

KORDSA GLOBAL



2009 ANNUAL REPORT





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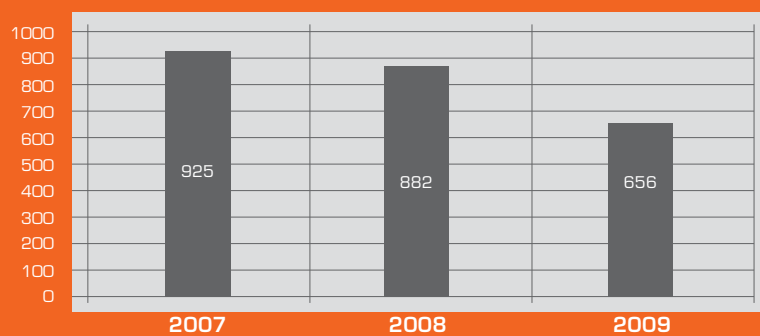
Innovation



Excellence

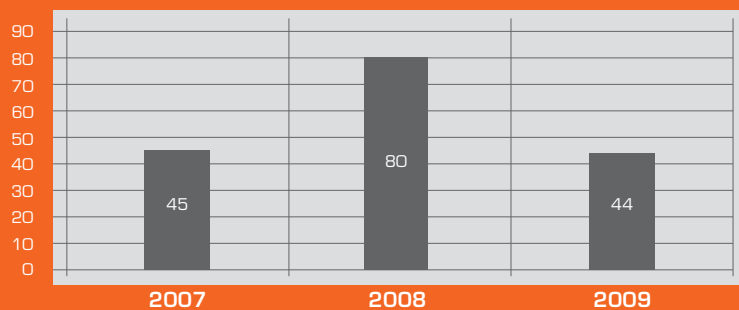
US \$ Mil.

Sales



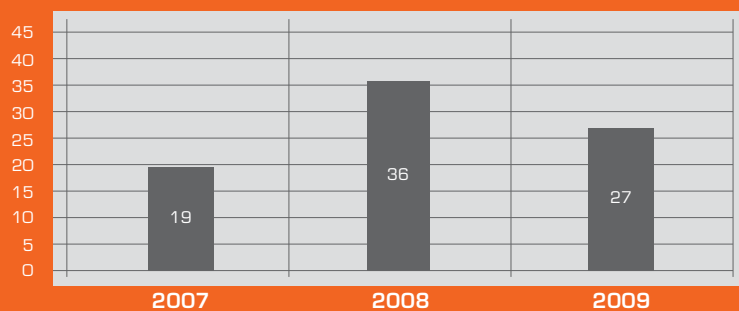
US \$ Mil.

Operating Profit



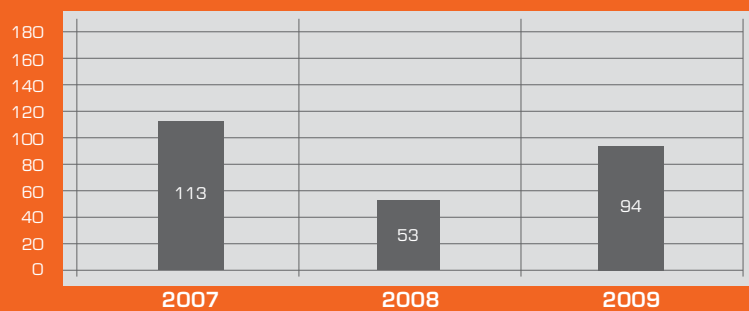
US \$ Mil.

Net Income



US \$ Mil.

Cash Flow from Operating Activities



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

KORDSA GLOBAL MILESTONES

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



1990 Initiation of "Quality Culture" Studies and Deployment of Total Quality Management

1993 The First ISO 9001 Certificate Given to a Textile Company in the World: Kordsa

1993 Establishment of Nile Kordsa

1998 Establishment of Interkordsa

1998 South America Investment

1999 Merger of Dusa Yarn Plant and Kordsa Fabric Plant



2000 North America Investment
2001 Formation of Global JV with DuPont



2003 Relocation of the Technology Center from Chattanooga, USA to Kordsa Turkey

2005 Acquisition of the DuPont Shares in Global JV

2005 Growth in Polyester

2006 Formation of Kordsa Global and Relocation of the Headquarters from USA to Turkey

2006 Growth in Asia

2006 Formation of Global Technology Center



2007 R&D and Single End Cord Investments

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



2009 The Accreditation of Kordsa Global R&D Center by the Turkish Ministry of Industry

KORDSA GLOBAL IN BRIEF

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

Kordsa's success story began with the investment in the cord fabric plant in Izmit, Turkey in 1973. Since then, the Company has become the global leader thanks to strategic acquisitions made in collaboration with powerful business partners. With its 11 facilities, located in 9 countries over 5 continents, and a 4,500-strong workforce, the Company has maintained its position as a global leader. Kordsa Global recorded sales of US\$ 656 million in 2009.

Kordsa Global, with its head office in Istanbul, operates in below countries:

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

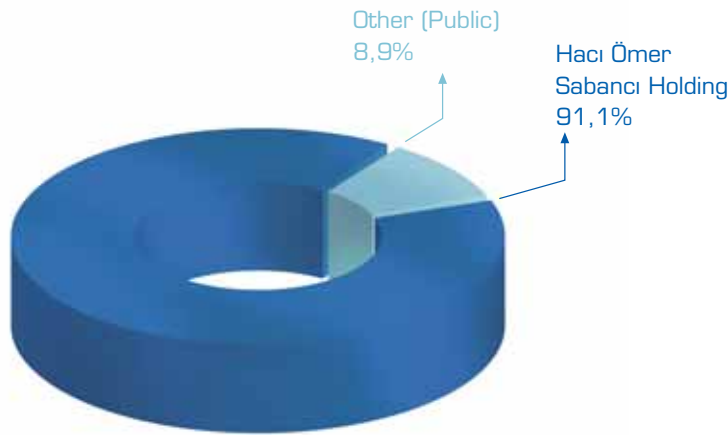
Due to its flexibility, 2009 was a year in which Kordsa Global managed the economic crisis and the demands of the shrinking market well.

Kordsa Global has commenced practicing the New Operating Model as of the beginning of this year. With this new model, the Company has made a transition from regional to functional management, revising primary processes like its global customer management and supply chain, and adapted to changing market conditions.

Kordsa Global has started to enjoy the benefits of concentrating its investments in line with customer needs and its R&D activities in 2009 also. In April, Kordsa Global Technology Center was accredited as R&D Center by the Turkish Ministry of Industry. In this way, the Company has deemed the right to government support and funding for R&D expenses. Aside from this, it has also commenced its commercialization activities regarding new superior denier polyester fiber, aramid, nylon hybrid cords and other new products together with the industry's leading customers.

Kordsa Global's public shares which account to 8.9% are listed on the Istanbul Stock Exchange (IMKB).

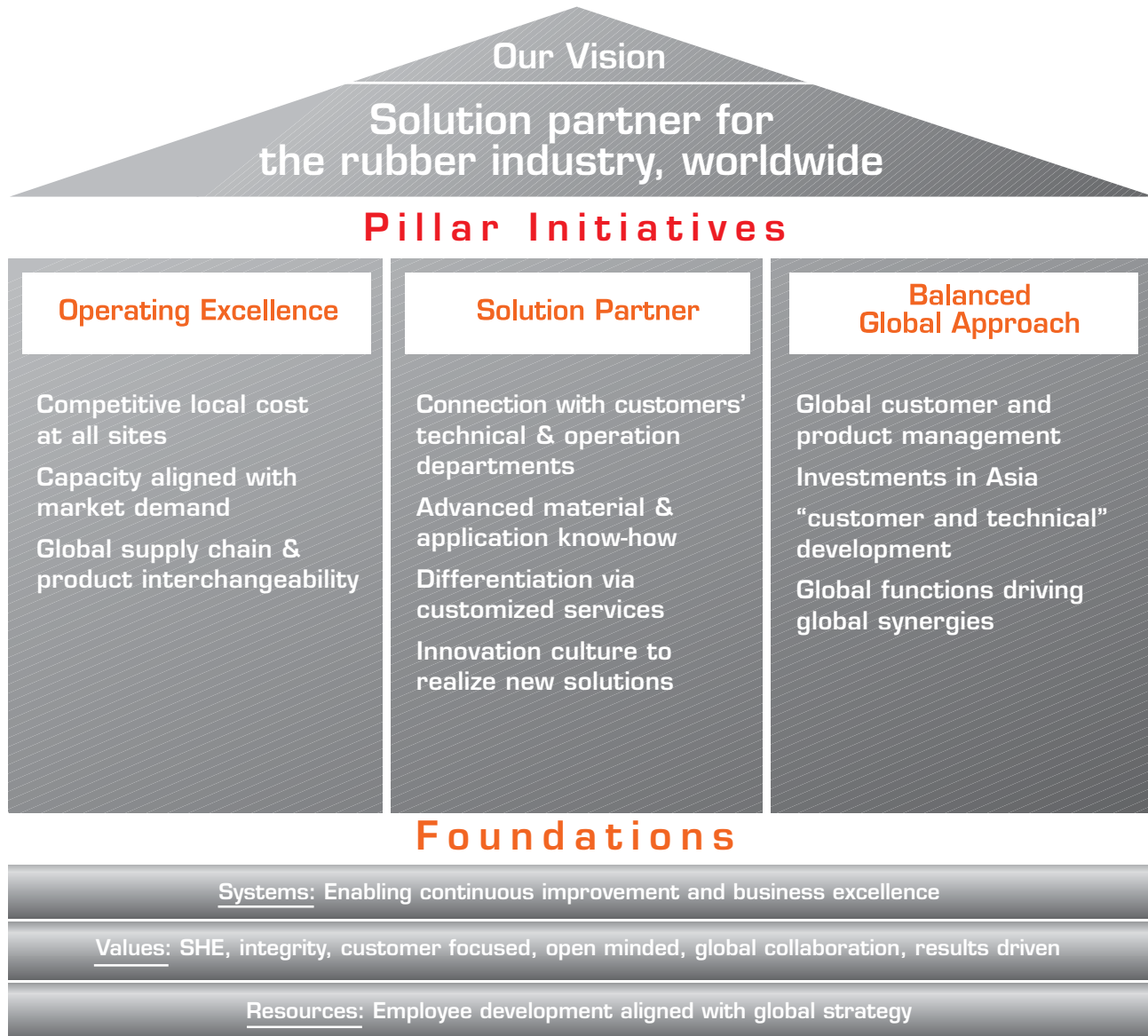
SHAREHOLDERS' STRUCTURE







STRATEGY MODEL



Mission

Deliver high value added reinforcement solutions, globally

Vision

Solution partner for the rubber industry, worldwide

Corporate Values

SHE: (Safety, Health, and Environment)

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

Integrity

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

Customer Focused

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

Open Minded

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

Global Collaboration

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

Results Driven

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

WHAT DOES KORDSA GLOBAL MANUFACTURE?

RAW MATERIAL



NYLON 6.6

- HMD
- AA

HMLS / TECHNICAL PET

- MEG
- PTA

YARN



PRODUCTION



WORLDWIDE OPERATIONS

From its foundation till today, gaining strength with selective investments, Kordsa Global operates from 11 facilities spread over 5 continents. In 2009, the company generated US\$ 656 Million consolidated net sales.

Kordsa Global is a part of Sabancı Group of Turkey.



**EUROPE
MIDDLE EAST
AFRICA**

US \$ 267 Million
ANNUAL SALES REVENUE

ASIA PASIFIC

US \$ 156 Million
ANNUAL SALES REVENUE



NORTH AMERICA

US \$ 146 Million
ANNUAL SALES REVENUE



SOUTH AMERICA

US \$ 103 Million
ANNUAL SALES REVENUE

MESSAGE OF THE CHAIRMAN

Dear Shareholders,

We have left a very difficult year behind us. The economic impact of the global crisis that began in the last months of 2008 was strongly felt by the real economy in 2009. During the year, a number of developed countries suffered severe recessions and fluctuations in their economies. However, in the second half of 2009, world economies showed the first signs of slight recovery.

In 2009, there were strong interventions by almost all governments and central banks to support demand and to reduce uncertainties and systemic risks in the financial markets. This intervention proved successful in pulling the world economies out of their deepest recession in recent history and by midyear the process of recovery was under way. However the crisis led to high increases in budget deficits and unemployment. In 2009, the global economy shrank by 1% and the forecast for 2010 is that growth will remain stagnant and full recovery will be difficult.

Our risk management infrastructure and competencies played a critical role in concluding this difficult year with minimum impact. One of our top priorities as group companies was efficient risk management without compromising our principle business objectives.

Our group company Kordsa Global, due to its sector and business model, also felt the full impact of the 2009 economic crisis and successfully managed it.

The new operating model introduced at the beginning of the year offers advantages in overcoming difficult times as well as enabling Kordsa Global to provide efficient and flexible service to its customers as a solution partner. Looking at the year-end figures for 2009, with US\$ 656 million sales revenue and continued profitability, the company had a good start into 2010.

Kordsa Global is a leader in its sector. In 2010, in line with its strategic objectives, the company will continue its activities in the Asia-Pacific region with its customers and will focus on the commercialisation of new products developed at its R&D centre in Izmit.

We are convinced that in 2010 we will continue to create maximum value for our stakeholders by staying true to our vision and mission. We will remain committed to the pursuit of this goal.

I wish to thank our workforce, partners, customers and all our stakeholders for their dedicated efforts.



GÜLER SABANCI
CHAIRMAN OF THE BOARD
OF DIRECTORS



BOARD OF DIRECTORS

1 GÜLER SABANCI

CHAIRMAN OF THE BOARD OF DIRECTORS
(April 2009 - April 2012)

Güler Sabancı was born in Adana, Turkey and graduated from Boğaziçi University with a degree in Business Administration. She began her professional career at Lassa in 1978, followed by 14 years as General Manager of Kordsa. Until 2004, she was acting as President of Sabancı Holding's Tire, Tire Reinforcement Materials and Automotive Group. Since May 2004, Sabancı is the Managing Director and Chairman of the Board of Directors of Sabancı Holding where she also serves as President of the Human Resources Committee. She played a keyrole during the foundation of Sabancı University in addition to her business activities worldwide. Currently, she serves as the Chair for the Governors of Sabancı University and a member of TÜSİAD (Turkish Industrialists and Businessmen's Association). Güler Sabancı also produces wine with her own brand.

2 TURGUT UZER

VICE CHAIRMAN
(April 2009 - April 2012)

Turgut Uzer was born in Ankara in 1954 and graduated from the Department of Industrial Engineering at Middle East Technical University. He served in a number of managerial positions at Lassa and Beksa between 1981 and 2004. On June 1st, 2004 he was appointed as President of Sabancı Holding's Tire, Tire Reinforcement Materials and Automotive Group. Uzer also serves as a member of the Board of Directors in a number of Sabancı Group companies.

3 BEKİR SOYTÜRK

MEMBER OF BOARD OF DIRECTORS
(April 2009 - April 2012)

Bekir Soytürk was born in Akçakaya, in 1955. He has a MSc Mechanical Engineers diploma from The Yıldız Technique University. He held various managerial positions in Lassa / Brisa and Kordsa Global from 1977 to 2008. Since January 2009 to the present, he is working as the Vice President of Sabancı Holding, Tire, Tire Reinforcement and Automotive Strategic Business Unit. Bekir Soytürk, is also the member of the Board of Directors in several companies affiliated to Sabancı Holding.

4 MEHMET GÖÇMEN

MEMBER
(April 2009 - April 2012)

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

5 PETER GERARD KEHOE

MEMBER
(April 2009 - April 2012)

Kehoe is a chemical engineer, he earned BE and MSc. degrees from University College Dublin and a PhD from Yale University in the United States. He worked for DuPont for 30 years in the fields of research, manufacturing, marketing and corporate planning. He also acted as the General Manager. Peter Kehoe is currently President of the Basket Group, a business consulting company.

6 TERRY HALL HAMMOND

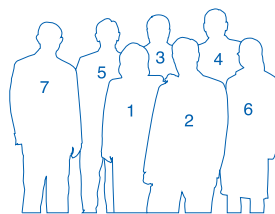
MEMBER
(April 2009 - April 2012)

Terry Hammond has worked in various positions in the tire industry over a 20 year period as a supplier of mainly polyester yarns, retiring in 2001 from the position of Vice President, responsible for Technical Fibers and North American Region at KoSa. Currently, she is responsible for programming, public relations and media development for WordNet, a broadcasting network owned and operated by Victory Christian Center in Charlotte, USA.

7 RAFAEL C. R. DECALUWÉ

MEMBER
(April 2009 - April 2012)

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 Bekaert, Belgium, a manufacturer of steelwire, steelcord and advanced materials. Decaluwé serves today as Chairman on the Board of Jensen Group and Malysse in Belgium.



