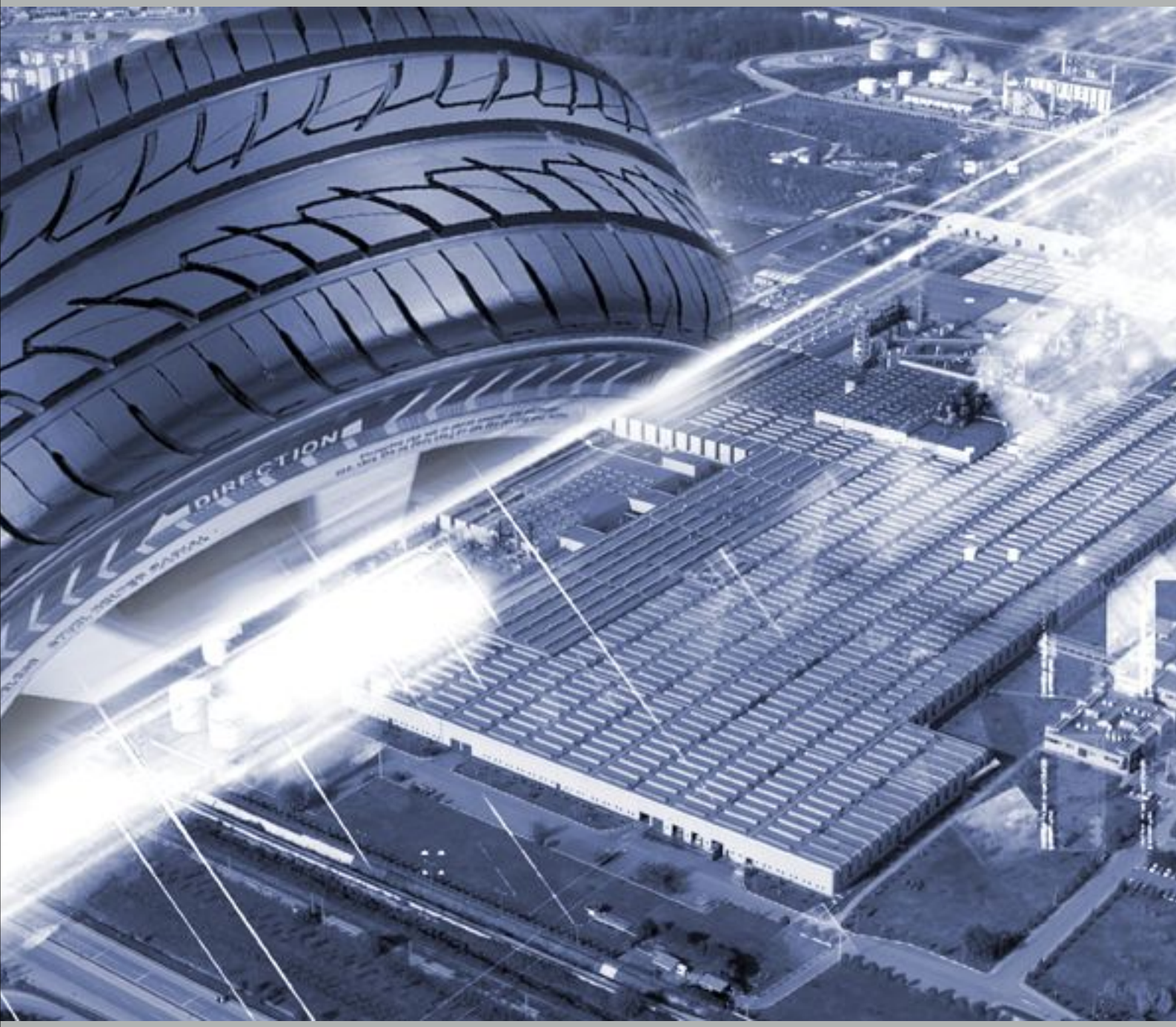
BRİSA



2007 ANNUAL REPORT

Brisa
Bridgestone Sabancı
Lastik Sanayi ve Ticaret A.Ş.

Paid Capital: YTL 7,441,875

İstanbul Office:
Sabancı Center Tower 2, Floor 3 4. Levent, 34330 İstanbul, Turkey
Phone: Int +90 (212) 385 84 50 Fax: Int +90 (212) 385 84 55

Head Office:
Alikahya, 41220 İzmit, Turkey
Phone: Int +90 (262) 316 40 00 Fax: Int +90 (262) 316 40 40

Marketing and Sales Office:
Kısıklı Caddesi, Şehit Teğmen İsmail Moray Sokak
No: 2/1 Altunizade, 34662 İstanbul, Turkey
Phone: Int +90 (216) 544 35 00 Fax: Int +90 (216) 544 35 35

THIRTY-FOURTH YEAR, 2007

BRİSA BRIDGESTONE SABANCI
LASTİK SANAYİ VE TİCARET A.Ş.

AGENDA OF THE ORDINARY GENERAL ASSEMBLY

1 Commencement and election of the Presiding Board,

2 Authorization of the Presiding Board to sign the minutes of the General Assembly Meeting,

3 Presentation and discussion of the Board of Directors' Annual Report and the Auditors' Report covering the activities and the financial results of the year 2007,

4 Presentation, discussion and approval of the 2007 Balance Sheet and Profit and Loss Statement; discussion and resolution of the Board proposal on profit distribution,

5 Release of the Board of the Directors and Auditors for the activities of the Company in 2007,

6 Approval of the assignments of the Board Members who were elected to serve for the remaining term of the Board membership positions vacated during the year,

7 Approval of the assignment of the Auditor who was elected to serve for the remaining term of the Auditor position vacated during the year,

8 Election of the Auditors whose period of duty ended and determination of their period of duty and remuneration,

9 Approval of the Independent Auditing Firm selected by the Board of Directors for the auditing, in accordance with Capital Markets Law no. 2499, of the Company's 2008-2009 Financial Statements and Reports,

10 Authorization of the Chairman and Board Members allowing them to conduct the transactions listed in Articles 334 and 335 of the Turkish Commercial Code.

Meeting Date: 24 March 2008, Monday
Meeting Time: 10:00 a.m.
Meeting Place: Hacı Ömer Sabancı Conference Hall
Sabancı Center, Tower 2
4. Levent, İSTANBUL, TURKEY

Dear Shareholders,

A general evaluation of the year 2007, in terms of global agenda, would point out to fluctuations in financial markets, increase in oil prices, and the probability of a crisis in global economy connected with them. In our country, on the other hand, Presidential elections, general elections and problems of terrorism that relatively increased during the second half of the year have been the important developments in 2007. Slowdown in growth, deviations from targeted inflation rates and other such developments indicated that Turkey's macro-economic data did not mark an important progress in 2007.

The growth in Turkish tire sector, in parallel to general developments in the economy, slowed down in 2007, and total production increased by 3%. The rise in the value of Turkish Lira continued in 2007, forming an important handicap for the sector in domestic and export markets. Our Company, however, successfully increased its sales quantity by 11% and increased its profitability in 2007 although it was not a year of very positive developments for the economy and the sector.

Brisa, as the leader of the sector, focused on introducing the best quality products using the state-of-the-art technologies and at the same time, on further improving the service quality, aiming to provide the maximum added-value for the consumers in 2007. Within this framework, the number of "Otopratik" shops, that were introduced in 2006 to increase quality and variety of the services provided to the customers, reached to eight by the end of 2007. Filofix (Fleet Road Assistance), an emergency tire supply service for national and international fleets throughout Turkey based on a systematic and professional approach, was also extended last year. Brisa introduced 27 domestically produced, total 169 new products to markets in 2007, enriching its product portfolio.

Although the increase in the prices of oil and other raw material that comprise the main input of tire sector continued in 2007 and the value of Turkish Lira continued to rise, our Company increased its profitability considerably in 2007. Our net profitability increased nearly by 50% in 2007 compared to that of previous year, reaching YTL 62.5 million.

I would like to thank all of you, esteemed Shareholders, for the support you have shown to our Company during the course of the year 2007.

Güler SABANCI

Period of the Report
01.01.2007-31.12.2007

Company's Title
Brisa Bridgestone Sabancı
Lastik Sanayi ve Ticaret Anonim Şirketi

BOARD OF DIRECTORS

Güler Sabancı
Chairman
Period of Duty:
17.03.1989-March 2010

Ms. Güler Sabancı graduated from TED Ankara College and Bosphorus University (Business Administration) and started her professional career at Lassa Lastik Sanayi ve Ticaret A.Ş. in 1978. Following Lassa, she headed Kordsa Kordbezi Sanayi ve Ticaret A.Ş. for 14 years as the General Manager and Board Member. While she was working for Kordsa, she was also the core member of a team to set-up a number of joint ventures for Sabancı Group and overseeing the part of their operations.

After serving as the President of the Sabancı Holding Tire and Reinforcement Materials Group for five years, in May 2004, Ms. Güler Sabancı was elected to her current post as the Chairman and Managing Director of Sabancı Holding A.Ş. She is also the Chairman of Human Resources Committee of Sabancı Holding.

Other than her work in industrial business world, Ms. Güler Sabancı is active in academical field, as well. She was the responsible person to design and activate Sabancı University, and currently she is the Chairman of the Board of Trustees of this university.

Ms. Sabancı is, at the same time, a Board Member of Turkish Industrialists and Businessmen Association (TÜSİAD). She, as a hobby, produces wine under her special brand name.

Takashi Urano
Vice Chairman
Period of Duty:
13.07.2005-March 2010

Graduated from Keio University, Department of Economics, in 1974 and started to work for the Bridgestone Corporation at the same year. He held various positions in Bridgestone Corporation's overseas operations until July 2005. Since then he has been serving as the Vice President of Bridgestone Corporation, and since March 2006 he also serves as the Chairman of the Board and CEO of the Bridgestone Europe NV/SA.

Faruk Bilen
Member of the Board
Period of Duty:
19.04.2004-March 2010

Graduated, receiving a dual-degree, from University of Pennsylvania (Electronic Engineering) and the Wharton School (Finance) in USA. He also holds a masters (MBA) degree in Business Administration of Harvard Business School. After working several years in different companies both in Turkey and abroad, he joined Sabancı Group in 1996. Since September 1997, he has been the Chief Financial Officer of Sabancı Holding. He also serves as a Board Member of various companies of Sabancı Group.

