	655.470.924	57.736	-	(1.100.309)	-	57.277.721	56.235.148
Dividends paid	-	-	-	-	-	-	(27.188.056)	(27.188.056)
Financial assets fair value reserve	-	-	-	8.836.688	-	-	-	8.836.688
Currency translation differences	-	-	-	-	(42.613.493)	-	-	(42.613.493)
Net income for the year	-	-	-	-	-	55.172.359	-	55.172.359
Balances at 31 December 2006	194.529.076	491.623.822	107.292.736	8.836.688	(50.753.358)	55.172.359	(150.544.749)	656.156.574

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

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

	Notes	2006	2005
Cash provided by operating activities:		55.172.359	47.911.464
Net income for the period			
Adjustments to reconcile net income before taxation and minority interest to net cash provided by operating activities			
Minority interest	24	(462.708)	7.219.059
Depreciation and amortization	19,20, 33.i	49.438.616	27.913.406
Employment termination benefits	23	3.674.140	2.141.936
Deferred tax	14	12.125.573	11.048.289
Income from neative goodwill	32	(3.465.178)	(10.449.502)
Interest income	39	(2.838.554)	(2.772.801)
Interest expense	39	20.876.539	(6.532.524)
Income from sale of property, plant and equipment	38	(2.124.810)	(394.281)
Redemption of government grants		184.831	(499.693)
Accrual for termination of service agreement	15	748.655	597.910
Personnel bonus accrual	15	3.048.627	2.454.907
Impairment on assets held for sale	38	1.736.000	-
Impairment on property, plant and equipment	38	4.403.213	-
Impairment on financial assets	16,38	13.387.770	-
Taxes on income	41	11.256.879	4.431.936
Net cash provided by operating activities before changes in operating assets and liabilities			
Changes in operating assets and liabilities:			
Change in marketable securities		-	167.852
Change in trade receivable		(5.286.158)	(15.152.774)
Change in due from related parties		(1.239.641)	3.899.238
Change in inventories		(31.288.695)	(14.158.109)
Change in other current receivables		(10.259.352)	(19.647.770)
Change in other non-current receivables		839.991	(11.634.513)
Change in other current assets		1.331.021	19.766.869
Change in non-current assets		(788.406)	2.990.138
Change in trade payables		5.043.302	(2.945.735)
Change in due to related parties		1.885.224	(3.620.333)
Changes in other short-term payables		639.501	6.247.697
Change in other current liabilities		(3.716.300)	(23.750.754)
Change in other non-current liabilities		(2.182.443)	6.263.921
Changes in finance lease obligations		(806)	(246.762)
Cash provided by operating activities		138.524.681	58.717.332
Employment termination benefits paid	23	(1.602.358)	(1.994.946)
Taxes paid		(6.549.453)	(6.683.182)
Net cash provided by operating activities		130.372.865	50.039.204
Cash flows from investing activities:			
Purchase of property, plant, equipment and intangible assets	19,20,33.h	(40.550.442)	(48.781.519)
Proceeds from sale of property, plant and equipment		14.271.461	5.013.635
Cash outflow on acquisition	32	(61.508.063)	(21.319.860)
Interest received		2.838.554	2.272.801
Capital increase of investments		-	(4.603.966)
Net cash used in investing activities		(84.948.490)	(66.918.909)
Cash flows from financing activities:			
Dividends paid		(27.188.056)	(11.937.570)
Dividends paid to minority interest		(1.951.615)	(2.641.675)
Change in bank borrowings	24	48.303.013	26.651.950
Increase in minority due to capital increase		-	2.722.400
Capital increase		850.000.000	-
Capital repayment		(744.716.797)	-
Transfer to parent company	24	(163.847.102)	-
Share premium		107.235.000	-
Interest paid		(20.876.539)	(16.532.524)
Net cash provided by financing activities		46.957.904	(1.737.439)
Currency translation differences		(57.001.757)	12.989.650
Net increase/(decrease) in cash and cash equivalents		35.380.522	(5.627.474)
Cash and cash equivalents at the beginning of the period	5	34.670.254	40.297.728
Cash and cash equivalents at the end of the period	5	70.050.776	34.670.254

(*) US Dollar ("USD") amounts presented above are translated from New Turkish Lira ("TRY") for convenience purposes only, at the official TRY exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2006 and 31 December 2005, and therefore do not form part of these consolidated interim financial statements (Note 2.6).

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi ("Kordsa Global" or the "Company") was established on 9 February 2006 as a subsidiary of Hacı Ömer Sabancı Sabancı Holding A.Ş. ("Sabancı Holding") and is registered in İstanbul, Turkey. The Company operates under Turkish Commercial Code (Note 32).

The Company is mainly engaged in production of carcass and industrial cloths included in the structure of vehicle tires, manufacture of industrial cloths included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection cloths, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6.6 heavy decitex yarn for use in tires and mechanical rubber goods.

The address of the registered office is as follows:

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
 Sabancı Center Kule 2
 Kat: 5/34330 Levent
 İstanbul

Subsidiaries

The nature of business of the Subsidiaries consolidated in the consolidated financial statements as of 31 December 2006 and 2005 and, for the purpose of these consolidated financial statements, their respective geographical segments are as follows:

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

(*) One of the Company's Subsidiaries, Sabancı B.V., acquired 90,32% of shares of Companhia Bahiana de Fibras ("Cobafi") from Acordis/Diolen on 13 May 2005 (Note 32). Subsequent to acquisition, the Cobafi entity was decided to be merged with Kordsa Brazil.

(**) The Company acquired 51,29% shares of Branta Mulia on 22 December 2006. Branta Mulia Teijin and Thai Branta Mulia are consolidated under Branta Mulia (Note 32).

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

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

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

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

Kordsa Global maintains its books of account and prepares its statutory financial statements in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Accounting Standards.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the accounts of the parent company Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. and its Subsidiaries the ("Group") on the basis set out in sections (b), (c) and (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements, and are prepared in accordance with CMB Accounting Standards as stated in Note 2.1. The results of operations of Subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale, respectively.
- b) Subsidiaries are companies in which the Company has the power to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% voting rights relating to shares in the companies or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

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

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

The table below sets out all consolidated Subsidiaries and shows their shareholding rates at 31 December 2005:

Subsidiaries	Direct and indirect ownership interest by the Company and its Subsidiaries (%)	Proportion of effective interest (%)
Kordsa Turkey (*)	88,61	88,61
InterKordsa GmbH	80,00	70,89
InterKordsa GbRmH	80,00	70,89
Kordsa GmbH	100,00	88,61
Nile Kordsa Company	51,00	45,19
Kian Kordsa	60,00	53,17
Kordsa, Inc.	100,00	100,00
Kordsa Argentina	100,00	100,00
Kordsa Brazil	94,49	94,49
Sabancı B.V. (Dipnot 32)	100,00	100,00
Kordsa International, LLC	100,00	100,00
Dusa Spain International, S.L.	100,00	100,00
Acordis International B.V.	100,00	100,00

(*) Based on the decision of Board of Directors dated 10 August 2006, Kordsa Turkey merged with Kordsa Global by taking over its total assets and liabilities as a whole in October 2006.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

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

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

2.3 Comparatives and restatement of prior period financial statements

None.

2.4 Offsetting

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

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

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

2.6 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey on 31 December 2006 and 2005 of TRY1,4056 = USD1 and TRY1,3418 = USD1, respectively, and do not form part of these consolidated financial statements. Such translation should not be construed as a representation that the TRY amounts have been or could be converted USD at these or any other rates.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

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

Revenue recognition

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commission, and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Other revenues earned by the Group are recognised on the following bases:

Royalty and rental income- on an accrual basis.

Interest income- on an effective yield basis.

Dividend income- when the Group's right to receive payment is established.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the weighted average basis (Note 12). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation (Note 19). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

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

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

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Borrowing costs are expensed when they occur.

Assets held for sale

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

Intangible assets

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Business combinations and goodwill

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

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

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

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

Trade receivables and provision for impairment

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

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note7).

Due date income/charges

Due date income/charges represents the income/charges that are resulting from credit purchase or sales. These kind of income/charges are accepted as financial income and expenses which result from credit purchase or sales come true during the accounting period and included in the financial income and expense within the maturity period.

Provisions, contingent assets and liabilities

Provisions are recognised when the Company has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities and not included in financial statements (Note 31).

Provision for employment termination benefits

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Provision for post-employment benefits

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

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Company attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Company attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Available-for-sale financial instruments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value unless fair value cannot be reliably measured.