SENIOR MANAGEMENT

1 MEHMET NURETTİN PEKARUN

PRESIDENT AND CEO

Graduating from Bosphorus University, Department of Industrial Engineering, Mehmet Nurettin Pekarun studied for his MBA in Finance and Strategy Specialization at Purdue University. Pekarun started his career in 1993, working at the Transportation Systems of General Electric (GE) in the USA. Between 1996 and 1999, he initially worked as a Finance Manager responsible for Turkey and Greece at GE Healthcare Europe, then as a Financial Manager responsible for Eastern Europe.

Working as General Director of GE Lighting in Turkey between 1999 and 2000, as General Manager, Business Development for GE Healthcare - Europe, the Mid-East and Africa between 2000 and 2005, then as General Manager for Medical Accessories of the same company in Europe, the Mid-East and Africa, Pekarun has been CEO of Kordsa Global since March 1st, 2006.

2 BARIŞ ORAN

CFO (CHIEF FINANCIAL OFFICER)

Bariş Oran received his BA and MBA degrees from Bosphorus University and University of Georgia, in 1995 and 1998, respectively. He started his career in PriceWaterhouseCoopers (Istanbul) as Auditor in 1995, followed by various supervisory and analysis positions in Audit, Finance and Treasury in Sara Lee Corporation (Chicago) until 2003. He was working as a Senior Manager in Ernst and Young (Minneapolis), before joining Kordsa Global. He joined Kordsa Global in 2006, first as an Internal Audit Director and he was appointed as Global Finance Director in 2007.

3 CENK ALPER

VICE PRESIDENT - TECHNOLOGY AND MARKET DEVELOPMENT

Cenk Alper got a degree in 1991 and did his Masters in 1994 at the Mid-East Technical University Faculty of Mechanical Engineering and completed his MBA program at Sabancı University in 2002.

Having started his career as a Process Engineer at Beksa in 1996, he worked as a Business Manager in the Technology and Production Departments. He was then appointed to Bekaert - Belgium Technology Centre as Project Manager. Later on, he worked in Tennessee as Key Learning Plant Manager responsible for the plants in North and South America. He subsequently returned to Belgium Technology Centre as Product Development Manager. He joined Kordsa Global as Global Technology Director in 2007, and has been working as Vice President responsible for Technology and Market Development since 2009.

4 DİNÇER ÇELİK

VICE PRESIDENT - OPERATIONS

Dinçer Çelik graduated from Hacettepe University, Faculty of Chemical Engineering. He joined Kordsa in 1984. Having worked in different technical services in the Izmit Plant, he took charge of management of the Egypt NileKordsa Company between 1997 and 2001. He returned to the Izmit Plant as Operations Manager in January 2001. He was appointed Vice President-General Manager responsible for North American operations in 2005. Carrying on his career as Vice President, Asia-Pacific region between 2007 and 2008, he was appointed as Vice President, Operations in 2009.

5 HAKAN TİFTİK

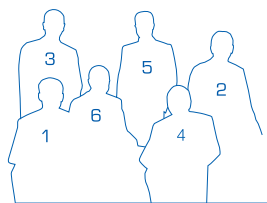
VICE PRESIDENT - COMMERCIAL

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

6 HAKAN ÖKER

VICE PRESIDENT - HUMAN RESOURCES AND INFORMATION TECHNOLOGIES

Hakan Öker graduated from Hacettepe University, Department of Sociology in 1986. Having started his career at Beksa in 1988, and undertaken different responsibilities at Beksa between 1988 and 1998, Öker worked as Human Resources Manager at Kordsa Turkey, and as Manager of Quality and Information Systems of Tire, Tire Reinforcement and Automotive Group. He then worked as Project Manager. Taking responsibility for Global Human Resources at Kordsa Global from January 2007, Hakan Öker has been working as Vice President responsible for Human Resources and Information Technologies since January 2009.



MESSAGE OF THE CEO

Dear Stakeholders,

2009 was a challenging year for us all. Every industry and country felt the full force of the economic crisis. As a consequence, Kordsa Global's 2009 revenue of US\$ 656 million was below the previous year level.

The automotive industry was hit hardest by the crisis; our tire-manufacturing customers realized a drop in sales up to 20%. This impacted our company as well since more than 90% of our turnover comes from tire reinforcement materials. Parallel to the drop in demand, our customers requested more flexibility in our procurement processes and demand management. Thanks to the strong coordination between our plants and our flexible capacity management, we were able to successfully comply with the requirements of our customers. Moreover, some of our customers even selected us as their strategic business partner.

When we assess the industry on a regional basis, we see that Asia made a quick recovery; it even continued to grow during the crisis. Consequently, Kordsa Global's Asia-Pacific operations returned to normal after a few difficult months. North America, Europe, the Middle East and Africa on the other hand suffered a serious slowdown and stagnation.

Upon the start of the financial crisis and the decline in the market we immediately began to take measures in the last months of 2008. We began to monitor our worldwide capacity and costs more diligently and focused all our management processes on efficiency. Due to the high level of uncertainty in demand, we temporarily slowed or even halted parts of our capacities at all our sites, including Asia. We successfully managed this serious decline and uncertainty by adapting our capacity and production processes in the best possible way to the prevailing conditions. Our systems were prepared for such a difficult situation and our global team worked productively to interchange products across our sites to balance varying demand conditions.

Another issue of importance for us in 2009 was our transition to a new operating model. Previously, we were managing our global company on a regional basis. With the new operating model, we changed our regional management approach to functional and plant-based management and renewed our main processes like global customer management and supply chain to better adapt to changing market conditions. This transition was not a consequence of the crisis, rather a strategic step that had to be taken during this period.

When we look at 2010 we see that the expectations of our customers are generally positive. The feedback we have received so far indicates that 2010 will be a more positive year than 2009. However, we still need to remain cautious due to the persisting risks in the global economic system. 2010 and probably the next decade will be a "New World" shaped by new economic, social and environmental dynamics and an active period in which we will adapt Kordsa Global's new business model and strategy to these changes.

In 2010, Kordsa Global will continue to grow in Asia. We will continue our R&D investments and further our progress by turning our newly developed products into sales. In addition, this year we will focus on improving the organizational climate and effectiveness in which our teams are more empowered in their roles and feel that their work processes are simplified and more efficient.

Overall, in 2010 our aim is to become a more exciting Kordsa Global where all our efforts are reflected in our company results, such as customer and climate surveys and of course our financial results that is of particular importance for our shareholders.

I express my heartfelt thanks to our shareholders, employees and all other stakeholders for their support and trust in Kordsa Global.



MEHMET N. PEKARUN
PRESIDENT AND CEO



Bank
MEMBER FDIC

SENCE

WITHDRAW
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SAVINGS DEPOSIT

THE RULES AND REGULATIONS OF THIS F

DATE
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2009 FINANCIAL ACTIVITIES

Crisis Management

With its wide range of high-quality products, high-level services and ability of worldwide supply, Kordsa Global is a preferred and leading player in the reinforcement materials market.

Despite the slowdown in the global economy during 2009, Kordsa Global's efficient capacity use aided by the advantages of its operating model maintained the company's profitability.

The company owes its sustainable level of profitability in particular to capacity optimisation, short response-time to changing customer demand as a result of close customer ties, cost discipline and its growth in the Asia-Pacific region.

The company realized an EBITDA of US\$ 74 million despite the global economic crisis and the stagnation in the automotive industry.

The effects of exchange rate fluctuations are, however, visible in the year-end results. Compared to 2008, on average, developing countries' currencies lost value in the year 2009 which had positive consequences for the cost situation. In the last quarter of 2009, in particular the Brazilian Real appreciated against the US Dollar which generated a considerable exchange rate gain and a boost to the net profit for the period which attained a good level.

Planned Investments

In 2009 Kordsa Global re-evaluated the prioritization of its investments as the use of cash became an important issue. As a result, funds were directed into R&D, the establishment of more effective and closer customer communication channels, activities to improve operational efficiency and in new investments in the Asian market.

Strong Financial Position

The financial statements of Kordsa Global are characterised by a low level of debt. Also, despite an increase in sales volume in the last quarter of 2009, the company succeeded in efficiently managing its operative capital and the cash flow from its commercial activities. The company achieved a strong financial position in the pursuit of its goals.

Financial Ratios (%)

	2009	2008
Liquidity Ratios		
Current Ratio	1.96	1.83
Acid-Test Ratio	0.94	0.74
Cash Ratio	0.21	0.20
Debt-to-Capital Ratio		
	19	34
Profitability Ratios		
Return on Equity		
	4.8	5.9
Gross Profit Margin	14.6	17.5
Operational Profit Margin	6.6	9.1
Net Profit Margin	4.1	4.1
EBITDA		
	11.4	13.4



2009 ACTIVITIES

In 2009, the full force of the economic crisis, that began the previous year, was felt. Worldwide, a serious reduction in production was seen, particularly in capacity utilisation in the automotive and tire sector, associated with large falls in demand. In order to counter the effects of this downturn, a range of support measures have been implemented especially in developed countries. They had an impact in particular in the second half of the year and gave rise to hope and optimism for the year 2010.

To summarise the situation:

- Energy and raw materials prices fell rapidly as demand decreased; the crude petrol price dropped to an average of \$ 45 / barrel in the first quarter to rise again to an average of \$ 75 /barrel in the 4th quarter, due to a relative improvement on the markets. However, even this level is just half of the peak price in 2008.
- Structural problems in the finance and real sector continued in 2009.
- While developed economies suffered a serious contraction, developing countries experienced only a relatively small drop in their growth rates; China and India even managed to continue growing under these adverse circumstances with growth rates of about 10% and 5%, respectively.
- Contrary to expectations, the US Dollar largely preserved its role as a safe currency for investors and suffered only minimal losses.
- Despite all the measures taken, developed economies could not achieve an improvement in the employment situation; on the contrary, unemployment continued to rise.
- The question of how to get budget deficits and the liquidity surplus under control were left to the time after the crisis.
- Stock reduction to the lowest possible level, efficient management of operating capital, postponement or cancellation of planned investments and capacity optimisation became common agenda items for tire companies. The fall in automotive and tire production had a strong impact on tire raw materials and reinforcement materials.



Europe, Middle East, Africa

Kordsa Global, the biggest supplier in this geographical region, achieved consolidated sales of US\$ 267 million with its factories in Turkey, Germany and Egypt.

With respect to market dynamics in the region, the first quarter began badly; very serious measures had to be taken in West European countries. To alleviate the consequences of the economic crisis programmes aimed at supporting employment and in particular the sales of cars were implemented. Manufacture of light commercial vehicles and passenger cars, which consume large amounts of nylon and polyester cord fabrics, dropped by 15% in the European Union compared to the previous year. In East Europe demand shrank by 47% while the Middle East and Africa saw a fall of 10%.

In Europe, the tire market for light commercial vehicles and passenger cars contracted by 8%.

The 6% contraction of the Turkish economy also hit the automotive and tire industry. Production in the automotive sector shrank by 24% with a share of 17% for the passenger car section.

The Commonwealth of Independent States (CIS), where the energy and the raw materials sectors provide a large chunk of its revenues, effected by the drop in demand on world markets which also caused a fall in the tire market of almost 20%.

North America

Kordsa Global operates two plants in the region. At Chattanooga plant the company produces nylon 6.6 yarn, and at Laurel Hill plant various cord fabrics. In 2009, the plants made a turnover of US\$ 146 million.

This region, which is one of Kordsa Global's important yarn manufacturing centres, produces in line with the demand of local and international customers. Sales to vehicle tire customers constitute almost 80% of the entire production. The remaining production covers a range of mechanical rubber products like transport belt, power transfer elements, automotive and industrial tubing, as well as products for customers producing safety belts, netting and ropes.

In 2009, North American market's large automotive companies like, Ford, GM and Chrysler, stood at the brink of bankruptcy and had to apply for huge amounts of state aid to remain in business.

Production of light commercial vehicles and passenger cars which had stood at 12.6 million in 2008, shrank by 32% to 8.5 million vehicles. Quite naturally, this fast and dramatic decline also had a negative impact on the supply chain.

The tire market for light commercial vehicles and passenger cars in North America region contracted by 11%.



South America

In Argentina, Kordsa Global operates a nylon 6.6 yarn factory and in Brazil the company produces HMLS and technical polyester yarn and fabrics. Kordsa Global remains the most important supplier of regional customers.

In 2009, the company achieved a turnover of US\$ 103 million.

In 2009, the production of light commercial vehicles and passenger cars fell from 3.7 million units to 3.6 million units, a decrease of 3.5%. The tire market for this section of vehicles contracted by 5.2%. In the chain from raw materials to finished products, movements in demand caused a larger impact on the raw materials side due in particular to stock depletion.

South America and especially Brazil maintain their position as a leading market for automotive and tire production.

Asia Pasific Region

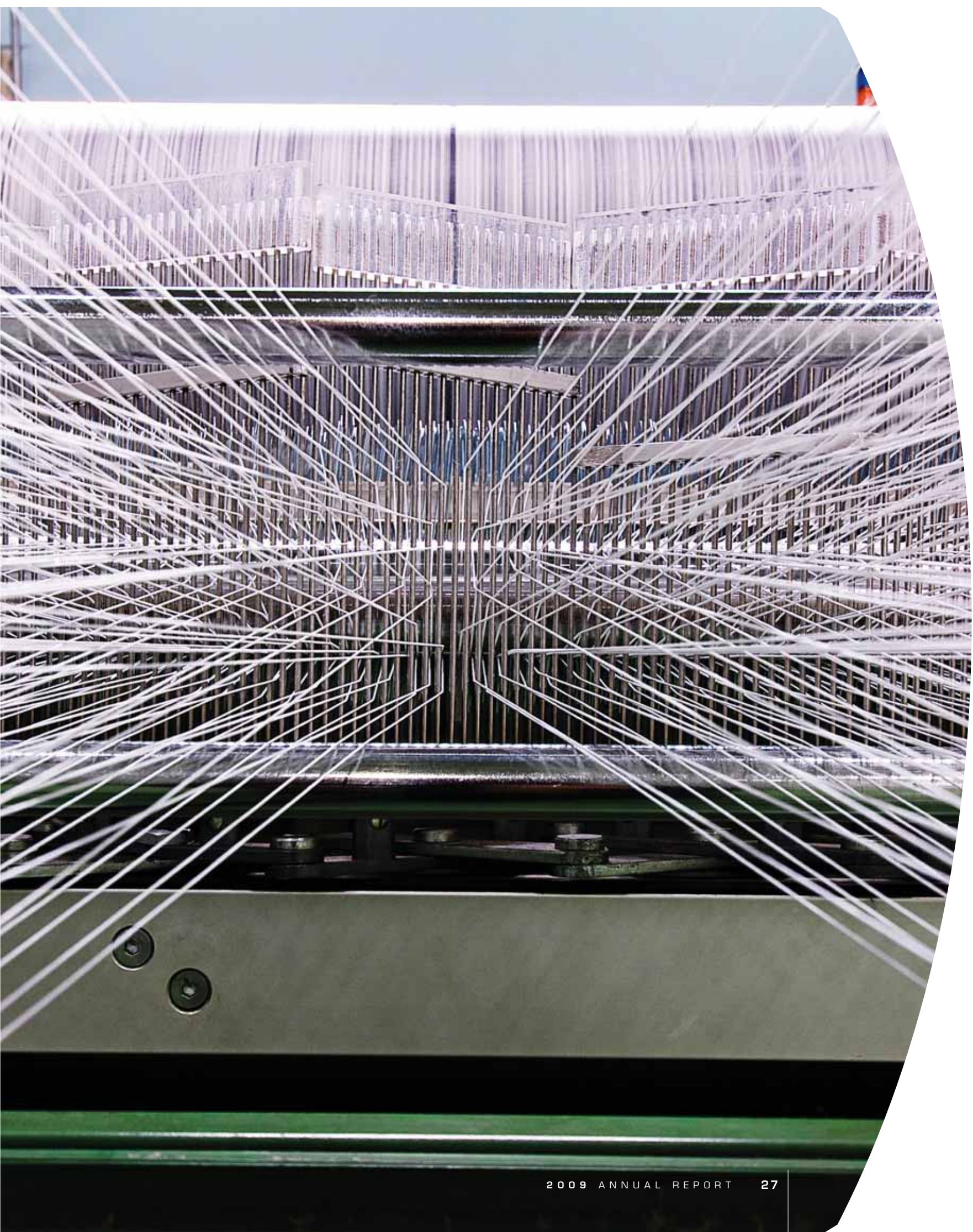
At its three manufacturing sites that are located in Indonesia, Thailand and China, Kordsa Global continues its market growth in the Asia Pasific region as demand for automotive and vehicle tires shows no sign of weakness despite the crisis.

In 2009, the regional companies earned US\$ 156 million.

The main reasons for the regular growth of demand in tire reinforcing products in this region are a trend towards shifting world tire production to Asia and the fast rise in vehicle demand in China and India, two countries with a combined population of one third of the entire world population. The world's five largest tire manufacturers are present in the region and particularly fast-growing local Chinese tire companies implement their large-scale investment plans as planned despite the crisis.

This rise in vehicle tire production has a positive effect on the demand for both nylon 6.6 and HMLS polyester reinforcement materials. Higher living standards and infrastructure investments especially in China are a major driving force of the automotive industry and its supplying industry.

