

ADVANSA SASA POLYESTER SANAYİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AT 31 DECEMBER 2007
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 Advansa Sasa Polyester Sanayi A.Ş.

1. We have audited the accompanying financial statements of Advansa Sasa Polyester Sanayi A.Ş. (the "Company") which comprise the balance sheet as of 31 December 2007 and the related statement of loss, changes in shareholders' equity and the 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 Company management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing principles and standards issued by the CMB. Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 the 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 financial statements present fairly, in all material respects, the financial position of Advansa Sasa Polyester Sanayi A.Ş. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Additional paragraph for convenience translation into English:

5. The effects of differences between financial reporting standards issued by the CMB, the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

Gökhan Yüksel, SMMM
Partner

Istanbul, 10 March 2008

ADVANSA SASA POLYESTER SANAYİ A.Ş.

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ADVANSA SASA POLYESTER SANAYİ A.Ş.

BALANCE SHEETS

AT 31 DECEMBER 2007 AND 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
ASSETS			
Current assets		222.838	264.516
Cash and due from banks	4	25.784	31.386
Marketable securities (net)	5	-	-
Trade receivables (net)	7	58.940	80.834
Financial lease receivables (net)	8	-	-
Due from related parties (net)	9	8.429	12.739
Other receivables (net)	10	12.317	9.635
Biological assets (net)	11	-	-
Inventories (net)	12	117.259	119.582
Receivables from construction contracts work in progress (net)	13	-	-
Deferred tax assets	14	-	-
Assets held for sale	19.b	99	10.332
Other current assets	15	10	8
Non-current assets		225.039	255.328
Trade receivables (net)	7	-	-
Financial lease receivables (net)	8	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	440	3.843
Positive/Negative goodwill (net)	17	-	-
Investment property (net)	18	14.038	5.347
Tangible assets (net)	19.a	201.103	237.688
Intangible assets (net)	20	1.895	845
Deferred tax assets	14	-	-
Other non-current assets	15	7.563	7.605
Total assets		447.877	519.844

These financial statements have been approved by the Board of Directors on 10 March 2008.

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

ADVANSA SASA POLYESTER SANAYİ A.Ş.

BALANCE SHEETS

AT 31 DECEMBER 2007 AND 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
LIABILITIES			
Current liabilities		142.982	159.529
Financial borrowings (net)	6	107.546	99.781
Short-term portion of- long-term financial borrowings (net)	6	-	-
Lease payables (net)	8	262	-
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	21.159	38.157
Due to related parties (net)	9	5.955	12.469
Advances received	21	284	136
Construction contracts progress billings (net)	13	-	-
Provisions	23	4.124	5.125
Deferred tax liabilities	14	-	-
Other current liabilities	10	3.652	3.861
Non-current liabilities		17.195	16.201
Financial borrowings (net)	6	-	-
Lease payables (net)	8	985	-
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	-	-
Advances received	21	-	-
Provisions	23	14.217	13.143
Deferred tax liabilities	14	1.993	3.058
Non-current liabilities	15	-	-
MINORITY INTERESTS	24	-	-
SHAREHOLDERS' EQUITY		287.700	344.114
Share capital	25	216.300	216.300
Treasury shares	25	-	-
Legal reserves	26	196.213	196.213
Share premium		-	-
Share cancellation gains		-	-
Revaluation fund		-	-
Financial assets fair value reserve		-	-
Inflation adjustment to shareholders' equity		196.213	196.213
Profit reserves	27	6.508	19.002
Legal reserves		5.356	5.356
Statutory reserves		-	-
Extraordinary reserves		1.152	13.646
Special reserves		-	-
Investment and property sales income to be added to the share capital		-	-
Translation reserve		-	-
Net loss for the year		(43.920)	(22.845)
Accumulated profits	28	(87.401)	(64.556)
Total liabilities and shareholders' equity		447.877	519.844
Commitments and contingent assets and liabilities	31		

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

ADVANSA SASA POLYESTER SANAYİ A.Ş.**STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER**

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
OPERATING REVENUE			
Sales (net)	36	451.189	532.563
Cost of sales (-)	36	(430.128)	(498.177)
Service income (net)	36	-	-
Other operating income	36	-	-
GROSS PROFIT		21.061	34.386
Operating expenses (-)	37	(41.821)	(47.898)
GROSS OPERATING LOSS		(20.760)	(13.512)
Other income	38	49.004	156.145
Other expenses (-)	38	(34.760)	(89.235)
Financial expenses (net) (-)	39	(38.469)	(98.352)
OPERATING LOSS		(44.985)	(44.954)
Monetary gain	40	-	-
MINORITY INTEREST		-	-
LOSS BEFORE TAX		(44.985)	(44.954)
Taxation on income	41	1.065	22.109
NET LOSS FOR THE YEAR		(43.920)	(22.845)

Earnings per share

-usufruct shares (TRY)	42	-	(833,76)
-thousands of ordinary shares (TRY)	42	(2,03)	(0,97)

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

ADVANSA SASA POLYESTER SANAYİ A.Ş.**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER**

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated)

	Share capital	Inflation adjustment to shareholders' equity	Reserve for fair value change of financial assets	Profit reserves	Accumulated loss and net loss for the year	Total
Balances at 1 January 2006	216.300	196.213	-	19.002	(64.556)	366.959
Net loss for the year	-	-	-	-	(22.845)	(22.845)
Balances at 31 December 2006	216.300	196.213	-	19.002	(87.401)	344.114
Balances at 1 January 2007	216.300	196.213	-	19.002	(87.401)	344.114
Enerjisa value increase fund (Note 16)	-	-	1.690	-	-	1.690
Closing of Enerjisa value increase fund (Note 16)	-	-	-	(1.690)	-	(1.690)
Purchase of usufruct shares (Note 42)	-	-	-	(12.494)	-	(12.494)
Net loss for the year	-	-	-	(43.920)	-	(43.920)
Balances at 31 December 2007	216.300	196.213	-	6.508	(131.321)	287.700

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

ADVANSA SASA POLYESTER SANAYİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in New Turkish lira ("TRY") unless otherwise indicated)

	Notes	2007	2006
Cash flows from operating activities			
Loss before taxation		(44.985)	(44.954)
Adjustments to reconcile loss before taxation to net cash provided by non-operating activities			
Depreciation and amortisation expense	18,19,20	21.919	31.628
Interest expense	39	7.749	10.026
Income from sale of property, plant and equipment	38	(186)	(1.423)
Provision for employment termination benefits	23	3.054	1.636
Interest income	38	(868)	(2.291)
Provision for trade receivables	7	2.701	1.096
Diminishment in value of inventories-net	12	296	(739)
Impairment loss on financial assets	16	-	4.755
Income from sale of financial assets	16	(1.550)	11
Impairment charge on property, plant and equipment	38	28.963	65.623
Impairment charge on assets held for sale	38	-	3.637
Chemicals segment sales income	35	-	(91.877)
Net cash provided by/(used in) non-operating activities		17.093	(22.872)
Adjustments to reconcile loss before taxation to net cash provided by operating activities			
Trade receivables	7	19.193	26.459
Due from related parties	9	4.310	(1.149)
Inventories	12	2.027	(35.767)
Other receivables	10	(2.682)	(4.803)
Other current assets	15	(2)	(7)
Other non-current assets	15	42	(233)
Financial Lease	8	1.247	-
Trade payables	7	(17.712)	23.986
Due to related parties	9	(6.514)	(13.254)
Other current liabilities	10	(209)	(1.397)
Advances received	21	148	(205)
Provisions	23	(1.001)	1.569
Employment termination benefits paid	23	(1.980)	(2.882)
Net cash provided by/(used in) operating activities		13.960	(30.555)
Investing activities:			
Purchase of property, plant and equipment and intangible assets	19,20	(14.930)	(9.664)
Proceeds from sale of chemicals segment		-	180.855
Proceeds from sales of financial assets	16	4.953	-
Proceeds from sale of property, plant and equipment		1.307	5.666
Interest received		868	2.291
Net cash (used in)/provided by investing activities		(7.802)	179.148
Financing activities:			
Change in bank borrowings-net		7.834	23.758
Funds borrowed from related parties		-	(161.336)
Interest paid		(7.100)	(10.086)
Purchase of usufruct shares	42	(12.494)	-
Net cash used in financing activities		(11.760)	(147.664)
Net (decrease)/increase in cash and cash equivalents		(5.602)	929
Cash and due from banks at the beginning of the period		31.386	30.457
Cash and due from banks at the end of the period	4	25.784	31.386

ADVANSASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated).