Other financial assets in which the Company has interest below 20%, that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost, if applicable, less any provision for impairment. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value.

In accordance with the revised IAS 39 "Financial Instruments", unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available for sale financial assets are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement. For the periods presented in the accompanying consolidated interim financial statements there is no fair value reserve.

Shareholders' equity

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

In the restatement of shareholders' equity items, added to share capital, the capital increase registry dates or the payment dates is considered. In the restatement of share premium payment dates are considered (Note 25).

Taxes on income

Tax liabilities includes both the corporate taxes on income and deferred income tax liabilities. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for the previous years' income tax liabilities.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities (Note 14).

Foreign currency transactions and translation

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

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

Borrowings

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they incur (Note 6).

Deferred financing costs

Deferred financing costs (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised, using the effective interest method, over the remaining life of the long-term bank borrowings (Note 15).

Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. Company management covers these risks by limiting the aggregate risk from any individual counter party and if necessary by obtaining guarantee.

Liquidity risk

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Foreign currency risk

The Group is exposed to the foreign exchange risk through the impact of rate changes at the translation of foreign currency denominated assets and liabilities to New Turkish Lira. These risks are monitored and limited by the analysis of foreign currency position.

Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange.

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

Monetary assets

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

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Long-term borrowings, which are denominated in foreign currencies, are translated at period-end exchange rates and accordingly their fair values approximate their carrying values.

Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding lease obligations, net of finance charges, are included as finance lease obligations (Note 8). The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Related parties

For the purpose of these consolidated interim financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties (Note 9).

Earnings per share

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration.

Earnings per share for each class of share disclosed in these statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year. The earning per share for 312 usufruct shares is calculated by dividing an 6% portion of net income for the period by the number of usufruct shares. Earnings per share for ordinary shares is determined after the deduction of net income attributable to usufruct shares by dividing remaining net profit by the weighted average number of shares that have been outstanding during the period concerned.

Reporting of cash flows

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

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

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

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

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

Share premium

Share premium represents the difference between the nominal value of the Company's shares and the net proceeds from the offering of the Company's share to the public (Note 26).

Offsetting

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Use of estimates

The preparation of financial statements in conformity with CMB Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

The estimates are regularly monitored, necessary adjustments are made and they are reflected in the income statement of the period they are realised.

Segment reporting of financial results

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

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	2006	2005
Cash	231.330	144.342
Banks		
- Demand deposit	45.989.187	26.481.854
- Time deposit	20.494.055	4.309.012
- Cheques received	1.709.286	3.735.046
- Reverse repurchase agreements	1.600.000	-
Other	26.918	-
	70.050.776	34.670.254

The maturities of cheques in portfolio are less than three months. As of 31 December 2006, maturity of reverse repurchase agreements is less than three months and the interest rate is 18% p.a (2005: None). Maturities of the time deposits are less than one month (2005: less than three months) and effective interest rates are between 1,60%-5,09% p.a (2005: 6,50%-7,50% p.a).

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 5 - MARKETABLE SECURITIES

Available-for-sale financial assets:

	2006	2005
- Corporate bond	1.250.678	-
- Debt securities	390.927	-
	1.641.605	-

As of 31 December 2006, effective interest rates of corporate bond and debt securities are 7,63% p.a. and 4,63% p.a., respectively (2005: None).

Corporate bond was issued by Rosbank Finance S.A., which is domiciled and operating in Russia. The company is rated by Moody's Investors Service Inc. and the credit rating is Ba3.

NOTE 6 - FUNDS BORROWED, BORROWINGS AND DEBT SECURITIES IN ISSUE

	2006		2005	
	Effective interest rate %	TRY	Effective interest rate %	TRY
Short-term bank borrowings:				
USD borrowings	5-Libor +3.10	69.660.426	Libor+1-9	79.726.412
EUR borrowings	3.5-8.5	30.927.239	8	856.687
		100.587.665		80.583.099
Short-term portion of long-term bank borrowings:				
USD borrowings	5,3-Libor+3	26.442.683	5-Libor+3,10	37.310.356
EUR borrowings	5,7	600.761	4,30-6,75	19.440.662
Brazilian Real borrowings	11,9	2.406.548	-	-
		29.449.992		56.751.018
Total short-term bank borrowings		130.037.657		137.334.117
Long-term bank borrowings:				
USD borrowings	5,3-Libor+3	151.057.353	5-Libor+3,3	82.909.372
Indonesian Rupiah borrowings	13,5	37.002.752	-	-
EUR borrowings	2,64-6,34	17.388.506	3,50-5,50	23.574.324
Brazilian Real borrowings	11,9	8.344.118	12	9.208.578
Total long-term bank borrowings		213.792.729		115.692.274

Redemption schedules of long-term borrowings are summarised below:

	2006	2005
2007	-	32.391.055
2008	35.644.408	16.923.463
2009	85.816.062	18.229.532
2010	36.450.177	12.065.335
2011 and subsequent periods	55.882.082	36.082.889
	213.792.729	115.692.274

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables	2006	2005
Trade receivables	194.703.623	148.863.579
Notes receivable	-	353.934
Advances given	1.363.590	209.283
Deposits and guarantees given	1.914	1.170
	196.069.127	149.427.966
Less: Unearned credit finance income	(352.927)	(349.233)
Less: Provision for doubtful receivables	(4.498.868)	(2.070.632)
	191.217.332	147.008.101

Movement schedules of provision for doubtful receivables are as follows:

	2006	2005
Balances at 1 January	2.070.632	2.583.359
Additions	2.222.091	574.000
Collections	(594.000)	(216.894)
Write-offs	(47.730)	(869.612)
Acquisition of Subsidiary	809.626	-
Currency translation differences	38.249	(221)
Balances at 31 December	4.498.868	2.070.632

Trade payables

Trade payables	134.045.420	106.485.471
Notes payable	515.609	-
Payables to factoring companies	-	1.805.133
	134.561.029	108.290.604
Less: Unearned credit finance expense	(195.250)	(241.599)
	134.365.779	108.049.005

NOTE 8 - FINANCE LEASE RECEIVABLES AND PAYABLES

Finance Lease Payables	2006	2005
Short term finance lease payables	175.939	92.055
Long term finance lease payables	30.658	115.348
	206.597	207.403

Long term finance lease payables will be paid within the year 2008 (2005: Long term finance lease payables will be paid within the year 2007).

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 9 - DUE TO AND DUE FROM RELATED PARTIES

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

Bank balances:	2006	2005
Akbank T.A.Ş. - bank borrowings	86.630.398	104.324.749
Akbank T.A.Ş. - time deposits	2.782.702	-
Akbank T.A.Ş. - reverse repurchase agreements	1.600.000	-
Akbank T.A.Ş. - demand deposits	1.134.491	4.707.073
	92.147.591	109.031.822

Due from related parties:	2006	2005
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	1.536.231	677.376
Akbank A.G. (*)	743.518	920
Beksa Çelik Kord San. ve Tic. A.Ş.	62.828	167.473
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	33.144	10.740
Enerjisa Enerji Üretim A.Ş.	29.082	58.431
Other	135.060	385.281
	2.539.863	1.300.221

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

Due to related parties:	2006	2005
Advansa Sasa Polyester Sanayi A.Ş.	3.631.382	1.696.735
Enerjisa Enerji Üretim A.Ş.	2.990.498	2.542.234
Teijin Japan	1.806.194	-
Qingdao Lian Chuang Stock Co.	365.538	-
H.Ö. Sabancı Holding A.Ş.	197.702	191.181
Aksigorta A.Ş.	161.161	286.797
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	150.578	268.270
Olmuksa International Paper Sabancı Ambalaj San. Tic. A.Ş.	39.766	235.391
Beksa Çelik Kord San. ve Tic. A.Ş.	329	8.426
Other	699.164	445.511
	10.042.312	5.674.545

Product sales	2006	2005
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	29.542.602	26.234.950
Advansa Sasa Polyester Sanayi A.Ş.	-	573.811
Du Pont de Nemours Int.S.A.	-	68.554
Other	-	119.506
	29.542.602	26.996.821

Service sales

Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	621.762	545.493
Beksa Çelik Kord San. ve Tic. A.Ş.	424.365	364.874
Enerjisa Enerji Üretim A.Ş.	322.686	297.415
Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş.	87.542	109.238
Other	18.233	62.547
	1.474.588	1.379.567

Service sales include invoiced amounts of shared services to the companies who are located in the same area with the Company.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Product purchases	2006	2005
Advansa Sasa Polyester Sanayi A.Ş.	10.996.234	8.564.517
Ambalaj Sanayi ve Tic. A.Ş.	329.247	961.030
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	24.057	-
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	7.038	-
	11.356.576	9.525.547

Service purchases

Enerjisa Enerji Üretim A.Ş.	28.567.362	24.748.319
Aksigorta A.Ş.	3.119.971	2.683.571
Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş.	1.226.142	1.656.546
H.Ö. Sabancı Holding A.Ş.	621.524	732.444
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	367.639	584.064
Ak Emeklilik A.Ş.	280.263	264.803
Sabancı Telekomünikasyon Hizmetleri A.Ş.	42.883	71.976
Beksa Çelik Kord San. ve Tic. A.Ş.	33.114	175.529
Sabancı Üniversitesi	12.541	42.161
Teknosa İç ve Dış Tic.A.Ş.	1.617	5.402
Other	440	8.466
	34.273.496	30.973.281

Services purchased mainly include energy, steam, insurance and consultancy services.