Backed by its high technology and extensive experience on world markets, Kordsa Global will continue to implement its strategies in this strategically important region with the objective of attaining the highest level of efficiency.



RESEARCH AND DEVELOPMENT

Kordsa Global R&D Center

With over 36 years of experience in the sector and with new products, processes and innovations developed by its own research and development teams, Kordsa Global has become a leading solution partner in the tire reinforcement sector. In 2009, Kordsa Global Research and Development Center, with its staff of 56, has expanded its activities and continues to serve the tire sector with innovative solutions in tire reinforcements.

Thanks to new investments, the Center could double its capacity and has also greatly improved its technological capabilities. Its previous main areas of expertise: Spinning, twisting, weaving, dipping, finishing and blended cord technologies have been extended. Its new capabilities include among others: Tire technologies, nano technology, new fibre syntheses, finite element analysis, finishing solutions, analysis of reinforcing materials and equipment design.

Kordsa Global's R&D Center, which has been established in accordance with the provisions of the "Research and Development Activities Support Act", law No 5747, on 24 April 2009 received the "R&D Center Certificate", issued by the Ministry of Trade and Industry of the Republic of Turkey after evaluation of the Center by the Ministry.

Besides this certificate, Kordsa Global also applied for research grants to TEYDEB (TÜBİTAK-Technology and Innovation Support Programme). Currently, 11 projects receive financial backing from TEYDEB while at the same time the number of projects under the Ministry of Trade and Industry's Thesis Programme increased to three. This support has further increased the company's scope of R&D activities.

Currently, research and development activities are organised on the basis of 6 different platforms:

- Material Research and Development Platform
- New Product Development Platform
- Central Quality Assurance Platform
- Engineering and Equipment Development Platform
- Property Rights Platform

Innovation Projects

Kordsa Global has elevated the concepts of "Innovation" and "Excellence" to constituent elements of its corporate culture. They are applied to the company's local and global cooperation with its customers' operational and technical units in order to better understand the customers' needs and to be able to develop tailored solutions. Together with leading tire customers, Kordsa Global is currently working on over 30 projects in different stages of progress from lab analysis to tire testing.

In its R&D work, Kordsa Global does not rely entirely on its own resources but actively seeks cooperation with research teams from other countries. In line with its open innovation strategy, in 2009, the company carried out joint projects with research team from the United States, Belgium, Japan and Germany while at the same time continuing its cooperation with research institutes, universities and technology companies.

In 2008, the company had initiated a number of projects in order to ensure the continuity of its R&D activities and to develop value-added products; in 2009 several more were added after completion of the feasibility studies. The outcomes of the efficiently executed process of turning ideas into value creating real objects are a number of new products at the marketing stage.

In 2009, four patent applications were made. At the same time, the development of existing products and efforts to bring out novel ones are continuing.



PRODUCTS

Kordsa Global is the leading supplier of high denier nylon 6, 6.6 and polyester (HMLS and technical) industrial yarn, cord fabrics, industrial fabrics and single end cord products. Its main customers include all leading manufacturers of vehicle tires in the mechanical rubber goods industry.

With 11 plants in nine countries, Kordsa Global serves its customers on a global scale. Its products are used in a wide range of applications, from vehicle tires, air-suspension systems, tubes, conveyor belts, V-belts, yarn, ropes, safety belts, to paper felt and fibre optics.

Yarns

- High strength, high denier industrial nylon 6.6 yarn (940 dtex and higher)
- High strength industrial HMLS and high denier technical polyester yarn (1100 dtex and higher).

The main areas of application for yarns are cord fabrics, industrial fabrics, chafer fabrics, single end cord, safety belt fabrics and ropes.

Cord Fabrics

At its high-tech plants, Kordsa Global processes nylon 6, nylon 6.6, HMLS and technical polyester, rayon and aramid yarns for cord fabrics that equip vehicle tires with high strength and flexibility.

All Kordsa Global cord fabrics are specially designed in accordance with customer requirements.

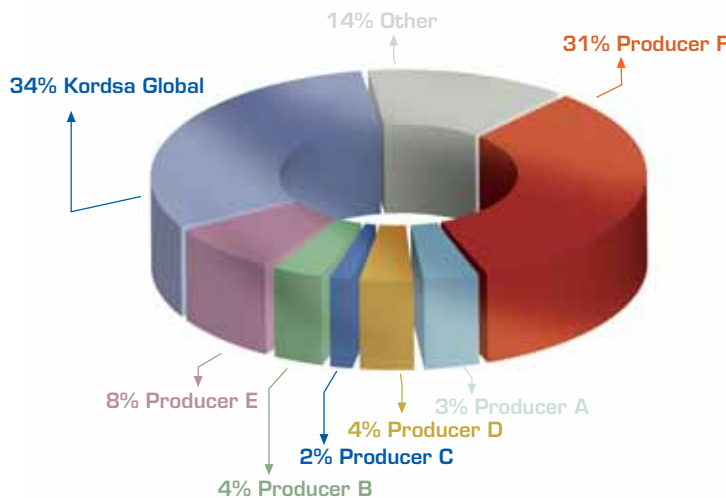
Industrial Fabrics

Kordsa Global manufactures a wide range of different types of industrial fabrics like conveyor belts, chafer fabrics, lining fabrics, membrane and covering fabrics in order to meet the varying demands of its customers.

Kordsa Global is one of the most important suppliers of first class quality conveyor belts and sells its products to customers worldwide.

Monofilament, multifilament and bulked chafer fabrics are the three chafer fabric types manufactured by Kordsa Global in accordance with local demands.

NYLON 6.6 GLOBAL MARKET SHARE



MARKETING COMMUNICATION ACTIVITIES

In 2009, as part of its market development drive, Kordsa Global carried out various activities designed to improve its visibility and brand awareness in existing and new markets, to win new customers and to improve its market position.

For this purpose, Kordsa Global participated in international sector fairs which are the most efficient marketing environment for customer acquisition and brand awareness activities.

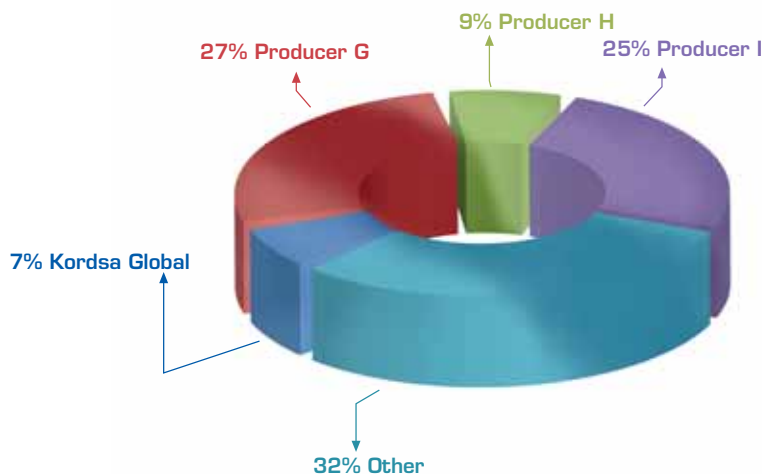
China and India are priority markets for Kordsa Global besides Germany and America. In 2009, the company took part in the most important fairs in the two Asian countries where it presented its products, strengthened ties with existing customers and established contacts with potentially new ones.

Besides participating in international fairs, Kordsa Global's management was also invited as speaker to important international conferences organised in various parts of the world.

Sponsoring Activities

Kordsa Global currently supports various university projects and activities in Turkey. For the coming years, the company plans to extend these activities to countries where it runs commercial operations.

POLYESTER HMLS YARN GLOBAL MARKET SHARE





SAFETY, HEALTH AND THE ENVIRONMENT

Our goal is zero work accidents, zero environmental accidents and prevention of all occupational diseases. Occupational health and safety (OHS) and environment management are a way of life for all our employees.

Kordsa Global's aim is to become one of the best companies in occupational health and safety (OHS) and environment management systems.

The company complies with all OHS and environment-related legal regulations and standards.

Kordsa Global Carries out environmental impact studies for all its processes and eliminate negative impacts through continuous improvement activities.

All employees and subcontractors are obliged to comply with this policy which is a part of their contracts.

Kordsa Global continuously develops and improves its OHS and environment practices in line with technological developments and new findings and approaches, and carries its measurable improvements in all its operations. All OHS and environment-related issues and policies are monitored and audited by senior management.

The management teams at all locations are responsible for training, informing and motivating employees to ensure that they understand and implement OHS and environment-related policies and the valid legal regulations.

Kordsa Global addresses and manages the issues of occupational health and safety and environment management in the same way at all its production sites. In addition to local laws and regulations, the company also implements global practices.

Kordsa Global undertakes to improve its performance in occupational health and safety and environment management, and systematically monitors developments.

*All accidents
can be prevented*

GLOBAL HUMAN RESOURCES

Global Human Resources (HR) function is responsible for setting up and operating the company's Global Human Resources strategy, carries out strategic operations regarding selection&hiring, compensation and benefits, organization&people review, leadership&employee development, international assignments and organizational climate in a way to support Kordsa Global's sustainability and business targets.

Global Human Resources Vision

Our vision is to position HR function as a critical 'Business Partner' of other functions of the company, to provide service to our internal customers at 'high global standards' and to create a company which is 'employer of choice'.

Global Human Resources Mission

Our mission is; developing, implementing and supporting programs/processes that;

- helps to create a positive organisational climate,
- leads attraction&retention of talents,
- fosters empowerment&development of employees
- enables satisfaction of stakeholders

Global Human Resources Main Responsibilities

Global Human Resources is mainly positioned as "Center of Expertise" and major contribution& expectations are on strategic level; leaving execution of the Human Resources process applications to site level. The main responsibility areas of Global Human Resources can be summarized as follows:

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

With this vision, mission and strategies and within this responsibility context, in 2009 Global Human Resources completed its own restructuring and made progress in defining and implementing main Human Resources processes in a 'Human Resources Transformation' point of view. Global Performance Management system is designed and implemented at all our sites. Besides, as being one of the most critical processes, 'Organization and People Review' process is designed in order to

guarantee the sustainability of the organization by Succession and Talent Management. Another important process that was improved in 2009 was 'Expatriation' which is very critical in international assignments.

During 2009, as a global company, we provided numerous opportunities to our employees in terms of taking international assignments and we concluded critical assignments to improve our site's know-how while developing our employees.

In 2010 and near future, Global Human Resources will focus on improving and designing other global processes like; compensation and benefits applications, selection & hiring process and tools to assure the best resources at all sites and employee development and actions to guarantee sustainability of the organization and development of our employees.

Code of Business Ethics

Kordsa Global performs its activities in accordance with the Kordsa Global Business Ethics Guideline approved by its Board of Directors.

Kordsa Global's Code of Business Ethics guides the company's relations with its customers, employees, shareholders, suppliers, business partners, competitors, the environment and society. The code is compiled under four main headings: Legal Responsibility, Honesty, Confidentiality and Conflict of Interest.

In 2009, Kordsa Global's Code of Business Ethics was reviewed by its Board of Directors and the provisions on second job prohibition and the prohibition of political party membership were relaxed.

At every production plant, Kordsa Global has assigned an Ethics Officer who is responsible for proper implementation of Kordsa Global's Business Ethics Standards.

Kordsa Global's Code of Business Ethics has been translated into the local languages at its production plants. The Code has been put on the company's corporate website where it is accessible to all employees, shareholders and business partners. In 2009, all white-collar employees received a refreshment training in Business Ethics, and our employees have signed the Declaration of Commitment to our Ethics Standards form. In 2010, Kordsa Global's Business Ethics Standards shall be deployed to our blue-collar employees. In this context, face-to-face trainings are planned for our blue-collar staff.



AUDIT COMMITTEE MEMBERS, RULES AND PROCEDURES

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

Committee Structure and Core Responsibilities

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

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

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

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

Committee Meetings

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

Audit Committee held four meetings in 2009 and obtained information about operations and internal control systems from company executives, reviewed the audit findings of independent auditors, examined internal audit reports, approved the internal audit program and presented a report to the Board of Directors opining on the fair and accurate presentation of the consolidated financial statements.

Internal Audit Department

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

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Statement of Compliance with Corporate Governance

In the period between January 1, 2009 and December 31, 2009, Kordsa Global Endüstriyel İplik 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

2. Shareholder Relations Units

In the Company's organization, an Investor Relations Division serves our shareholders within the Finance Department, reporting to the Finance Director. The coordination and responsibility for the division is carried out by CFO (Chief Financial Officer) Barış Oran. (Tel: 0 212 385 86 57 Fax: 0 212 282 00 12, e-mail: baris.oran@kordsaglobal.com) Mustafa Yayla also serves in this division as Finance Officer (Tel.: 0 212 385 85 30 Ext: 28539 - 28547 Fax: 0 212 281 00 27 / 0212 282 54 00, e-mail: mustafa.yayla@kordsaglobal.com) 8.9 % of the shares in the Company are publicly held and the shareholders representing privately-held capital (91.1 %) are limited to five corporate shareholders.

The Investor Relations Division is assigned the role of carrying out interactions with the shareholders. Within the scope of this role, 30 telephone contacts from shareholders were responded to within this period.

3. Shareholders' Exercise of their Right to Obtain Information

In 2009, the Investor Relations Division responded to 150 queries in total received from shareholders including phone calls, emails and one-on-one contacts. In addition, information that might be of relevance to shareholders was also published within prescribed limits on the Company's website www.kordsaglobal.com.tr.

The Company's Articles of Association do not stipulate the appointment of a special auditor as an individual right. No demands were received from the shareholders in this regard in 2009 either.

4. Information about General Meetings

The 2008 Ordinary General Meeting of Shareholders was convened on April 17, 2009. Shareholders representing 91.1 % of the capital attended the meeting. The invitation for this meeting was made in compliance with the provisions of the Turkish Commercial Code and the Company's Articles of Association.

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

The Annual Report containing the audited 2008 figures was made available to shareholders for review at the Company's Headquarters at least 15 days in advance. During the General Meeting the shareholders did not exercise their right to direct questions and no proposals were presented in addition to the items on the agenda.

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

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

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

5. Voting Rights and Minority Rights

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

6. Dividend Distribution Policy and Dividend Distribution Timing

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

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

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

7. Transfer of Shares

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

SECTION II PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The Company has in place a disclosure policy that conforms to the CMB's Corporate Governance Principles. Pursuant to this policy, the Company regularly makes public disclosure of mid-year and year-end consolidated reports drawn up in line with International Financial Reporting Standards (IFRS) and independently audited, as well as unaudited first and third quarter consolidated reports and material events requiring public disclosure, in accord with the CMB legislation and in due time via the ISE.

Disclosures are announced to the public also on the Company website accessible at

www.kordsaglobal.com.tr.

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

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www.kordsaglobal.com.tr.

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

9. Disclosure of Material Events

In 2009, the Company made 13 material event disclosures to the CMB and the ISE, pursuant to the CMB regulations. Said disclosures were made in a timely manner and no sanctions were imposed either by the CMB or the ISE. The Company's shares are not quoted on overseas stock exchanges.

10. Company Website and its Content

The Company has an internet site accessible at www.kordsaglobal.com.tr. The content of the website is available in Turkish. It was renewed in July 2009. Under the "Investor Relations" heading on the Company website, the information listed under CMB Corporate Governance Principles.

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

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

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

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

SECTION III STAKEHOLDERS

13. Keeping Stakeholders Informed

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

14. Stakeholder Participation in Management

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

15. Human Resources Policy

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

- Formulating and implementing Human resources management systems in order to integrate the Company goals;
- Recruiting candidates in line with expectations in order to perpetuate the development of the talent pool;

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

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

16. Relations with Customers and Suppliers

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

Kordsa Global possesses an organizational structure offering full support to its customers in commercial and technical issues. Research, development and improvement activities are carried out with keen consideration of the developments in the market and based on clear customer-focus.

Products and services offered are developed together by assessing the customers' existing and future needs at the highest levels. Kordsa Global is careful to make purchases from reliable suppliers that focus on customer satisfaction and are committed to good worker health, worker and environmental safety and quality. Kordsa Global establishes long-term

17. Social Responsibility

In Kordsa Global, order of priority for all activities are as follows: 'Workers' Health', "Occupational Safety-Environment" and "Quality".

Within the company, it is believed that all occupational accidents and occupational diseases can be prevented. In accordance with this, all employees coming to the workplace, even if for a short-term assignment, are trained on worker safety, occupational safety and environment, and the scope of the safety training is expanded depending on the identified training needs.

The company fulfills its social responsibilities through contributions to Sabancı University, donations to natural disaster response committees related public agencies and institutions, as well as universities and secondary education institutions.

There are no lawsuits lodged against the company on account of any environmental issues.

SECTION IV BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors, Independent Members

The Company's Board of Directors consists of 7 members elected for a period of three years. 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 (non-executive)	: Chairman
Turgut UZER (non-executive)	: Vice Chairman
Bekir SOYTÜRK (non-executive)	: Member
Mehmet GÖÇMEN (non-executive)	: Member
Peter Gerard KEHOE (non-executive, independent)	: Member
Terry Hall HAMMOND (non-executive, independent)	: Member
Rafael C. R. DECALUWE (non-executive, independent)	: Member

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.