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Advansa Sasa Polyester Sanayi A.Ş. (the “Company”) was incorporated on 8 November 1966 in Adana. The Company is mainly engaged in the production and marketing of polyester fibre, yarn and related products, pet chips and pet bottles (*). The company also acts as an unauthorised agent for Aksigorta A.Ş., an associated insurance company. The Company is a subsidiary of Advansa B.V. domiciled in the Netherlands which in turn is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. (“Sabancı Holding”). In this context, the Company’s ultimate parent company is Sabancı Holding. Shares of the Company are quoted on the Istanbul Stock Exchange.

(*) At the Extraordinary General Assembly Meeting dated 22 June 2006, it is decided to sell the property plant and equipment, inventories and operations of the major portion of Chemicals Segment which is engaged in the production of pet chips and pet bottles to Artensa Kimyevi Maddeler ve Pet Ambalaj Malzemeleri Sanayi A.Ş. (“Artensa”), and the sale transaction is completed on 30 June 2006. Consequently, the Company has not been engaged in the production and marketing of pet chips and pet bottles since 30 June 2006 (Note 35). In addition, on 1 July 2006, 177 personnel who were formerly employed in the Chemicals Segment were transferred to Artensa.

The address of the registered office is as follows:

Tarsus Yolu Üzeri 13. k.m. P.K. 371
01322 Adana

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

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

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards the application of inflation accounting is no longer required. Accordingly, the Company did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by the IASB in its financial statements for the accounting periods starting 1 January 2005. These financial statements and the related notes have been presented in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

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

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira (“TRY”) unless otherwise indicated).

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

2.2 Significant accounting estimates and decisions

Preparation of financial statements necessitates the usage of estimates and assumptions that can affect the amounts of reported assets and liabilities as at balance sheet date, the explanation for the contingent assets and liabilities and the income and expenses reported during the accounting period. Although these estimates and assumptions are based on Company management’s best estimates related with the current conditions and transactions, actual results may differ than these estimates.

2.3 Convenience translation into English of financial statements originally issued in Turkish

The accounting principles described in Note 2 (defined as CMB Accounting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - “Financial Reporting in Hyperinflationary Economies” and IAS 1 - “Presentation of Financial Statements” and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

Revenues are recognised at the fair value of the consideration received or receivable on an accrual basis when all the following conditions have been satisfied; delivery has occurred, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. Net sales represent the invoiced value less sales returns, discounts and commissions.

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

Rental income - on an accrual basis

Interest income - on an effective yield basis

Dividend income - when the Company’s right to receive payment is established

Inventories

Inventories are valued at the lower of cost or fair value less cost to sell. Cost elements included in inventories comprise all costs of materials purchase, labour and an appropriate amount for factory overheads. The unit cost of inventories is determined on a weighted average basis. Fair value less cost to sell is the estimate of the selling price in the ordinary course of business, less the costs of completion and estimate selling expenses.

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

For the purpose of these financial statements, shareholders, associated companies, Advansa B.V. (Note 25) group companies, key management personnel and Board of Directors' members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as related parties.

Property, plant and equipment and related depreciation

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

	<u>Years</u>
Buildings	18 - 25
Machinery, plant and equipment	15 - 25
Motor vehicles	5
Furniture and fixtures	5 - 10
Leasehold improvements	5

Property, plant and equipment is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and 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 is the higher of net selling price or value in use. Net selling price is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit plus the residual value.

Gains or losses on disposals of property, plant and equipment are included in the related income and expense accounts, as appropriate.

Assets held for sale

Assets held for sale are carried at the lower of cost or fair value less cost to sell. The carrying amount is recovered through the sale of the related asset. For the property plant and equipment reclassified as assets held for sale, depreciation is not calculated from the date of reclassification.

Intangible assets

Intangible assets comprise of acquired intellectual property and computer software. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amounts of any intangible assets including goodwill are assessed and written down immediately to their recoverable amount.

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company's risk management is implemented by the Company's Treasury Department according to approved policies by Board of Directors. Treasury Department detects and evaluates financial risks and relieve of a risk through close relations with other departments of the Company.

Market risk

Foreign exchange risk

The Company is subject to foreign exchange risk due to foreign currency denominated liabilities and assets' translation to New Turkish Lira. Foreign exchange risk is traced and minimized through the analysis of foreign currency position.

At 31 December 2007, had the TRY weakened/strengthened by 10% against the US Dollar ceteris paribus, net income for the year would have been lower/higher by TRY2.341 (31 December 2006: TRY6), mainly as a result of foreign exchange losses/gains arising from the translation of US Dollar assets and liabilities.

At 31 December 2007, had the TRY weakened/strengthened by 10% against the Euro ceteris paribus, net income for the year would have been lower/higher by TRY1.167 (31 December 2006: TRY2.257), mainly as a result of foreign exchange losses/gains arising from the translation of Euro assets and liabilities.

At 31 December 2007, had the TRY weakened/strengthened by 10% against the Euro ceteris paribus, net income for the year would have been lower/higher by TRY1 (31 December 2006: TRY14), mainly as a result of foreign exchange losses/gains arising from the translation of Euro assets and liabilities.

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The company manages its not used cash on hand by time deposits. Income, other than not used cash on hand, and cash flows from operations are considerably free from market interest rate changes. The interest risk of the company arises from fixed rate short term borrowings. To keep this exposure at a minimum level, the Company tries to borrow at the most suitable rates.

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

At 31 December 2007, if interest rates on US Dollar denominated borrowings had been 10% higher/lower ceteris paribus, net income for the year would have been TRY412 (31 December 2006: TRY483) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2007, if interest rates on Euro denominated borrowings had been 10% higher/lower ceteris paribus, net income for the year would have been TRY214 (31 December 2006: TRY88) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists of cash and cash equivalents, deposits at banks, customers subject to credit risk due to uncollected receivables.

As of balance sheet date the Company's bank balances are as follows;

	2007	2006
Akbank	725	575
HSBC Bank A.Ş.	363	1.827
Türkiye İş Bankası A.Ş.	319	11
Citibank	149	327
Yapı ve Kredi Bankası A.Ş.	79	358
Türkiye Garanti Bankası A.Ş.	65	15
Fortis Bank A.Ş.	43	2
Finansbank A.Ş.	30	-
TEB A.Ş.	15	255
Türkiye Halk Bankası A.Ş.	12	10
Türkiye Vakıflar Bankası T.A.O.	12	-
Bank Mellat	4	3
T.C. Ziraat Bankası A.Ş.	1	1
Oyakbank A.Ş.	1	-
	1.818	3.384

The Company implements Credit Control procedure approved by the Board of Directors in order to manage credit risk due to receivables from customers. According to the procedure, the Company determine a risk limit for every single customer (except related parties) by taking into consideration receivable insurance, bank guarantee, mortgage and other guarantees and sales are conducted without exceeding customer risk limits. In circumstances where these guarantees do not exist or it is required to exceed the guarantees, sales are conducted through determined internal limits which are specified in the procedure. As of the balance sheet dates risk analysis of trade receivables is as follows;

	2007	2006
Trade receivables under guarantee (%)	87,67	86,47
Trade receivables without guarantee (%)	12,33	13,53
	100,00	100,00

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liquidity risk

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

Funding risk

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

Capital risk management

The Company'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 Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the net debt/ (shareholders' equity + net debt) ratio. Net debt is calculated as total borrowings (including borrowings, trade and other payables as shown in the balance sheet) less cash and cash equivalents and deferred tax liability.

As of 31 December 2007 and 31 December 2006 net debt/ (shareholders' equity + net debt) ratio is as follows;

	2007	2006
Total borrowings	160.177	175.730
Cash and cash equivalents	(25.784)	(31.386)
Deferred tax liabilities	(1.993)	(3.058)
Net debt	132.400	141.286
Shareholders' equity	287.700	344.114
Shareholders' equity +net debt	420.100	485.400
Net debt/ (Shareholders' equity +net debt) ratio	%32	%29

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein do not necessarily indicate the amounts the Company could realise 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:

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NOTES TO FINANCIAL STATEMENTS

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NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Monetary assets

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

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables are estimated to be their fair values due to the elimination of the credit finance income.

Monetary liabilities

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

Long-term borrowings are translated at variable year-end exchange rates and denominated in foreign currencies and accordingly their fair values approximate their carrying values. Trade payables are presented at their fair values.

Available for sale financial assets

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 designations 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 investments in which the Company has an interest below 20%, or over which the Company does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have quoted market prices in active markets and whose fair values cannot be measured reliably are carried at cost less any provision for diminution in value. Available-for-sale investments that have quoted market prices 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 the changes in the fair value of securities 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 securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

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NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency transactions and translation

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

Earnings per share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares in existence 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, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them a retroactive effect for the period in which they were issued and each previous year.

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

Provisions, contingent assets and liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and 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.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company have not been recognised in the accompanying financial statements and treated as contingent liabilities and contingent assets.