Property, plant and equipment purchases

Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş.	262.019	330.049
Enerjisa Enerji Üretim A.Ş.	101.858	50.088
Teknosa İç ve Dış Tic.A.Ş.	51.414	5.402
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	35.434	-
Ak Finansal Kiralama A.Ş.	336	261
Other	4.672	-
	455.733	385.800

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Interest income	2006	2005
Akbank T.A.Ş.	241.859	150.658
Interest expense		
Akbank T.A.Ş.	3.891.353	1.938.758
Foreign exchange gains/(losses)-net		
Akbank T.A.Ş.	(2.266.481)	(1.817.270)
Advansa Sasa Polyester Sanayi A.Ş.	263.384	-
	(2.003.097)	(1.817.270)
Insurance income		
Aksigorta A.Ş.	1.100.543	53.338
Rent expense		
H.Ö. Sabancı Holding A.Ş.	218.295	253.814
Ak Finansal Kiralama A.Ş.	199.281	248.432
	417.576	502.246
Rent income		
Bimsa Uluslararası İş, Bilgi ve Yön.Sist.A.Ş.	25.800	24.000
Other	9.633	-
	35.433	24.000
Agency income		
Aksigorta A.Ş.	225.007	180.040
Property, plant and equipment sales	2006	2005
Beksa Çelik Kord San. ve Tic. A.Ş.	-	1.452.079
Dividends paid		
H.Ö. Sabancı Holding A.Ş.	21.922.937	11.937.570
Public	5.265.119	-
	27.188.056	11.937.570
Donations		
Sabancı Üniversitesi	-	2.280.335
Remuneration		
Paid to the board members and top management	6.646.768	6.515.263

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Security and guarantee letters given

2006

Related party	Amount	Currency	Description	Bank
Kian Kordsa Private Joint Stock Company	13.840.000	USD	Security letter	Akbank Malta
Interkordsa GmbH	5.086.235	EUR	Security letter	Akbank Frankfurt
Interkordsa GmbH	2.298.257	EUR	Security letter	DZ BANK
Kordsa GmbH	1.000.000	EUR	Guarantee letter	Akbank Frankfurt
Interkordsa GmbH	290.378	EUR	Guarantee letter	VR Bank
Kordsa Arjantin	2.500.000	USD	Security letter	HSBC

2005

Related party	Amount	Currency	Description	Bank
Kian Kordsa Private Joint Stock Company	13.840.000	USD	Security letter	Akbank Malta
Interkordsa GmbH	4.535.000	EUR	Security letter	Akbank Malta
Interkordsa GmbH	2.595.000	EUR	Security letter	DZ Bank
Kordsa GmbH	1.000.000	EUR	Guarantee letter	Akbank Frankfurt
Interkordsa GmbH	430.836	EUR	Guarantee letter	VR Bank
Interkordsa	121.432	USD	Security letter	VR Bank
Interkordsa GmbH	21.474	EUR	Security letter	VR Bank

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	2006	2005
Other current receivables		
Prepaid taxes and funds	4.497.736	5.123.411
Value Added Tax ("VAT") receivable	3.426.251	5.541.632
Transferred VAT	2.203.561	1.806.483
Other taxes receivable	1.493.722	3.079.622
Insurance claims receivable	-	2.844.616
Other	1.042.153	1.252.006
	12.663.423	19.647.770
Other non-current receivables		
Other taxes receivable (*)	10.556.891	10.732.426
Other	237.631	902.087
	10.794.522	11.634.513

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

	2006	2005
Other short-term payables		
Taxes and funds payable	4.050.326	3.800.994
Payables to personnel	3.740.852	2.802.166
Other	332.968	585.053
	8.124.146	7.188.213
Other long-term payables		
Taxes and funds payable (**)	4.076.848	6.220.651
Other	605.684	515.362
	4.682.532	6.736.013

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

NOTE 11 - BIOLOGICAL ASSETS

None (2005: None).

NOTE 12 - INVENTORIES

	2006	2005
Raw materials and supplies	80.976.325	49.989.765
Intermediate goods	24.235.167	16.003.396
Semi-finished goods	30.616.388	20.332.222
Finished goods	79.290.091	50.443.640
Spare parts	27.599.107	15.779.092
Other inventories	6.418.580	5.927.147
	249.135.658	158.475.262
Less: Provision for obsolescence	(2.404.287)	(1.227.842)
	246.731.371	157.247.420

Movement schedules for provision for obsolescence are as follows:

	2006	2005
Balances at 1 January	1.227.842	842.805
Additions	1.456.245	1.693.660
Reversals	(1.387.000)	(1.200.719)
Acquisition of Subsidiary	1.016.249	-
Currency translation differences	90.951	(107.904)
Balances at 31 December	2.404.287	1.227.842

NOTE 13 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLING

None (2005: None).

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

	2006	2005
Deferred tax assets	15.822.863	21.718.166
Deferred tax liabilities	(25.300.684)	(2.039.204)
Deferred tax (liabilities)/assets - net	(9.477.821)	19.678.962

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

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming long-term and short-term periods under the liability method are 20% and 30%, respectively for the companies operating in Turkey (2005: 30%).

At 31 December 2006 and 2005, tax rates used for companies operating in Egypt, Germany and Iran are 20%, 25% and 25%, respectively.

At 31 December 2006 and 2005, tax rate used for companies operating in the United States of America is 35%, Argentina is 35% and Brazil is 21,5%.

At 31 December 2006 and 2005, tax rate used for companies operating in Indonesia and Thailand is 30%, China is 24%.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2006 and 2005 using the enacted tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2006	2005	2006	2005
Deferred tax assets				
Net difference between the tax base and the carrying value of:				
- property, plant and equipment and intangibles	-	10.473.993	-	2.939.924
- inventories	4.331.239	1.123.749	1.299.372	310.444
Unused investment incentives	75.562.461	118.528.811	7.707.371	12.274.978
Provision for employment termination benefits	15.273.674	11.395.299	3.250.438	3.418.590
Provision for impairment on assets held for sale	1.736.000	-	520.800	-
Adjustment for consignment sales	3.891.916	5.455.969	1.167.575	1.636.791
Carryforward tax losses	3.082.267	1.116.486	1.229.825	445.478
Unearned credit finance income	352.927	349.233	105.878	104.770
Other	1.558.706	1.988.686	541.604	587.191
Deferred tax assets			15.822.863	21.718.166
Net difference between the tax base and the carrying value of:				
- property, plant and equipment and intangibles	57.891.117	6.858.938	(24.476.214)	(1.966.725)
Unearned credit finance expense	195.250	241.598	(58.965)	(72.479)
Other	-	-	(765.505)	-
Deferred tax liabilities			(25.300.684)	(2.039.204)
Deferred tax assets - net			(9.477.821)	19.678.962

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

	2006	2005
Deferred tax assets to be realized after twelve months	12.187.634	19.078.970
Deferred tax liabilities to be settled after twelve months	24.476.214	1.966.725

Movements in deferred taxes can be analysed as follows:

	2006	2005
Balances at 1 January	19.678.962	29.763.394
Current year deferred tax expense-net	(12.125.573)	(11.048.289)
Acquisition of Subsidiary	(17.321.518)	-
Currency translation differences	290.308	963.857
Balances at 31 December	(9.477.821)	19.678.962

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

Other current assets	2006	2005
Prepaid expenses	3.522.903	3.742.000
Advances paid to suppliers	1.388.632	-
Income accruals (*)	-	950.000
Advances given to personnel	185.424	230.685
Other	236.035	24.647
	5.332.994	4.947.332

(*) As of 31 December 2005, TRY950.000 referred to the recognised amount of income accrual collected during 2006, after the finalisation of the courtcase which was related to the collection of the mortgage obtained for customer receivable, in favour of the Company.