19. Qualifications of Board Members

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

20. Mission, Vision and Strategic Goals of the Company

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

21. Risk Management and Internal Control Mechanism

The internal control mechanism is in place at every level of the Company.

22. Authorities and Responsibilities of Board Members and Executives

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

23. Operating Principles of the Board of Directors

The Company's Board of Directors met 22 times in 2009 and settled the 14 items on the agenda by mail and through circulation. The agendas of the Company's Board meetings are set upon contacts held by the Chairman of the Board with the Board members.

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

24. Prohibition on Doing Business with or Competing with the Company

The Company's Board members did not do business with the Company and/or did not undertake initiatives that would compete in the same fields of activity in 2009.

25. Code of Ethics

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

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

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

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

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

27. Remuneration of the Board of Directors

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

In 2009, no loans were extended, nor credits granted to the members of the Board of Directors by the Company. The loans and credits already extended were not restructured for longer terms, nor were their conditions improved. No credits under the name of personal credit were extended directly or through a third party and no guarantees were provided in their favor.

*Kordsa Global Endüstriyel İplik ve
Kord Bezi Sanayi ve Ticaret Anonim Şirketi
April 12nd, 2010
Ordinary General Assembly Meeting*

AGENDA

1. Opening and setting up of the Chairman's Panel,
2. Grant of authority to the Chairman's Panel to sign the Minutes of the General Assembly Meeting,
3. Reading and discussion of the Board of Directors' Report and Auditor's Report about 2009 activities and accounts,
4. Informing the shareholders about the donations that have been done in 2009,
5. Reading, discussion and approval of the 2009 balance sheet and profit/loss statements; and review and resolution of the Board of Directors' proposal on the dividend pay-out,
6. Release of the Board Members and Auditors for the Company's activities of 2009,
7. Election of the Auditors and determination of their terms of office and remuneration,
8. Ratification of the new Audit Firm elected by the Board of directors to audit Financial Statements for the years 2010 according to Capital Markets Board Ruling no. 2499.
9. Grant of authority to the Chairperson and the Members of the Board of Directors to conduct the dealings set forth in Articles 334 and 335 of the Turkish Commercial Code.

Meeting Date : Monday April 12nd, 2010

Meeting Time : 10:30 a.m.

Meeting Place : Hacı Ömer Sabancı Holding Conference Hall
Sabancı Center, 34330 4. Levent, Beşiktaş - ISTANBUL / TURKEY

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2009 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 2009 and the consolidated income statement, the consolidated statements of comprehensive income, the consolidated statement of changes in 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 accepted by the Capital Markets Board ("CMB"). This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained 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 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

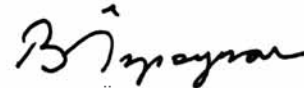
Additional paragraph for US Dollar ("USD") translation

5. As explained in Note 2 to the consolidated financial statements, USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009

Additional paragraph for convenience translation into English:

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

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



Burak Özpoyraz, SMMM
Partner
İstanbul, 9 Mart 2010

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK
VE KORD BEZİ SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2009**

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

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER

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

	Notes	2009 USD (*)	2008 USD (*)	2009	2008
ASSETS					
Current assets					
Cash and cash equivalents	4	32.246.695	41.453.069	48.553.849	62.689.477
Trade receivables (net)	8	114.847.901	110.077.878	172.926.485	166.470.775
Other receivables	9	9.605.548	13.221.395	14.463.074	19.994.716
Inventories (net)	10	137.451.954	192.255.298	206.961.407	290.747.687
Other current assets	17	12.252.821	16.370.159	18.449.073	24.756.592
Total current assets		306.404.919	373.377.799	461.353.888	564.659.247
Non-current assets:					
Other receivables	9	8.694.439	5.941.467	13.091.217	8.985.281
Financial assets	5	1.141.919	1.992.496	1.719.387	3.013.251
Property, plant and equipment (net)	11	453.971.493	439.718.112	683.544.877	664.985.701
Intangible assets (net)	12	4.294.950	4.050.016	6.466.906	6.124.839
Goodwill	13	30.281.708	30.149.552	45.595.167	45.595.167
Deferred tax assets	24	9.827.430	7.175.130	14.797.161	10.850.949
Other non-current assets	17	669.153	720.671	1.007.544	1.089.870
Total non-current assets		508.881.092	489.747.444	766.222.259	740.645.058
Total assets		815.286.011	863.125.243	1.227.576.147	1.305.304.305

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009 and 31 December 2008, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

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

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER

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

	Notes	2009 USD (*)	2008 USD (*)	2009	2008
LIABILITIES					
Current liabilities:					
Borrowings	6	64.228.250	81.921.447	96.708.476	123.889.804
Trade payables	8	71.063.806	95.418.540	107.000.772	144.301.458
Other payables	9	6.433.786	7.744.811	9.687.352	11.712.478
Income taxes payable	24	359.004	1.813.474	540.553	2.742.516
Other current liabilities	17	14.202.062	17.482.674	21.384.042	26.439.048
Total current liabilities		156.286.908	204.380.946	235.321.195	309.085.304
Non-current liabilities:					
Borrowings	6	39.950.276	93.288.915	60.153.131	141.080.826
Other financial liabilities	7	439.803	-	662.212	-
Other liabilities	9	7.377.759	3.323.407	11.108.692	5.025.989
Government grants	14	1.766.717	1.890.159	2.660.146	2.858.487
Provisions	15	11.379.526	10.561.760	17.134.152	15.972.549
Deferred tax liabilities	24	38.348.503	32.010.638	57.741.341	48.409.688
Other non-current liabilities (net)	17	-	4.275	-	6.466
Total non-current liabilities		99.262.584	141.079.154	149.459.674	213.354.005
Total liabilities		255.549.492	345.460.100	384.780.869	522.439.309
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	18	129.195.109	128.631.274	194.529.076	194.529.076
Share premium	18	41.211.886	41.032.028	62.052.736	62.052.736
Shareholders' contribution	18	326.508.482	325.083.530	491.623.822	491.623.822
Financial assets fair value reserve	18	(152.309)	(21.489)	(229.332)	(32.498)
Currency translation differences	18	(12.114.336)	(25.331.070)	(18.240.555)	(38.308.177)
Restricted reserves	18	7.670.172	7.432.836	11.548.978	11.240.678
Accumulated losses	18	(25.255.542)	(52.042.987)	(38.027.270)	(78.704.609)
Net income for the period	18	23.536.831	27.101.527	35.439.407	40.985.639
Minority interest		69.136.226	65.779.494	104.098.416	99.478.329
Total equity	18	559.736.519	517.665.143	842.795.278	782.864.996
Total liabilities and equity		815.286.011	863.125.243	1.227.576.147	1.305.304.305
Commitments, contingent assets and liabilities	15				

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009 and 31 December 2008, and therefore do not form part of these consolidated financial statements (Note 2.5).

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

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

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

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

	Notes	2009 USD (*)	2008 USD (*)	2009	2008
OPERATING REVENUE					
Sales (net)	19	674.021.461	753.827.829	1.014.874.114	1.140.013.826
Cost of sales (-)	19	(575.492.297)	(622.357.342)	(866.518.751)	(941.191.008)
GROSS PROFIT		98.529.164	131.470.487	148.355.363	198.822.818
Marketing, selling and distribution expenses (-)	20	(22.557.426)	(26.337.556)	(33.964.716)	(39.830.286)
General and administrative expenses (-)	20	(37.078.968)	(34.540.278)	(55.829.802)	(52.235.263)
Research and development expenses (-)	20	(4.122.476)	(4.670.819)	(6.207.212)	(7.063.679)
Other operating income	21	12.892.548	13.854.624	19.412.310	20.952.348
Other operating expenses (-)	21	(2.900.069)	(11.041.926)	(4.366.634)	(16.698.704)
OPERATING PROFIT		44.762.773	68.734.532	67.399.309	103.947.234
Financial income	22	38.022.303	49.157.277	57.250.182	74.340.550
Financial expenses (-)	23	(36.261.658)	(71.496.905)	(54.599.181)	(108.124.769)
INCOME BEFORE TAX		46.523.418	46.394.904	70.050.310	70.163.015
Tax expense:					
- Current tax expense	24	(18.519.736)	(8.660.124)	(27.885.167)	(13.096.706)
- Deferred tax expense (-)	24	(294.917)	(7.158.588)	(444.056)	(10.825.932)
NET INCOME FOR THE PERIOD		27.708.765	30.576.192	41.721.087	46.240.377
ATTRIBUTABLE TO :					
- Equity holders of the parent		23.536.831	27.101.527	35.439.407	40.985.639
- Minority interest		4.171.934	3.474.665	6.281.680	5.254.738
Earnings per 1.000 ordinary shares		1,21	1,40	1,82	2,11

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

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

	2009 USD (*)	2008 USD (*)	2009	2008
NET INCOME FOR THE PERIOD	27.708.765	30.576.192	41.721.087	46.240.377
Other Comprehensive Income:				
Fair value decrease on financial assets	(186.752)	(317.099)	(281.192)	(479.549)
Currency translation differences	18.626.042	48.303.435	28.045.230	73.049.284
Tax income related with the other comprehensive income (*)	56.025	95.130	84.358	143.865
OTHER COMPREHENSIVE INCOME (AFTER TAX)	18.495.315	48.081.466	27.848.396	72.713.600
TOTAL COMPREHENSIVE INCOME	46.204.080	78.657.658	69.569.483	118.953.977
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Minority Interest	9.470.205	13.069.078	14.259.288	19.764.367
- Equity holders of the parent	36.733.875	65.588.580	55.310.195	99.189.610

(*) Tax income related with the other comprehensive income is due to the fair value change in available for sale financial assets.

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Share capital	Share premium	Shareholders' contribution	Financial assets fair value reserve	Currency translation differences	Restricted reserves	Accumulated loss	Net income for the period	Total	Minority interest	Equity
Balances at 1 January 2008	194.529.076	62.052.736	491.623.822	169.584	(100.822.290)	11.240.678	(97.838.876)	23.711.737	584.666.467	83.811.430	668.477.897
Transfers	-	-	-	-	-	-	23.711.737	(23.711.737)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(1.883.173)	(1.883.173)
Effect of change in the effective rate of subsidiaries	-	-	-	-	4.108.060	-	(4.577.470)	-	(469.410)	(2.214.295)	(2.683.705)
Total comprehensive income	-	-	-	(202.082)	58.406.053	-	-	40.985.639	99.189.610	19.764.367	118.953.977
Balances at 31 December 2008	194.529.076	62.052.736	491.623.822	(32.498)	(38.308.177)	11.240.678	(78.704.609)	40.985.639	683.386.667	99.478.329	782.864.996
Balances at 1 January 2009	194.529.076	62.052.736	491.623.822	(32.498)	(38.308.177)	11.240.678	(78.704.609)	40.985.639	683.386.667	99.478.329	782.864.996
Transfers	-	-	-	-	-	308.300	40.677.339	(40.985.639)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(9.639.201)	(9.639.201)
Total comprehensive income	-	-	-	(196.834)	20.067.622	-	-	35.439.407	55.310.195	14.259.288	69.569.483
Balances at 31 December 2009	194.529.076	62.052.736	491.623.822	(229.332)	(18.240.555)	11.548.978	(38.027.270)	35.439.407	738.696.862	104.098.416	842.795.278

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

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

	Notes	2009 USD (*)	2009	2008
Cash provided by operating activities:				
Net income for the year		27.708.765	41.721.087	46.240.377
Adjustments to reconcile net income before taxation and minority interest to net cash provided by operating activities:				
Depreciation and amortization		34.104.429	51.351.039	44.041.564
Employment termination benefits	16	2.361.294	3.555.401	2.618.182
Deferred tax	24	294.917	444.056	10.825.932
Interest income	22	(1.399.097)	(2.106.621)	(2.589.363)
Interest expense	23	10.487.585	15.791.157	19.683.624
Income from sale of property, plant and equipment	21	2.486	3.743	(407.439)
Redemption of government grants		(148.344)	(223.362)	548.893
Inventory obsolescence loss	10	450.228	677.908	(1.358.140)
Accrual for termination of service agreement		(867.629)	(1.306.389)	303.244
Personnel bonus accrual	17	2.219.928	3.342.546	3.690.282
Personnel vacation accrual	17	2.116.908	3.187.428	2.924.836
Employee retirement benefit provision	16	401.106	603.945	-
Impairment on assets held for sale		-	-	9.740.365
Provision for doubtful receivables	8	177.283	266.935	1.147.331
(Gain)/loss on derivative financial instruments	7	439.803	662.212	(5.140.807)
Exchange loss on sale of subsidiary	23	-	-	4.108.060
Taxes on income	24	12.418.441	18.698.447	13.096.706
Unrealised credit finance expense		551.850	830.920	(728.695)
Unearned credit finance income		100.035	150.622	(161.741)
Allawance for Tax Penalty		2.683.798	4.040.994	-
Unrealized foreign exchange loss		(6.378.257)	(9.603.741)	22.468.094
Net cash provided by operating activities before changes in operating assets and liabilities:		87.725.529	132.088.327	171.051.305
Trade receivable		(4.564.832)	(6.873.267)	(9.912.473)
Inventories		54.737.774	82.418.667	(93.554.699)
Other current receivables		7.862.895	11.839.161	(27.161.521)
Other non-current receivables		(2.672.252)	(4.023.610)	913.590
Trade payables		(25.324.836)	(38.131.606)	42.883.533
Other short-term payables		(3.467.789)	(5.221.450)	5.075.689
Other non-current liabilities and payables		4.035.490	6.076.237	(365.033)
Employment termination benefits paid	16	(2.059.186)	(3.100.516)	(2.033.058)
Employee retirement benefit plans paid	16	(3.141)	(4.729)	(189.719)
Employee vacation provision paid	17	(2.252.763)	(3.391.985)	(3.913.323)
Employee premium paid	17	(2.450.875)	(3.690.282)	(2.393.687)
Taxes paid		(14.302.162)	(21.534.766)	(11.894.050)
Tax penalty paid		(232.711)	(350.393)	-
Net cash provided by operating activities		97.031.141	146.099.788	68.506.554
Cash flows from investing activities:				
Purchase of property, plant, equipment and intangible assets	11,12	(27.883.017)	(41.983.459)	(46.693.764)
Proceeds from sale of property, plant and equipment		2.432.103	3.662.017	4.369.466
Cash outflow on acquisition		-	-	(3.018.873)
Interest received	22	1.399.097	2.106.621	2.589.363
Cash outflow on additional share purchase of subsidiary	2	-	-	(6.791.765)
Proceeds from sale of financial assets held for sale	5	1.011.170	1.522.519	3.878.700
Net cash used in investing activities		(23.040.647)	(34.692.302)	(45.666.873)
Cash flows from financing activities:				
Dividends paid to minority interest	24	(6.401.807)	(9.639.201)	(1.883.173)
Payments of bank borrowings		(65.421.586)	(98.505.282)	(7.632.611)
Interest paid		(10.487.585)	(15.791.157)	(18.809.316)
Net cash provided by financing activities		(82.310.978)	(123.935.640)	(28.325.100)
Currency translation differences		(1.067.594)	(1.607.474)	12.528.765
Net decrease in cash and cash equivalents		(9.388.078)	(14.135.628)	7.043.346
Cash and cash equivalents at the beginning of the period	5	41.634.773	62.689.477	55.646.131
Cash and cash equivalents at the end of the period	5	32.246.695	48.553.849	62.689.477

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009 and therefore do not form part of these consolidated financial statements (Note 2.5).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

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

Kordsa Global is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in the İstanbul Stock Exchange ("ISE") since 1991. As of 31 December 2009, 9% of the Group's shares is listed on the ISE. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows (Note 18):

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

Average number of employees within the Group is 3.957. (31 December 2008: 4.284).

The address of the registered office is as follows:

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
Sabancı Center Kule 2
Kat: 16-17
34330 Levent
İstanbul

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

The country of the Subsidiaries consolidated in these consolidated financial statements as of 31 December 2009 and 2008 and, for the purposes of these consolidated financial statements, their respective geographical segments are as follows:

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

For the purposes of segment information in these consolidated financial statements, information related to corporate administrative operations of Kordsa Global have been included in the "Other" segment (Note 3).

These financial statements have been approved to be issued during the meeting of the Board of Directors held on 8 March 2010, and have been signed by President and CEO Mehmet Nurettin Pekarun and Chief Financial Officer Barış Oran on behalf of the Board of Directors. The shareholders of the Group have the right to make changes in the consolidated financial statements after the aforementioned financial statements are issued, and they are subject to approval of the shareholders at the general assembly meeting of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

A) Financial Reporting Standards Applied

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB has not been announced by TASB as of date of preparation of these financial statements, the consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which is based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required by the CMB on 14 April 2008 including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative consolidated financial statements (Note 2.4).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

Changes in standards and interpretations

(a) Standards, amendment and interpretations effective in 2009 and related with the Group

In the current period Group has applied new and revised standards and interpretations related to its activities issued by IASB and Financial Reporting Interpretations Committee (IFRIC) and effective from 1 January 2009.