Segment reporting of financial results

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

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

The Company has chosen business segments as the Company's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have not been disclosed in these financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Company in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall financial statements; only revenue from sales to external customers for each customer-based geographical segment is disclosed.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discontinued operations

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.

Investment property

Land and buildings that are held to earn rent or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Company applies IAS 16, Property, plant and Equipment. At that date, the property becomes investment property and thus is transferred to investment property.

Provision for employment termination benefits

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of employees calculated in accordance with the Turkish Labour Law.

Cash and cash equivalents

Cash and due from banks comprise of cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months.

Trade receivables

Trade receivables that are created by the Company by way of providing goods directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at original invoice amounts unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

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

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NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans originated by the Company

When the loan is originated by the Company by providing money directly to a bank, the loan is secured with marketable securities, Turkish government bonds and treasury bills, acquired under reverse repurchase agreements with banks with a predetermined sale price at fixed future dates and is stated at amortized cost.

The accrued interest represents the apportionment to the current period of the difference between future sale prices and the amount provided by the Company. Such originated loans where the original maturity at the time the money is directly transferred to the bank is less than three months, are considered and classified as cash equivalents for the purposes of cash flow statements.

A credit risk provision for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated loan at inception.

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.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in these financial statements. Current enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from the restatement of property, plant and equipment and inventory over their historical cost, accrued interest income and expense, provision for employment termination benefits, provision for restructuring expenses, tax losses carried forward and unused tax credits.

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

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and deferred tax assets and liabilities are offset accordingly.

Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity by deducting from retained earnings in the period in which they are declared.

Offsetting

Financial assets and liabilities are offset and the net amount is 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.

Changes in accounting estimates, accounting principles and errors

Significant changes at the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated. 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.

NOTE 4 - CASH AND CASH EQUIVALENTS

	2007	2006
Cash in hand	6	5
Banks - demand deposits	1.499	3.384
Banks - time deposits (*)	319	-
Cheques received (**)	23.960	27.997
	25.784	31.386

(*) As of 31 December 2007 time deposits are denominated in US Dollar and yearly interest rate is 4% (31 December 2006: None).

(**) Cheques received constitute the cheques obtained from customers and given to banks for collection or cheques in portfolio as a result of trade activities and with maturities of less than three months.

NOTE 5 - MARKETABLE SECURITIES

None (31 December 2006: None).

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

	2007	2006
Akbank T.A.Ş. (“Akbank”)	107.546	60.218
HSBC Bank	-	39.563
	107.546	99.781

Foreign currency denominated bank borrowings obtained from Akbank and corresponding interest expense accruals as at 31 December 2007 and 2006 are as follows:

Principal	2007			2006		
	Original Currency	Interest Rate %	Original Amount	TRY Amount	Interest Rate %	Original Amount
USD	5,98	58.800.000	68.814	6,13	41.400.000	58.473
EURO	5,54	22.500.000	38.664	4,22	900.000	1.674
			107.478			60.147
Accrued interest						
USD		58.390	68		50.000	71
EURO		-	-		-	-
			68			71
			107.546			60.218

Foreign currency denominated bank borrowings obtained from HSBC Bank and corresponding interest expense accruals as at 31 December 2006 is as follows:

Principal	2006		
	Original Currency	Interest Rate %	TRY Amount
USD	6,00	14.400.000	20.339
EURO	4,29 - 4,32	10.300.000	19.162
			39.501
Accrued interest			
USD		32.517	46
EURO		8.470	16
			62
			39.563

The maturity dates of borrowings at 31 December 2007 and 2006 are less than six months.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

Trade Receivables:	2007	2006
Trade receivables	57.371	79.222
Cheques received (*)	3.335	3.343
Deposits and guarantees given	3	20
Less: unearned credit finance income	(57)	(19)
Less: provision for doubtful receivables	(1.712)	(1.732)
	58.940	80.834

(*) Cheques received constitute the cheques obtained from customers and kept in portfolio as a result of trade activities and with maturities of more than three months.

As at 31 December 2007 trade receivables are discounted by 1,50% (31 December 2006: 1,72%).

Overdue but not impaired receivables are as follows;

Overdue period	2007	2006
0 - 1 month	2.664	5.796
1 - 2 months	302	1.962
2 - 3 months	284	1.284
Over 3 months	661	1.518
Total	3.911	10.560

Since overdue but not impaired receivables as at 31 December 2007 and 2006 are mainly overdue between 0-1 month and due to existence of receivable insurance, bank guarantee, mortgage and other guarantees, no provision is provided for in these financial statements.

Overdue and impaired receivables are as follow;

Overdue period	2007	2006
0 - 3 months	121	99
3 - 9 months	-	134
Over 9 months	1.591	1.499
Total	1.712	1.732

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (Continued)

The movements of the provision for doubtful receivables during the period are as follows:

	2007	2006
Balance at 1 January	(1.732)	(855)
Increase during the period	(2.701)	(1.096)
Decrease during the period	2.721	219
	(1.712)	(1.732)
Trade Payables:	2007	2006
Trade payables	21.241	38.261
Less: unincurred credit finance expense	(82)	(104)
	21.159	38.157

As at 31 December 2007 trade payables are discounted by 1,50% (31 December 2006: 1,72%). Average credit terms for trade receivables and trade payables are 80-90 days and 45 days respectively.

NOTE 8 - LEASE RECEIVABLES AND LEASE PAYABLES

The company's lease payables due to financial leasing agreements signed with group company Ak Finansal Kiralama A.Ş. (Note 9) are as follow;

Lease payables	2007	2006
Short term lease payables	262	-
Long term lease payables	985	-
	1.247	-

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES

a) Due from related parties:	2007	2006
1) SHAREHOLDERS	1.115	1.646
- Advansa B.V.	1.115	1.646
2) INVESTMENTS	10	-
- Bimsa	10	-
3) GROUP COMPANIES	7.304	11.093
- Advansa GmbH.	6.691	5.766
- Kordsa Brasil S.A.	-	3.701
- Exsa Export San.Mam. Satış ve Araştırma A.Ş. ("Exsa")	400	-
- Exsa Americas Inc.	-	763
- Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	76	320
- Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş. ("Bossa")	48	78
- Ak Finansal Kiralama A.Ş.	35	-
- Temsa Sanayi ve Ticaret A.Ş. ("Temsal")	16	5
- Aksigorta A.Ş. ("Aksigorta")	32	70
- Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	-	15
- Exsa (UK) Ltd.	-	352
- Gıdasa Sabancı Gıda Sanayi ve Ticaret A.Ş. ("Gıdasa")	-	11
- Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	-	8
- Kordsa Global Endüstriyel İplik ve Kord Bezi San. Tic. A.Ş. ("Kordsa")	6	4
	8.429	12.739

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES (Continued)

	2007	2006
b) Due to related parties:		
1) SHAREHOLDERS	716	1.545
- Advansa B.V.	716	1.545
2) INVESTMENTS	29	42
- Bimsa Uluslararası İş, Bilgi ve Yön. Sist. A.Ş. ("Bimsa")	29	42
3) GROUP COMPANIES	5.210	10.882
- Enerjisa	3.089	3.987
- Advansa GmbH	1.586	714
- Advansa Iberica SL.	288	743
- Aksigorta A.Ş.	58	132
- Olmuksa	137	228
- Ak Finansal Kiralama A.Ş.	31	-
- Sabancı Holding	7	5
- Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	8	2
- Sabancı Telekomünikasyon Hizm. A.Ş. ("Sabancı Telekom")	2	-
- Exsa (UK) Ltd.	1	4.983
- Universal Trading (Jersey) Ltd.	-	74
- Advansa (France) S.A.	-	11
- Exsa Americas Inc.	3	3
	5.955	12.469
c) Bank deposits	2007	2006
Akbank	725	575
d) Funds borrowed	2007	2006
Akbank (Note 6)	107.546	60.218
e) Lease payables		
Ak Finansal Kiralama A.Ş.	2007	2006
Short term lease payables	262	-
Long term lease payables	985	-
	1.247	-

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES (Continued)

The Company's main shareholder Advansa BV, sold its investments Advansa (UK) Ltd., Advansa Romania S.r.l. and Artenius shares to La Seda De Barcelona at 2 October 2006. As a result of this transaction after 2 October 2006 related party relation between the Company and afore mentioned companies ended. Sales to afore mentioned companies and purchases from afore mentioned companies are not classified as related party transaction in 2007 but classified as related party transaction at the comparison period 2006.

f) Sales to related parties:

	2007			
	Goods	Services	Fixed Assets	Rent
1) SHAREHOLDERS	-	6.381	-	-
- Advansa B.V.	-	6.381	-	-
2) GROUP COMPANIES	108.570	1.393	-	-
- Advansa GmbH	91.859	478	-	-
- Kordsa Brasil S.A.	5.418	-	-	-
- Bossa	6.166	27	-	-
- Exsa	3.282	9	-	-
- Yünsa	985	51	-	-
- Exsa Americas Inc.	853	-	-	-
- Genex Brands Ltd.	7	-	-	-
- Aksigorta	-	312	-	-
- Enerjisa	-	123	-	-
- Temsa	-	130	-	-
- Olmuksa	-	48	-	-
- Gıdasa	-	47	-	-
- Kordsa	-	56	-	-
- Çimsa	-	25	-	-
- Akçansa	-	24	-	-
- Pilsa Plastik Sanayi A.Ş. ("Pilsa")	-	22	-	-
- Toyotasa	-	20	-	-
- Teknosa	-	19	-	-
- Exsa (UK) Ltd.	-	2	-	-
Total	108.570	7.774	-	-

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES (Continued)

	2006			
	Goods	Services	Fixed Assets	Rent
1) SHAREHOLDERS	-	5.097	-	-
- Advansa B.V.	-	5.097	-	-
2) INVESTMENTS	-	142	-	-
- Enerjisa	-	142	-	-
3) GROUP COMPANIES	136.959	5.990	84.432	63
- Advansa GmbH	78.255	282	-	-
- Artensa (Not 35)	28.788	4.447	82.325	63
- Kordsa Brasil S.A.	7.947	-	-	-
- Bossa	5.433	15	-	-
- Advansa (UK) Ltd.	4.528	184	-	-
- Kordsa	3.291	6	-	-
- Advansa Romania S.r.l.	3.261	193	2.107	-
- Gıdasa	2.341	15	-	-
- Exsa Americas Inc.	1.831	-	-	-
- Yünsa	1.240	10	-	-
- Exsa (UK) Ltd.	25	5	-	-
- Olmuksa	10	10	-	-
- Exsa Export San.Mam. Satış ve Araştırma A.Ş.	5	3	-	-
- Temsa	4	70	-	-
- Aksigorta	-	626	-	-
- Sabancı Holding	-	55	-	-
- Çimsa	-	43	-	-
- Pilsa	-	10	-	-
- Akçansa Çimento Sanayi ve Ticaret A.Ş.	-	6	-	-
- Teknosa İç ve Dış Ticaret A.Ş.	-	6	-	-
- Toyotasa Toyota Sabancı Satış ve Pazarlama A.Ş.	-	4	-	-
Total	136.959	11.229	84.432	63

The Company has sold the Chemicals segment to Artensa for a consideration of TRY180.855 at 30 June 2006 (Note 35). This sales transaction consists of inventory amounting TRY15.923, fixed assets amounting TRY82.325 and goodwill amounting TRY82.607.

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES (Continued)

g) Purchases from related parties:

	2007			
	Goods	Services	Fixed Assets	Rent
1) SHAREHOLDERS	-	3.762	-	-
- Advansa BV.	-	3.762	-	-
2) INVESTMENTS	-	323	238	1
- Bimsa	-	323	238	1
3) GROUP COMPANIES	4.151	60.681	1.668	96
- Olmuksa	3.055	-	-	-
- Advansa GmbH	1.067	3.174	31	-
- Enerjisa	-	51.259	-	-
- Aksigorta	-	4.278	-	-
- Advansa Iberica SL.	-	1.431	-	-
- Avivasa Hayat ve Emeklilik (*)	-	290	-	-
- Sabancı Telekom	-	63	5	-
- Carrefoursa	29	-	-	-
- Sabancı Holding	-	50	-	96
- Tursa	-	47	-	-
- Sabancı Üniversitesi	-	36	315	-
- Exsa Americas Inc.	-	25	-	-
- Bossa	-	8	-	-
- Çimsa	-	5	-	-
- Temsa	-	15	-	-
- Exsa (UK) Ltd.	-	-	1	-
- Ak Finansal Kiralama A.Ş.	-	-	1.316	-
TOTAL	4.151	64.766	1.906	97

(*) As at 31 October 2007, Aviva Hayat ve Emeklilik and Ak Emeklilik merged in equal shareholding structure and became Avivasa Emeklilik ve Hayat.

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES (Continued)

	2006		
	Goods	Service	Rent
1) SHAREHOLDERS	86.600	7.454	-
- Advansa B.V.	86.600	7.454	-
2) INVESTMENTS	15	48.260	-
- Enerjisa	-	47.702	-
- Bimsa	15	558	-
3) GROUP COMPANIES	46.826	10.228	155
- Exsa (UK) Ltd.	30.253	4	-
- Universal Trading (Jersey) Ltd.	10.733	-	-
- Olmuksa	3.253	-	-
- Advansa GmbH	1.034	1.748	-
- Advansa (UK) Ltd.	982	751	-
- Artensa	448	-	-
- Advansa Romania S.r.l.	117	-	-
- Sabancı Telekom	2	153	-
- Pilsa	2	1	-
- Yünsa	2	-	-
- Aksigorta	-	5.429	-
- Advansa Iberica SL.	-	1.353	-
- Ak Emeklilik A.Ş.	-	304	-
- Sabancı Üniversitesi	-	235	-
- Exsa Americas Inc.	-	71	-
- Advansa (France) S.A.	-	66	-
- Tursa	-	48	-
- Sabancı Holding	-	47	139
- Çimsa	-	16	-
- Bossa	-	2	-
- Temsa	-	-	16
Total	133.441	65.942	155

ADVANSASASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 9 - BALANCES AND SIGNIFICANT TRANSACTION WITH RELATED PARTIES (Continued)

h) Financial income:

	2007	2006
Akbank	47	72

i) Financial expenses:

	2007	2006
Advansa B.V.	-	3.919
Akbank	5.542	3.678
	5.542	7.597

j) Commission income:

	2007	2006
Aksigorta (Note 38)	312	626

k) Remuneration of directors and key management personnel amounts to TRY1.724 (31 December 2006: TRY1.735).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	2007	2006
Other Receivables:		
Transferred VAT	9.327	4.906
VAT return claimed subject to VAT rate reduction	2.190	2.734
VAT return claimed on export deliveries	102	1.142
Miscellaneous receivables	698	853
	12.317	9.635
Other Payables:		
Taxes and funds payable	2.997	3.080
Due to personnel	626	737
Other	29	44
	3.652	3.861

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 11 - BIOLOGICAL ASSETS

None (31 December 2006: None).

NOTE 12 - INVENTORIES

	2007	2006
Raw materials and supplies	40.953	66.088
Semi-finished goods	242	2.157
Intermediate goods	38.652	28.085
Finished goods	33.775	22.056
By-products	2.832	2.215
Other	4.274	2.154
<hr/>		
Less: impairment in value of inventories (*)	(3.469)	(3.173)
<hr/>		
	117.259	119.582

At 31 December 2007 the aggregate amount of inventories written-down due to impairment is TRY1.756 (31 December 2006: TRY1.659). The amount of reversal of impairment at 31 December 2007 is TRY1.460 (31 December 2006: TRY2.398).

For the year ended at 31 December 2007, the aggregate amount of inventories expensed and included in cost of goods sold is TRY311.811 (31 December 2006: TRY366.504).

(*) Impairment has been allocated to finished goods, intermediate goods and other inventories.

NOTE 13 - RECEIVABLES FROM WORK IN PROGRESS AND PROGRESS BILLINGS OF THE CONSTRUCTION CONTRACTS

None (31 December 2006: None).

NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Accounting Standards and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Accounting Standards and tax purposes.

Since the Company preferred to utilize the investment incentive balance, calculated in accordance with the laws valid on 31 December 2006, for the income generated in the years 2006, 2007 and 2008, the tax rate used for the calculation of deferred income tax assets and liabilities calculated based on temporary differences expected to be realised or settled based on the taxable income in coming years under the liability method is %30 (31 December 2006: %30). When the Company's carry forward tax losses and unused investment incentives are taken into consideration, it can be concluded that the Company is subject to only a 19,8% tax rate. For this reason deferred income tax calculations have been performed over 19,8%.

ADVANSA SASA POLYESTER SANAYİ A.Ş.