Other non-current assets	2006	2005
Deferred financing cost	853.562	9.393
Deposits paid	324.519	-
Other	80.608	-
	1.258.689	9.393

Movement schedule of deferred financing cost is as follows::

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Other short-term liabilities	2006	2005
Accruals for wages and salaries	3.316.798	6.115.065
Accruals for employee benefit plans (*)	3.194.929	1.891.938
Accruals for sales discounts and commissions (**)	3.067.405	908.399
Bonus accruals	3.048.627	2.454.907
Accrual for termination of service agreement (***)	1.346.565	597.910
Other tax accruals (****)	1.246.785	1.331.114
Other	4.926.239	2.862.450
	20.147.348	16.161.783

(*) The Company offers a Capital Contribution Plan, a defined contribution profit-sharing plan to the employees working in North America region. The Company contributes up to 5% of total compensation for 2006 and 2005 and are deposited to employees' accounts annually and employees vest after attaining three years of service.

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

Total obligations related to these plans as of 31 December 2006 and 2005 are TRY3.194.929 and TRY1.891.938, respectively.

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

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

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

Other long-term liabilities	2006	2005
Provision for post-employment benefits (*****)	1.952.378	-
Unearned revenue	149.585	221.146
Other	591.115	648.515
	2.693.078	869.661

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

NOTE 16 - FINANCIAL ASSETS

Available-for-sale financial assets:	2006	2005
Debt securities		
-Government bonds	4.406.514	-
-Corporate bonds	4.264.815	-
	8.671.329	-
Equity securities	26.220.544	30.749.992
	34.891.873	30.749.992

As of December 31, 2006, effective interest rates of government bonds and corporate bonds are 6,75% and 7,54%, respectively (2005: None). Corporate bonds belong to Indosat International Finance Company B.V., PGN Euro Finance Ltd. and Antam Finance Ltd. These companies are domiciled in the Netherlands, Mauritius and Mauritius, respectively and the credit ratings issued by Moody's Investor's Service Inc. are Ba3, Ba2 and Ba2.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 16 - FINANCIAL ASSETS (Continued)

Details of equity securities are as follows:

	2006		2005	
	Share %	Carrying amount	Share %	Carrying amount
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	4,46	30.253.884	7,74	30.253.884
Desenbanco	<0,01	224.529	<0,01	214.338
Projeto Optimizaçao Cetrel	<0,01	176.302	<0,01	168.300
Cetrel	<0,01	46.928	<0,01	44.797
Gidasa Sabancı Gıda Sanayi ve Ticaret A.Ş.	0,03	42.096	0,03	41.853
PT Bank Muamalat Indonesia Tbk.	<0,01	15.583	-	-
Incentivos Fiscais Finor	<0,01	12.295	<0,01	11.737
Akçansa Çimento Sanayi ve Ticaret A.Ş.	<0,01	9	<0,01	9
Obrigaçoes Eletrobass	<0,01	-	<0,01	15.074
		30.771.626		30.749.992
Less: provision for diminution in value		(13.387.770)		-
Financial assets fair value reserve (*)		8.836.688		-
		26.220.544		30.749.992

(*) At the board of directors meeting on 19 March 2007 the Company management decided to sell the equity investment in Enerjisa to Verbund (Österreichische Elektrizitätswirtschafts-Aktiengesellschaft). The sales transaction will be based on the total share value of Enerjisa determined as USD410.000.000 before adjustments and the sales price will be determined by reference to the amount attributable to the Company's shares in Enerjisa. The subject amount is considered to be the fair value of Enerjisa and the difference between the carrying amount of Enerjisa investment and its fair value is accounted as financial assets fair value reserves under shareholders equity.

NOTE 17 - GOODWILL/NEGATIVE GOODWILL

	1 January 2006	Additions	31 December 2006
Goodwill	69.456.327	3.025.160(*)	72.481.487
Accumulated amortisation	(26.886.320)	-	(26.886.320)
	42.570.007		45.595.167
	1 January 2005	Additions	31 December 2005
Goodwill	69.456.327	-	69.456.327
Accumulated amortisation	(26.886.320)	-	(26.886.320)
	42.570.007		42.570.007

(*) Addition to goodwill is resulting from the acquisition of Branta Mulia (Note 32).

NOTE 18 - INVESTMENT PROPERTY

None (2005: None).

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

19.a) Property, plant and equipment

	1 January 2006	Additions	Disposals	Business combinations	Transfers to assets held for sale	Transfers	Exchange rate differences	31 December 2006
Cost:								
Land	16.650.127	117.779	(1.860)	45.052.077	(192.348)	-	476.800	62.102.575
Land improvements	17.149.352	-	-	-	-	-	404.115	17.553.467
Buildings	181.031.281	541.931	(395.358)	38.934.394	-	17.969.221	2.575.573	240.657.042
Machinery and equipment	786.307.837	8.302.983	(2.001.377)	161.660.666	(14.650.506)	40.590.440	15.807.244	996.017.288
Motor vehicles	2.146.499	163.687	(109.276)	3.410.419	-	-	45.874	5.657.203
Furniture and fixtures	23.413.838	507.889	(1.076.502)	1.131.049	(748.554)	1.301.086	925.163	25.453.969
Construction in progress and advances given	46.073.873	29.708.827	(4.934.525)	5.949	(81.748)	(60.825.430)	2.852.989	12.799.935
	1.072.772.807	39.343.096	(8.518.898)	250.194.554	(15.673.156)	(964.663)	23.087.759	1.360.241.479
Accumulated depreciation:								
Land improvements	9.874.919	486.768	-	8.585.920	-	-	14.904	18.962.511
Buildings	57.491.084	4.710.353	(112.475)	14.775.785	-	-	545.304	77.410.051
Machinery and equipment	420.641.031	40.321.925	(1.820.717)	87.218.107	(9.861.041)	-	6.548.806	543.048.111
Motor vehicles	1.253.770	282.173	(106.535)	2.205.322	-	-	14.501	3.649.231
Furniture and fixtures	17.748.313	2.059.362	(510.626)	937.227	(721.305)	-	536.603	20.049.574
	507.009.117	47.860.581	(2.550.353)	113.722.361	(10.582.346)	-	7.660.118	663.119.478
Net book value	565.763.690							697.122.001

TRY44.967.697 of current period depreciation and amortisation expenses are included in cost of sales, TRY70.780 of them are included in research and development expenses and TRY4.400.139 of them are included in general administrative expenses.

Amount of mortgage on property, plant and equipment is TRY89.647.596 (2005: TRY114.298.626).

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2005	Additions	Disposals	Business combinations	Impairment	Transfers	Exchange rate differences	31 December 2005
Cost:								
Land	18.812.929	439.629	(1.879.737)	-	-	-	(722.694)	16.650.127
Land improvements	17.337.505	377.476	-	-	-	121.925	(687.554)	17.149.352
Buildings	181.286.139	116.293	(399.462)	7.528.260	-	50.405	(7.550.354)	181.031.281
Machinery and equipment	724.621.091	12.309.685	(4.245.424)	53.726.164	-	14.897.733	(15.001.412)	786.307.837
Motor vehicles	2.200.295	474.701	(619.781)	157.755	-	-	(66.471)	2.146.499
Furniture and fixtures	19.173.164	584.692	(368.329)	4.130.629	-	87.023	(193.341)	23.413.838
Construction in progress and advances given	15.594.862	34.025.772	(89.970)	11.566.991	-	(15.146.530)	122.748	46.073.873
	979.025.985	48.328.248	(7.602.703)	77.109.799	-	10.556	(24.099.078)	1.072.772.807
Accumulated depreciation:								
Land improvements	9.144.009	527.051	-	-	10.556	193.303	9.874.919	
Buildings	48.239.811	4.338.751	(38.912)	4.182.032	1.828.862	-	(1.059.460)	57.491.084
Machinery and equipment	361.546.474	18.826.062	(2.205.751)	49.257.183	2.574.351	275.069	(9.632.357)	420.641.031
Motor vehicles	1.242.963	296.376	(384.977)	140.001	-	-	(40.593)	1.253.770
Furniture and fixtures	12.907.876	2.052.063	(353.710)	3.547.994	-	(275.069)	(130.841)	17.748.313
	433.081.133	26.040.303	(2.983.350)	57.127.210	4.403.213	10.556	(10.669.948)	507.009.117
Net book value	545.944.852							565.763.690