- IAS 1 (Revised), "Presentation of Financial Statements", The revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. In this regard, Group has selected the second alternative presentation with two tables and prepared comprehensive income statement to present other comprehensive income components.
- A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Other loans costs are recorded in the income statement in the period they incur. IAS 23 (Revised) "Borrowing Costs" was revised by International Accounting Standards Board on March 29, 2007. Revised IAS 23, is effective from 1 January 2009 and volunteer early application right is reserved. The Group has chosen to apply IAS 23 volunteer early. And as of 1 January 2007 Group has chosen accounting policies prescribed in IAS 23 related to credit costs and changed its the accounting policy. Costs arising from loan financing, property acquisition of assets or if they are associated with the construction, the cost of qualifying asset are included in the cost of the assets.
- IFRS 8, Explanations for the "Operating segments" are presented in Note 3.
- IFRS 7 "Financial instruments - Disclosures" (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

- IAS 39 (Revised), "Financial instruments: Recognition and measurement". The amendment is the part of the IASB's annual improvement project published in May 2008. This amendment clarifies that it is probable for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is a part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

The current standards regarding to the documentation and defining the financial hedging relationships states that unit other than reporting unit of financial hedging instruments should be included and defines a unit (segment) reporting unit. In other words, to perform financial hedging transactions at the level of the segment level, related segment has to provide conditions for hedge accounting. Revision eliminates this requirement, makes IAS 39 consistent with IFRS 8 "Operating Segments" which emphasizes that segment reporting should be within the same bases with reporting made to business activities related to decision-making authority ("chief operating decision maker").

In the current situation, each affiliate defined and documented (effective correlation test included) financial hedging transactions at fair value or as cash flows to reflect hedging transactions to segment reporting accurately. This information is consistent with the financial information followed-up by the authority that makes decisions regarding the business activities. After the revisions are validated, financial hedging transactions will be continued to be reported in line with related segments, but the Group will not formally document and test the relationships related with hedging transactions. In case of the ending the hedge accounting, revision requires the usage of an effective interest rate (should be calculated as at ended date of fair value hedging process) in case of measurement of fair value of borrowing transaction. Group applies the IAS 39 (Revision) effective starting from 1 January 2009, but it will not effect the consolidated income statement of the Group.

(b) Standards, amendment and interpretations effective in 2009 but not relevant to the Group

- IAS 32 (Revised), "Financial Instruments, Presentation" and IAS 1 (Revised) "Presentation of Financial Statements"- Optional sales financial instruments and the liabilities that occurred in the process of the liquidation"
- IFRS 2 (Revised), "Share-based payment"
- IFRS 1 (Revised), "First time Adoption of IFRS"

(c) Interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 3 (Revised), "Business combinations"
- IAS 27 (Revised), "Consolidated and separate financial statements"
- IFRIC 17, "Distribution of non-cash assets to shareholders"
- IFRIC 18, "Asset transfer from the customers"
- IFRS 5 (Revised), "Non-current assets held for sale and discontinued operations".
- IAS 38 (Revised), "Intangible Assets"
- IFRS 2 (Revised), "Share-based payment"
- IAS 31 (Revised), "Accounting for jointly controlled entities"

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

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

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

C) Basis of consolidation

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

The table below sets out all consolidated Subsidiaries and shows their shareholding rates at 31 December 2009 and 2008:

Subsidiaries	Direct and indirect ownership interest by the Company and its Subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	100,00	100,00
InterKordsa GbRmH	100,00	100,00
Kordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Arjantin	100,00	100,00
Kordsa Brezilya	94,49	94,49
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester (*)	99,99	60,20
Thai Indo Kordsa	64,19	38,65
KQNE	99,50	99,50
Sabancı B.V.	100,00	100,00
Kordsa Mauritius	100,00	100,00
Dusa Spain International, S.L.	100,00	100,00
Acordis International B.V.	100,00	100,00

- (*) On 17 December 2008, the Group acquired 29,99% of the shares of PT Indo Kordsa Polyester from the minority interest holders for USD4.420.800 (TL6.791.765), and, as a result of the stated purchase of shares, increasing the effective shareholding interest of the Group in PT Indo Kordsa Polyester to 99,99%. The difference between the cost of the share purchase and the book value of the shares acquired from the minority interest holders has been accounted for under accumulated losses in the statements of changes in equity movement table of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

- c) Investments, in which the Group has interests below 20%, or over which the Group does not exercise a significant influence, or which are considered not having a significant impact on the consolidated financial statements are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for impairment (Note 5).
- d) The results of Subsidiaries are included or excluded from consolidation regarding to their effective dates of acquisition and disposal, respectively.
- e) The minority shareholders' share in the net assets and results for the period for Subsidiaries is separately classified in the consolidated balance sheets and income statements as minority interest.

2.2 Changes in the Accounting Policies

Significant changes in the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting principles and significant accounting errors for the period 1 January- 31 December 2009.

2.3 Changes in or Corrections of the Accounting Estimations

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no changes in the accounting estimates for the period 1 January - 31 December 2009.

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

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

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

2.5 US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of income and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2009 of TL1,5057 = USD1 and do not form part of these consolidated financial statements.

2.6 Summary of Significant Relevant Accounting Policies

a) Revenue recognition

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

Other revenues earned by the Group are recognised on the following bases:
Royalty and rental income - on an accrual basis.
Interest income - on an effective yield basis.
Dividend income - when the Group's right to receive payment is established.

b) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 10). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

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

c) Property, plant and equipment

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

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

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

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

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare parts changes and labour costs, included in the large comprehensive maintenance and repair expenses are capitalised. And the average useful lives between the next-largest comprehensive maintenance are depreciated.

d) Discontinued operations

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

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

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

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

e) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method over a period not exceeding 20 years (Note 12).

f) Business combinations and goodwill

Business combinations are accounted for through applying the purchase method in accordance with IFRS 3. Goodwill represents the difference between the fair value of purchase consideration and the attributable share of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired. Goodwill is not amortised and its carrying value is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

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

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

g) 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).

h) Trade receivables and provision for impairment

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

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

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

i) 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.

j) Provisions, contingent assets and liabilities

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities and not included in financial statements (Note 15).

k) Financial leasing

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

l) Provision for employment termination benefits

Provision for employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 16).

m) 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.

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

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 16).

n) Government grants

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

o) Available-for-sale financial instruments

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

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

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

In accordance with the revised IAS 39 "Financial Instruments", unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available for sale financial assets are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement. Unrealized profit and loss resulted from changes in fair value of marketable securities available-for-sale is accounted as fair value reserve under equity and it does not have an effect to the net income of period. When the marketable securities available-for-sale is derecognized from consolidated financial statement, the related income and expenses followed in the fair value reserve of financial assets under equity are transferred to the consolidated income statement.

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

p) Equity items

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

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

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

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

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

q) Taxes on income

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income 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 income tax assets and deferred income 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 24).

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

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

r) Foreign currency transactions

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

s) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

International Accounting Standard No 23 "Borrowing Costs" was revised on 29 March 2007 by the IASB. The revised IAS 23 is effective from 1 January 2009, yet voluntary early transition to the application right is reserved. The Company opted for early adoption and changed its accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred (Note 6).

t) Derivative financial instruments and embedded derivatives

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

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

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

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

u) Deferred financing costs

Deferred financing costs (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised, using the effective interest method, over the remaining life of the long-term bank borrowings (Note 17).

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

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

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

v) Related parties

For the purpose of these consolidated financial statements, shareholders, the group companies Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties. The Group assigned its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 26).

w) Earnings per share

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Not 25).

x) Reporting of cash flows

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

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

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

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

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

y) Share premium

Share premium represents the difference between the nominal value of the Group's shares and the net proceeds from the offering of the Group's share to the public (Note 18).

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

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

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

z) Segment reporting

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

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

Because of the reason that and risk and reward rates are affected by differences between countries; the primary format to segment reporting is the geographical segments. Secondary format to segment reporting includes business segments by considering different product groups (Note 3).

aa) 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.

ab) Comparatives and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. The Group prepared the consolidated balance sheet at 31 December 2009 in comparison with its consolidated balance sheet at 31 December 2008, the Group also prepared the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period 1 January - 31 December 2009 in comparison with the accounting period 1 January - 31 December 2008.

2.7 Significant Accounting Estimations and Decisions

Preparation of the consolidated financial statements in accordance with CMB Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgment of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

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

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

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

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in note 2.6. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Global Management covering a three-year period. Cash flows beyond three years are extrapolated by taking into consideration the shut-down periods recurring once a year. The USD fair value is converted into TL by using the related foreign exchange rate on the date of the balance sheet. Therefore, the value in use calculations are affected by the fluctuations in the foreign exchange market. The discount rate used in the value in use calculations is 5,40% and the risk premium is 2%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2009, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

Below is the sensitivity analysis showing the changes in the value in use in respect to the changes in the discount rates used in the goodwill impairment test:

	Value in Use (TL)
Basic discount rate +1	263.944.158
Basic discount rate 0	271.312.162
Basic discount rate -1	279.012.373

(b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described the accounting policy in Note 2.6. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in the Note 2.6, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made.

(d) Provision for doubtful receivables

In accordance with the accounting policy given in the Note 2.6, the Group calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the inability of its customers' to make required payments. The estimates used in evaluating the adequacy of the provision for impairment of trade receivables are based on the aging of the trade receivable balances and the trend of collection performance. The provision for doubtful trade receivables is a critical accounting estimate that is formed by past payment performance and financial position of customers.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

(e) Provisions

In accordance with the accounting policy given in the Note 2.6, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

NOTE 3 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) External revenues	2009	2008
Europe, Middle East and Africa	404.037.426	477.250.761
North America	214.942.497	253.177.444
South America	155.903.864	174.440.561
Asia 239.990.327	235.145.060	
	1.014.874.114	1.140.013.826
b) Segment assets	2009	2008
Europe, Middle East and Africa	560.598.957	608.002.550
North America	159.941.085	183.386.806
South America	253.754.625	247.240.860
Asia 233.214.267	241.294.976	
Other	501.381	410.723
	1.208.010.315	1.280.335.915
Unallocated assets	30.985.030	39.057.210
Less: Intersegment eliminations and reclassifications	(11.419.198)	(14.088.820)
Total assets per consolidated financial statements	1.227.576.147	1.305.304.305

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment liabilities	2009	2008
Europe, Middle East and Africa	76.067.774	87.902.179
North America	24.449.406	42.922.401
South America	49.601.801	57.151.568
Asia	30.529.350	30.657.066
Other -	159.967	
Segment liabilities (*)	180.648.331	218.793.181
Unallocated liabilities	215.143.501	316.122.834
Less: Intersegment eliminations and reclassifications	(11.010.963)	(12.476.706)
Total liabilities per consolidated financial statements	384.780.869	522.439.309

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

d) Segmental analysis for the period 1 January - 31 December 2009

	Europe, Middle East and Africa	North America	South America	Asia	Inter-segment elimination	Total
External revenues	404.037.426	214.942.497	155.903.864	239.990.327	-	1.014.874.114
Inter-segment revenues	9.144.518	11.048.591	3.410.051	585.982	(24.189.142)	-
Revenues	413.181.944	225.991.088	159.313.915	240.576.309	(24.189.142)	1.014.874.114
Segment operating expenses	(376.655.947)	(191.399.303)	(168.809.494)	(217.387.562)	22.372.414	(931.879.892)
Total segment operating result	36.525.997	34.591.785	(9.495.579)	23.188.747	(1.816.728)	82.994.222
Unallocated expenses						(15.594.913)
						67.399.309

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

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

f) Capital expenditure

	2009	2008
Europe, Middle East and Africa	13.106.420	18.804.250
North America	9.058.442	5.369.714
South America	8.016.841	13.605.066
Asia 11.801.756	8.914.734	
	41.983.459	46.693.764

g) Depreciation and amortisation

	2009	2008
Europe, Middle East and Africa	23.940.126	17.131.231
North America	8.958.232	7.256.070
South America	9.669.610	7.407.281
Asia 8.783.071	12.246.982	
	51.351.039	44.041.564

h) Provision for doubtful receivables

	2009	2008
Europe, Middle East and Africa	247.973	1.040.313
North America	18.962	19.652
Asia	-	87.366
	266.935	1.147.331

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NOTE 3 - SEGMENT REPORTING (Continued)

i) Provision for inventory obsolescence:

	2009	2008
Europe, Middle East and Africa	895.367	446.956
North America	245.983	189.282
South America	4.161.107	1.335.310
Asia	1.024.751	55.331
	6.327.208	2.026.879

j) Provision for employment termination benefits

Provision for employment termination benefit amounting TL3.320.294 as of 31 December 2009 (2008: TL3.107.516) comprise the provisions of Europe, Middle East and Africa.

The segment reporting in the basis of industry groups of reportable segments is as follows:

a) External revenues	2009	2008
Nylon yarn	234.356.504	273.860.136
Polyester yarn	20.638.104	26.131.355
Fabric	715.683.126	773.836.228
Other	44.196.380	66.186.107
	1.014.874.114	1.140.013.826

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

b) Segment assets	2009	2008
Nylon yarn	367.484.153	377.241.290
Polyester yarn	110.084.122	102.176.450
Fabric	544.903.318	555.936.598
Other	59.627.513	65.344.083
Segment assets	1.082.099.106	1.100.698.421
Unallocated assets	153.001.624	209.830.099
Less: Intersegment eliminations and reclassifications	(7.524.583)	(5.224.215)
Total liabilities per consolidated financial statements	1.227.576.147	1.305.304.305

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NOTE 3 - SEGMENT REPORTING (Continued)

c) Capital expenditure	2009	2008
Nylon yarn	16.721.642	12.433.093
Polyester yarn	2.821.227	3.709.072
Fabric	10.498.633	16.606.282
Other	11.941.957	13.945.317
	41.983.459	46.693.764

NOTE 4 - CASH AND CASH EQUIVALENTS

	2009	2008
Cash	16.716	40.456
Time deposits	14.468.482	25.193.010
Demand deposits	33.171.162	36.948.697
Cheques received	897.489	507.314
	48.553.849	62.689.477

The maturities of cheques in portfolio are less than three months. Maturities of the time deposits are less than three months and effective interest rate is 2,19% per annum (2008: 3,12%).

NOTE 5 - MARKETABLE SECURITIES

Available-for-sale financial assets:

	2009	2008
Corporate bonds	1.535.814	2.874.055
	1.535.814	2.874.055
Common stocks	183.573	139.196
	1.719.387	3.013.251

The interest rate of the corporate bonds available for sale is 7,75 % (2008: 7,50%). The corporate bonds belong to Indosat International Finance Company B.V. The country where this company has operations, and the credit rating given by Moody's Investor's Service Inc. are the Netherlands, and Ba1.

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NOTE 5 - MARKETABLE SECURITIES (Continued)

Details of the common shares are as follows:

	2009		2008	
	Percentage of shareholding %	Percentage of Amount	shareholding %	Amount
Investimentos Lei 8200	<0,01	94.548	<0,01	84.565
Desenbanco	<0,01	66.885	<0,01	50.051
Incentivos Fiscais Finor	<0,01	6.121	<0,01	4.580
Diğer	-	16.019	-	-
		183.573		139.196

Movement schedule of marketable securities are as follows:

	2009	2008
Balances at 1 January	3.013.251	6.418.064
Disposals	(1.522.519)	(3.878.700)
Fair value reserve change	(281.192)	(479.549)
Translation gain/loss (net)	509.847	953.436
Balances at 31 December	1.719.387	3.013.251

NOTE 6 - BORROWINGS

	2009	2008
Short term borrowings	93.875.336	95.092.249
Bonds issued (*)	-	28.744.463
Factoring liabilities	2.833.140	-
Short term financial leasing	-	53.092
Total short term financial liabilities	96.708.476	123.889.804
Long term bank borrowings	60.153.131	138.619.580
Long term financial leasing	-	2.461.246
Total long term financial liabilities	60.153.131	141.080.826
Total financial liabilities	156.861.607	264.970.630

(*) PT Indo Kordsa Tbk which is a subsidiary of the Group has no issued bonds as of 31 December 2009 (2008: TL28.744.463).