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FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

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 2007 and 2006 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred income tax assets/ (liabilities)	
	2007	2006	2007	2006
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	28.064	33.547	(5.557)	(6.642)
Provision for employment termination benefits	14.217	13.143	2.816	2.601
Adjustment for insurance compensation income	13.789	17.700	(2.730)	(3.504)
Net difference between the tax base and carrying value of inventories	10.665	5.565	2.112	1.102
Net difference between the tax base and the carrying value of other non-current assets	2.302	2.788	456	552
Provision for unused vacation	2.071	2.143	410	424
Restructuring provision	890	1.024	176	203
Provision for export expenses	830	855	164	169
Provision for doubtful receivables	648	645	128	128
Adjustment for unearned credit finance expense	82	104	(16)	(21)
Adjustment for unearned credit finance income	57	19	11	4
Net difference between the tax base and the carrying value of assets held for sale	48	8.730	(10)	1.729
Other provisions	238	993	47	197
			6.320	7.109
Deferred income tax assets			(8.313)	(10.167)
Deferred income tax liabilities				
Deferred income tax liabilities, net			(1.993)	(3.058)
Deferred income tax assets:			2007	2006
Deferred income tax asset to be recovered after more than 12 months			3.681	3.577
Deferred income tax asset to be recovered within 12 months			2.639	3.532
			6.320	7.109
Deferred tax liabilities:			2007	2006
Deferred income tax liability to be settled after more than 12 months			7.513	9.372
Deferred income tax liability to be settled within 12 months			800	795
			8.313	10.167

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NOTE 14 - DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred income taxes can be analysed as follows:

	2007	2006
Balance at 1 January	(3.058)	(25.167)
Charge to income statement (note 41)	1.065	22.109
Balance at 31 December	(1.993)	(3.058)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Company did not recognise deferred income tax assets of TRY102.348 (31 December 2006: TRY60.783) in respect of losses, which are summarised as follows:

2010	60.783
2012	41.565
	102.348

The Company offset TRY67.288 of taxable income as of 31 December 2006 against carry forward tax losses of TRY128.071. The remaining carry forward tax loss of TRY60.783 after this offsetting is originated from the year 2005 and can be used against probable future taxable income until 2010.

The Company did not recognise deferred income tax assets over the unused investment allowances in the amount of TRY 87.989 (31 December 2006: TRY83.402).

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

	2007	2006
Other Current Assets:		
Prepaid expenses	10	8
	10	8
Other Non-current Assets:	2007	2006
Spare parts	7.470	7.466
Prepaid expenses	93	139
	7.563	7.605

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 16 - FINANCIAL ASSETS

	<u>2007</u>		<u>2006</u>	
	TRY amount	%	TRY amount	%
Enerjisa (*)	-	-	8.158	0,90
Bimsa	1.484	10,00	1.484	10,00
	1.484		9.642	
Less: diminishment in value of Enerjisa	-		(4.755)	
Less: diminishment in value of Bimsa	(1.044)		(1.044)	
	440		3.843	

The participation amounts to the capital are carried at acquisition cost and the participation percentages to the capital are calculated from nominal amounts.

- (*) At 23 March 2007, Board of Directors decided to sell Enerjisa shares to Verbund (Österreichische Elektrizitätswirtschafts-Aktiengesellschaft) with reference to the enterprise value of Enerjisa amounting to 410.000.000 U.S Dollars except for adjustments based on approval of Energy Market Regulatory Authority. Since the fair value of Enerjisa can not be measured reliably prior to 23 March 2007 it was carried at cost less impairment in the amount of TRY3.403. As the transaction revealed the fair value of Enerjisa, its carrying amount was adjusted to TRY5.093 and the increase of TRY1.690 was classified in reserve for fair value change of financial assets. Enerjisa shares were sold on 31 May 2007 for a consideration of TRY4.892 and the Company realized a profit of TRY1.489 which was accounted for in the income statement and corresponding reserve was offset. Adjustments have been made after the sale and at 29 January 2008, an additional profit of TRY61 was realized. The aggregate income from sale of Enerjisa shares accounted for in the financial statements at and for the year ended 31 December 2007 is TRY1.550.

NOTE 17 - GOODWILL/NEGATIVE GOODWILL (NET)

None (31 December 2006: None).

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

NOTE 18 - INVESTMENT PROPERTY (NET)

The movement schedules of investment properties for the years ended 31 December 2007 and 2006 are as follows:

	1 January 2007	Addition	Transfers (*)	Disposals	31 December 2007
Cost:					
Land	1.061	-	2.587	-	3.648
Buildings	6.532	-	9.454	-	15.986
	7.593	-	12.041	-	19.634
Accumulated depreciation:					
Building	2.246	665	2.685	-	5.596
	2.246	665	2.685	-	5.596
Net book value	5.347				14.038

(*) The Company has leased some buildings and land improvements within property, plant and equipment in Adana facilities with the net book value of TRY139 and some buildings and land improvements with the net book value of TRY9.217 in Kurtköy facilities within assets held for sale to third parties. The subject assets are transferred to investment properties.

The Company has leased properties with the net book value of TRY14.038 at 31 December 2007 to the third parties through lease agreements. The Company has generated rent income of TRY907 throughout the period resulting from these lease agreements (Note 38 and 44).

	1 January 2006	Addition	Transfers (*)	Disposals	31 December 2006
Cost:					
Land	1.061	-	-	-	1.061
Buildings	2.978	-	3.554	-	6.532
	4.039	-	3.554	-	7.593
Accumulated depreciation:					
Building	946	246	1.054	-	2.246
	946	246	1.054	-	2.246
Net book value	3.093				5.347

(*) The Company has leased some of the buildings in Adana Central Facility to Artensa.

The Company has leased owned properties with a net book value of TRY5.347 as of 31 December 2006 to the third parties through lease agreements. The Company has generated rent income of TRY644 throughout the period resulting from these lease agreements (Note 38).

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET)

a) The movement schedules of property, plant and equipment and related accumulated depreciation for the years ended 31 December 2007 and 2006 are as follows:

	1 January 2007	Additions	Transfers from construction in progress	Other transfers (*)	Impairment loss (**)	Chemicals segment disposals	Disposals	31 December 2007
Cost:								
Land	13.400	-	-	-	-	-	-	13.400
Land improvements	8.248	-	-	(21)	-	-	-	8.227
Buildings	59.860	-	269	(206)	-	-	-	59.923
Machinery and Equipment	360.227	668	9.483	791	(28.963)	-	(29)	342.177
Motor Vehicles	2.864	7	-	-	-	-	(168)	2.703
Furniture and Fixtures	5.696	172	187	2	-	-	(37)	6.020
Construction in progress	7.509	12.600	(10.327)	-	-	-	(110)	9.672
	457.804	13.447	(388)	566	(28.963)	-	(344)	442.122
Accumulated depreciation:								
Land improvements	2.952	473	-	(9)	-	-	-	3.416
Buildings	19.632	3.033	-	(79)	-	-	-	22.586
Machinery and equipment	190.991	16.357	-	743	-	-	(8)	208.083
Motor vehicles	2.595	147	-	-	-	-	(148)	2.594
Furniture and fixtures	3.946	423	-	2	-	-	(31)	4.340
	220.116	20.433	-	657	-	-	(187)	241.019
Net book value	237.688							201.103

	1 January 2006	Additions	Transfers from construction in progress	Other transfers	Impairment loss (***)	Chemicals segment disposals	Disposals	31 December 2006
Cost:								
Land	13.929	-	-	-	-	(529)	-	13.400
Land improvements	9.115	-	341	(831)	-	(377)	-	8.248
Buildings	64.187	1	1.522	(2.723)	-	(3.118)	(9)	59.860
Machinery and Equipment	532.097	681	9.553	347	(65.623)	(112.207)	(4.621)	360.227
Motor Vehicles	3.033	5	1	6	-	(22)	(159)	2.864
Furniture and Fixtures	6.020	208	19	18	-	(523)	(46)	5.696
Construction in progress	11.404	8.764	(11.451)	-	-	(1.182)	(26)	7.509
	639.785	9.659	(15)	(3.183)	(65.623)	(117.958)	(4.861)	457.804
Accumulated depreciation:								
Land improvements	2.685	473	-	(175)	-	(31)	-	2.952
Buildings	17.644	3.132	-	(879)	-	(262)	(3)	19.632
Machinery and equipment	210.119	26.345	-	292	-	(43.292)	(2.473)	190.991
Motor vehicles	2.470	295	-	6	-	(16)	(160)	2.595
Furniture and fixtures	3.756	470	-	11	-	(251)	(40)	3.946
	236.674	30.715	-	(745)	-	(43.852)	(2.676)	220.116
Net book value	403.111							237.688

(*) Some machinery, equipment and fixtures previously classified as available for sale fixed assets with the net book value of TRY46 are started to be used during the period so these are reclassified as property, plant and equipment. Besides, some of the buildings in Adana Central Facility with the net book value of TRY139 are leased to third parties so these are classified as investment properties in the financial statements.