TRY27.763.520 of current period depreciation and amortisation expenses are included in cost of sales, TRY56.790 of them are included in research and development expenses and TRY4.496.309 of them are included in general administrative expenses.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Leased assets included in property, plant and equipment	2006	2005
Cost	2.328.561	2.014.837
Accumulated depreciation	(285.925)	(210.975)
Net book value	2.042.636	1.803.862

19.b) Assets held for sale

	1 January 2006	Transfers	Disposals	Impairment	31 December 2006
Land	1.068.000	192.348	(192.348)	-	1.068.000
Buildings	1.736.000	-	-	(1.736.000)	-
Machinery and equipment	-	4.789.465	(4.789.465)	-	-
Furniture and fixtures	-	27.249	(27.249)	-	-
Construction in progress and advances given	-	81.748	(81.748)	-	-
	2.804.000	5.090.810	(5.090.810)	(1.736.000)	1.068.000
	1 January 2005	Additions	Disposals	Impairment	31 December 2005
Land	1.068.000	-	-	-	1.068.000
Buildings	1.736.000	-	-	-	1.736.000
	2.804.000	-	-	-	2.804.000

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 20 - INTANGIBLE ASSETS

	1 January 2006	Additions	Disposals	Business combinations	Transfers	Exchange rate differences	31 December 2006
Cost:							
Rights	20.701.671	616.655	-	-	138.947	36.245	21.493.518
Technology licenses	9.024.109	590.691	(3.386.921)	-	-	478.721	6.706.600
Computer software	1.230.865	-	-	11.101	825.736	43.865	2.111.567
Customer relationships	-	-	-	659.479	-	-	659.479
	30.956.645	1.207.346	(3.386.921)	670.580	964.683	558.831	30.971.164
Accumulated amortisation:							
Rights	18.824.577	642.044	-	-	-	211.877	19.678.498
Technology licenses	4.033.292	642.379	(2.299.626)	-	-	69.381	2.455.426
Computer software	1.157.004	293.612	-	10.227	-	6.250	1.467.093
	24.014.873	1.578.035	(2.299.626)	10.227	-	287.508	23.591.017
Net book value	6.941.772						7.380.147
Cost:							
Rights	19.752.421	449.268	-	-	(10.556)	510.538	20.701.671
Technology licenses	9.026.127	-	-	-	-	(2.018)	9.024.109
Computer software	1.227.134	4.003	-	-	-	(272)	1.230.865
	30.005.682	453.271	-	-	(10.556)	508.248	30.956.645
Accumulated amortisation:							
Rights	18.124.082	873.190	-	-	(10.556)	(162.139)	18.824.577
Technology licenses	3.473.357	540.173	-	-	-	19.762	4.033.292
Computer software	655.496	459.740	-	-	-	41.768	1.157.004
	22.252.935	1.873.103	-	-	(10.556)	(100.609)	24.014.873
Net book value	7.752.747						6.941.772

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 21 - ADVANCES RECEIVED

	2006	2005
Order advances received	276.513	464.376

NOTE 22 - RETIREMENT PLANS

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

NOTE 23 - PROVISIONS

	2006	2005
Provision for employment termination benefits	13.928.435	11.838.093
Taxes payable	9.205.157	3.769.828
	23.133.592	15.607.921

Provision for employment termination benefits

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement.

At 31 December 2006 the amount payable consists of one month's salary limited to a maximum of TRY1.857,44 (2005: TRY1.727,15) for each year of service.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2006	2005
Discount rate (%)	5,71	5,49
Turnover rate to estimate the probability of retirement (%)	100	100

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY1.960,69 (1 January 2006: TRY1.770,62), which is effective from 1 January 2007, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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

	2006	2005
1 January	11.838.093	11.332.358
Increase during the year	3.674.140	2.141.936
Paid during the year	(1.602.358)	(1.994.946)
Exchange rate differences	18.560	358.745
31 December	13.928.435	11.838.093

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 24 - MINORITY INTEREST

	2006	2005
Balances at the beginning of the period	72.015.781	63.541.870
Minority interest on acquisition (Note 32)	98.809.470	3.852.248
Legal merger effect (Note 32)(*)	(56.183.988)	-
Capital increase	-	2.722.400
Dividends paid	(1.951.615)	(2.641.675)
Cumulative translation differences	809.806	(2.678.121)
Income for the period	(462.708)	7.219.059
Balances at the end of period	113.036.746	72.015.781

(*) The TRY1.100.309 of legal merger effect is derived from cumulative translation differences, (57.277.721) from retained earnings and TRY(6.576) from share premium.

NOTE 25 - CAPITAL / TREASURY SHARES

The Company's authorised and issued capital consists of 19.452.907.600 shares of YKr 1 nominal value each. The Company's shareholders and their shareholdings at 31 December 2006 and 31 December 2005 are as follows:

	2006	Share (%)	2005	Share (%)
Hacı Ömer Sabancı Holding. A.Ş.	177.233.427	91	744.716.797	100
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	1.516	<1	-	-
Teknosa İç ve Dış Tic.A.Ş.	1.357	<1	-	-
Pilsa Plastik Sanayi A.Ş.	1.305	<1	-	-
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	327	<1	-	-
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	52	<1	-	-
Other (Public and Takasbank)	17.291.092	9	-	-
Total paid-in share capital	194.529.076		744.716.797	

NOTE 26 - CAPITAL RESERVES

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values with an amount of TRY102.684.000 and TRY4.551.000 during the capital increases in May 2006 and June 2006, respectively after the establishment of the Company.

Inflation adjusted amounts of shareholders' equity

None (31 December 2005: None).

NOTE 27 - PROFIT RESERVES

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

Public companies distribute dividends according to CMB regulations as follows:

In accordance with Communiqué XI/25, effective from 1 January 2004, companies are obliged to distribute at least 20% of their distributable profit, which is calculated based on the financial statements prepared in accordance with IFRS. Based on the decision of the General Assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. In the consolidated financial statements, the income of the subsidiaries, joint ventures and associated companies will not be taken into consideration in the calculation of dividends of the parent company, if they have not declared dividends in their general assemblies.

In accordance with Communiqué XI/25, items of statutory shareholders' equity such as share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves, are presented at their historical amounts. The difference between the inflated and historical amounts of these items is presented in shareholders' equity in total as restatement difference.

CMB resolution No. 66/1630, dated 30 December 2003, requires that the amount arising in the first financial statement preparation process adjusted for inflation and recorded in the previous years' losses, pursuant to the regulations of CMB regarding profit distribution, be accounted for as deductible item. However, the relevant amount recorded in the previous years' losses can be offset against that period's profit, and undistributed previous year profit, and the remaining loss can be offset against in turn, extraordinary reserves, legal reserves and capital reserves arising from the inflation adjustment of shareholders' equity items.

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

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

	2006	2005
Share capital	194.529.076	744.716.797
Shareholder's contribution	491.623.822	-
Share premium	107.292.736	-
Extraordinary reserves	8.836.688	-
Net income for the period	55.172.359	47.911.464
Accumulated losses	(150.544.749)	(228.545.878)
Total equity based on profit distribution	706.909.931	564.082.383
Currency translation differences	(50.753.358)	(7.039.556)
Total shareholder's equity in the consolidated financial statements	656.156.574	557.042.827

NOTE 28 - ACCUMULATED LOSSES

	Accumulated losses
Balance at 1 January 2005	(305.745.056)
Transfer of net income for 2004	89.136.748
Dividends paid	(11.937.570)
Balance at 31 December 2005	(228.545.878)
Transfer of net income for 2005	47.911.464
Transfer from minority interest due to legal merger (Note 32)	57.277.721
Dividends paid	(27.188.056)
Balance at 31 December 2006	(150.544.749)

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 29 - FOREIGN CURRENCY POSITION

Group's assets and liabilities denominated in foreign currencies at 31 December 2006 and 31 December 2005 are as follows:

	2006	2005
Assets	277.963.702	203.496.185
Liabilities	(483.750.125)	(382.410.663)
Net foreign currency position	(205.786.423)	(178.914.478)