Turgut Uzer
Member of the Board
Period of Duty:
01.06.2004-March 2010

Graduated from Middle East Technical University, Department of Industrial Engineering. Joined the Sabancı Group in 1981 as Stock Control Engineer in Lassa A.Ş. After holding management positions in Lassa A.Ş. and Beksa A.Ş., he was assigned as the Process Development Director at the technical center of Bekaert in Belgium. He returned to Beksa in 1994 as the Operations Director and became Beksa General Manager in 1998. He was appointed as the head of Sabancı Holding's Tire, Reinforcement Materials and Automotive Group in June 2004. He is also a Board Member of several other companies of the Sabancı Holding.

Mustafa Bayraktar
Member of the Board
Period of Duty:
19.04.2004-March 2010

Graduated from Alabama University, Finance Department and completed his post-graduate study in the same field in Boston College. He is the Chairman of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş. since 2002. He was appointed as a Board Member of Brisa at 19.04.2004.

Kunitoshi Takeda
Member of the Board
Period of Duty:
01.07.2005-16.07.2007
01.07.2005-March 2010

Graduated from Waseda University, Department of Politics and Economics, and joined Bridgestone Corporation in 1980. He worked as Manager in Egypt and Saudi Arabia (1988-1995). He worked as the Vice President of Bridgestone South Africa Holdings (Pty) Ltd. (1995-1997). He served as the Managing Director of Bridgestone operations in the Middle East between 2000 and 2003. Worked for Brisa as Executive Coordinator and Board Member between 2005-2007, he serves as the Managing Director of Bridgestone operations in the Middle East, Africa, Russia, Asia, Ocenia and China since July 2007.

Bülent Savaş
Member of the Board
Period of Duty:
01.07.2005-March 2010

Graduated from Middle East Technical University, Department of Chemical Engineering in 1973. Following his work as an inspector and engineer at central and local governmental offices, he joined the Sabancı Group in 1976, working for Kordsa. He held various management positions in Kordsa. He was appointed as General Manager for Beksa in 1993. He was appointed as the General Manager of Kordsa in 1998, and starting from 2001 he also acted as the Vice President for DUSA LLC, a DuPont-Sabancı joint venture, assuming the responsibility for the company operations in Europe, Middle East and Africa. Since July 2005, he serves as the General Manager of Brisa.

Junichi Kumano
Member of the Board
Period of Duty:
16.07.2007-March 2010

Graduated from Tokyo University of Foreign Studies, Department of Foreign Languages. He started his professional life in Bridgestone Corporation in 1988. He served as the Managing Director for Bridgestone operations in China. Worked for Bridgestone UK as Marketing Director and Assistant to Executive Director between 2005-2007. He works for Brisa as Executive Coordinator since July 2007.

Junichi Otsuka
Member of the Board
Period of Duty:
03.02.2006-March 2010

Graduated from Shizuoka University, Department of Chemical Engineering. After completing his post-graduate study in the same university, he joined Bridgestone Corporation in 1974. He held various production and technology management positions in Bridgestone Corporation's facilities in Japan, USA, and Australia. Since March 2005 he serves as the Chief Technical Officer in Brisa.

AUDITORS COMMITTEE

Fuat Öksüz
Duty Period:
22.03.2005-March 2008
H. Ömer Sabancı Holding A.Ş.
Head of Auditing Department

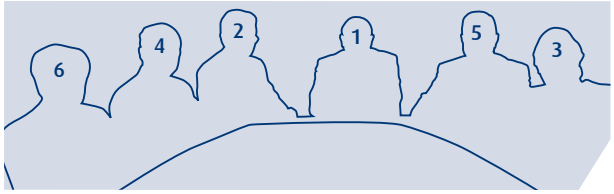
Kunihiko Umemoto
Duty Period:
06.08.2007-March 2008
Bridgestone Corporation
Executive

Mehmet Bingöl
Duty Period:
22.03.2005-March 2008
H. Ömer Sabancı Holding A.Ş.
Tax Management and Finance Department
Assistant Director

Members of the Board of Directors and Auditors Committee are empowered with all the powers determined and set out by the Turkish Commercial Code and other regulations in relation therewith.

INTRODUCTION

Company Management



Executive Committee

1. Bülent Savaş
General Manager. Born in 1947. Graduate of Middle East Technical University, Department of Chemical Engineering. General Manager of Brisa since 01.07.2005.

2. Junichi Kumano
Executive Coordinator. Born in 1963. Graduate of Tokyo University, Department of Foreign Languages. Working for Bridgestone since 1988 and for Brisa since 16.07.2007.

3. Serdar Demirdağ
Assistant General Manager for Marketing and Sales. Born in 1957. Graduate of Middle East Technical University, Department of Chemical Engineering. Working for Brisa since 1985.

4. Junichi Otsuka
Chief Technical Officer. Born in 1949. Graduate of Shizuoka University, Department of Chemical Engineering. Masters degree from the same University. Working for Bridgestone since 1974 and for Brisa since 10.03.2005.

5. Hasan Bahri Ekici
Assistant General Manager for Finance, Planning and Control. Born in 1951. Graduate of İstanbul University, Department of Economy. Working for Brisa since 04.02.2006.

6. Takeya Okada
Financial Assistant. Born in 1955. Graduate of Hitotsubashi University, Department of Social Sciences. Working for Bridgestone since 1978 and for Brisa since 27.12.2005.

Gökhan Cüceloğlu
Marketing and Business Development Director. Born in 1959. Graduate of Bradley University (USA), Faculty of Business Administration. Working for Brisa since 16.10.1989.

Levent Akpulat
Foreign Sales Director. Born in 1967. Graduate of Middle East Technical University, Department of Business Administration. Completed post-graduate study at Sabancı University, Executive MBA program. Working for Brisa since 1992.

Hitoshi Igarashi
OE Director. Born in 1957. Graduate of Otaru University of Commerce, Department of Commerce. Working for Bridgestone since 1980 and for Brisa since 10.05.2004.

Bülent Karaca
Engineering Director. Born in 1959. Graduate of Middle East Technical University, Department of Mechanical Engineering. Working for Brisa since 1984.

Haluk Kürkçü
Production Director. Born in 1961. Graduate of Middle East Technical University, Department of Mechanical Engineering. Working for Brisa since 1986.

Burhan Balıkçı
Technology Director. Born in 1950. Graduate of Middle East Technical University, Department of Chemical Engineering. Achieved masters and doctorate degrees at Manchester University, UK. Working for Brisa since 1985.

Halit Şensoy
Supply and Shared Services Purchasing Director. Born in 1960. Graduate of Middle East Technical University, Department of Industrial Engineering. Working for Brisa since 1987.

Kamil Yağcı
Industrial Relations and Human Resources Director. Born in 1954. Graduate of Middle East Technical University, Department of Chemical Engineering. Working for Brisa since 1984.

BRİSA BRIDGESTONE SABANCI
LASTİK SANAYİ VE TİCARET A.Ş.

Brisa Mission

Provide superior values to society through sustainable growth.

Brisa Vision

To be amoung the top ten tire companies in the world.

Brisa Values

Safety
Innovation
Customer Oriented
Team Spirit
Business Excellence

Amendments made to the Articles of Association within the term:
No amendments were made to the Articles of Association within the term.

Changes in stock prices and status of shareholders:
The Company's stock prices fluctuated between YTL 96.00 and YTL 69.00 during the year. The Company has approximately 4,000 shareholders.

Dividend Policy
The Company's dividend policy, in accordance with CMB regulations and the Company's Articles of Association, is to pay at least 30% of the distributable profit as dividend in cash. Each year, considering the status of funds required for a consistent growth of the Company, the Board of Directors prepares a profit distribution proposal to be approved by the General Assembly.

The rates of dividends distributed in the last three years are as follows:
2004: 520%
2005: 610%
2006: 475%

Shareholders holding more than 10% of the Company's capital are:
Hacı Ömer Sabancı Holding A.Ş - 324,661,922 shares (43.63%), Bridgestone Corporation - 324,661,922 shares (43.63%).

Stocks and debentures issued:
The Company has shares entitled to dividends from profit corresponding to YTL 7,441,875 and an additional 100 usufructs. No debentures have been issued.

The sector and our position therein:
In 2007, production-based supply increased in limited levels in Turkish tire industry while the demand marked considerable growth in general. The tire production in Turkey in 2007 amounted nearly to 25 million tires, reaching over the 2006 figures. About 15 million tires were sold to foreign markets in 2007, similar to that of the previous year. Differing from these developments in production and exports, domestic tire demand marked a growth beyond the general growth in the economy compared to that of previous year. The demand in replacement market increased at all segments in 2007. Especially in passenger car and light commercial vehicle tires segments the increase rates went beyond the average. Turkish tire market reflected the same trends with European and world tire markets, marking faster increase in demand for low profile tires compared to tires in other rim groups. The increase in new car sales in the past years has also started to show its effect in replacement market. The import-based supply in the sector, meanwhile, was realized at the same level as that of previous year. In 2007, Brisa increased its sales in replacement market in all groups under Bridgestone brand and reinforced its activity through ultra high performance tire Impetus Sport under Lassa brand, enjoying the increased effectiveness of this brand.

Although the demand in the Automotive Industry market in 2007 marked a bigger increase compared to that of replacement market, there was a decrease in demand during the second half of the year. This market, where demand is hardly affected by segment-based differences, displays a growth mainly based on automotive exports rather than domestic demand. Local tire manufacturers realized a similar performance level in export markets, as that of 2006. Brisa increased its sales compared to previous year and its share in exports, extending its presence to new markets. Aiming to be a global brand, Lassa products are sold in growing number of countries each year.

While the sector reflected these developments, Brisa increased its total sales quantity by 11% compared to that of 2006 and sold nearly 9 million tires in 2007.

Regulation on the End of Life Tire Management was announced at Official Gazzette on November 2006 and put to effect as at January 2007. Regulation is based on "Producer Responsibility" principle in collection, temporary stockpiling and regaining/recycling of scrap tires. To serve this end, Brisa, Continental (Oltaş), Goodyear, Michelin, Petlas and Pirelli firms established together the Tire Industrialists Association (LASDER). Mr. Bülent Savaş, Brisa General Manager, currently serves as the Chairman of LASDER.

INVESTMENTS

Developments in investments:

The Company invested USD 63 million for renovations, modernizations and capacity expansion in 2007.

Mode and extent of utilization of incentive measures:

In 2007 Brisa continued to utilize all legal incentives it was entitled to within the framework of the incentive certificate dated 19.01.2005.

Efficiency and productivity:

With its high production technology and continuous investments, Brisa continues to increase its productivity on a global scale and maintains its leading position in the Turkish Tire Industry.