As disclosed in the significant accounting policies, where the carrying amount of an asset is higher than its recoverable amount, it is written down immediately to its recoverable amount. As practiced at each year end, the Company management has made an assessment as to whether there is an impairment of property, plant and equipment. As a result of the assessment made, the Company calculated the recoverable amount of its property, plant and equipment as at 31 December 2007 by reference to value in use.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET) (Continued)

(**) Value in use is determined by reference to the estimated discounted future cash flows method. The discount rate used in the estimate of future cash flows is 8,58 %. Consequently, value in use of property, plant and equipment of which the net book values amount to TRY50.431 was calculated as TRY21.468 and accordingly an impairment loss of TRY28.963 has been accounted for as the excess of net book value over value in use of the mentioned property, plant and equipment. The impairment loss is accounted for as part of the other operating expenses in the statement of income (Note 38).

(***) Value in use as of 31 December 2006 is determined by reference to the estimated discounted future cash flows method. The discount rate used in the estimate of future cash flows is 8,60 %. Consequently, value in use of property, plant and equipment of which the net book values amount to TRY135.020 was calculated as TRY69.397 and accordingly an impairment loss of TRY65.623 has been accounted for as the excess of net book value over value in use of the mentioned property, plant and equipment. The impairment loss is accounted for as part of the operating expenses in the statement of income (Note 38). The total amount of impairment losses is associated with the assets of the Textile segment.

Total depreciation and amortisation charges for the years ended at 31 December 2007 and 2006 and the related income statement accounts are as follows:

	2007	2006
Cost of production	19.480	28.109
Selling and marketing expenses	1.658	2.392
General administrative expenses	781	1.127
	21.919	31.628

b) Assets held for sale:

The movement schedules of assets held for sale and related accumulated depreciation for the years ended at 31 December 2007 and 2006 are as follows:

	1 January 2007	Additions	Other transfers (*)	Disposals	31 December 2007
Cost	41.046	-	(12.609)	(8.163)	20.274
Accumulated depreciation	(30.714)	-	3.340	7.199	(20.175)
	10.332	-	(9.269)	(964)	99

(*) Some machinery and equipment classified in available for sale fixed assets with the net book value of TRY52 started to be used and they are classified in tangible assets. Some buildings and land improvements with the net book value of TRY9.217 was leased to third parties and classified in investment properties. Assets held for sale are expected to be sold within the twelve-month period following 31 December 2007

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (NET) (Continued)

	1 January 2006	Additions	Other transfers	Impairment loss (**)	Disposals	31 December 2006
Cost	60.888	-	(371)	(3.637)	(15.834)	41.046
Accumulated depreciation	(44.799)	-	309	-	13.776	(30.714)
	16.089	-	(62)	(3.637)	(2.058)	10.332

The Company management has decided to close down the Kurtköy Texturised Yarn Facility and to dispose some of the production machineries at the Adana Central Facility within the restructuring operations to conform to the global market dynamics and to improve the competitive structure of the Filament unit. In this context; some of the machinery, equipments, furniture and fixtures with carrying amount of TRY2.058, which are classified as assets held for sale in the balance sheet in 2005 have been sold and some machinery, equipment and fixtures with carrying amount of TRY62 have been classified as property, plant and equipment in consequence of they have started to be used in production again.

(**) As at 31 December 2006, the Company decided to write-off some of the machinery, equipments furniture and fixtures that were classified as assets held for sale, after the determination of non-possibility of any disposal and the management provided impairment loss provision of TRY3.637. The impairment loss provision is accounted for as part of the other operating expenses (Note 38).

NOTE 20 - INTANGIBLE ASSETS

The movement schedules of intangible assets and related accumulated depreciation for the years ended 31 December 2007 and 2006 are as follows:

	1 January 2007	Additions	Transfers from construction in progress	Disposals	31 December 2007
Cost:					
Rights	4.124	1.483	388	-	5.995
Accumulated amortisation:					
Rights	3.279	821	-	-	4.100
Net book value	845				1.895

	1 January 2006	Additions	Transfers from construction in progress	Disposals	31 December 2006
Cost:					
Rights	4.104	5	15	-	4.124
Accumulated amortisation:					
Rights	2.612	667	-	-	3.279
Net book value	1.492				845

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 21 - ADVANCES RECEIVED

	2007	2006
Advances received from customers	284	136
	284	136

NOTE 22 - RETIREMENT PLANS

None (31 December 2006: None).

NOTE 23 - PROVISIONS

	2007	2006
Provision for unused vacation	2.071	2.143
Provision for restructuring expenses	891	1.024
Provision for export expenses	830	855
Other provisions	332	1.103
	4.124	5.125

The movement schedules of provision for restructuring expenses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Balance at 1 January	1.024	3.454
Increase during the period (Note 38)	431	2.755
Payments	(564)	(5.185)
	891	1.024

The Company shut down the Kurtköy Texturised Yarn Facility in 2005 and at the same time decided to dispose some of the machinery and equipment located at the Adana Site. The provision for restructuring expenses is mostly related to lawsuits filed against the Company by the workers and other expenses.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 23 - PROVISIONS (Continued)

Provision for employment termination benefits

There are no agreements for pension commitments other than the legal requirement as explained 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 excluding 25/2 article of labor law, is called up for military service or dies. As of 8 September 1999 related labor law was changed and retirement requirements made gradual. The amount payable consist of one gross wage for each year of service limited to maximum termination indemnity for non-union employees and 47 days gross wage for each year of service limited to maximum termination indemnity for union employees. Same payment is done for days remaining from 1 year.

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

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

The Communiqué requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly following actuarial assumptions were used in the calculation of the total liability;

	2007	2006
Discount rate (%)	5,71	5,71
Retention rate to estimate the probability of retirement (%)	98	98

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. The maximum amount of TRY2,09 (1 January 2007: TRY1,96), which is effective from 1 January 2008, has been taken into consideration in calculating the provision for employment termination benefits of the Company.

Movements in the reserve for employment termination benefits are as follows:

	2007	2006
Balances at 1 January	13.143	14.389
Charge for the year	3.054	3.399
Transfers to Artensa	-	(1.763)
Payments during the year	(1.980)	(2.882)
	14.217	13.143

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 24 - MINORITY INTERESTS

None (31 December 2006: None).

NOTE 25 - CAPITAL/ADJUSTMENT TO SHARE CAPITAL

The shareholders and shareholding structure of the Company at 31 December 2007 and 2006 are as follows:

	<u>2007</u>		<u>2006</u>	
	<u>TRY</u>	<u>% Share</u>	<u>TRY</u>	<u>% Share</u>
Advansa B.V.	110.313	51,00	110.313	51,00
Europlus Investment Holdings Ltd. (*)	-	-	33.140	15,32
Other	105.987	49,00	72.847	33,68
	216.300	100,00	216.300	100,00
Inflation adjustment to share capital (**)	196.213		196.213	
	412.513		412.513	

(*) Europlus Investment Holdings Ltd. sold whole shares with nominal value of TRY33.140, to other shareholders in the ISE national market between 19 February 2007 and 22 February 2007. After this transaction, Europlus Investment Holdings Ltd has no participation in the share capital of the Company.

(**) Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power after netting of prior period losses.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 26-27-28 - CAPITAL RESERVES, PROFIT RESERVES, ACCUMULATED LOSSES / RETAINED EARNINGS

The details of the differences arising between the inflated and historical amounts of statutory shareholders' equity items presented above are as follows:

	Historical amount	Restated amount	Inflation adjustment to shareholders' equity
31 December 2007			
Share capital	216.300	412.513	196.213
Legal reserves	5.356	5.356	-
Extraordinary reserves (Note 27)	1.152	1.152	-
	222.808	419.021	196.213

	Historical amount	Restated amount	Inflation adjustment to shareholders' equity
31 December 2006			
Share capital	216.300	412.513	196.213
Legal reserves	5.356	5.356	-
Extraordinary reserves	13.646	13.646	-
	235.302	431.515	196.213

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 loss and are not available for any other usage unless the loss exceeds 50% of paid-in share capital.

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum dividend distribution ratio for the publicly listed joint stock companies shall be applied as 20% (31 December 2006: 20%). Accordingly, it has been made possible that based on the decisions taken in general assemblies of the companies the distribution can be made in cash, non-cash by issuance of free shares with respect to the transfer of profits to the capital or a combination of both as partially in cash and non-cash. For the cases when the initial dividend determined is less than 5% of issued/paid in capital, it is allowed to retain the dividends within the companies. However, for those companies which are going to distribute dividends over the profits generated from 2007 operations and which increased their share capitals without distributing dividends in the previous year and thus have a distinguish of shares as "new" and "old" shares, it is enforced to make the distribution of initial dividends in cash.