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FOR THE YEAR ENDED 31 DECEMBER 2009**

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NOTE 6 - BORROWINGS (Continued)

	2009		2008	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term bank borrowings:				
USD borrowings	4,01	23.296.710	5,67	27.750.186
Euro borrowings	3,61	13.033.546	5,58	5.790.662
Egyptian Pound borrowings	-	-	-	2.860
		36.330.256		33.543.708
Short-term portion of long-term bank borrowings:				
USD borrowings	3,02	53.392.099	5,88	38.402.912
Euro borrowings	5,28	1.540.894	3,97	21.208.809
Brazilian Real borrowings	8,50	2.612.087	8,50	1.936.820
		57.545.080		61.548.541
Total short-term bank borrowings		93.875.336		95.092.249
Long-term bank borrowings:				
USD borrowings	3,02	50.915.460	5,88	116.463.874
Euro borrowings	5,28	5.901.957	3,97	17.906.007
Brazilian Real borrowings	8,50	3.335.714	8,50	4.249.699
Total long-term bank borrowings		60.153.131		138.619.580
	2009		2008	
	Fair value	Book value	Fair value	Book value
USD Borrowings	128.896.234	127.604.269	185.018.767	182.616.972
Euro Borrowings	21.199.422	20.476.397	45.929.801	44.905.478
Brazilian Real Borrowings	6.100.592	5.947.801	6.445.810	6.186.519
Egyptian Pound Borrowings	-	-	2.860	2.860
Total Borrowings	156.196.248	154.028.467	237.397.238	233.711.829

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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NOTE 6 - BORROWINGS (Continued)

Redemption schedules of long-term borrowings are summarised below:

	2009	2008
1 to 2 years	42.823.370	79.313.590
2 to 3 years	11.907.074	40.707.982
3 to 4 years	5.422.687	5.143.493
Over 4 years	-	13.454.515
	60.153.131	138.619.580

The Group has the following undrawn borrowing facilities:

	2009	2008
Floating rate:		
Expiring within one year	328.873.021	278.900.025
Expiring beyond one year	7.866.970	9.863.721
Fixed rate:		
Expiring within one year	25.366.086	27.332.473
	362.106.077	316.096.220

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	2009	2008
Up to 3 months	48.305.024	33.195.719
3-12 months	90.451.157	97.093.468
1-5 years	26.781.989	141.040.739
Over 5 years	-	4.460.369
	165.538.170	275.790.295

Lease Payables

Payment schedule of the lease payables is listed below:

	2009	2008
1-3 months	-	53.092
Over 12 months	-	2.461.246
	-	2.514.338

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NOTE 7 - OTHER FINANCIAL LIABILITIES

Derivative Financial Instruments

As of 31 December 2009 the Group has swap transactions in USD from HSBC and Citibank. Details of the transaction are summarised as follows:

Libor Fixing: CITIBANK
Credit Ban: HSBC BANK
Amount: 6.000.000 USD
Effective Date: 8 September 2009
Initial Settlement Date: 5 March 2010
Date of Completion for
Libor Fixing: 4 March 2011
Fixed Settled Libor: 2,10
USD Floating interest rate: Libor (6months = 0,68%+ 6%) = %6,68

Libor Fixing: HSBC Bank
Credit Bank: HSBC+CITIBANK
Amount: 29.142.857 USD
Effective Date: 19 June 2009
Initial Settlement Date: 18 June 2010
Date of Completion for
Libor Fixing:: 16 December 2011
Fixed Settled Libor: 1,85
USD Floating interest rate: Libor (6months = %0,45+ %1,48) = %1,92

Libor Fixing: HSBC Bank
Credit Bank: HSBC+CITIBANK
Amount: 4.142.857 USD
Effective Date: 26 August 2009
Initial Settlement Date: 26 February 2010
Date of Completion for
Libor Fixing: 16 December 2011
Fixed Settled Libor: 1,85
USD Floating interest rate: Libor (6months = %0,80+ %1,48) = %2,27

As of 31 December 2009 the Group's total fair value of swap transactions amounts to TL662,212 and the amount is presented under other financial liabilities in the consolidated balance sheet (2008: None). Between 1 January and 31 December 2009 the expense arising from derivative financial instruments amounting to TL854,778 is classified under financial expenses (Note 23).

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NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables	2009	2008
Trade receivables	169.779.930	164.633.944
Due from related parties (Note 26)	5.599.287	4.902.322
	175.379.217	169.536.266
Less: Provision for doubtful receivables	(2.132.617)	(2.895.998)
Less: Unearned credit finance income	(320.115)	(169.493)
	172.926.485	166.470.775

As of 31 December 2009 annual interest rates for discount of TL, USD and Euro trade receivables and payables are %6,08 %3,25 and %3,57, respectively (2008: 16,71%, 3,70% and 5,63%). The average maturities of the trade receivables and payables as of 31 December 2009 and 2008 are up to 3 months.

As of 31 December 2009, the trade receivables amounting to TL10.450.641 (2008: TL22.124.436) were past due but not impaired. The aging of these receivables as of 31 December 2009 and 2008 is as follows:

	2009	2008
Up to 1 month	7.762.873	16.204.259
1 to 3 months	1.850.907	3.074.789
3 to 12 months	836.861	2.845.388
	10.450.641	22.124.436

As of 31 December 2009, the trade receivables amounting to TL2.132.617 (2008: TL2.895.998) were impaired and provided for. The aging of these receivables as of 31 December 2009 and 2008 is as follows:

	2009	2008
1 to 3 months	54.979	1.179.291
3 to 12 months	983.521	1.322.280
Over 12 months	1.094.117	394.427
	2.132.617	2.895.998

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NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES (Continued)

Movement schedules of provision for doubtful receivables as of 31 December 2009 and 2008 are as follows:

	2009	2008
Balances at 1 January	2.895.998	4.482.580
Additions	266.935	1.147.331
Collections	(1.005.025)	(331.659)
Disposal due to sale of subsidiary	-	(2.770.929)
Currency translation differences	(25.291)	368.675
Balances at 31 December	2.132.617	2.895.998
Trade payables	2009	2008
Trade payables	102.497.105	141.629.828
Due to related parties (Note 26)	4.569.357	3.568.240
	107.066.462	145.198.068
Less: Unrealised credit finance expense	(65.690)	(896.610)
	107.000.772	144.301.458

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	2009	2008
Other Short Term Receivables		
Advances given to related parties (Note 26)(*)	7.193.088	7.193.088
Taxes and other dues (**)	4.652.473	8.822.600
Advances given	1.641.383	2.041.871
Deposits and guarantees given	29.964	159.310
Other	946.166	1.777.847
	14.463.074	19.994.716
Other Long Term Receivables		
Taxes and other dues (**)	12.509.797	8.674.996
Other	581.420	310.285
	13.091.217	8.985.281

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables	2009	2008
Taxes and dues payable	4.536.958	4.103.115
Payable to personnel	2.884.644	1.937.824
Advances received	695.332	3.475.949
Other	1.570.418	2.195.590
	9.687.352	11.712.478
Other long term payables		
Taxes and dues payable (***)	11.108.692	4.352.156
Other	-	673.833
	11.108.692	5.025.989

(*) The balance of advances were given to the related parties as a result of the polyester chip supply agreement signed with Advansa in 2008 and was not subject to valuation. The contract was terminated by mutual agreement as of 2 February 2010 (Note 29).

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

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

NOTE 10 - INVENTORIES

	2009	2008
Raw materials and supplies	70.537.202	90.115.822
Semi-finished goods	27.524.581	18.902.160
Intermediate goods	6.653.888	52.524.689
Finished goods	68.565.677	98.715.367
Spare parts	28.549.743	28.999.211
Other inventories	11.342.371	6.334.880
	213.173.462	295.592.129
Less: Provision for obsolescence	(6.212.055)	(4.844.442)
	206.961.407	290.747.687

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 10 - INVENTORIES (Continued)

The details of the provisions for obsolescence are as follows:

	2009	2008
Finished goods	3.012.182	2.726.375
Spare parts	1.751.040	1.696.767
Raw materials and supplies	1.448.833	407.806
Semi-finished goods	-	13.494
Balances at 31 December	6.212.055	4.844.442

Movement schedules for provision for obsolescence are as follows:

	2009	2008
Balances at 1 January	4.844.442	5.217.728
Additions	6.327.208	2.026.879
Reversals	(5.649.300)	(3.385.019)
Acquisition of subsidiary	-	(185.490)
Currency translation differences	689.705	1.170.344
Balances at 31 December	6.212.055	4.844.442

The amount of provision for inventory obsolescence classified to the cost of goods sold for the year 2009 is TL677.908 (2008: TL1.358.140).

The cost of inventories recognised as expense and included in cost of sales amounted to TL475.815.102 for the period 1 January - 31 December 2009 (2008: TL563.668.159).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment as of 31 December 2009 is as follows:

	1 January 2009	Additions	Disposals	Transfers	Currency translation difference	31 December 2009
Cost:						
Land and Land improvements	75.815.858	1.679	-	529.026	4.194.658	80.541.221
Buildings	236.384.025	90.147	(2.442)	856.972	6.735.304	244.064.006
Machinery and equipment	1.040.163.198	11.963.570	(6.635.928)	23.897.940	62.196.282	1.131.585.062
Motor vehicles	4.358.021	57.698	(1.412.280)	-	320.869	3.324.308
Furniture and fixtures	33.783.261	931.994	(420.343)	1.995.011	4.130.963	40.420.886
Construction in progress and advances given	17.428.638	28.113.212	(156.655)	(27.278.949)	2.784.509	20.890.755
	1.407.933.001	41.158.300	(8.627.648)	-	80.362.585	1.520.826.238
Accumulated depreciation:						
Land improvements	20.335.443	1.361.657	-	-	1.589.942	23.287.042
Buildings	91.758.357	9.814.561	(930)	-	3.382.964	104.954.952
Machinery and equipment	600.621.011	37.008.313	(3.256.532)	-	39.957.977	674.330.769
Motor vehicles	3.334.375	315.888	(1.296.430)	-	251.825	2.605.658
Furniture and fixtures	26.898.114	1.750.294	(407.996)	-	3.862.528	32.102.940
	742.947.300	50.250.713	(4.961.888)	-	49.045.236	837.281.361
Net book value	664.985.701					683.544.877

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2008	Additions	Disposals	Sale of of subsidiary (Note 24)	Transfers	Currency translation differences	31 December 2008
Cost:							
Land and Land improvements	70.261.671	320.063	-	(29.775)	112.398	5.151.501	75.815.858
Buildings	227.834.331	1.554.437	(3.803.300)	(7.783.614)	791.042	17.791.129	236.384.025
Machinery and equipment	930.460.682	9.935.460	(10.938.097)	(10.013.183)	31.445.893	89.272.443	1.040.163.198
Motor vehicles	4.369.355	204.646	(747.600)	(33.484)	-	565.104	4.358.021
Furniture and fixtures	30.571.828	1.475.554	(247.810)	(525.768)	279.311	2.230.146	33.783.261
Construction in progress and advances given	15.562.895	31.473.360	(422.140)	(13.738)	(32.628.644)	3.456.905	17.428.638
	1.279.060.762	44.963.520	(16.158.947)	(18.399.562)	-	118.467.228	1.407.933.001
Accumulated depreciation:							
Land improvements	18.175.960	1.248.699	-	-	-	910.784	20.335.443
Buildings	85.076.105	8.566.344	(3.169.852)	(4.103.633)	-	5.389.393	91.758.357
Machinery and equipment	542.701.636	29.443.977	(8.187.261)	(9.215.178)	-	45.877.837	600.621.011
Motor vehicles	2.967.637	684.304	(591.997)	(33.484)	-	307.915	3.334.375
Furniture and fixtures	24.339.012	1.719.754	(247.810)	(525.768)	-	1.612.926	26.898.114
	673.260.350	41.663.078	(12.196.920)	(13.878.063)	-	54.098.855	742.947.300
Net book value	605.800.412						664.985.701

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

TL46.537.694 of current period depreciation and amortisation expenses are included in cost of sales (2008: TL40.671.356), TL1.798.070 of them are included in research and development expenses (2008: TL281.536) and TL3.015.275 of them are included in general administrative expenses (2008: TL3.088.672).

Amount of mortgage on property, plant and equipment is TL 49.239.683 (2008: TL 45.096.677).

Leased assets included in property, plant and equipment	2009	2008
Cost	285.768	3.348.592
Accumulated depreciation	(256.597)	(651.350)
Net book value	29.171	2.697.242

Interkordsa, a subsidiary of the Group, has bought the tangible assets which were previously hold by leasing.

NOTE 12 - INTANGIBLE ASSETS

	1 January 2009	Additions	Currency translation differences	31 December 2009
Cost:				
Rights	50.335	-	-	50.335
Technology licences	21.000.232	48.330	618.985	21.667.547
Computer software	11.188.747	776.829	532.600	12.498.176
Customer relationships	659.479	-	-	659.479
Other	1.078.158	-	-	1.078.158
	33.976.951	825.159	1.151.585	35.953.695
Accumulated amortization:				
Rights	50.335	-	-	50.335
Technology licences	17.345.240	406.061	130.926	17.882.227
Computer software	9.436.531	661.208	403.425	10.501.164
Other	1.020.006	33.057	-	1.053.063
	27.852.112	1.100.326	534.351	29.486.789
Net Book value	6.124.839			6.466.906

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

NOTE 12 - INTANGIBLE ASSETS (Continued)

	1 January 2008	Additions	Currency translation differences	31 December 2008
Cost:				
Rights	50.335	-	-	50.335
Technology licences	19.079.480	102.852	1.817.900	21.000.232
Computer software	8.801.323	1.627.392	760.032	11.188.747
Customer relationships	659.479	-	-	659.479
Other	1.078.158	-	-	1.078.158
	29.668.775	1.730.244	2.577.932	33.976.951
Accumulated amortization:				
Rights	50.335	-	-	50.335
Technology licences	15.888.491	402.708	1.054.041	17.345.240
Computer software	7.242.585	1.891.279	302.667	9.436.531
Other	935.507	84.499	-	1.020.006
	24.116.918	2.378.486	1.356.708	27.852.112
Net Book value	5.551.857			6.124.839

NOTE 13 - GOODWILL

The goodwill with an amount of TL45.595.167 (2008:TL45.595.167) net book value as of 31 December 2009 consisted of TL42.570.007 (2008: TL42.570.007), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, and TL3.025.160 (2008: TL3.025.160), which accrued in consequence of the acquisition of the Branta Mulia Group on 22 December 2006.

In Note 2.7 details of assessment for the impairment of goodwill is defined. There is no change in the book value of the goodwill, which is TL45.595.167 for the period ended as of 31 December 2009 (31 December 2008: TL 45.595.167).

NOTE 14 - GOVERNMENT GRANTS

	2009	2008
Government grants	2.660.146	2.858.487

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

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NOTE 15 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

	2009	2008
a) Guarantees given:		
Pledges bonds given for long term borrowings	46.935.625	42.040.928
Letter of guarantees	19.951.399	24.526.446
Pledges given for machinery and equipment	21.969.629	21.474.365
Letter of credits	17.302.880	18.340.723
Pledges	245.857	212.025
Pledges given to banks	2.891.576	66.606
Other pledges	49.239.683	45.096.677
	158.536.649	151.757.770
b) Guarantees received:		
Mortgages received	5.000.000	5.000.000
Letter of guarantees	1.151.015	1.157.575
Letter of credits	340.538	1.538.306
Cheques and notes received as collateral	1.721.410	747.258
	8.212.963	8.443.139
c) Guarantees, Pledges and Mortgages given by the Company ("GPM"):		
A. Total of GPMs given on behalf of own legal personality	158.536.649	151.757.770
B. Total of GPMs given on behalf of subsidiaries consolidated in full	64.461.008	61.445.769
	222.997.657	213.203.539

- i) During the preparation of the consolidated financial statements for the fiscal period 01 January to 31 December 2008, the Group found that a person employed in the accounting department of Kordsa Global İzmit had caused the Group to suffer loss through misappropriation of the Company's assets, and in an attempt to recover the money embezzled by the employee the Group initiated legal proceedings with a claim of TL4,000,000, without limiting its right to litigation and to claim any excess.
- ii) In 2008 PT Indo Kordsa Polyester, a subsidiary of the Group, underwent inspection by the tax authorities and received a tax loss penalty amounting to USD2.4 million. The Group has objected to the stated amount, but decided to pay half this amount by the end of June 2009. As of 31 December 2008, the total amount paid is USD800,000. This payment was recorded as prepaid taxes. Since the objection of the Group has not been concluded as of the date of preparation of these consolidated financial statements, the Group has no existing legal or applicable obligations. Furthermore, the Group expects no obligations to occur. Therefore, the Group set aside no provisions for the stated amount in the consolidated financial statements.

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

- iii) In 2003, Kordsa Argentina, which is a subsidiary of the Group, entered into a collective labour agreement with the Textile Workers' Association of Argentina, but this subsequently agreement was terminated by the Textile Workers' Association of Argentina. Kordsa Argentina filed a lawsuit challenging the termination of this agreement, but the case was rejected in 2008. Following the rejection of this lawsuit, 29 workers subject to the stated agreement demanded salary differences to be paid by Kordsa Argentina. The total liability of Kordsa Argentina was calculated as USD750,000, (including the principal amount and interest). If other employees in the same situation also sue, Kordsa Argentina may face an additional obligation amounting to USD130 thousand. Since the Group lawyers state that there is a small possibility that the lawsuit will be concluded against the Group, the Group has not set aside any provision for the stated amount in the consolidated financial statements.
- iv) Three lawsuits have been filed against The Groups' subsidiary, Kordsa Argentina with a total risk of USD480 thousand in 2009, comprising occupational accidents. Based on the Group's legal counsel, the outcomes of the cases are uncertain and the Group has not set aside provision for these amounts in the consolidated financial statements.