ACTIVITIES RELATED TO PRODUCTION OF GOODS AND SERVICES

Capacity utilization and development:

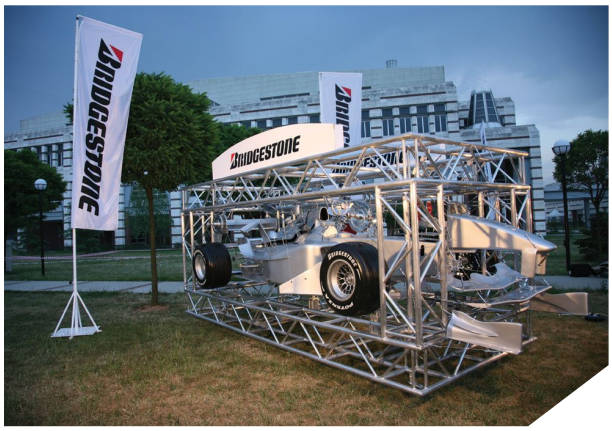
The Company's production increased by 11.9% in 2007, compared to that of 2006, totaling 133,549 tons and consisting of 8,574,580 tires.

Developments in production of goods and services in relevant lines of business:

Brisa introduced 27 domestically produced, total 169 new products to markets in 2007. For the growing 4x4 market segment, Bridgestone Dueler H/P Sport with its attractive pattern was introduced to SUV drivers. Bridgestone ADRENALIN pattern, which was welcomed by ultra high performance tire users, was among the new patterns introduced to the market in 2007.

2007 marked an important year for Bridgestone "Performance Tires". Bridgestone's new Adrenalin pattern was introduced to media in İstanbul Park, where customers and dealers found the opportunity for test-drives. As another important marketing activity, customers were experienced the "Bridgestone Performance Day" and were given the opportunity to test the performance tires in test-center in Thailand.

Brisa continued to stage an intense marketing communications effort in 2007 for both of its brands. For Bridgestone brand, Formula 1 World Championship (Turkish Grand Prix), which was held in August for the third time in Turkey, continued to be the focus of communications. Different from previous years, this year Bridgestone became the sole tire supplier of Formula 1™.A gigantic Bridgestone stand was established in vending zone, and the visitors enjoyed the "Shock Car" and other activities that were realized for three days throughout the races. "Shock Car", displaying an Formula 1™ car in parts, gave the visitors the opportunity to also view tires, which are rather not ordinary and well-known products in daily life of most of the consumers. Before Formula 1™, "Shock Car" was displayed in shopping centers and universities and met with great interest. The open-to-public press conference before the races was another important event.



On August 23rd, Brisa, with the presence of the Chairman of the Board Ms. Güler Sabancı, hosted a successful organization in the parking area of Dolmabahçe Palace, bringing Formula 1™ drivers together with media representatives and spectators.

2007 marked an important year in motorsports for Lassa, shooting up to be a global brand. Lassa, realizing many pioneering steps in Turkish tire sector earlier, marked a new achievement, this time in rally tires. Lassa Rally Team, racing with Lassa brand rally tires designed and produced by Turkish engineers, ranked first among Turkish Rally Teams in 2007.

For Lassa brand, "Competus Discovery Convoy", a continuing activity since its launch in 2003, has been another highlight in mass communications in 2007.

Staged for the fifth time, this unique adventure was realized this time in southern (Antalya Likya) region of Turkey in 3 groups. The Convoy enjoyed the participation of consumers, domestic and foreign dealers, İstanbul Off-road Club members and Brisa employees.

Another outstanding communications activity for Lassa brand in 2007 was the Ice Hotel campaign, especially designed for promoting winter tires. Lucky winners of a draw among the Lassa tire users caught the opportunity to stay in the genuine Ice Hotel in Sweden and to test Snoways under the toughest winter conditions by the North Pole.

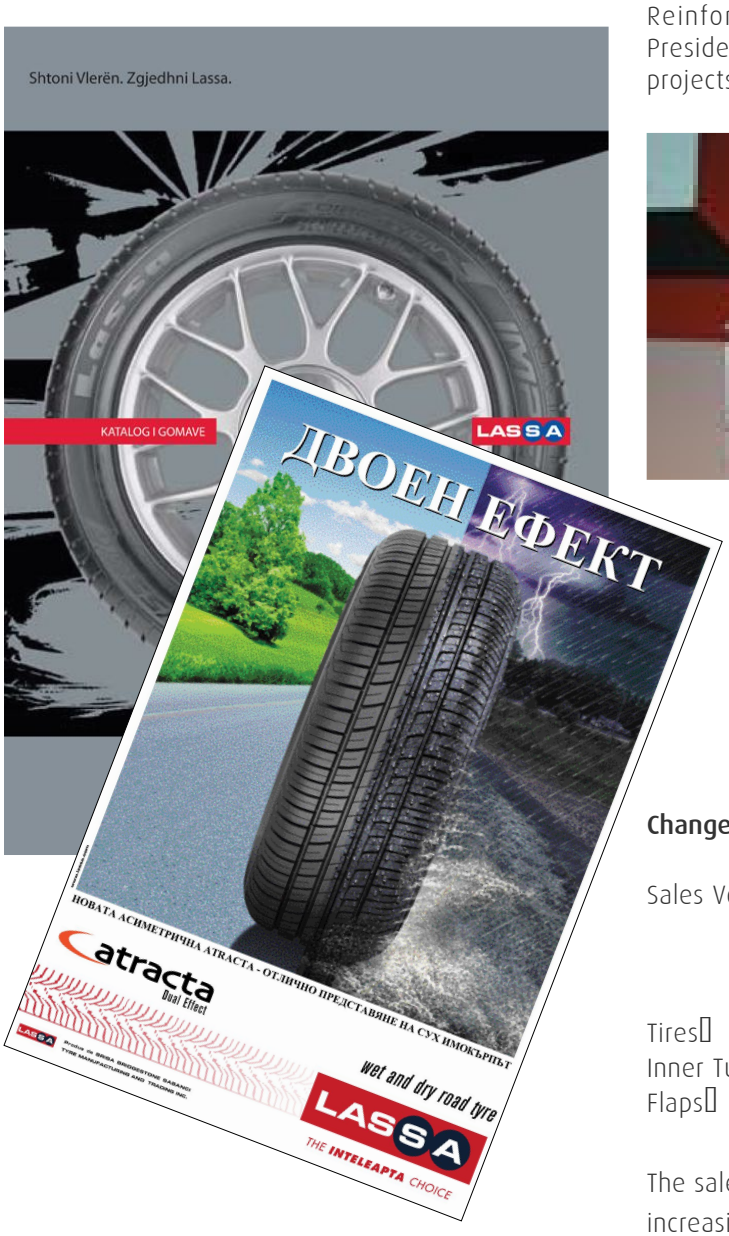
Number of "Otopratik" shops, an innovative practice by Brisa, integrating tire sales, service and supply of spare parts under one roof, reached to eight in 2007.

Another innovation project realized by Brisa in 2006, the "Filofix" (Fleet Road Assistance) service, extended in 2007.

Through this project Brisa started to offer tire services to fleets where and when they needed. The service is planned on a 7 day/24 hours basis, targeting national and international transportation firms. By the end of the first year a total of 585 firms joined Filofix service.

"Customer Communication Center", established in 2007, started to deliver "Call-Center" service for customers about products and all tire-related questions. Services given through "Customer Communication Center" are planned to be increased.

For Lassa, on its way to be a global brand, work for the exports channel was further accelerated in 2007. Through intensifying brand communications, further improvement of customer relations and designing special development plans for each market, Lassa branded products are being exported to increasing number of countries and, at the same time, enjoying greater market shares in present markets. Iran, Afghanistan, Kazakhstan, Bosnia-Herzegovina, Macedonia, Belarus, Ukraine, Sudan and Morocco became the new countries for export in 2007.



National Dealers meeting held in Antalya was another important event in 2007.

During the meeting, attended by Chairman of Sabancı Holding Ms. Güler Sabancı and Sabancı Holding's Tire, Reinforcement Materials and Automotive Group President Mr. Turgut Uzer, Company's objectives and projects for the future were shared with the dealers.

Changes in Sales Volume and Amount

Sales Volume (units)

	2007	% increase compared to 2006
Tires	8,807,298	+11.1%
Inner Tubes	71,350	-11.2%
Flaps	184,581	-14.8%

The sales amounted to YTL 750,702,323 in 2007, increasing 7.5% compared to that of previous year.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

Financial Statements for the year ended 31 December 2007

Translated into English from
The Original Turkish Report

ANNUAL REPORT 2007

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Report on the Financial Statements

We have audited the accompanying financial statements of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş., which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with, financial reporting standards announced by the Capital Market Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing announced by the Capital Market Board. Those standards 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards announced by the Capital Market Board

Istanbul, 7 March 2008

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Gaye Şentürk
Partner

BALANCE SHEET AS AT 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

	Footnote References	AUDITED Current Period 31 December 2007	AUDITED Current Period 31 December 2006
Current Assets		**275,600,112**	**249,724,988**
Cash and Cash Equivalents	4	4,388,501	6,368,423
Marketable Securities (Net)	5	-	-
Trade Receivables (Net)	7	116,402,617	110,281,641
Leasing Receivables (Net)	8	-	-
Due from Related Parties (Net)	9	16,118,259	17,049,112
Other Receivables (Net)	10	1,041,676	831,351
Biological Assets (Net)	11	-	-
Inventories (Net)	12	130,000,945	110,978,804
Costs in Excess of Billings and Estimated Earnings (Net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	7,648,114	4,215,657
Non-Current Assets		**329,304,640**	**291,708,536**
Trade Receivables (Net)	7	13,260	66,992
Financial Leasing Receivables (Net)	8	-	-
Due from Related Parties (Net)	9	-	-
Other Receivables (Net)	10	-	-
Financial Assets (Net)	16	-	6,958,218
Positive/Negative Goodwill (Net)	17	-	-
Investment Property	18	-	-
Tangible Assets (Net)	19	312,144,444	271,532,453
Intangible Assets (Net)	20	17,146,936	13,150,873
Deferred Tax Assets	14	-	-
Other Non-Current Assets	15	-	-
Total Assets		**604,904,752**	**541,433,524**