	Foreign currency	2006		2005	
		Foreign currency amount	TRY equivalent	Foreign currency amount	TRY equivalent
- Cash and cash equivalents	USD	28.322.046	39.809.468	13.288.750	17.830.845
	EUR	4.629.763	8.572.006	3.594.697	5.706.581
	Iranian Riyal ('000)	12.755.978	1.943.610	3.799.274	560.760
	Egypt pound	2.264.791	558.000	27.687.933	6.461.160
	GBP	53.953	148.742	1	2
	SFR	304	350	355	362
	DKK	-	-	1.794	382
	Brazilian Real	1.075.772	708.246	2.085.444	1.208.598
	Argentina Peso	7.121.389	3.274.073	3.777.377	1.681.537
	Thailand Baht	160.132.671	6.260.029	-	-
	Indonesian Rupiah	43.133.746	6.747.028	-	-
	Chinese Renminbi	1.579.942	283.931	-	-
- Trade receivables and due from related parties	USD	48.651.652	68.384.762	35.986.382	48.286.528
	EUR	34.217.288	63.353.309	37.614.048	59.574.900
	GBP	57.569	158.713	199.999	462.419
	Egypt pound	4.751.917	1.170.779	28.654.919	6.686.812
	DKK	-	-	420.764	89.522
	Iranian Riyal ('000)	62.884.402	9.581.606	54.716.460	8.075.959
	Brazilian Real	36.338.245	23.923.671	33.422.411	19.369.624
	Argentina Peso	21.164	9.730	220.143	97.999
	Thailand Baht	207.235.089	8.101.393	-	-
	Indonesian Rupiah	43.133.746	5.020.140	-	-
	Chinese Renminbi	21.731.719	3.095.402	-	-
- Other receivables and assets	USD	2.446.554	3.438.876	5.379.609	7.218.359
	EUR	-	-	49.023	77.824
	Brazilian Real	19.815.968	13.046.054	27.756.748	16.086.146
	Argentina Peso	8.123.168	3.734.643	8.412.862	3.745.070
	Egypt pound	432.490	106.557	1.177.580	274.796
	Thailand Baht	12.546.823	490.490	-	-
	Indonesian Rupiah	33.437.497	5.230.330	-	-
	Chinese Renminbi	9.816	1.764	-	-
			277.963.702		203.496.185

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

	Foreign currency	2006		2005	
		Foreign currency amount	TRY equivalent	Foreign currency amount	TRY equivalent
- Trade payables and due to related parties	USD	59.835.377	84.104.606	48.496.012	65.071.949
	EUR	9.754.396	18.060.265	10.713.419	17.007.553
	CHF	-	-	1.435.500	16.365
	GBP	715	1.971	-	-
	Egypt pound	-	-	18.301.331	4.270.735
	Brazilian real	2.829.583	1.862.886	15.458.533	8.958.838
	Argentina peso	3.481.572	1.600.660	1.003.043	446.515
	Iranian riyal ('000)	4.034.605	614.747	23.455.342	3.461.927
	Thailand Baht	29.143.815	1.139.312	-	-
	Endonesian Rupiah	9.625.324	1.505.604	-	-
	Chinese Renminbi	2.779.871	499.570	-	-
- Bank borrowings	USD	162.721.162	247.161.127	149.013.370	199.946.140
	EUR	22.489.464	48.916.505	27.635.699	43.871.673
	Brazilian real	16.329.446	10.750.665	15.889.460	9.208.578
	Endonesian Rupiah	236.554.323	37.002.087	-	-
- Other payables and liabilities	USD	8.715.799	13.238.639	8.693.734	11.665.252
	Brazilian real	13.032.853	8.580.318	21.186.195	12.278.247
	Arjantin pezosu	5.971.986	2.745.633	13.943.056	6.206.891
	Thailand Baht	29.143.815	1.457.569	-	-
	Endonesian Rupiah	9.625.324	4.183.416	-	-
	Chinese Renminbi	2.779.871	324.545	-	-
			483.750.125		382.410.663

NOTE 30 - GOVERNMENT GRANTS

	2006	2005
Government grants	2.114.339	1.929.508

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

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

	2006	2005
a) Guarantees given:		
Letter of guarantees	9.324.690	9.138.867
Pledged bonds given for long term	1.793.546	22.152.682
	11.118.236	31.291.549
b) Guarantees received:		
Mortgages received	5.950.000	3.450.000
Letter of guarantees	1.056.443	3.395.948
Cheques and notes received as collateral	315.400	542.211
	7.321.843	7.388.159

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments denominated in foreign currencies are as follows:

		2006	2005
Guarantees received			
	EUR	21.000	297.520
	USD	125.312	112.113
	GBP	-	2.000

NOTE 32 - BUSINESS COMBINATIONS

Summary of business combinations in 2006 is as follows:

Prior to the establishment of the Company on 9 February 2006, other Subsidiaries were consolidated under Sabancı B.V., which was a subsidiary of Sabancı Holding. After the establishment, the Company became the ultimate parent by acquiring 88,61% of shares of Kordsa Turkey in consideration of TRY649.365.922 from Sabancı B.V. and 100% of shares of Sabancı B.V. in consideration of TRY304.551.000 from Sabancı Holding. These transactions took place between two companies under the common control of Sabancı Holding, therefore no goodwill or negative goodwill was calculated on these transactions. As the purpose for the establishment of Kordsa Global is operational and global restructuring of Sabancı group companies engaged in operations mentioned in Note 1, capital injections of Sabancı Holding and related transactions afterwards have been accounted with continuity to Sabancı B.V.'s shareholders' equity. The differences in cash transactions on share transfers of Sabancı B.V. to the Company have been included in 'Transfer to parent company' as a separate line item in the consolidated statements of changes in shareholders' equity with a deduction from accumulated deficit. Accordingly, TRY744.719.797 was repaid by Kordsa Global to Sabancı Holding during the acquisition of Kordsa Turkey and Sabancı B.V. and this amount is presented as a capital repayment on the consolidated statements of changes in shareholders' equity. Furthermore, the difference of TRY163.847.102 arising on Kordsa Global's acquisition of Kordsa Turkey and Sabancı B.V. is presented as a "transfer to parent company" on the consolidated statements of changes in shareholder's equity.

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

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

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

The difference in the amount of TRY655.470.924 arising as a result of this merger was accounted as shareholders' contribution under the consolidated statement of changes in shareholders' equity, as it is not a separate item in the financial statement presentation format, which application is required by the CMB.

On 29 December 2006, Group acquired 99,5% of shares of KQNE in consideration of TRY12.082.745. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY3.465.178 and was credited to other operating income. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

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

Excess recognised in consolidated statement of income

3.465.178

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 32 - BUSINESS COMBINATIONS (Continued)

On 22 December 2006, Group acquired 51,29% shares of Branta Mulia Group in consideration of TRY49.425.318. Parent company Branta Mulia owns 70% shares of Branta Mulia Teijin and 64,19% shares of Thai Branta Mulia and prepares consolidated financial statements. The excess of cost of acquisition over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities amounted to TRY3.025.301 and was recorded as goodwill in the consolidated balance sheet (Note 17). The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

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

Summary of business combinations in 2005 is as follows:

During the Extraordinary General Assembly meeting of one of the Subsidiaries, Kordsa Turkey, held at 9 December 2005, it is decided that Kordsa Turkey merge with Sakosa Sabancı Endüstriyel İplik ve Kord Bezi Sanayi A.Ş. by taking over its total assets and liabilities as of 31 December 2005 as a whole.

During the Extraordinary General Assembly meeting of Kordsa Turkey held at 9 December 2005, within the framework of Turkish Trade Law No: 451, Corporate Tax Law No: 37-39 and other related articles it is decided that Kordsa Turkey merge with Sakosa by taking over its assets and liabilities as of 31 December 2005 as a whole based on the permissions of Capital Markets Board with resolution numbered B.02.1.SPK.013-2295/22169, dated 7 November 2005, Ministry of Trade and Industry, General Management of Domestic Trade, with resolution numbered B.14.O.İTG.0.10.00.01.DEĞ-3195/8011, dated 8 November 2005 and Turkish Competition Authority with resolution numbered B.50.0.REK.0.07.00.00-120/557, dated 15 July 2005, respectively.

Istanbul Trade Registry Office announced that the registration of the decision taken at the Extraordinary General Assembly of Kordsa Turkey dated 9 December 2005 and the merge contract as of 31 December 2005, at the Trade Registry Journal No: 6454, dated 16 December 2005.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 32 - BUSINESS COMBINATIONS (Continued)

Kordsa Turkey's balance sheets as of 31 December 2005 and 31 December 2005 were prepared by merging the balance sheets, which are prepared in accordance with the standards issued by CMB, of two companies since these two companies are under the common control of Hacı Ömer Sabancı Holding A.Ş. and the assets and liabilities of Sakosa are taken over by Kordsa Turkey as a whole.