NOTE 16 - RETIREMENT PLANS

	2009	2008
Provision for employment termination benefits	15.558.717	15.103.832
Accruals for employee retirement benefit plans	1.575.435	868.717
	17.134.152	15.972.549

Provision for employment termination benefits

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

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2009 the amount payable consists of one month's salary limited to a maximum of TL2.365 (2008: TL2.173) 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:

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NOTE 16 - RETIREMENT PLANS (Continued)

	2009	2008
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	100,00	100,00

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2.427 (1 January 2009: TL2.260), which is effective from 1 January 2010, 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:

	2009	2008
1 January	15.103.832	15.208.396
Increase during the year	3.320.294	3.107.516
Paid during the year	(3.100.516)	(2.033.058)
Disposal due to sale of subsidiary	-	(689.688)
Actuarial loss/(gain)	235.107	(489.334)
31 December	15.558.717	15.103.832

Provision for employment retirement benefits plans:

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

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

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

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

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NOTE 16 - RETIREMENT PLANS (Continued)

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

	2009	2008
Balances at 1 January	868.717	891.297
Additions	603.945	-
Payments	(4.729)	(189.719)
Exchange rate differences	107.502	167.139
Balances at 31 December	1.575.435	868.717

NOTE 17 - OTHER ASSETS AND LIABILITIES

	2009	2008
Prepaid taxes and funds (*)	7.355.341	13.325.967
Deductable VAT	5.907.616	5.768.556
Prepaid expenses	3.429.707	4.019.139
Deferred VAT	577.360	1.084.339
Advances given to personnel	516.098	254.887
Insurance claim income	11.069	180.676
Other	651.882	123.028
	18.449.073	24.756.592

Other non-current assets	2009	2008
Deferred financing cost	647.300	707.605
Other	360.244	382.265
	1.007.544	1.089.870

Other short-term liabilities	2009	2008
Unused vacation pay liability	4.723.437	3.203.474
Bonus accruals	3.342.546	3.690.282
Accruals for employee benefit plans (**)	2.315.616	3.325.638
Other tax accruals (*)	2.078.154	3.309.494
Accrual for sales discounts and commissions (***)	1.362.584	2.528.327
Accrued salaries and wages	604.158	1.307.961
Accrual for termination of service agreement (***)	-	1.306.389
Other	6.957.547	7.767.483
	21.384.042	26.439.048

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

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NOTE 17 - OTHER ASSETS AND LIABILITIES (Continued)

(**) The Group offers a Capital Contribution Plan, a defined contribution profit-sharing plan to employees working the North America region. The Group contributes up to 5% of total compensation for 2008 and 2007 and this is deposited to employees' gain the right to gain contribution after completing three years of service.

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

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

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

Movement schedule of vacation pay liability is as follows:

	2009	2008
Balances at 1 January	3.203.474	3.771.716
Additions	3.187.428	2.924.836
Payments	(3.391.985)	(3.913.323)
Exchange rate differences	1.724.520	420.245
Balances at 31 December	4.723.437	3.203.474
Other long-term liabilities	2009	2008
Unearned revenue	-	6.466

NOTE 18 - EQUITY

Paid-in share capital

The Company's authorized and issued capital consists of 19.452.907.600 shares at 1 shares of Kr1 nominal value (2008: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Company's shareholders and their shareholdings at 31 December 2009 and 2008 are as follows:

	2009	Share (%)	2008	Share (%)
Hacı Ömer Sabancı Holding. A.Ş.	177.233.427	91	177.233.427	91
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	1.516	<1	1.516	<1
Teknosa İç ve Dış Tic.A.Ş.	1.357	<1	1.357	<1
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	327	<1	327	<1
Temsa Termo Mekanik Sanayi ve Ticaret A.Ş.	52	<1	52	<1
Other (Public and Takasbank)	17.292.397	9	17.292.397	9
Total paid-in share capital	194.529.076		194.529.076	

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NOTE 18 - EQUITY (Continued)

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL102.684.000 and TL4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL57.736 was accounted as addition to share premium.

Restricted reserves

As of 31 December 2009 restricted reserves comprise the legal reserves amounting to TL11.548.978 (2008: TL11.240.678).

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

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

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

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

- if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";
- if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

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

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NOTE 18 - EQUITY (Continued)

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

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

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities quoted on the stock exchange regarding profits arising from operations in 2009. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid-in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year when the outstanding shares have been identified as "old" and "new", it is mandatory for companies that will make profit distribution from the net distributable profit of the 2007 to make this first dividend distribution in cash.

In accordance with the CMB's decision No. 7/242 dated 25 February, 2005; if the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations does not exceed net distributable profit in the statutory accounts, the whole amount calculated according to the CMB's regulations should be distributed. On the other hand, the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations exceeds net distributable profit in the statutory accounts; distributable profit is limited to the profit per statutory accounts. In the event there is a net loss per statutory accounts or financial statements prepared in accordance with CMB financial reporting standards, a distribution of profit is prohibited.

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

In accordance with the above explanation, the composition of Group's equity, which is considered as the basis for profit distribution, in accordance with Communiqué No. XI/29, is as follows:

	2009	2008
Share capital	194.529.076	194.529.076
Shareholder's contribution	491.623.822	491.623.822
Share premium	62.052.736	62.052.736
Financial assets fair value reserve	(229.332)	(32.498)
Restricted reserve	11.548.978	11.240.678
Net income for the period	35.439.407	40.985.639
Accumulated losses	(38.027.270)	(78.704.609)
Total equity based on profit distribution	756.937.417	721.694.844
Currency translation differences	(18.240.555)	(38.308.177)
Total equity in the consolidated financial statements	738.696.862	683.386.667

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 19 - SALES AND COST OF SALES

	2009	2008
Sales income (Gross)	1.024.659.674	1.151.673.506
Sales returns (-)	(1.024.424)	(1.901.769)
Sales discounts (-)	(1.369.573)	(5.587.918)
Other sales discounts (-)	(7.391.563)	(4.169.993)
Sales income (Net)	1.014.874.114	1.140.013.826
Cost of sales (-)	(866.518.751)	(941.191.008)
Gross profit	148.355.363	198.822.818

NOTE 20 - EXPENSES BY NATURE

	2009	2008
Raw materials and consumables used	475.815.102	563.668.159
Personnel expenses	162.374.480	162.206.345
Energy expenses	99.704.530	101.261.827
Depreciation expenses	51.351.039	44.041.564
Idle mill expenses	32.662.074	3.477.208
Packaging expenses	24.886.295	28.753.243
Distribution expenses	20.973.114	26.514.355
Consultancy expenses	5.094.687	7.053.592
Sales commission expenses	1.468.305	1.488.820
Other	88.190.855	101.855.123
	962.520.481	1.040.320.236

NOTE 21 - OTHER INCOME/EXPENSES

	2009	2008
Other income		
Domestic production incentive income (*)	9.585.493	13.519.875
Income from insurance damages (**)	5.459.052	1.800.419
Export incentive income	2.113.388	1.464.664
Gain on sale of property, plant and equipment	344.244	818.653
Income related to previous periods tax provision	-	368.771
Insurance agency income	43.644	180.917
Rent income	168.448	144.272
Gain on sale of fixed asset held for sale		-
Other	1.698.041	2.654.777
	19.412.310	20.952.348

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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NOTE 21 - OTHER INCOME/EXPENSES (Continued)

Other expenses	2009	2008
Taxes and duties	2.162.802	3.196.769
Loss on sale of property, plant and equipment	347.987	411.214
Doubtful receivable provision	266.935	1.147.331
Impairment loss on assets held for sale (***)	-	9.740.365
Other	1.588.910	2.203.025
	4.366.634	16.698.704

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

(**) Kordsa Inc., a subsidiary of the Group has incurred loss due to a suppliers' declaration of force majeure in USA in 2008. For the compensation of the loss, related insurance companies have been admitted in the year 2009 and USD 5.5 million dollars of compensation was received. USD 3.4 million of the compensation was recorded as other income.

(***) Group, has transferred all of its shares in Kian Kordsa on 16 April 2008 free of charge after the payment of the bank loan of Kian Kordsa amounting to US 14,234,235 as a guarantor which could not be paid as a result of financial problems and collection of trade receivables from Kian Kordsa amounting to USD 4,700,000. The operating results of Kian Kordsa until the transaction date was included in the consolidated financial statements. Group, has recorded the negative net assets of Kian Kordsa amounting to TL13,357,606 as income, and bank loan payment as guarantor amounting to TL19,106,025 and other transaction related costs of services and consulting costs amounting to TL3,991,946 as expense. Group has recorded net loss of TL9.740.365 related to transfer process.

NOTE 22 - FINANCIAL INCOME

Financial income:	2009	2008
Foreign exchange gain	52.954.837	59.419.676
Interest income	2.106.621	2.589.363
Credit finance income	2.084.542	3.537.434
Derivative financial instruments	-	8.378.702
Other	104.182	415.375
	57.250.182	74.340.550

NOTE 23 - FINANCIAL EXPENSE

Financial expenses:	2009	2008
Foreign exchange loss	34.376.568	80.181.500
Interest expense	15.791.157	19.683.624
Credit finance expense	2.516.751	2.650.610
Derivative financial instruments	854.778	-
Exchange loss on sale of subsidiary (*)	-	4.108.060
Other	1.059.927	1.500.975
	54.599.181	108.124.769

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

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NOTE 24 - TAXES ON INCOME

	2009	2008
Corporate tax currently payable	18.698.447	13.096.706
Less: Prepaid taxes	(18.157.894)	(10.354.190)
	540.553	2.742.516

Turkey

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

Corporate Income Tax Law has been changed with the law numbered 5520 which was published at 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable in Turkey is % 20 (2008: %20). Corporate tax rate is applied to the taxable profit which is calculated by adding non-taxable expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives) from accounting profit of the Company. No additional taxes are paid unless profit is distributed (except %19.8 withholding tax paid over used investment incentives).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 24 - TAXES ON INCOME (Continued)

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.

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 income statements for the years ended 31 December are summarized as follows:

	2009	2008
Current period corporate tax (*)	(27.885.167)	(13.096.706)
Deferred tax	(444.056)	(10.825.932)
	(28.329.223)	(23.922.638)

(*) The Group's subsidiary Kordsa Argentina, has recorded income tax rebate as 10% of FOB amount of export of goods in 2005 and 2006. Information was requested by the tax authorities regarding this issue in 2007 and tax penalty were notified regarding to the 2005 rebate amount in 2008. Concerned about the amount of the appeal proceedings have been opened. 2009 in January amount USD 6 million including interest equivalent of TL9,186,720 was declared as the final amount by the tax authority. This amount was added to the current tax expense, taxes payable amounting to TL3,601,635 in other long-term liabilities in the consolidated financial statements at 31 December 2009.

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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NOTE 24 - TAXES ON INCOME (Continued)

The details of these amounts are as follows:

	TL
Sentential tax penalty	7.227.360
Interest expense on tax penalty	1.772.975
Current period tax expense	9.000.335
Covered with tax loss carry forward	(4.040.994)
Covered with tax rebates	(1.007.313)
Tax liability	3.952.028
Prepaid tax	(350.393)
Net tax liability	3.601.635

The reconciliation of tax is as follows:

	2009	2008
Profit before tax in the consolidated financial statements	70.050.310	70.163.015
Tax charge according to parent company's tax rates%20	14.010.062	14.032.603
Tax rate differences of subsidiaries'	11.815.502	5.800.545
Expected group tax charge	25.825.564	19.833.148
Disallowable expenses	9.969.409	5.765.914
Other exempt income	574.553	(666.779)
Dividend income	(5.469.606)	(561.023)
Lump expense provision	(1.565.973)	(271.581)
Research and development incentive allowance	(3.599.820)	(177.041)
Effective tax charge	24.285.223	23.922.638
Withholding tax charge over investment allowance	4.040.994	-
Tax expense of the Group	28.329.223	23.922.638
Deferred income taxes		
	2009	2008
Deferred income tax assets	14.797.161	10.850.949
Deferred income tax liabilities	(57.741.341)	(48.409.688)
Deferred income tax liabilities - net	(42.944.180)	(37.558.739)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 24 - TAXES ON INCOME (Continued)

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

Tax rates used for deferred income tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method are 20% in Turkey (2008: 20%).

At 31 December 2009 and 2008, tax rates used for companies operating in Egypt and Germany are %20% and 29%, respectively (Germany 2008:25%).

At 31 December 2009 and 2008, 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 2009 and 2008, tax rate used for companies operating in Indonesia is %28 (2008:%30), Thailand is 30% and China is 24%.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2009 and 2008 using the enacted tax rates are as follows:

	Cumulative temporary Differences		Deferred income tax assets/(liabilities)	
	2009	2008	2009	2008
Deferred income tax asset				
Carry forward tax losses	15.132.702	18.019.226	5.490.452	5.060.485
Provision for employment termination benefits	16.158.007	15.959.815	3.703.400	3.272.559
Inventories	2.977.970	5.885.969	812.900	1.238.313
Adjustment for consignment sales	2.437.920	1.615.955	487.584	323.191
Unearned credit finance income	364.594	169.495	77.367	33.899
Other	14.342.630	4.360.463	4.225.458	922.502
Deferred income tax assets			14.797.161	10.850.949
Property, plant and equipment and intangibles	210.101.465	167.038.131	(57.674.623)	(44.944.311)
Unearned income	-	4.718.047	-	(1.651.316)
Other	205.700	5.863.020	(66.718)	(1.814.061)
Deferred income tax liabilities			(57.741.341)	(48.409.688)
Deferred income tax liabilities - net			(42.944.180)	(37.558.739)

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NOTE 24 - TAXES ON INCOME (Continued)

Since it is not anticipated to be able to offset the financial losses of the Group's subsidiary Kordsa Brazil, which amounted to TL27.763.614 as of 31 December 2009, from the profit of the Company, the deferred income tax asset was not calculated. According to the Brazilian tax system, there is no time limitation for the carry forward of the financial losses. However, the maximum amount which can be offset within any given year is limited to the 30% of the total profit, which is subject to tax, of the related year.

	2009	2008
Deferred income tax assets to be realized after twelve months	5.490.452	5.060.485
Deferred income tax liabilities to be settled after twelve months	57.674.623	44.944.311

Movements in deferred income taxes can be analysed as follows:

	2009	2008
Balances at 1 January	(37.558.739)	(23.805.312)
Current year deferred tax expense-net	(444.056)	(10.825.932)
Accrued tax penalty	(4.040.994)	-
Associated with the equity	84.358	143.865
Currency translation differences	(984.749)	(3.071.360)
Balances at 31 December	(42.944.180)	(37.558.739)

NOTE 25 - EARNINGS PER SHARE

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

	2009	2008
Net income attributable to equity holders of the parent	35.439.407	40.985.639
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	1,82	2,11

Nominal values of ordinary shares for the years ended 31 December 2009 and 2008 are assumed to be Kr1 each.