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

BALANCE SHEET AS AT 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

	Footnote References	AUDITED Current Period 31 December 2007	AUDITED Current Period 31 December 2006
LIABILITIES			
Short Term Liabilities		**149,825,646**	**112,109,895**
Financial Liabilities (Net)	6	64,668,607	53,094,443
Current Portion of Long Term Financial Borrowings (Net)	6	-	-
Financial Leasing Payable (Net)	8	284,091	1,073
Other Financial Liabilities (Net)	10	-	-
Trade Payables (Net)	7	36,476,726	21,606,610
Due from Related Parties (Net)	9	32,936,370	21,250,032
Advance Payments Received	21	212,743	666,465
Billings in Excess of Costs and Estimated Earnings (Net)	13	-	-
Provisions	23	6,733,357	5,763,602
Deferred Tax Liabilities	14	-	-
Other Liabilities (Net)	10	8,513,752	9,727,670
Long Term Liabilities		**17,945,802**	**16,668,490**
Financial Liabilities (Net)	6	-	-
Financial Leasing Borrowings (Net)	8	4,552	87,962
Other Financial Liabilities (Net)	10	-	-
Trade Payables (Net)	7	-	-
Due to Related Parties (Net)	9	-	-
Advances Received	21	-	-
Provisions	23	15,480,108	13,223,231
Deferred Tax Liabilities	14	2,461,142	3,357,297
Other Liabilities (Net)	10	-	-
SHAREHOLDERS' EQUITY		**437,133,304**	**412,655,139**
Share capital	25	7,441,875	7,441,875
Capital Reserves	**26**	**352,665,604**	**352,665,604**
Premium in Excess of Par		4,903	4,903
Gain on Cancellation of Profit Shares		-	-
Revaluation Fund		-	-
Valuation Reserves of Financial Assets		-	-
Shareholders' Equity Inflation Adjustments		352,660,701	352,660,701
Profit Reserves	**27**	**14,517,438**	**10,672,901**
Legal Reserves		14,289,522	10,523,709
Statute Reserves		-	-
Extraordinary Reserves		227,916	149,192
Special Reserves		-	-
Gain on Sale of Properties and Equity Participations to be Transferred to Capital		-	-
Translation Reserves		-	-
Profit for the Year		**62,508,387**	**41,874,759**
Retained Earnings/ Accumulated (Deficit)	**28**	**-**	**-**
Total Shareholders' Equity and Liabilities		**604,904,752**	**541,433,524**

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

STATEMENT OF INCOME AS AT 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

	Footnote References	AUDITED 1 January-31 December 2007	AUDITED 1 January-31 December 2006
OPERATING INCOME			
Sales (Net)	36	750,702,323	698,487,046
Cost of Sales (-)	36	(574,993,918)	(545,139,820)
Service Income (Net)	36	-	-
GROSS PROFIT		**175,708,405**	**153,347,226**
Operating Expenses (-)	37	(108,540,558)	(100,038,163)
OPERATING INCOME		**67,167,847**	**53,309,063**
Other Operating Income	38	4,612,476	1,860,288
Other Operating Expense (-)	38	(2,779,648)	(12,516,136)
Finance Income (net)	39	8,133,785	8,273,088
PROFIT BEFORE TAX AND MONETARY GAIN /(LOSS)		**77,134,460**	**50,926,303**
Net Monetary (Loss)/Gain	40	-	-
PROFIT BEFORE TAX		**77,134,460**	**50,926,303**
Taxes	41	(14,626,073)	(9,051,544)
PROFIT FOR THE YEAR		**62,508,387**	**41,874,759**
EARNINGS PER SHARE	42	7.88	5.28

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED AS AT 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

	Capital	Premium in excess of par	Shareholders' equity inflation adjustment differences	Legal reserves	Other reserves and retained earnings	Period Profit	Total
Balance as at 1 January 2006	7,441,875	4,903	352,660,701	5,697,107	78,727	53,535,179	419,418,492
Transfer of prior year profit to retained earnings	-	-	-	-	53,535,179	(53,535,179)	-
Dividends	-	-	-	-	(48,638,112)	-	(48,638,112)
Transfers to legal reserves	-	-	-	4,826,602	(4,826,602)	-	-
Profit for the year	-	-	-	-	-	41,874,759	41,874,759
Balance as at 31 December 2006	7,441,875	4,903	352,660,701	10,523,709	149,192	41,874,759	412,655,139
Balance as at 1 January 2007	7,441,875	4,903	352,660,701	10,523,709	149,192	41,874,759	412,655,139
Transfer of prior year profit to retained earnings	-	-	-	-	41,874,759	(41,874,759)	-
Dividends	-	-	-	-	(38,030,222)	-	(38,030,222)
Transfers to legal reserves	-	-	-	3,765,813	(3,765,813)	-	-
Profit for the year	-	-	-	-	-	62,508,387	62,508,387
Balance as at 31 December 2007	7,441,875	4,903	352,660,701	14,289,522	227,916	62,508,387	437,133,304

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

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

	Footnote References	1 January-31 December 2007	1 January-31 December 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		62,508,387	41,874,759
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation of property, plant and equipment	19	43,395,973	45,473,599
Amortization of intangible assets	20	4,789,968	3,405,528
Other provisions		5,066,876	4,466,094
Reserve for impairment of available for sale investments	38	-	8,121,163
Provision for retirement pay	23	4,231,902	2,763,318
Allowances for doubtful receivables	7	246,763	-
Accrued interest income		(19,435,249)	(14,588,563)
Accrued interest expenses on bank borrowings		8,044,753	2,314,553
(Gain)/Loss on sale of property, plant and equipment		(40,945)	249,585
Gain on sale of intangible assets		-	(2,100)
Gain on sale of financial assets	38	(3,050,804)	-
Accrued taxation	41	14,626,073	9,051,544
Operating cash flow before changes in working capital		**120,383,697**	**103,129,480**
Changes in working capital	43	(6,620,680)	(69,099,678)
Cash generated from operations		**113,763,017**	**34,029,802**
Taxes paid		(15,153,255)	(11,158,109)
Interest paid		(6,640,274)	(1,891,110)
Severance payments	23	(1,975,025)	(1,573,501)
Net cash provided by operating activities		**89,994,463**	**19,407,082**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		19,134,309	14,520,171
Purchases of property, plant, equipment		(85,787,830)	(62,911,645)
Purchases of intangible assets	20	(7,895,472)	(4,759,693)
Proceeds of sale of property plant and equipment		489,384	130,324
Proceeds of sale of intangible assets		-	15,300
Proceeds of sale of financial assets	16	10,009,022	-
Net cash used in investing activities		**(64,050,587)**	**(53,005,543)**
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings raised		60,514,128	84,980,000
Bank borrowings paid		(50,344,443)	(33,762,500)
Financial leasing installements paid		(364,201)	(786,670)
Dividends paid		(38,030,222)	(48,638,112)
Net cash provided by/(used in) financing activities		**(28,224,738)**	**1,792,718**
NET CHANGES IN CASH AND CASH EQUIVALENTS		**(2,280,862)**	**(31,805,743)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4	6,368,423	38,105,774
Effect of exchange rates and interest accrual on cash and cash equivalents		300,940	68,392
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	**4,388,501**	**6,368,423**

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

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa" or "the Company") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding"). Brisa was established for the primary purpose of manufacturing, marketing and selling vehicle tires in Turkey. In 1988; the Company made a license agreement with Bridgestone Corporation in manufacturing and selling Bridgestone tires.

The Company is listed in the Turkish Capital Market Board ("CMB"), a portion of its' shares are in free float. The Company's main address is 4. Levent Sabancı Center Kule 2 Kat 3 Beşiktaş-İstanbul. There are 1,664 employees, and 3 other personnel with short term job agreements working for the company as of 31 December 2007 (31 December 2006: 1,506, short term personnel 3).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Accounting Standards:

The Company maintain its books of account and prepare its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

Capital Market Board (CMB) issued Decree No XI-25 "Capital Markets Accounting Standards" that provides a detailed accounting principals set. This Decree became effective for periods after 1 January 2005. Article 5 of Decree No XI-27, which amends the mentioned Decree, declares that the entities applying International Financial Reporting Standards (IFRS) are accepted as applying the preparation and disclosure requirements of Decree No XI-25.

Accompanying financial statements were prepared in accordance with IFRS, within the framework of alternative treatment allowed by CMB as mentioned above and comply with CMB's decree announced on 20 December 2004 regarding the format of the financial statements and footnotes.

2.2 Preparation of Financial Statements in Hyperinflationary Periods:

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied.

2.3 Comparative Information and Restatement of Prior Period Financial Statements

Consolidated financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassed in line with the related changes.

2.4 Offsetting

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

2.5 Adoption of New and Revised International Financial Reporting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

- IFRS 7, "Financial instruments: Disclosures"
- IAS 1, "Presentation of financial statements"
- IFRS 7, "Financial instruments: Disclosures"

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

- IAS 1, "Presentation of financial statements"

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital.

Standards, amendments and interpretations effective in 2007 but not relevant:

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Company's operations:

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Adoption of New and Revised International Financial Reporting Standards (cont'd)

- IFRS 4, "Insurance contracts",
- IFRIC 7, "Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies",
- IFRIC 8, "Scope of IFRS 2",
- IFRIC 9, "Reassessment of embedded derivatives",
- IFRIC 10, "Interim financial reporting and impairment".

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

▪ IFRIC 11, "IFRS 2 - Group and treasury share transactions"	Effective for annual periods beginning on or after 1 March 2007
▪ IAS 23, "(Amendment) Borrowing costs"	Effective for annual periods beginning on or after 1 January 2009
▪ IFRS 8, "Operating segments"	Effective for annual periods beginning on or after 1 January 2009
▪ IFRIC 12, "Service concession arrangements"	Effective for annual periods beginning on or after 1 January 2008
▪ IFRIC 13, "Customer loyalty programmes"	Effective for annual periods beginning on or after 1 July 2008
▪ IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction"	Effective for annual periods beginning on or after 1 January 2008
▪ IFRS 2, "Share-based Payment" Amendment relating to vesting conditions and cancellations	Effective for annual periods beginning on or after 1 January 2009
▪ IFRS 3, "Business Combinations"	Effective for annual periods beginning on or after 1 July 2009
▪ IAS 27, "Consolidated and Separate Financial Statements"	
▪ IAS 28, "Investments in Associates"	
▪ IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	
▪ IAS 1, "Presentation of Financial Statements"	Effective for annual periods beginning on or after 1 January 2009
▪ IAS 32, "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	
▪ IAS 1, "Presentation of Financial Statements"	Effective for annual periods beginning on or after 1 January 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparation of the accompanying financial statements are as follows:

a. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances. Revenue from sale of goods is recognised when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

b. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

c. Tangible assets

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

d. Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

e. Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Impairment of assets (cont'd)

at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f. Borrowing costs

Borrowing costs are expensed as incurred in profit and loss.

g. Financial instruments

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investments under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Investments other than held-to-maturity debt securities and held for trading securities are classified as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that,

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

h. Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned. In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Earnings per share (cont'd)

are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

i. Subsequent events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Company (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote. The Company; restates its financial statements if such subsequent events arise.

j. Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

k. Change in accounting policies, accounting estimates and errors

Changes in accounting policies or accounting errors noted are applied retroactively and the financial statements of the previous year are adjusted. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

l. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

m. Related parties

In financial statements, important personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries are all accepted and denoted as related parties ("Related Parties").

n. Segmental information

The Company operates in one industry segment, basically manufacturing, marketing and distribution of vehicle tires therefore no segmental information is included in the accompanying financial statements..

o. Government incentives and grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

p. Taxation and deferred tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p. Taxation and deferred tax (cond't)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

r. Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

s. Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

4. CASH AND CASH EQUIVALENTS

	31 December 2007	31 December 2006
Cash	307	1,692
Cash at banks		
Demand deposits	3,714,056	5,602,984
Time deposits	674,138	763,747
	4,388,501	6,368,423

Time Deposits:

Amount	Currency	Interest rate %	Maturity	31 December 2007
189,452	EUR	3.25	25.02.2008	324,000
300,625	USD	4.00	15.12.2008	350,138
				674,138

Amount	Currency	Interest rate %	Maturity	31 December 2006
184,377	EUR	2.25	12.02.2007	341,374
300,493	USD	3.00	13.12.2007	422,373
				763,747

5. MARKETABLE SECURITIES

None. (2006: None)

6. FINANCIAL BORROWINGS

Amount	Currency	Weighted average effective Interest rate %	31 December 2007 Short Term	31 December 2007 Long Term
-	YTL	16.03	23,400,894	-
24,130,343	EUR	4.62	41,267,713	-
			64,668,607	

Amount	Currency	Weighted average effective Interest rate %	31 December 2006 Short Term	31 December 2006 Long Term
-	YTL	18.47	26,883,128	-
14,156,800	EUR	4.48	26,211,315	-
			53,094,443	

The borrowings are repayable as follows,

	31 December 2007	31 December 2006
Due within one year	64,668,607	53,094,443

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

6. FINANCIAL BORROWINGS (cont'd)

The fair value of short term loans are equal to their carrying value since the effect of discounting is immaterial.

The Company's major bank loans are as follows:

a) A loan of Euro 20,000,000 (2006:14,000,000 Euro) drawn down on 2 April 2007 carries an effective interest of euribor+0.60. The maturity of loan is 3 October 2008,
b) A loan of Euro 3,850,000 drawn down on 8 March 2007 carries an effective interest of 4.47%'dir, The maturity of the loan is 18 March 2008,
c) A loan of YTL 4,750,000 Eximbank loan (2006: YTL 3,250,000), Effective interest rate is 15.34%,
d) A loan of YTL 15,000,000 (2006: nil) drawn down on 3 October 2007 carrying an effective interest rate of 18.36 %.The maturity of the loan is 31 March 2008,
e) A loan of YTL 750,000 (2006: YTL 23,500,000) a spot loan with variable interest carrying an effective interest rate of 16.15%. The maturity of the loan is 02 January 2008,
f) A SSK loan of YTL 1,975,858 carrying 0% interest rate, The maturity of the loan is 5 January 2008.

7. TRADE RECEIVABLES AND PAYABLES

TRADE RECEIVABLES (Current Assets)	**31 December 2007**	**31 December 2006**
Trade receivables	88,749,243	38,314,959
Notes receivables	29,896,963	74,419,852
Discount on receivables (-)	(1,700,442)	(1,778,696)
Other trade receivables	403,441	85,736
Allowance for doubtful receivables (-)	(946,588)	(760,210)
	116,402,617	110,281,641

Movements for allowance for bad debt:

	1 January-31 December 2007	**1 January-31 December 2006**
Opening balance	760,210	781,272
Collections	(60,385)	(21,062)
Period charge	246,763	-
Closing balance	946,588	760,210

In determining the recoverability of the trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was intially granted up to reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is not further credit provision required in execss of the allowance for doubtful debts. The average credit period on sales of goods is 47 days. Included in the Company's trade receivable balance are debtors with a carrying amount of YTL 3,264,145 (31 December 2006: YTL 3,022,613) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the company believes that the amounts are still considered recoverable,The Company holds YTL 120,000 colletarals and YTL 197,050 mortgages for these receivables, The average age of these receivables are 31 days.

Aging of the aforementioned overdue receivables are as follows:

	31 December 2007	**31 December 2006**
Up to 3 months	3,015,046	1,786,080
Between 3 to 6 months	249,099	1,236,533
	3,264,145	3,022,613

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

TRADE RECEIVABLES
(Long Term Assets)

	31 December 2007	31 December 2006
Notes receivables	-	43,672
Deposit and guarantees given	13,260	23,320
	13,260	66,992

TRADE PAYABLES
(Current Liabilities)

	31 December 2007	31 December 2006
Short term trade payables	31,834,539	18,800,255
Payment orders given	1,502,502	-
Deposit received and guarantees	623,253	720,909
Payables to contractors	2,620,660	2,163,595
Discount on trade payables	(104,228)	(78,149)
	36,476,726	21,606,610

The average credit period on purchases are 31 (2006:51) days. The Company has financial risk management policies to pay all of its debts to its creditors at their respective maturity dates.

8. FINANCIAL LEASE RECEIVABLES AND PAYABLES

FINANCIAL LEASE PAYABLES

	31 December 2007	31 December 2006
Short term leasing payables	322,609	3,686
Short term leasing payables-interest expense	(38,518)	(2,613)
	284,091	1,073
Long term leasing payables	5,357	102,297
Long term leasing payables-interest expense	(805)	(14,335)
	4,552	87,962

FINANCIAL LEASE RECEIVABLES

None (2006: None)

9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

DUE FROM THE RELATED PARTIES
Current Assets (*)

Shareholders	31 December 2007	31 December 2006
Bridgestone Corporation	5,887,023	6,829,160
Other Related Parties		
Exsa Export Sanayi Mamulleri Satış ve Arş A.Ş.	6,567,774	6,765,976
Temsa Sanayi ve Ticaret A.Ş	2,279,137	1,985,734
Other	793,421	663,530
	15,527,355	16,244,400

(*) These receivables stem from domestic and export tire sales.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

DUE FROM THE RELATED PARTIES (cont'd)
Other Receivables

	31 December 2007	31 December 2006
Bridgestone Corporation	439,311	640,324
Temsa Sanayi ve Ticaret A.Ş.	15,774	35,773
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A,Ş.	78,430	69,303
Other	57,389	59,312
	590,904	804,712
	16,118,259	17,049,112

DUE TO THE RELATED PARTIES
Current Liabilities
Trade payables (*)

Shareholders	31 December 2007	31 December 2006
Bridgestone Corporation	1,941,032	2,599,218
Other Related Parties		
Enerjisa Enerji Üretim A.Ş.	3,056,557	3,012,367
Brigdestone Singapore Pte. Ltd.	15,605,225	5,900,536
Beksa Çelik Kord Sanayi ve Tic. A.Ş.	4,839,659	2,678,349
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	4,318,740	1,424,161
Other	1,671,769	2,478,698
	31,432,982	18,093,329
Royalty payables		
Bridgestone Corporation	1,203,077	2,670,732
Other Liabilities		
Bridgestone Corporation	120,238	143,683
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	23,465	105,665
Exsa UK Limited	140,263	-
Other	16,345	32,431
	300,311	281,779
Advances Received		
Bridgestone Corporation	-	204,192
	32,936,370	21,250,032

(*) Due to related party stem from purchases of raw materials.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

Bank Deposits	31 December 2007	31 December 2006
Akbank T.A.Ş.	2,832,595	6,053,434

Financial borrowings to related parties		
Akbank T.A.Ş.	34,439,922	26,248,389
Ak Finansal Kiralama A.Ş.	288,643	89,035
	34,728,565	26,337,424

Major sales to related parties	1 January - 31 December 2007	1 January - 31 December 2006
Bridgestone Corporation	117,875,977	88,252,396
Exsa Export Sanayi Mamul.Satış ve Arş. A.Ş.	97,998,766	96,356,527
Other	10,731,823	11,860,828
	226,606,566	196,469,751

Major purchases from related parties		
Beksa Çelik Kord Sanayi ve Tic. A.Ş. (*)	52,240,933	55,559,548
Bridgestone Singapore Pte Ltd. (**)	111,053,290	113,927,595
Universal Trading (Jersey) Ltd.	-	10,888,073
Bridgestone Corporation	33,001,068	37,863,892
Enerjisa Enerji Üretim A.Ş.	28,796,245	25,565,933
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	25,008,911	29,516,784
Other	5,676,884	15,443,850
	255,777,331	288,765,675

(*) The Company purchases raw materials from Beksa Çelik Kord Sanayi ve Tic. A.Ş.
(**) The Company purchases raw materials from Bridgestone Singapore Pte Ltd..

Major purchases from related parties (Services)	1 January - 31 December 2007	1 January - 31 December 2006
Aksigorta A.Ş	6,449,074	5,028,617
Bimsa Uluslararası İş, Bilgi ve Yön. Sis. A.Ş.	3,047,558	2,067,027
Other	1,576,378	2,320,428
	11,073,010	9,416,072

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

	1 January-31 December 2007	1 January-31 December 2006
Fixed asset purchases from related parties		
Bridgestone Corporation (*)	11,832,919	10,905,847
Temsa A.Ş.	47,308	4,511,380
Bimsa Uluslararası İş, Bilgi ve Yön. Sis. A.Ş.	2,077,323	2,023,145
Other	1,399,408	1,389,813
	15,356,958	18,830,185

(*) The Company purchases machinery and equipment from Bridgestone Corporation.

Interest income from related parties		
Akbank T.A.Ş.	28,366	418,031
Interest expense to related parties		
Akbank T.A.Ş.	2,213,565	742,482
Ak Finansal Kiralama A.Ş.	64,216	90,523
	2,277,781	833,005
Rent expense to related parties		
H.Ö. Sabancı Holding A.Ş.	66,613	83,596
Temsa A.Ş.	153,127	159,579
Aksigorta A.Ş.	14,910	16,220
	234,650	259,395
Other expenses to related parties		
Exsa Export Sanayi Mamul Satış ve Arş. A.Ş. (*)	13,891,894	14,584,769
Exsa UK Limited (**)	2,601,201	1,839,133
Other	226,317	225,177
	16,719,412	16,649,079

(*) Expenses of Exsa Export Sanayi Mamul Satış ve Arş.A.Ş. comprise bonus premium paid for sales volumes of indirect export sales.
(**) Expenses of Exsa UK Limited comprise primarily marketing expenses.