In accordance with the Communiqué with serial XI and no 25, as a result of the first financial statement adjustment made according to the inflation such equity capital items as capital, issue premium, legal reserves, statutory reserves, special reserves and extraordinary reserves are included in the balance sheet with their book values. The adjusted values of these items are jointly included in the account "equity capital inflation adjustment differences" under the group of equity capital.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 29 - FOREIGN CURRENCY POSITION

	2007	2006
Assets	92.470	116.707
Liabilities	(127.826)	(139.194)
Net foreign currency position	(35.356)	(22.487)

	Original currency	2007		2006	
		Original amount	TRY amount	Original amount	TRY amount
Cash and cash equivalents	USD	14.395.541	16.766	16.599.325	23.332
	EUR	295.350	505	1.089.351	2.017
	GBP	25.739	60	16.506	46
Due from related parties	USD	343.689	400	587.150	825
	EUR	9.509.583	16.263	6.333.275	11.726
Trade receivables	USD	30.275.615	35.262	42.089.246	59.161
	EUR	13.468.958	23.035	10.356.341	19.175
	GBP	19.152	45	47.492	131
Other receivables and current/ non-current assets	USD	16.727	19	46	-
	EUR	49.876	85	130.357	241
	GBP	13.088	30	19.382	53
Total foreign currency denominated assets			92.470		116.707
Funds borrowed	USD	58.858.390	68.882	55.882.517	78.929
	EUR	22.500.000	38.664	11.208.470	20.852
Due to related parties	USD	764.044	894	667.434	942
	EUR	1.765.670	3.034	3.832.213	7.129
Trade payables	USD	4.852.752	5.679	2.278.640	3.218
	EUR	5.309.686	9.124	14.346.504	26.690
	GBP	24.991	58	11.814	33
Other liabilities	USD	348.478	408	201.370	284
	EUR	573.771	986	568.996	1.059
	GBP	41.338	97	20.987	58
Total foreign currency denominated liabilities			127.826		139.194

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NOTE 30 - GOVERNMENT GRANTS

The Company conducts several research and development projects within the research and development facility in its Adana central facilities. Regarding these projects, the Company has applied to Tübitak (The Scientific and Technological Research Council of Turkey) to obtain support in the scope of Communiqué of Money-Credit Coordination Board No 98/10 regarding research and development aid, and Tübitak Regulation for Supporting Program for industrial research and development projects. As a result of these applications, some of the research and development projects of the Company were included in the relevant support programmes. This support which is foreseen to be taken will be in the form of grant and will be realized as "payment of various expenditures concerning the projects to the Company at a certain rate".

Also with the amendment in the Corporate Tax Law made by article 31 of Law no 5228, in order to support research and development efforts of private sector entities, companies can offset 40% of expenditure for research and development against income declared in the related period, in addition to R&D expenses recorded as expense in the related period.

The company as a result of these applications as of 31 December 2007 has obtained TRY26 support income which has been classified as other income in financial statements (Note 38).

NOTE 31 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

- a) In December 2003, as a result of a tax review relating to 2002, the tax authorities concluded that the Company did not accrue and pay VAT and withholding taxes over the interest expenses relating to bank borrowings taken through Advansa B.V., the parent company. The Company's management was legally informed about this conclusion on 19 January 2004.

The Company filed a lawsuit against Yüreğir Tax Office due to this assessment with penalty on 16 February 2004. The lawsuit was concluded in favour of the Company, however tax office appealed to the Council of State. The appeal related to withholding and fund assessment was rejected by the Council of State, and the correction application of Tax Office for decision of Council of State were also rejected, and lawsuit was concluded in favour of the Company. Appeal of Tax Office related to the VAT assessment was accepted by the Council of State and the correction application of Company for decision of Council of State was rejected. The relevant lawsuit was forwarded to Adana 1st Tax Court. In October 2007, Adana 1st Tax Court ruled against the Company, and consequently the Company was subject to tax and tax penalty assessment in the amount of TRY7.083. The Company applied to Adana 1st Tax Court for the stop of execution and review of the ruling on 24 October 2007. Final decision will be made by the Presidency of 3rd Chamber of the Council of State (Note 34).

The decision of the 3rd Chamber of Council of State on the stop of execution has been notified to the Company; however, the primary decision on the appeal has not been notified to the Company as of the date of the report. As the relevant court case has not been concluded as of the date on which the financial statements were prepared, the Company does not have any legal or effective liability. Furthermore, the Company does not expect to face any liability as a result of the law suit. Therefore, the Company has not provided any provision for the court case in its financial statements.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated).

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

- b) The Company has sold the major portion Chemicals Segment to Artensa on 30 June 2006 and the employees of this segment are transferred to Artensa with all their rights and obligations as of 1 July 2006. According to legislation, for a two years time period, all rights and obligations of the employees transferred to Artensa will be covered by the Company unless they are covered by Artensa. The employment termination benefit commitments of the transferred employees are TRY2.113 as at 31 December 2007.
- c) As a result of tax investigation conducted in 2007 which covers previous periods TRY32.417 tax and TRY44.823 penalty was imposed by judgment to the Company in July 2007 related to loans used through Advansa BV which is the parent company. In September 2007 the Company management has litigated in the tax court in objection to this penalty. In January 2008 some of the trials were held and based on interim decisions of the court additional information and documents are asked from the Company. The company does not expect that any liability will arise as a result of the lawsuits relating to above mentioned tax assessments due to the following reasons; the statute of limitation is not considered in some of the cases and this is against to tax legislation, the legal structure of the parent company Advansa BV is not ascertained by the authority, and in some similar suits there are conclusions which are contrary to the assessment of tax authorities. Considering the above facts the Company has not provided any provision for the court case in its financial statements.

Commitments and contingencies, which are not included in the liabilities at 31 December 2007 and 2006, are as follows:

	2007	2006
Commitments based on export incentive certificates	356.793	281.197

As of 31 December 2007, the Company has export commitments amounting TRY43.225 which are not fulfilled yet (2006: TRY29.435). The amounts mentioned above (2007: TRY356.793, 2006: TRY281.197) include commitments based on export incentive certificates which are presently fulfilled but the closing transactions are totally TRY313.568 (31 December 2006: TRY251.762) are not concluded yet.

	2007	2006
Letters of guarantees given	42.884	10.020

Mortgages and guarantees taken at 31 December 2007 and 2006 are as follows:

	2007	2006
Mortgages taken	14.288	21.792
Letters of guarantees taken	8.303	9.155
Notes of guarantees taken	21.649	2.108

	2007	2006
Carry forward investment allowance (Note 14)	87.989	83.402

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

The Company has given letter of guarantee amounting to USD 127.000.000 and EUR 20.000.000 (31 December 2006: USD 127.000.000 and EUR 20.000.000) for bank borrowings obtained through Advansa B.V., the shareholder of the Company and all been paid on 30 June 2006. As of 31 December 2007 this obligation was terminated.

NOTE 32 - BUSINESS COMBINATIONS

None (31 December 2006: None).

NOTE 33 - SEGMENT REPORTING

The Company, decided to sell the Chemicals segment involved in the production of Pet Resin and Pet Preform and the inventory associated with that segment to Artenius in the Extraordinary General Assembly held on 22 June 2006. The transaction occurred on 30 June 2006. Starting from 30 June 2006, the company ended its Chemicals segment and involved in the operations in the textile segment. Therefore, all of the balances stated in the financial statements prepared as of 31 December 2007 are related solely to the textile segment and are not separately disclosed in this note. The information stated as of 31 December 2006 is disclosed only for the purpose of comparison.

a) External revenues:

	2006
Textile	420.436
Chemicals	112.127
	<hr/> 532.563

External revenues based on locations of external customers are as follows:

	2006
Turkey	341.701
Europe	165.143
Other	25.719
	<hr/> 532.563

ADVANSA SASA POLYESTER SANAYİ A.Ş.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 33 - SEGMENT REPORTING (Continued)

b) Depreciation and amortisation, impairment loss on property, plant and equipment, other non-cash expenses and capital expenditures:

	2006		
	Textile	Chemicals	Total
Depreciation and amortisation	26.658	4.970	31.628
Provision of diminishing in value of property, plant and equipment	65.623	-	65.623
Provision of diminishing in value of assets held for sale	3.637	-	3.637
Provision of diminishing in value of financial assets	4.755	-	4.755
Other non-cash expenses	5.146	496	5.642
Capital expenditures	9.013	651	9.664

c) Segmental analysis for the period 1 January 2006 - 31 December 2006:

	Textile	Chemicals	Total combined	Inter segment elimination	Total
External revenues	420.436	112.127	532.563	-	532.563
Inter segment revenues	1.143	6.475	7.618	(7.618)	-
Revenues	421.579	118.602	540.181	(7.618)	532.563
Operating expenses	(438.858)	(114.835)	(553.693)	7.618	(546.075)
Other operating (expenses)/ revenues-net	(79.373)	92.083	12.710	-	12.710
Operating (loss) / profit	(96.652)	95.850	(802)	-	(802)

NOTE 34 - SUBSEQUENT EVENTS

In January 2008, lawsuits concerning the tax penalties eventuated. As an interim decision; the court requested additional information and documents from the Company related to the lawsuits (Note 31.c).