One of the Company's Subsidiaries, Sabancı B.V., acquired 90,32% of shares of Cobafi from Acordis/Diolen in consideration of TRY21.319.860 on 13 May 2005. The excess of interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost amounted to TRY10.449.502 and was credited to other operating income. The fair values of identifiable assets, liabilities and contingent liabilities acquired and the cost of acquisition are as follows:

Trade receivables	7.795.859
Inventory	23.757.542
Property plant and equipment, net	19.982.589
Other assets	15.222.627
Financial liabilities	(18.779.833)
Trade payables	(3.430.983)
Other liabilities	(12.778.439)
Total net assets	31.769.362
Less: cost of acquisition	(21.319.860)

Excess recognised in consolidated statement of income

10.449.502

On 30 December 2005, Kordsa International, LLC transferred the equity interests in DUSA Spain participations, Kordsa Turkey, Kordsa Argentina, Kordsa USA, Inc. and InterKordsa, Inc. shares to Sabancı B.V.

Effective from 31 December 2005, Kordsa USA, Inc. merged with and into InterKordsa, Inc., with InterKordsa Inc. remaining as the surviving corporation, which has changed its name to Kordsa, Inc. as of the effective time of the merger.

NOTE 33 - SEGMENT REPORTING

a) External revenues (*)	2006	2005
Europe, Middle East and Africa	527.724.717	480.481.112
North America	272.835.519	260.437.175
South America	200.656.568	156.879.261
	1.001.216.804	897.797.548

(*) There is no difference between the location of segment assets and location of customers regarding external revenues.

b) Segment assets	2006	2005
Europe, Middle East and Africa	614.709.496	629.550.334
North America	202.639.040	180.572.735
South America	227.269.418	203.546.024
Asia	251.841.538	-
Other	4.554.671	27.225.318
Segment assets (*)	1.301.014.163	1.040.894.411
Unallocated assets	49.653.141	26.027.178
Less: Intersegment eliminations and reclassifications	(6.556.677)	(19.908.958)
Total assets per consolidated financial statements	1.344.110.626	1.047.012.631

(*) Segment assets comprise operating assets.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 33 - SEGMENT REPORTING (Continued)

c) Segment liabilities

	2006	2005
Europe, Middle East and Africa	87.491.305	76.176.377
North America	43.329.026	46.302.834
South America	36.858.422	54.260.444
Asia	29.721.546	-
Other	5.067.721	1.557.803
Segment liabilities (**)	202.468.020	178.297.458
Unallocated liabilities	378.542.824	259.042.826
Less: Intersegment eliminations and reclassifications	(6.093.537)	(19.386.261)
Total liabilities per consolidated financial statements	574.917.307	417.954.023

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

External revenues based on the location of external customers are as follows:

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

	Europe, Middle East and Africa	North America	South America	Inter-segment elimination	Total
External revenues	527.724.717	272.835.519	200.656.568	-	1.001.216.804
Inter segment revenues	3.598.751	2.497.105	2.081.889	(8.177.745)	-
Revenues	531.323.468	275.332.624	202.738.457	(8.177.745)	1.001.216.804
Segment operating expenses	(470.990.520)	(256.803.964)	(185.253.950)	8.503.489	(904.544.945)
Total segment operating result	60.332.948	18.528.660	17.484.507		96.671.859
Unallocated expenses					(12.768.874)
Negative goodwill income					3.465.178
					87.368.163

**e) Segmental analysis for the period
1 January- 31 December 2005**

	Europe, Middle East and Africa	North America	South America	Inter-segment elimination	Total
External revenues	480.481.112	260.437.175	156.879.261	-	897.797.548
Inter segment revenues	16.414.170	858.177	4.629.809	(21.902.096)	-
Revenues	496.895.282	261.295.292	161.509.070	(21.902.096)	897.797.548
Segment operating expenses	(417.396.042)	(264.269.204)	(146.272.015)	21.387.568	(806.549.693)
Total segment operating result	79.499.240	(2.973.912)	15.237.055		91.247.855
Unallocated expenses					(7.080.963)
Negative goodwill income					10.449.502
					94.616.394

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 33 - SEGMENT REPORTING (Continued)

f) Capital expenditures	2006	2005
Europe, Middle East and Africa	10.423.546	14.130.231
North America	15.225.899	30.231.194
South America	14.900.997	4.420.094
	40.550.442	48.781.519

g) Depreciation and amortisation

Europe, Middle East and Africa	30.114.586	16.032.955
North America (*)	10.364.773	9.771.808
South America	8.648.729	6.306.712
Other	310.528	205.144
	49.438.616	32.316.619

(*) The TRY4.403.213 in 2005 in North America segment is related with the property, plant and equipment impairment (Not 19.a).

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

a) External revenues	2006	2005
Nylon yarn	304.628.930	301.942.998
Polyester yarn	33.780.275	17.813.378
Fabric	619.965.072	540.888.547
Other	42.842.527	37.152.625
	1.001.216.804	897.797.548

b) Segment assets

Nylon yarn	388.990.104	354.232.978
Polyester yarn	101.430.938	81.140.849
Fabric	625.336.189	417.077.542
Other	39.831.775	39.308.874
Segment assets (*)	1.155.589.006	891.760.243
Unallocated assets	195.078.297	175.161.346
Less: Intersegment eliminations and reclassifications	(6.556.677)	(19.908.958)
Total liabilities per consolidated financial statements	1.344.110.626	1.047.012.631

(*) Segment assets comprise operating assets. The cash and cash equivalents, marketable securities and financial assets, other receivables and other assets was not distributed on the products due to appropriateness with the needs, trustworthiness, comparativeness over time and the risk and opportunities as a Group.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 33 - SEGMENT REPORTING (Continued)

c) Capital expenditure	2006	2005
Nylon yarn	11.766.156	8.319.350
Polyester yarn	5.401.018	1.031.618
Fabric	20.845.858	36.871.597
Other	2.537.410	2.558.954
	40.550.442	48.781.519

NOTE 34 - SUBSEQUENT EVENTS

1. The land classified under assets held for sale as of 31 December 2006 (Note 19.b) was sold for TRY1,725,000 at 21 March 2007 with the signing of a sales protocol.
2. Group made a tender call for the minority shares to Endonasian Capital Markets after purchasing %51.29 shares of Branta Mulia and purchased 27.460.420 number of shared and increased its share in Branta Mulia to % 57.40. The transaction value is USD6.028.266,50.
3. Since the existence of 312 usufruct shares issued in accordance with the 12th article of Company's articles of association, which have a right to receive dividends at a rate of 6% upon the distributable profit of the Company without a right to vote is considered to be unacceptable for modern corporate governance principles and has a negative effect on the value of the Company, on 17 January 2007 with the Board of directors decision number 843, the Company management has decided to acquire these usufruct shares from the owners for a consideration of TRY145.000 for each. Following the decision, payment of TRY45.240.000 was made to the owners on 23 January 2007 and the acquisition was completed.

NOTE 35 - DISCONTINUED OPERATIONS

None (2005: None).

NOTE 36 - OPERATING INCOME

	2006	2005
Sales income (Gross)	1.012.095.526	911.300.787
Sales returns (-)	(2.227.444)	(954.899)
Sales discounts (-)	(8.179.046)	(9.849.260)
Other sales discounts (-)	-	(2.693.716)
Sales income (Net)	1.001.689.036	897.802.912
Cost of sales (-)	(831.014.069)	(735.902.790)
Gross profit	170.674.967	161.900.122

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 37 - OPERATING EXPENSES

	2006	2005
Research and development expenses	3.074.646	2.315.327
Marketing and selling expenses	30.219.084	24.667.879
General administrative expenses	55.771.994	50.432.376
	89.065.724	77.415.582

NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/LOSSES

Other income	2006	2005
Domestic production incentive income (*)	13.798.041	8.592.863
Income from negative goodwill (Note 32)	3.465.178	10.449.502
Gain on sale of property, plant and equipment	2.238.999	2.200.527
Income related to previous periods tax provision	1.495.456	410.163
Export incentive income	1.489.410	-
Customs indemnities	1.416.867	984.760
Income from insurance damages	1.121.710	55.148
Insurance agency income	225.910	181.532
Rent income	110.593	115.642
Mortgage income (Note 15)	-	950.000
Other	3.088.798	2.651.615
	28.450.962	26.591.752

Other expenses

Impairment loss on financial assets	13.387.770	-
Doubtful receivable provision	2.222.090	574.000
Impairment loss on assets held for sale (**)	1.736.000	-
Donations to Sabancı university	-	2.280.355
Taxes and duties paid	1.244.176	334.801
Royalty expense	442.401	1.580.302
Compensation expenses	303.940	-
Loss on sale of property, plant and equipment	114.189	1.806.246
Aquisition costs	-	1.441.079
Impairment loss on property, plant and equipment	-	4.403.213
Other	3.241.476	4.039.902
	22.692.042	16.459.898

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

(**) Impairment loss on buildings classified under assets held for sale due to the damage incurred is TRY1.736.000.