Other income from related parties		
Aksigorta A.Ş.	280,202	228,772
Exsa UK Limited	328,680	-
Other	-	406,500
	608,882	635,272
Compensation of key management personnel	1,909,247	1,843,242

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

10. OTHER RECEIVABLES AND PAYABLES

OTHER RECEIVABLES
(Current Assets)

	31 December 2007	31 December 2006
Due from personnel	955,486	751,634
Provision for doubtful receivables (-)	(15,216)	(15,216)
Other receivables	101,406	94,933
	1,041,676	831,351

OTHER LIABILITIES
(Short term)

	31 December 2007	31 December 2006
Taxes and dues payable	4,194,835	3,821,256
Social security premium payable	2,596,970	3,810,866
Deferred taxes	-	1,059,376
Personnel expense accruals	1,595,019	911,738
Insurance for voluntary rretirement plan	4,211	4,546
premium payable	1,447	4,403
Other liabilities	121,270	115,485
Due to shareholders	8,513,752	9,727,670

OTHER LIABILITIES
(Long Term)
None. (2006: None)

11. BIOLOGICAL ASSETS

None. (2006: None)

12. INVENTORIES

	31 December 2007	31 December 2006
Raw materials	38,842,943	35,948,730
Work in process	8,528,891	8,049,930
Finished goods	31,874,239	36,247,418
Trade goods	13,283,452	14,583,307
Goods in transit	30,860,304	9,241,656
Order advances given	6,611,116	6,907,763
	130,000,945	110,978,804

13. COSTS/BILLINGS IN EXCESS OF BILLINGS/COSTS AND ESTIMATED EARNINGS

None. (2006: None)

14. DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX ASSETS
None. (2006: None)

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

14. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

DEFERRED TAX LIABILITIES

Deferred Tax:

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and are set out below.

Temporary differences occur between the years in which certain items of income and expense are recorded for accounting and for tax purposes. There are timing differences resulting from the restatement of inventories, property, plant and equipment and intangible fixed assets, prepaid expenses, allowances, retirement pay provision, discounts of accounts receivable and payable and bonus provision.

The deferred taxes are calculated at a rate of 20%. (31 December 2006: 20%)

Deferred Tax (assets/liabilities):	**31 December 2007**	**31 December 2006**
Discount on trade receivables	(340,088)	(355,739)
Severance pay reserve	(3,096,022)	(2,644,646)
Reserve for sales bonus and warranty claims	(469,074)	(486,911)
Discount on trade payables	20,846	15,630
Revaluation of property, plant and equipment	6,322,172	6,789,644
Revaluation of inventories	23,308	39,319
	2,461,142	3,357,297

Movement of deferred taxes:	**1 January-31 December 2007**	**1 January-31 December 2006**
Opening balance, 1 January	3,357,297	8,225,692
Deferred tax income (Note:41)	(896,155)	(4,868,395)
Closing balance, 31 December	2,461,142	3,357,297

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

15. OTHER CURRENT/NON-CURRENT ASSETS AND SHORT/LONG TERM LIABILITIES

	31 December 2007	31 December 2006
OTHER CURRENT ASSETS		
Prepaid expenses	1,554,152	1,384,486
VAT carried forward	4,184,600	521,993
VAT claims receivable	1,869,658	2,159,168
Other	39,704	150,010
	7,648,114	4,215,657

16. FINANCIAL ASSETS

The Company's shares in its equity participations and unconsolidated subsidiaries as of 31 December 2007 and 31 December 2006 are as follows:

Company name	Share	31 December 2007	Share	31 December 2006
Enerjisa Enerji Üretim A.Ş.	-	-	%1.84	6,958,218

In accordance with the board of directors meeting dated 19 April 2007 the Company sold its Enerjisa Enerji Üretim A.Ş shares on 31 May 2007 for 10,009,022.

17. POSITIVE/NEGATIVE GOODWILL (NET)

None. (2006: None)

18. INVESTMENT PROPERTY

None. (2006: None)

19. PROPERTY, PLANT AND EQUIPMENT (NET)

Acquisition cost	Land	Land Improve-ments	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other	Advances and Construction in Progress	Total
Opening Balance 1 January 2007	5,308,360	10,919,073	167,388,406	807,954,538	3,654,052	16,990,734	3,186,819	25,356,992	1,040,758,974
Additions	-	-	-	101,769	510,815	2,782,737	2,775,985	78,611,846	84,783,152
Disposals	(93,175)	-	-	(1,555,320)	(902,394)	(5,368,862)	-	-	(7,919,751)
Transfer from CIP	-	69,670	4,824,485	43,446,939	-	1,200,828	-	(49,868,671)	(326,749)
Closing balance 31 December 2007	5,215,185	10,988,743	172,212,891	849,947,926	3,262,473	15,605,437	5,962,804	54,100,167	1,117,295,626
Accumulated depreciation									
Opening balance 1 January 2007	-	(9,045,468)	(88,040,381)	(659,643,605)	(2,461,336)	(9,624,571)	(411,160)	-	(769,226,521)
Charge for the period	-	(231,950)	(5,220,521)	(35,640,162)	(408,402)	(1,345,583)	(549,355)	-	(43,395,973)
Eliminated on disposals	-	-	-	1,437,448	784,705	5,249,159	-	-	7,471,312
Closing balance 31 December 2007	-	(9,277,418)	(93,260,902)	(693,846,319)	(2,085,033)	(5,720,995)	(960,515)	-	(805,151,182)
Net book value at 1 January 2007	5,308,360	1,873,605	79,348,025	148,310,933	1,192,716	7,366,163	2,775,659	25,356,992	271,532,453
Net book value at 31 December 2007	5,215,185	1,711,325	78,951,989	156,101,607	1,177,440	9,884,442	5,002,289	54,100,167	312,144,444

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

19. PROPERTY, PLANT AND EQUIPMENT (NET) (cont'd)

Acquisition cost	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other	Advances and Construction in Progress	Total
Opening Balance 1 January 2006	5,308,360	10,634,035	166,302,850	762,248,822	3,698,968	15,494,342	1,424,088	18,637,063	983,748,528
Additions	-	-	8,250	105,795	339,011	767,722	1,762,731	59,508,105	62,491,614
Disposals	-	-	-	(2,856,766)	(383,927)	(1,324,341)	-	-	(4,565,034)
Transfer from CIP	-	285,038	1,077,306	48,456,687	-	2,053,011	-	(52,788,176)	(916,134)
Closing balance 31 December 2006	5,308,360	10,919,073	167,388,406	807,954,538	3,654,052	16,990,734	3,186,819	25,356,992	1,040,758,974
Accumulated depreciation									
Opening balance 1 January 2006	-	(8,813,297)	(82,821,565)	(624,142,927)	(2,374,702)	(9,641,327)	(144,229)	-	(727,938,047)
Charge for the period	-	(232,171)	(5,218,816)	(38,261,301)	(427,004)	(1,067,376)	(266,931)	-	(45,473,599)
Eliminated on disposals	-	-	-	2,760,623	340,370	1,084,132	-	-	4,185,125
Closing balance 31 December 2006	-	(9,045,468)	(88,040,381)	(659,643,605)	(2,461,336)	(9,624,571)	(411,160)	-	(769,226,521)
Net book value at 1 January 2006	5,308,360	1,820,738	83,481,285	138,105,895	1,324,266	5,853,015	1,279,859	18,637,063	255,810,481
Net book value at 31 December 2006	5,308,360	1,873,605	79,348,025	148,310,933	1,192,716	7,366,163	2,775,659	25,356,992	271,532,453

20. INTANGIBLE ASSETS (NET)

Acquisition cost	Rights	Leasehold Improvements	Other Intangible Assets	Total
Opening balance 1 January 2007	9,801,420	971,958	14,337,810	25,111,188
Additions	7,600,657	-	294,815	7,895,472
Leasing	-	-	563,810	563,810
Disposals	(211)	-	-	(211)
Transfer from CIP	2,300	-	324,449	326,749
Closing balance 31 December 2007	17,404,166	971,958	15,520,884	33,897,008
Accumulated amortization				
Opening balance 1 January 2007	(3,359,345)	(300,009)	(8,300,961)	(11,960,315)
Charge for the period	(2,472,956)	(117,946)	(2,199,066)	(4,789,968)
Eliminated on disposals	211	-	-	211
Closing balance 31 December 2007	(5,832,090)	(417,955)	(10,500,027)	(16,750,072)
Net book value at 1 January 2007	6,442,075	671,949	6,036,849	13,150,873
Net book value at 31 December 2007	11,572,076	554,003	5,020,857	17,146,936
Acquisition cost				
Opening balance 1 January 2006	5,359,539	638,151	13,148,141	19,145,831
Additions	4,426,826	41,771	291,096	4,759,693
Leasing	-	-	317,480	317,480
Disposals	(27,950)	-	-	(27,950)
Transfer from CIP	43,005	292,036	581,093	916,134
Closing balance 31 December 2006	9,801,420	971,958	14,337,810	25,111,188
Accumulated amortization				
Opening balance 1 January 2006	(2,108,970)	(196,975)	(6,263,592)	(8,569,537)
Charge for the period	(1,265,125)	(103,034)	(2,037,369)	(3,405,528)
Eliminated on disposals	14,750	-	-	14,750
Closing balance 31 December 2006	(3,359,345)	(300,009)	(8,300,961)	(11,960,315)
Net book value at 1 January 2006	3,250,569	441,176	6,884,549	10,576,294
Net book value at 31 December 2006	6,442,075	671,949	6,036,849	13,150,873

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

21. ADVANCES RECEIVED

	31 December 2007	31 December 2006
Advance orders received	212,743	617,756
Other advances received	-	48,709
	212,743	666,465

22. RETIREMENT PLANS

None. (2006: None)

23. PROVISIONS

	31 December 2007	31 December 2006
PROVISIONS		
(Short Term Liabilities)		
Provision for corporate tax (Note:41)	15,522,228	13,919,939
Prepaid corporate taxes	(13,855,747)	(12,622,431)
Corporate tax	1,666,481	1,297,508
Reserve for disabled and sentenced people	2,288,229	1,831,204
Reserve for dealer bonuses and warranty claims	2,345,372	2,434,555
Other provisions	433,275	200,335
	6,733,357	5,763,602

	31 December 2007	31 December 2006
PROVISIONS FOR OBLIGATIONS		
(Long Term Liabilities)		
Reserve for retirement pay	15,480,108	13,223,231

RESERVE FOR RETIREMENT PAY

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed.