NOTE 35 - DISCONTINUED OPERATIONS

In the Extraordinary General Assembly held on 22 June 2006, it has been decided to sell the Chemicals segment to Artenius which was involved in the production of pet resin and pet perform, the ongoing business and inventory for the amount of Euro 90.000.000 (TRY180.855) in cash and this sales transaction occurred on 30 June 2006. After 30 June 2006, the Company's Chemicals segment operations ceased but Textile segment operations continued. Since the financial statements as of 31 December 2007 are solely related to the ongoing operations of textile segment, these are not separately disclosed in this note. The details as of 31 December 2006 are solely presented for comparison purposes.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 35 - DISCONTINUED OPERATIONS (Continued)

The Statements of Income of the Chemicals Segment for the year ending at 31 December 2006 is as follows:

	2006
Revenues	112.696
Expenses	(116.257)
Chemicals Segment profit before tax	(3.561)
Tax	12.234
Chemicals Segment profit after tax	8.673
Chemicals Segment sales profit before tax	91.877
Tax	-
Chemicals Segment sales profit of assets after tax	91.877
Net profit related to discontinued operations	100.550

The statements of cash flow of the chemicals segment for the years ended 31 December 2006 is as follows:

	2006
Net cash generated/(used) in operating activities	32.882
Net cash generated/(used) in investing activities	177.780
Net cash (used)/generated in financing activities	(41.814)
	168.848

	2006
Loss per share from the continuing operations attributable to shareholders	
Loss per share in full TRY usufruct shares	(4.503,47)
thousands of ordinary shares	(5,25)
Profit/(loss) per share from the discontinued operations attributable to shareholders	
Earnings/(loss) per share in full TRY usufruct shares	3.669,71
thousands of ordinary shares	4,28

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 36 - OPERATING INCOME

	2007	2006
Domestic sales	266.541	341.421
Foreign sales	187.095	194.559
Other sales	838	1.197
Other discounts	(832)	(1.038)
Sales discounts	(497)	(1.194)
Sales returns	(1.956)	(2.382)
Sales revenues (net)	451.189	532.563
Cost of sales	(430.128)	(498.177)
Gross operating profit	21.061	34.386

NOTE 37 - OPERATING EXPENSES

	2007	2006
General administrative expenses	(17.783)	(19.575)
Selling, marketing and distribution expenses	(24.038)	(28.323)
	(41.821)	(47.898)

Staff costs for the years ended 31 December 2007 and 2006 are included in the following accounts:

	2007	2006
Cost of sales	41.450	41.617
Selling, marketing and distribution expenses	1.599	2.349
General administrative expenses	7.136	6.954
	50.185	50.920

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NOTE 38 - OTHER INCOME/EXPENSES AND PROFIT/ LOSSES

Other operating income:

	2007	2006
Foreign exchange gains	33.751	51.909
Miscellaneous sales income	7.881	6.216
Provisions reversed	2.435	123
Enerjisa sales income (Not 16)	1.550	-
Rent income	907	644
Interest income	561	599
Agency and commission income	312	626
Credit finance income	307	1.692
Fixed assets sales income	186	1.423
Insurance compensation	52	297
R&D project support income	26	-
Purchase discounts	4	-
Chemicals segment sales income	-	91.877
Other	1.032	739
Other operating income	49.004	156.145

Other operating expenses:

	2007	2006
Impairment loss on property, plant and equipment (*)	(28.963)	(65.623)
Doubtful receivable provision expenses	(2.701)	(1.074)
Cost of miscellaneous sales	(1.402)	(4.382)
Taxes and duties paid	(636)	(2.669)
Provision for restructuring expenses (Note 23)	(431)	(2.755)
Diminishing in value of financial assets (Note 16)	-	(4.755)
Diminishing in value of assets held for sale (*)	-	(3.637)
Provision for unused vacation	72	(2.143)
Other	(699)	(2.197)
Other operating expenses	(34.760)	(89.235)

(*) The details of impairment loss on property, plant and equipment and assets held for sale are discussed in Note 19.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 39 - FINANCIAL EXPENSES

Financial expenses:

	2007	2006
Foreign exchange losses	(30.720)	(88.326)
Interest expenses	(7.035)	(9.473)
Credit finance expense	(714)	(553)
	(38.469)	(98.352)

NOTE 40 - GAIN/LOSS ON NET MONETARY POSITION

None (31 December 2006: None).

NOTE 41 - TAXES ON INCOME

Corporate Income Tax Law has been changed with the law numbered 5520 which was published at 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable for the year 2007 is %20 (2006: %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) and discounts (R&D discount) 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).

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

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 (including the tax statements of March 2007 that Income Tax Law numbered 5615 is effective from 4 April 2007 and the law about the change in some laws) 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.

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.

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NOTE 41 - TAXES ON INCOME (Continued)

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

- (a) investment started after 1 January 2006, within the scope of investment incentive share certificates granted prior to 24 April 2003 in accordance with the appendices 1,2,3,4,5, and 6 of Income Tax Law numbered 193 prior to the change with the law numbered 4842 dated 9 April 2003,
- (b) investment allowances being granted before 1 January 2006, which presents an economic and technical integrity with the investments, in accordance with the Income Tax Law numbered 193 abolished article No.19 of Corporate Income Tax Law numbered 193,

can be utilised for the income generated in the years 2006, 2007 and 2008 in accordance with the articles valid on 31 December 2005 (including the corporate tax rate in accordance with Corporation Tax Law numbered 5422 and the related articles of Income Tax Law). In such a case, corporate tax rate and withholding tax rate for used investment allowances will be %30 and %19.8, respectively.

Investment allowance amount that cannot be deducted from 2008 income, will not be subject to deduction from 2009 and subsequent year incomes and allowance applications will not be made for investments after 31 December 2008.

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. The aggregate amount of the Company's carry forward tax losses at 31 December 2007 is TRY102.348 (31 December 2006: TRY60.783).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the (including the tax statements of March 2007 that Income Tax Law numbered 5615 is effective from 4 April 2007 and the law about the change in some laws) of the fourth month of 25th day 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.

Total taxes payable for the years ended 31 December 2007 and 2006 have been reconciled to the current period tax charge as follows:

	2007	2006
Current period tax charge	-	-
Deferred taxation	(1.065)	(22.109)
Taxation on income	(1.065)	(22.109)

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

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NOTE 42 - EARNINGS PER SHARE

As existence of usufruct shares, which were initially issued in 14 February 2007 according to 11th article of Company's Articles of Association and which have right to receive dividends at a rate of 8% from the distributable profit of the Company without right of vote, does not comply with Modern Corporate Governance Principles and has adverse effect to fair value of the Company, the Board of Directors decided to purchase those 2.192 usufruct shares from their holders, with the price of TRY5.70 for each share determined by an expert firm. As a result of this decision, purchase transaction is made between 23 February 2007 and 27 February 2007, by making a total payment of TRY12.494,40. In ordinary general meeting of shareholders of the year 2006 held on 18 April 2007, it was decided to provide the payment for usufruct shares from extraordinary reserves in equity accounts, and terminate the shares after purchase.

Therefore, loss per usufruct shares was not calculated for 31 December 2007, and loss per share was calculated by dividing net loss belongs to shareholders with number weighted average shares. Loss per share for 31 December 2006 which is the comparable period of 31 December 2007, was calculated by dividing net loss attributable to shareholders with the weighted average number of shares, after deducting 8% share attributable to usufruct share owners.

	2007	2006
Net loss attributable to shareholders	(43.920)	(22.845)
Weighted average number of		
ordinary shares	21.630.000.000	21.630.000.000
usufruct shares	-	2.192
Earnings per share in full TRY		
usufruct shares	-	(833,76)
thousands of ordinary shares	(2,03)	(0,97)

NOTE 43 - STATEMENTS OF CASH FLOW

Statements of cash flows are presented together with the financial statements.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 44 - DISCLOSURE OF OTHER MATTERS

Receivables from operational leasing contracts:

The Company has leased its investment properties to third parties by operational leasing method. Receivables from operating leases occurred from balance sheet date due to operational lease contracts are as follows:

	Original Currency	Original Amount	TRY
Less than 1 year	USD	750.000	878
Less than 1 year			12
Over than 1 year	USD	300.000	351
Over than 1 year			2
			1.243

The Company has leased some buildings in Adana Central Facility to Artensa as of 1 October 2006 for forty-nine years time. Receivables from operational leases occurred from balance sheet date due to operational lease contracts are as follows:

31 December 2007	TRY
Less than 1 year	261
1 - 5 years	1.044
5 - 10 years	1.305
10 - 25 years	3.914
25 years and above	5.936
<hr/>	
12.460	

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