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Bank balances:	2009	2008
Akbank T.A.Ş. - bank borrowings	20.226.958	29.928.855
Akbank T.A.Ş. - demand deposits	8.507.999	11.034.850
	28.734.957	40.963.705

Due from related parties:	2009	2008
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	4.372.051	3.689.332
Akbank A.G. (*)	656.701	41.173
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	167.418	45.116
Aksigorta A.Ş.	119.145	-
Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding")	77.684	-
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	33.040	83.333
Beksa Çelik Kord San. ve Tic. A.Ş. ("Beksa")	-	121.847
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	62.006
Other	173.248	859.515
	5.599.287	4.902.322

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

Other current due from related parties:	2009	2008
Advansa Sasa Polyester Sanayi A.S. ("Advansa") (Note 9)	7.193.088	7.193.088

Due to related parties:	2009	2008
Enerjisa	3.059.165	2.157.020
Advansa	856.008	-
Bimsa	345.295	189.159
Aksigorta	122.587	48.793
Brisa	65.209	91.284
Olmuksa International Paper Sabancı Ambalaj San. Tic. A.Ş. ("Olmuksa")	57.314	130.927
Sabancı Holding	17.793	332.977
Sabancı Üniversitesi	1.400	113.518
Temsa	-	-
Other	44.586	499.082
	4.569.357	3.568.240

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Product sales	2009	2008
Brisa	19.300.785	22.113.528
Service sales	2009	2008
Bimsa	163.314	141.236
Akbank T.A.Ş.	17.265	15.173
Teknosa	7.625	6.086
Brisa	2.639	1.048.674
Beksa	-	387.316
Enerjisa	-	373.481
Temsa	-	140.923
Other	5.637	169.205
	196.480	2.282.094

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

Product purchases	2009	2008
Advansa	374.678	467.808
Olmuksa	343.982	594.695
Temsa	4.425	17.827
Bimsa	-	5.211
Other	-	31.847
	723.085	1.117.388

Service purchases	2009	2008
Enerjisa	28.280.753	32.595.102
Aksigorta	2.833.546	3.001.942
Bimsa	1.325.139	1.095.450
Brisa	246.910	343.987
Ak Emeklilik A.Ş.	166.055	271.541
Sabancı Holding	118.334	374.915
Sabancı Üniversitesi	3.242	288.224
Advansa	-	81.414
Sabancı Telekomünikasyon Hizmetleri A.Ş.	-	33.533
Other	183.615	4.264
	33.157.594	38.090.372

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Property, plant and equipment purchases	2009	2008
Bimsa	443.839	731.793
Aksigorta A.Ş.	128.112	-
Teknosa İç ve Dış Tic. A.Ş.	8.648	1.845
Other	-	45.172
	580.599	778.810
Interest income	2009	2008
Akbank T.A.Ş.	36.326	180.807
Interest expense	2009	2008
Akbank T.A.Ş.	705.219	504.376
Foreign exchange losses-net	2009	2008
Akbank T.A.Ş.	(308.145)	(1.185.969)
Rent expense	2009	2008
Sabancı Holding	479.119	359.340
Ak Finansal Kiralama A.Ş.	105.789	79.342
	584.908	438.682
Rent income	2009	2008
Bimsa	42.596	35.100
Other	24.043	16.963
	66.639	52.063
Agency income	2009	2008
Aksigorta A.Ş.	161.422	181.391

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Remunerations:

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

Details of the remunerations provided by the Group for 2009 and 2008 are as follows:

	2009	2008
Short-term employee benefits	6.004.121	5.624.673
Employee termination benefits	719.419	829.968
Post-employment benefits	144.164	85.818
Other long-term benefits	41.752	125.947
	6.909.456	6.666.406

Security and guarantee letters given

2009

Related party	Amount	Currency	Description	Bank
Interkordsa GmbH	4.494.103	Euro	Credit Guarantee	Dresdner Bank
Interkordsa GmbH	1.408.609	Euro	Credit Guarantee	DZ BANK
Kordsa Arjantin	5.650.000	USD	Credit Guarantee	Akbank N.V.
Kordsa Arjantin	8.000.000	USD	Credit Guarantee	İş Bank
Kordsa Arjantin	1.192.418	USD	Credit Guarantee	Citibank Argentina
Kordsa Brezilya	2.500.000	USD	Credit Guarantee	Akbank
Kordsa Brezilya	12.500.000	USD	Credit Guarantee	ING Bank
Kordsa Brezilya	4.500.000	USD	Credit Guarantee	İş Bank

2008

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

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NOTE 27 - FINANCIAL RISK MANAGEMENT

Financial risk management

Financial risk factors

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

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

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

(a) Liquidity risk

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

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

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

Non-derivative financial liabilities ⁽¹⁾⁽²⁾:

2009	Book value	Contractual cash flow	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	156.861.607	165.538.170	48.305.024	90.451.157	26.781.989	-
Trade payables	107.000.772	107.066.462	106.267.395	606.818	192.249	-
Other payables	20.796.044	20.796.044	5.157.169	1.142.006	12.260.669	2.236.200
	284.658.423	293.400.676	159.729.588	92.199.981	39.234.907	2.236.200
2008	Book value	Contractual cash flow	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	264.970.630	275.790.295	33.195.719	97.093.468	141.040.739	4.460.369
Trade payables	144.301.458	147.971.639	138.239.879	9.731.760	-	-
Other payables	16.738.467	20.499.738	9.483.741	2.324.204	8.691.793	-
	426.010.555	444.261.672	180.919.339	109.149.432	149.732.532	4.460.369

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

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

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

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk

Interest rate risk

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

Interest rate risk table of the Group as of 31 December 2009 and 2008 is as follows:

	2009	2008
Fixed interest financial assets		
Financial payables	28.417.809	53.847.175
Cash and Cash Equivalents	9.674.345	-
Variable interest financial assets		
Cash and Cash Equivalents	4.794.137	25.193.010
Financial payables	128.443.798	211.123.455

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

At 31 December 2009, if interest rates on USD denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL582.547 thousand (2008: TL465.219 thousand), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2009, if interest rates on Euro denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL39.872 thousand (2008: TL162.342), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2009, if interest rates on Brazilian Real denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL97.356 thousand (2008: TL60.185), mainly as a result of higher/lower interest expense on floating rate borrowings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange risk

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

Derivative financial instruments

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

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

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

Foreign Currency Position

Group's assets and liabilities denominated in foreign currencies at 31 December 2009 and 2008 are as follows:

	2009	2008
Assets	258.798.141	262.591.896
Liabilities	(284.182.931)	(440.823.964)
Net foreign currency position	(25.384.790)	(178.232.068)

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

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

2009	Total TL Equivalent	USD	Euro	Thailand Baht	Indonesian Rupiah (000)	Brazilian Real	Argentinean Pesos	Other TL Equivalent
Assets:								
Trade receivables	171.546.865	45.252.504	32.305.183	247.829.239	-	22.284.037	26.401	3.211.296
Cash and cash equivalent	47.425.867	10.388.973	5.021.115	229.293.812	21.370.488	761.433	2.581.761	5.485.059
Monetary other receivables and assets	5.483.207	262.900	98.721	3.951.068	1.785.175	67.218	10.915.914	-
Non-monetary other receivables and assets	18.707.627	3.910.260	58.866	6.758.775	43.029.515	406.687	10.646.773	466.347
Current Assets	243.163.566	59.814.637	37.483.885	487.832.894	66.185.178	23.519.375	24.170.849	9.162.702
Assets held-for sale	1.535.814	1.020.000	-	-	-	-	-	-
Monetary other receivables and assets	14.098.761	429.900	-	636.720	2.069.615	15.138.757	-	-
Non-current Assets	15.634.575	1.449.900	-	636.720	2.069.615	15.138.757	-	-
Total Assets	258.798.141	61.264.537	37.483.885	488.469.614	68.254.793	38.658.132	24.170.849	9.162.702
Liabilities:								
Trade payables	85.027.431	31.707.318	8.282.794	13.558.276	5.551.550	15.004.025	8.209.657	1.663.685
Financial payables	96.708.476	50.932.328	6.746.489	-	-	3.020.634	-	-
Monetary other payables and liabilities	27.662.810	5.786.453	2.077.455	43.389.813	14.152.107	4.936.411	12.111.398	1.169.70
Total short term liabilities	209.398.717	88.426.099	17.106.738	56.948.089	19.703.657	22.961.070	20.321.055	2.833.393
Financial Payables	60.153.131	33.815.143	2.732.008	-	-	3.857.439	-	-
Monetary other payables and liabilities	14.631.083	-	1.231.378	-	5.382.943	9.110.625	8.152.431	-
Total Long Term liabilities	74.784.214	33.815.143	3.963.386	-	5.382.943	12.968.064	8.152.431	-
Total liabilities	284.182.931	122.241.242	21.070.124	56.948.089	25.086.600	35.929.134	28.473.486	2.833.393
Net asset/liability position of off balance sheet financial instruments (A-B)								
A. Off balance sheet derivative financial instruments recognized as asset	-	-	-	-	-	-	-	-
B. Off balance sheet derivative financial instruments recognized as liability	-	-	-	-	-	-	-	-
Net Foreign Currency asset/(liability) Position	(25.384.790)	(60.976.705)	16.413.761	431.521.525	43.168.193	2.728.998	(4.302.637)	6.329.309
Monetary Items Net foreign Currency asset/(liability) Position	(44.092.417)	(64.886.965)	16.354.895	424.762.750	333.218	2.322.311	(14.949.410)	5.862.962

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

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

2008	Total TL Equivalent	USD	Euro	Thailand Baht	Indonesian Rupiah (000)	Brazilian Real	Argentinean Pesos	Other TL Equivalent
Assets:								
Trade Receivables	153.566.773	40.866.179	27.293.072	252.804.847	-	28.203.179	1.897.365	3.137.080
Cash and Cash Equivalent	60.662.886	21.149.237	5.830.682	201.474.556	24.513.582	3.648.606	2.310.384	692.834
Monetary other receivables and assets	9.229.372	594.500	-	1.040.393	-	-	18.920.678	0
Non-Monetary other receivables and assets	26.074.324	9.042.200	635.424	11.544.745	34.209.541	8.086.206	-	579.259
Current Assets	249.533.355	71.652.116	33.759.178	466.864.541	58.723.123	39.937.991	23.128.427	4.409.123
Assets held-for sale	3.013.251	1.900.453	-	-	100.014	193.764	-	-
Monetary other receivables and assets	10.045.290	467.900	-	-	2.551.796	13.885.461	-	-
Non-current Assets	13.058.541	2.368.353	-	-	2.651.810	14.079.225	-	-
Total Assets	262.591.896	74.020.469	33.759.178	466.864.541	61.374.933	54.017.216	23.128.427	4.409.123
Liabilities:								
Trade Payables	132.750.633	64.254.020	12.845.405	34.236.321	4.259.680	4.040.342	4.428.510	1.366.326
Financial Payables	123.889.804	43.743.366	12.594.304	-	208.142.382	2.993.077	-	2.860
Monetary other payables and liabilities	38.076.712	15.455.932	776.945	38.689.295	17.970.140	5.570.877	9.964.078	912.591
Total Short Term liabilities	294.717.149	123.453.318	26.216.654	72.925.616	230.372.202	12.604.296	14.392.588	2.281.777
Financial Payables	141.080.826	77.011.095	9.481.960	-	-	6.567.299	-	-
Monetary other payables and liabilities	5.025.989	-	-	-	-	7.766.943	-	-
Total Long Term liabilities	146.106.815	77.011.095	9.481.960	-	-	14.334.242	-	-
Total liabilities	440.823.964	200.464.413	35.698.614	72.925.616	230.372.202	26.938.538	14.392.588	2.281.777
Net asset/liability position of off balance sheet financial instruments (A-B)								
A. Off balance sheet derivative financial instruments recognized as asset	-	-	-	-	-	-	-	-
B. Off balance sheet derivative financial instruments recognized as liability	-	-	-	-	-	-	-	-
Net Foreign Currency asset/(liability) Position	(178.232.068)	(126.443.944)	(1.939.436)	393.938.925	(168.997.269)	27.078.678	8.735.839	2.127.346
Monetary Items Net foreign Currency asset/(liability) Position	(204.306.392)	(135.486.144)	(2.574.860)	382.394.180	(203.206.810)	18.992.472	8.735.839	1.548.087

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

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

TL equivalents of the foreign currencies where the Group operates are as follows:

	2009	2008
Year-end rates		
American Dollar	1,5057	1,5123
Euro	2,1603	2,1408
Indonesian Rupiah (1000 units)	0,1602	0,1381
Arjantine Peso	0,3962	0,4380
Bresilian Real	0,8647	0,6471
Thai Baht	0,0451	0,0433
Chinese Renminbia	0,2205	0,2213
Egyptian Pound	0,2713	0,2821
	2009	2008
Average rates		
American Dollar	1,5471	1,2929
Euro	2,1505	1,8977
Indonesian Rupiah (1000 units)	0,1492	0,1334
Arjantine Peso	0,4150	0,3778
Bresilian Real	0,7745	0,7052
Thai Baht	0,0451	0,0388
Chinese Renminbia	0,2265	0,1829
Egyptian Pound	0,2813	0,2358

Foreign currency position as of 31 December 2009 and 2008 in regard to the changes in foreign currency rates is depicted in the table below:

2009	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD Net Assets/Liabilities	(6.148.029)	6.148.029	19.702.399	(19.702.399)
Hedged USD (-)	-	-	-	-
USD Net Effect	(6.148.029)	6.148.029	19.702.399	(19.702.399)
Change in EURO against TL by 10%				
Euro Net Assets/Liabilities	2.351.404	(2.351.404)	47.883.707	(47.883.707)
Hedged Euro (-)	-	-	-	-
Euro Net Effect	2.351.404	(2.351.404)	47.883.707	(47.883.707)
Change in Other Currency against TL by 10%				
Other Currency Net Assets/Liabilities	(198.658)	198.658	-	-
Hedged Other Currency (-)	-	-	-	-
Other Currency Net Effect	(198.658)	198.658	-	-
	(3.995.283)	3.995.283	67.586.106	(67.586.106)

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

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

2008

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD Net Assets/Liabilities	(24.801.433)	24.801.433	16.483.244	(16.483.244)
Hedged USD (-)	-	-	-	-
USD Net Effect	(24.801.433)	24.801.433	16.483.244	(16.483.244)
Change in EURO against TL by 10%				
Euro Net Assets/Liabilities	2.190.026	(2.190.026)	47.471.218	(47.471.218)
Hedged Euro (-)	-	-	-	-
Euro Net Effect	2.190.026	(2.190.026)	47.471.218	(47.471.218)
Change in Other Currency against TL by 10%				
Other Currency Net Assets/Liabilities	543	(543)	-	-
Hedged Other Currency (-)	-	-	-	-
Other Currency Net Effect	543	(543)	-	-
	(22.611.950)	22.611.950	63.954.462	(63.954.462)

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

	2009		2008	
	Original Balance	TL	Original Balance	TL
Euro	116.330.800	250.171.713	148.558.586	275.060.483
USD	33.054.105	51.136.683	52.201.361	66.608.936
Total Import		301.308.396		341.669.419
			2009	2008
Export		147.292.004		214.526.506

(c) Funding risk

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

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

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk

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

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

Group uses internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, Group approves, increases or decreases individual customer credit limits for high balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letter of guarantees, mortgages and other guarantees are received for the high risk customers.

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VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2009, the credit risk regarding the financial instruments is as follows:

2009	Trade Receivables		Other Receivables (*)		Bank Deposits	
	Related Party	Other	Related Party	Other	Related Party	Other
Maximum credit risk based on financial instruments as of reporting date	5.599.287	169.779.930	7.193.088	3.198.933	8.507.999	39.131.645
Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	5.579.018	159.349.558	7.193.088	3.198.933	-	-
Net book value of past due but not impaired financial assets	20.269	10.430.372	-	-	-	-
- Collateralized or guaranteed part (*)	-	-	-	-	-	-
Net book value of impaired financial assets	-	2.132.617	-	-	-	-
- Gross amount of overdue part	-	(2.132.617)	-	-	-	-
- Impairment (-)	-	(2.132.617)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes tax and other legal receivables.

**KORDSA GLOBAL ENDÜSTRİYEL İPLİK
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FOR THE YEAR ENDED 31 DECEMBER 2009**

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

(*) Excludes tax and other legal receivables.

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

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	2009	2008
0-1 month	7.762.873	16.204.259
1-3 months	1.850.907	3.074.789
3-12 months	836.861	2.845.388
	10.450.641	22.124.436

(e) Capital risk management

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

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

Consistent with others in the industry, the group monitors capital on the basis of the debt/(total capital+net debt+minority interest) ratio. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents.

As of 31 December 2009 and 2008 Net debt/Equity+net debt+minority interest rates are:

	2009	2008
Total liabilities	384.780.869	522.439.309
Cash and cash equivalents	(48.553.849)	(62.689.477)
Net deferred tax liability	(42.944.180)	(37.558.739)
Net debt	293.282.840	422.191.093
Equity	738.696.862	683.386.667
Minority interest	104.098.416	99.478.329
Equity+net debt+minority interest	1.136.078.118	1.205.056.089
Net debt/Equity+net debt+minority interest	26%	35%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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NOTE 28 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

Monetary assets

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

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

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

Monetary liabilities

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

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

(f) Fair value estimation

Effective from 1 January 2009, Group has applied the amendment in IFRS 7 related to financial instruments measured at fair value in the balance sheet..

This amendment is explained based on the steps in the hierarchy of fair value calculations.

- Level: 1: Quoted prices in markets for assets and liabilities
- Level: 2: Direct or indirect observable inputs for the assets or liabilities other than quoted prices in market
- Level: 3: Inputs for the assets and liabilities where observable market data can not be determined.

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

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

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- Common stocks	-	-	183.573	183.573
- Corporate bonds	1.535.814	-	-	1.535.814
Total assets	1.535.814	-	183.573	1.719.387

NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

The Group and Advansa signed Polyester Chip Supply Agreement in 2008. Due to the disappearance of the anticipated business benefit of this agreement, the contract was terminated by mutual agreement on 2 February 2010. In accordance with the termination process, the current account balance with Advansa, TL1,385 thousand net, created after the closure will be recorded in the consolidated income statement in 2010.

Board of Auditor's Report

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

Trade Name : Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
Head Office : Istanbul
Issued Capital : TL 194,529,076

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

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

Mevlüt AYDEMİR 25 April 2008 to April 2011
Fuat ÖKSÜZ 25 April 2008 to April 2011

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

Numbers of Board Meetings and Auditors' Meetings Attended:

3 Board of Directors' meeting were attended and 4 Auditing Committee meeting was held.

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:

Due to the accepted principle of the partnership, there is no cash present in the safe.

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 01.01.2009 - 31.12.2009 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 31.12.2009 reflects the true financial status of the company at the date; the Profit and Loss Statement for period 01.01.2009 - 31.12.2009 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.

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Fuat ÖKSÜZ



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