The amount payable consists of one month's salary limited to a maximum of YTL 2,087.92 (2006: YTL 1,857.44) for each period of service at 01 January 2008.
The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5.71% (31 December 2006: 5.71%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of YTL 2,087.92 effective as of 01 January 2008 has been taken into consideration in calculation of provision from employment termination benefits.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

23. PROVISIONS (cond't)

RESERVE FOR RETIREMENT PAY (cond't)

	1 January-31 December 2007	1 January-31 December 2006
Provision at 1 January	13,223,231	12,033,414
Service costs	3,476,856	2,076,210
Interest costs	755,046	687,108
Payment	(1,975,025)	(1,573,501)
Provision at 31 December	15,480,108	13,223,231

24. MINORITY INTEREST

None. (2006: None)

25. CAPITAL

As at 31 December 2007 and 31 December 2006, the share capital is held as follows:

Shareholders	31 December 2007 (%)	31 December 2007	31 December 2006 (%)	31 December 2006
H.Ö. Sabancı Holding A.Ş.	43.63	3,246,619	43.63	3,246,619
Bridgestone Corporation	43.63	3,246,619	43.63	3,246,619
Other	12.74	948,637	12.74	948,637
Capital at Historical Value	100.00	7,441,875	100.00	7,441,875

The Companies share capital comprise 744.187.500 shares (2006: 744.187.500 shares). The nominal value of each share amounts to YKR 1. (2006: YKR 1).

26. CAPITAL RESERVES

	31 December 2007	31 December 2006
Capital inflationary adjustment	352,660,023	352,660,023
Premium in excess of par inflationary adjustment	678	678
Premium in excess of par	4,903	4,903
	352,665,604	352,665,604

27. PROFIT RESERVES

The legal reserves comprise first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

The companies capital reserves are stated in accordance with the Capital Market Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Capital Market Accounting Standards", published on 15 November 2003 are as follows, as at 31 December 2007 and 31 December 2006:

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

27. PROFIT RESERVES (cont'd)

	31 December 2007	31 December 2006
Legal reserves	14,289,522	10,523,709
Extraordinary reserves	227,916	149,192
Total profit reserves	14,517,438	10,672,901

28. RETAINED EARNINGS/ACCUMULATED DEFICIT

None. (2006: None)

29. FOREIGN CURRENCY POSITION

31 December 2007	Equivalent of US$ in YTL	Equivalent of Euro in YTL	Equivalent of JPY in YTL	Foreign Currency as YTL
Cash and Banks	480,059	431,299	16,261	927,619
Trade Receivables	1,706,057	34,712	-	1,740,769
Due from Related Parties	434,110	5,888,889	-	6,322,999
Other Current Assets	10,468	701	-	11,169
Trade Payables	(1,368,580)	(587,637)	(18,046)	(1,974,263)
Due from Related Parties	(1,006,060)	(80,841)	(154,620)	(1,241,521)
Advances Received	(127,209)	(85,534)	-	(212,743)
Financial Borrowings	-	(41,267,713)	-	(41,267,713)
	128,845	(35,666,124)	(156,405)	(35,693,684)
31 December 2006				
Cash and Banks	531,256	1,171,631	387	1,703,274
Trade Receivables	2,261,669	439,766	-	2,701,435
Due from Related Parties	676,030	6,839,191	-	7,515,221
Other Current Assets	22,670	-	-	22,670
Trade Payables	(1,004,570)	(310,526)	(53,760)	(1,368,856)
Due from Related Parties	(4,243,207)	(23,255)	(1,020,036)	(5,286,498)
Advances Received	(87,649)	(521,355)	-	(609,004)
Financial Borrowings	-	(26,211,315)	-	(26,211,315)
	(1,843,801)	(18,615,863)	(1,073,409)	(21,533,073)

30. GOVERNMENT GRANTS AND INVESTMENT INCENTIVES

Company has an Investment Incentive Certificate dated 19 January 2005 for the modernization of the plant, that should be completed till 31 December 2009, amounting to YTL 232,070,578. Due to this investment incentive certificate there are exemptions of VAT for the purchases of investment goods from domestic and foreign markets and exemptions of Custom Tax for the imports of investment goods from the countries other than the European Union members.

31. PROVISIONS, COMMITMENTS AND CONTINGENCIES

	31 December 2007	31 December 2006
Letter of Guarantees Given	4,209,955	5,832,293

The company has an investment commitment to the Republic of Turkey Prime Ministry Undersecretariat of Treasury amounting YTL 53,574,178 to be fulfilled by 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

32. BUSINESS COMBINATIONS

None. (2006: None)

33. SEGMENTAL REPORTING

None. (2006: None)

34. SUBSEQUENT EVENTS

On 14 January 2008, YTL 19,576,362 has been added to our investments contained in investment incentive certificate dated 19 January 2005.

35. DISCONTINUED OPERATIONS

None. (2006: None)

36. OPERATING INCOME

SALES (NET)	1 January-31 December 2007	1 January-31 December 2006
Domestic sales	576,912,801	549,137,996
Export	250,164,495	214,581,059
Sales returns (-)	(2,838,652)	(2,124,049)
Sales discounts (-)	(56,438,407)	(47,122,992)
Other deduction from sales (-)	(17,097,914)	(15,984,968)
	750,702,323	698,487,046
COST OF SALES (-)		
Cost of sales (-)	(574,993,918)	(545,139,820)

OTHER OPERATING INCOME

None. (2006: None)

37. OPERATING EXPENSES (-)

	1 January-31 December 2007	1 January-31 December 2006
Research and development expenses (-)	(7,031,095)	(6,381,707)
Marketing, selling and distribution expenses(-)	(76,189,355)	(69,828,933)
General administrative expenses (-)	(25,320,108)	(23,827,523)
	(108,540,558)	(100,038,163)

38. OTHER INCOME/EXPENSE AND PROFIT/LOSS

OTHER INCOME FROM OTHER OPERATIONS	1 January-31 December 2007	1 January-31 December 2006
Profit on sale of financial assets	3,050,804	-
Other operating income	1,561,672	1,860,288
	4,612,476	1,860,288
OTHER EXPENSE FROM OTHER OPERATIONS (-)		
Provision expenses for available for sale investments	-	(8,121,163)
Other operating expense and loss (-)	(2,779,648)	(4,394,973)
	(2,779,648)	(12,516,136)

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

39. FINANCE INCOME/EXPENSES (NET)

	1 January-31 December 2007	1 January-31 December 2006
FINANCE INCOME		
Sales discounts	18,893,677	13,734,047
Foreign currency gains	5,858,177	16,698,206
Interest income on bank deposits	28,951	418,633
Receivables discount	512,621	435,883
Sales of marketable securities	-	253,680
	25,293,426	31,540,449

FINANCE EXPENSES	1 January-31 December 2007	1 January-31 December 2006
Foreign currency losses (-)	(8,192,926)	(10,797,911)
Short Term Borrowing Cost (-)	(4,628,162)	(7,696,911)
Discounts of purchases (-)	(4,274,337)	(4,682,016)
Leasing Cost (-)	(64,216)	(90,523)
	(17,159,641)	(23,267,361)
FINANCE INCOME (NET)	8,133,785	8,273,088

40. MONETARY GAIN/LOSS

None. (2006: None)

41. TAXATION

Taxes	1 January-31 December 2007	1 January-31 December 2006
Current corporate tax (-)	(15,522,228)	(13,919,939)
Deferred tax (-)	896,155	4,868,395
	(14,626,073)	(9,051,544)

Corporate Tax:

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2007 is 20% (2006: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2007 is 20% (2006: 20%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

41. TAXATION (cont'd)

Corporate tax (cont'd):

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

Inflation adjusted legal tax calculation:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as at 2006 and 2007, no further inflation adjustment made to the Company's statutory financial statements in 2006 and 2007.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

42. EARNINGS PER SHARE

Earnings per share and weighted average of outstanding shares for 2007 and 2006 are given below.

	1 January-31 December 2007	1 January-31 December 2006
Capital-YTL	7,441,875	7,441,875
Net Profit (YTL)	62,508,387	41,874,759
Earnings per preferred shares (100 units) Gross (YTL)	38,567	25,463
Earnings per each ordinary share with YTL 1 nominal value-Gross (YTL)	7.88	5.28
Earnings per each ordinary share with YTL 1 nominal value-Gross (%)	%788	%528

43. STATEMENTS OF CASH FLOWS

Statements of cash flows are presented in the accompanying financial statements. Except for the changes in working capital and investing activities no other issues to be disclosed.

Changes in working capital

	1 January-31 December 2007	1 January-31 December 2006
Trade receivables	(6,367,739)	(44,776,613)
Inventories	2,882,950	(26,607,653)
Due from related parties	930,853	(1,595,996)
Other receivables and other assets	(3,642,782)	209,278
Trade payables	6,169,822	374,700
Due to related parties	(513,783)	6,934,858
Advances received	(453,722)	428,547
Other payables	(5,680,011)	(2,962,675)
Long term trade receivables	53,732	(44,748)
Other long term payables	-	(1,059,376)
	(6,620,680)	(69,099,678)

44. OTHER MATTERS

None. (2006: None)

45. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and the equity balance.

The capital structure of the Company consists of debt which includes the borrowings disclosed in note 6 cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 25, 26, 27 and 28.

The Company's strategy are same as 2006.

(b) Significant accounting policies

The Company's accounting policies about financial instruments are disclosed in note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

45. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(c) Categories of financial instruments

Categories of financial instruments and fair values

31 December 2007	Financial assets at amortised cost	Loans and receivables	Financial liabilities at amortised cost	Carrying value	Fair value	Footnote
Financial assets						
Cash and cash equivalents	4,388,501	-	-	4,388,501	4,388,501	4
Trade receivables	-	116,402,617	-	116,402,617	116,402,617	7
Due from related parties	-	16,118,259	-	16,118,259	16,118,259	9
Available for sale financial assets	-	-	-	-	-	
Financial liabilities						
Bank borrowings	-	-	64,668,607	64,668,607	64,668,607	6
Finance lease payable	-	-	288,643	288,643	288,643	8
Trade payables	-	-	36,476,726	36,476,726	36,476,726	7
Due to related parties	-	-	32,936,370	32,936,370	32,936,370	9

31 December 2006	Financial assets at amortised cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortised cost	Carrying value	Fair value	Footnote
Financial assets							
Cash and cash equivalents	6,368,423	-	-	-	6,368,423	6,368,423	4
Trade receivables	-	110,281,641	-	-	110,281,641	110,281,641	7
Due from related parties	-	17,049,112	-	-	17,049,112	17,049,112	9
Available for sale financial assets	-	-	6,958,218	-	6,958,218	6,958,218	16
Financial liabilities							
Bank borrowings	-	-	-	53,094,443	53,094,443	53,094,443	6
Trade payables	-	-	-	21,606,610	21,606,610	21,606,610	7
Due to related parties	-	-	-	21,250,032	21,250,032	21,250,032	9
Finance lease payable	-	-	-	89,035	89,035	89,035	8

(d) Financial risk management objectives

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

The company does not enter in to or trade financial instruments, ,including derivative financial instruments for speculative purposes.