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 39 - FINANCIAL EXPENSES (NET)

Financial income:	2006	2005
Foreign exchange gain	35.742.124	18.491.771
Credit finance income	3.527.993	3.869.790
Interest income	2.838.554	2.772.801
Other	26.961	10.578
	42.135.632	25.144.880
Financial expenses:		
Foreign exchange loss	28.758.088	23.819.206
Interest expense	20.876.539	16.532.524
Credit finance expense	2.515.916	2.811.598
Other	542.153	1.205.351
	52.692.696	44.368.679
Financial expenses - net	(10.557.064)	(19.223.799)

NOTE 40 - NET MONETARY POSITION PROFIT/LOSSES

Profit/loss on net monetary position is calculated as the difference between the assets and liabilities as a result of restatement of the non-monetary assets and liabilities and income statement for the changes in the general purchasing power. However, since inflation adjustment is not made for the period beginning on or after 1 January 2005 (Note 2.1), there is no profit/loss on net monetary position for the periods 1 January- 31 December 2006 and 1 January-31 December 2006.

NOTE 41 - TAXES ON INCOME

	2006	2005
Corporate tax currently payable	11.256.879	4.431.936
Less: Prepaid taxes	(2.051.722)	(5.407.423)
	9.205.157	(975.487) (*)

(*) The portion of prepaid taxes which exceeds the corporate tax payable as of 31 December 2006 has been presented at the other receivables line of the balance sheet dated 31 December 2005.

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

Corporate Income Tax Law has been changed with the law numbered 5520 which was published at 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable for the year 2006 is % 20 (2005: %30).

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

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

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

NOTE 41 - TAXES ON INCOME (Continued)

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

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled in the year 2005.

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

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

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

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

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

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

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

Exemption for investment incentive allowance:

The exemption for investment incentive allowance that has been applied for several years and latest calculated as 40% of corporate tax payers' capital expenditures exceeding a certain amount, has been abolished with Corporate Income Tax Law No.5479 dated 30 March 2006. On the other hand, according to the law and the temporary clause number 69 added to Income Tax Law, unused investment incentive allowance related to the ongoing projects at 31 December 2005,

- a) investment started after 1 January 2006, within the scope of investment incentive share certificates granted prior to 24 April 2003 in accordance with the appendices 1,2,3,4,5, and 6 of Income Tax Law numbered 193 prior to the change with the law numbered 4842 dated 9 April 2003,
- b) investment allowances being granted before 1 January 2006, which presents an economic and technical integrity with the investments, in accordance with the Income Tax Law numbered 193 abolished article No.19 of Corporate Income Tax Law numbered 193 can be utilised for the income generated in the years 2006, 2007 and 2008 in accordance with the articles valid on 31 December 2006 (including the corporate tax rate in accordance with Corporation Tax Law numbered 5422 and the related articles of Income Tax Law).

CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

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

The taxes on income reflected to consolidated interim statements of income for the six-month and three-month periods ended 31 December are summarised as follows:

	2006	2005
Current period corporate tax	(11.256.879)	(13.592.441)
Deferred tax (expense)/income	(12.125.573)	(11.048.289)
Currency translation differences	1.281.004	4.378.658
	(22.101.448)	(20.262.072)

NOTE 42 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in these statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	2006	2005
Net income for the period	55.172.359	47.911.464
Earnings per share (TRY)		
- ordinary shares('000)	2,67	0,78
- usufruct shares	10.610	-
Weighted average number of (Nominal value 1 YKr)		
- ordinary shares	19.452.907.600	61.646.001.529
- usufruct shares	312	-

Nominal values of ordinary shares for the periods ended 31 December 2006 and 2005 are assumed to be YKr 1 each.

NOTE 43 - STATEMENTS OF CASH FLOW

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

NOTE 44 - DISCLOSURE OF OTHER MATTERS

None.

TO THE GENERAL ASSEMBLY OF KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

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

Head Office : İstanbul

Issued Capital : YTL 194,529,076

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

Name(s) and Duration of Office of the Auditor and if they are partners:

Mevlüt AYDEMİR 04 April 2005 to March 2008

Fuat ÖKSÜZ 04 April 2005 to March 2008

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

Numbers of Board Meetings and Auditors' Meetings Attended:

Attended in five Board Meetings and four Auditors' Meetings.

Scope and Dates of the Examinations Conducted on the Documents and Conclusions:

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

Number and Dates of Cash Counts Performed at the Corporation's Treasury, according to Paragraph 3, Clause 1 of Turkish Commercial Code Article 353:

There has been 4 cash counts performed and found in compliance with current records.

Examinations and dates, performed according to Paragraph 4, Clause 1 of Turkish Commercial Code Article 353:

On the examinations conducted on the 1st business day of each month, it is observed that the valuable documents are in compliance with the records.

Complaints and Unlawful acts Noted and Measures Taken:

No complaints have been received.

We have examined the accounts and transactions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. for the period of 01.01.2006 - 31.12.2006 according to Turkish Commercial Code, Articles of Association, other regulation and Generally Accepted Accounting Principles and Standards.

In our opinion, the Balance Sheet as of 31.12.2006 reflects the true financial status of the company at the date; the Profit and Loss Statement for period 01.01.2006 - 31.12.2006 reflects the true operational results of the period.

We hereby submit the approval of the Balance Sheet, Profit and Loss Statement, and ratification of the actions of the Board of Directors to your votes.

BOARD OF AUDITORS

Mevlüt AYDEMİR



Fuat ÖKSÜZ



05.03.2007

ADDRESSES

Kordsa Global A.fi.

Headquarter

Sabancı Center Kule 2 Kat 17
34330 4. Levent - İstanbul
Tel: 0 212 385 85 30
Fax: 0 212 282 54 00

Region 1

Kordsa Global Turkey

Sabancı Center Kule 2 Kat 5
34330 4. Levent
İstanbul
Tel: 0 212 385 85 30
Fax: 0 212 281 00 27

Plant

P.K. 196 41001 Alikahya
Zmit-Kocaeli
Tel: 0 262 316 70 00
Fax: 0 262 316 70 70

Germany-Interkordsa GMBH

AM Alten Bahndamm 7, 99974
Mühlhausen
Tel: + 49 3601 884 0
Fax: + 49 3601 884 123

Egypt-Nile Kordsa

Industrial Area B1 10th of Ramadan City
P.O. Box 549
Tel: + 20 15 364 592
Fax: + 20 15 367 081

Iran-Kian Kordsa

No. 67, 8th st. of Bokharest
Tehran
Tel: + 021 8850 5386
Fax: + 021 8873 7898

Region 2

USA-Chattanooga Kordsa Inc.

4501 North Access Road
Chattanooga, TN 37415-9990
Tel: + 1 423 643 8300
Fax: + 1 423 643 2726

Laurel Hill Kordsa Inc.

17780 Armstrong Road
Laurel Hill, NC 28351
Tel: + 1 910 462 2051
Fax: + 1 910 462 5040

Region 3

Brazil-Kordsa Brazil

Plant

Rue Eteno 3832 42810-000
Camacari BA
Tel: + 55 71 2104 4500/4700
Fax: + 55 71 2104-4701

Sales and Marketing Office

Av. Ibirapuera, 2907-Conj. 601/602
04029 - 200 Moema Sao Paulo
Tel: + 55 11 5053 9741
Fax: + 55 11 5053 9738

Argentina-Kordsa Argentina

Calle 144 Nro. 512
Esq. Diagonal
Obispo Jorge Novak
1884-Berazategui
Buenos Aires
Tel: + 54 11 4229 3142
Fax: + 54 11 4229 3072

Region 4

Indonesia-PT Branta Mulia TBK

Wisma Indosemen 7th Floor
Jl. Jend. Sudirman Kav. 70-71
Jakarta 12910
Tel: + 62 21 251 2078
Fax: + 62 21 251 0210

Thailand-Thai Branta Mulia

Rojana Industrial Park, 1/61 Moo 5
Khanham Subdistrict, Uthai District
Ayuthaya 13210
Tel: + 66 35 330 221
Fax: + 66 35 330 230

China-KONE

22 Hai An Road, Qingdao
Shangdong 266031
People's Republic of China
Tel: + 86 532 8374 1224
Fax: + 86 532 8374 1324