(e) Market risk

The company's activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section f) and interest rates (refer to section g).

At a company level market risk exposures are measured by sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

45. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management

The Company's assets and liabilities denominated in foreign currencies are disclosed in Note 29.

Foreign currency sensitivity

The company undertakes certain transactions denominated in US$, Euro and JPY hence exposures to certain exchange rate fluctuations arise.

	US $ (i)		EURO (ii)		JPY (iii)	
	1 January-31 December 2007	1 January-31 December 2006	1 January-31 December 2007	1 January-31 December 2006	1 January-31 December 2007	1 January-31 December 2006
Profit/Loss	10,308	(147,504)	(2,853,290)	(1,489,269)	(12,512)	(85,873)

(i) This is mainly attributable to the exposure to outsanding trade receivables and payables denominated in US dollars.
(ii) This is mainly attributable to the exposure to outstanding bank borrowings denominated in Euros.
(iii) This is mainly attributable to the exposure to outstanding trade receivables and payables denominated in JPY.

The change in the profit or loss due to a 10% change in the US$, Euro and JPY would impact the profit and loss statement as above.

(g) Interest risk rate management

The Company is exposed to intrerest rate risk as the Company borrows funds at both fixed and floating interest rates.

The Companies exposures to the intrest rates on financial assets and financial liabilities are detailed in note 6.

Interest rate sensitivity

The Company's Euro 20,000,000 denominated financial borrowings (2006: Euro 14,000,000) have varilable interest rates indexed to Euribor accordingly the Company is exposed to interest rate risk due to the fluctuations in Euribor rates, At the reporting date if the Euribor rate had been 0.5% higher/lower and all other variables were held constant the Company's net profit whould increase/decrease Euro 100,000 (1 Jan-31 December 2006 Euro 70,000).

The Company's YTL denominated financial borrowings wih variable interest rates amount to YTL 750,000 (31 December 2006: YTL 23,500,000) as of the date of this report. At the reporting date if the YTL interest rates had been 1% higher lower the Company's net profit would increase/decrease YTL 7,500 (1 Jan-31 December 2006 YTL 235,000).

(h) Other price risks

The Company does not hold equity investments as of the reporting date there the Company is not exposed to foreign currency risk.

(i) Credit risk management

Credit risks refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where apporpriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit ratings of of its counterparties are continiously monitored and the aggregate value of the transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira YTL.)

45. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk management (cont'd)

Trade receivables consist of a large number of customers, spread accross diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts .

The financial assets carrying value after deduction of necessary impairment reserves, presented in the accompanying financial statements indicates the Company's maximum credit risk.

(j) Liquidity risk managament

The Company management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuosly monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity

The following table details the Company's expected maturity for its non derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet.

	Less than 1 Month	1-3 month	3 month-1 year	1-5 years	Adjustments	Carrying value
31 December 2007						
Bank borrowings	3,324,085	26,707,566	36,734,848	-	(2,097,892)	64,668,607
Finance lease payable	46,667	129,784	107,640	4,552	-	288,643
Trade payables	17,548,386	18,977,382	-	-	(49,042)	36,476,726
Due to related parties	11,636,766	21,354,790	-	-	(55,186)	32,936,370
31 December 2006						
Bank borrowings	23,536,833	519,111	29,463,839	-	(425,340)	53,094,443
Finance lease payable	-	1,073	-	87,962	-	89,035
Trade payables	15,227,207	6,205,096	208,828	-	(34,521)	21,606,610
Due to related parties	13,451,796	7,841,864	-	-	(43,628)	21,250,032

2007 Financial Ratios

	CURRENT PERIOD 31.12.2007	PREVIOUS PERIOD 31.12.2006
I- Liquidity Ratios		
1- Current Ratio: (Current Assets/Current Liabilities)	1.84	2.23
2- Acid Test Ratio: (Current Assets-Inventory/Current Liabilities)	0.97	1.24
II- Financial Structure Ratios		
1- Total Debts/Total Assets	0.28	0.24
2- Shareholders' Equity/Total Debts	2.61	3.20
III- Ratios of Operation and Profitability		
1- Net Profit Margin: (Net Profit/Net Sales)	0.08	0.06
2- Return on Assets: (Net Profit/Total Assets)	0.10	0.08
3- Return on Equity: (Net Profit/Shareholders' Equity)	0.17	0.11

Measures Relevant to Financial Structure:

The Company maintained its healthy and strong financial structure in 2007.

ADMINISTRATIVE ACTIVITIES

Employee and Wage Earner Turnover:

As of 31.12.2007, the total number of people employed in the Company on indefinite term contract basis is 1,656. Out of this number, 1,297 are subject to Collective Labor Contract terms and conditions while 359 of them are not. The number of expatriates is 8. An additional 3 persons are working on shorter term contract basis.

Implementation of the Collective Labor Contract:

The 14th term Collective Labor Contract was signed on 22.05.2006. The Contract has been valid for the period 01.01.2006 - 31.12.2007.

Severance Pay Liability:

The Company's severance pay liability as of 31.12.2007 is YTL 15,480,108.

Fringe Benefits to Employees and Wage Earners:

The Company provides its employees and wage earners benefits such as legal vacation pay, bonuses (4 salaries per year), fuel, allowances for religious holidays and for annual leave, clothing, work clothes, shoes, allowances for cleaning material, for education, for birth, death and marriage, for meals and commuting expenses.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with the Corporate Governance Principles

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A. Ş. has acted in compliance with and has performed in accordance with the "Corporate Governance Principles" issued by the Capital Markets Board (CMB) of Turkey during the period 01 January 2007 - 31 December 2007.

2. Shareholders Relations Unit

The queries from shareholders and relations with investors are directed by the Company's Budget and Finance Manager. Within this framework, meetings with 12 investment institutions were realized in 2007.

Contact: Mr. Tevfik Koyutürk
Phone: Int +90 (262) 316 57 00
e-mail: t.koyuturk@brisa.com.tr

The Company's Istanbul Office maintains a staff exclusively to deal with the issues such as exchange of shares, payments of dividends.

Contact: Mr. Cemal Aydemir
Phone: Int +90 (212) 385 84 50/ext.:28467
e-mail: c.aydemir@brisa.com.tr

3. The Exercise of Shareholders' Right to Obtain Information

320 written or verbal queries were received from the shareholders during the year 2007, which were replied accordingly.

The annual report of the Company is disclosed for public access on the Company's website. Regular and material information for shareholders, special event announcements, and interim financial statements are also available on Company's website starting from 2005.

The Articles of Association does not cover a procedure of appointing a "special auditor". There has been no request for such an appointment within the past period.

4. General Assembly

The 2006 Ordinary General Assembly was held on 29 March 2007. 16 shareholders, representing 89% of the Company's capital, were present at the Meeting. Invitation to the General Assembly was done in accordance with the procedures stated on the Articles of Association. The participation of registered shareholders to the Meeting was realized in accordance with the Turkish Commercial Code. Audited financial statements covering 2006 results were disclosed to shareholders at the Company's İstanbul Office, starting 15 days before the General Assembly. During the meeting shareholders raised four questions, which were replied. Agenda items were decided as proposed by the shareholders. A procedure for important decisions to be taken by the General Assembly is not included in the Articles of Association, since the Board of Directors represents the consent of the General Assembly. The records of the General Assembly are disclosed at the Company's website (www.brisa.com.tr) starting from 2005.

5. Voting Rights and Minority Rights

According to the Company's Articles of Association, there are no privileges regarding voting rights. Cumulative voting procedure was not included in the Articles of Association in order to maintain the current harmonious management structure.

6. The Dividend Policy and Time of Payment for Dividends

The Company's dividend policy, in accordance with CMB regulations and the Company's Articles of Association, is to pay at least 30% of the distributable profit as dividend in cash. Each year, considering the status of funds required for a consistent growth of the Company, the Board of Directors prepares a profit distribution proposal to be approved by the General Assembly.

Profit distribution is being realized within the legal time limits. Hacı Ömer Sabancı Foundation, owning 100 founder usufructs, together with the Board of Directors is entitled to privileged profit distribution as stipulated in the Articles of Association. The amount of profit to be distributed to the Board of Directors is decided by the General Assembly according to the Articles of Association.

7. Transfer of Shares

As stated in details on the Articles of Association (item 31), the transfer of shares owned by Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation, the controlling shareholders, is subject to certain limitations. Briefly, concerning the transfer of shares, the controlling shareholders, Hacı Omer Sabancı Holding A.Ş. and Bridgestone Corporation, should make their offers first to each other. They cannot transfer their shares to the Third Parties who are deemed to be, or will be, or expected to be the competitors of either Sabancı or Bridgestone, or of their affiliates or subsidiaries, by meaning having the same as or similar to the subjects of Sabancı or Bridgestone.

The Articles of Association does not include any restrictions for other shareholders in transferring their shares.

8. Public Disclosure Policy of the Company

The Company does not have a specific disclosure policy. Company's financial statements as of third, sixth, ninth and twelfth months are publicly disclosed.

9. Disclosure of Special Events

In accordance with CMB regulations, 11 special event announcements were made in 2007. No additional information was requested for the special event announcements. Special event announcements were done on time, not leading to implementation of any measures by CMB on this ground.

The shares of the Company are not quoted in foreign capital markets.

10. Company Website and its Content

The Company's website is accessible at www.brisa.com.tr. In "Investors Relations" section of the Company's website, the Company's commercial registration details, current shareholder and management structure, special event disclosures, annual reports, periodical financial tables and statements, records of the General Assembly and the list of participants are disclosed.

11. Disclosure of Ultimate Controlling Individual Shareholder(s)

The Company does not have any ultimate controlling individual Shareholder. Shareholder structure is disclosed at Annual Reports and the website of the Company.

12. Disclosure of Persons who Can Potentially Possess Price Sensitive Information

Information is given at the Company's Annual Report about the Board of Directors and about the top management who can potentially possess price sensitive information.

13. Information to Stakeholders

Information is disclosed to the Company's employees through announcements, meetings and internet.

The internet based "Dealer Information System" provides all essential information for Company's dealers, our most important links to end-users. Besides this channel for all types of information exchange, the Company also operates supportive and supplementary systems such as "Dealer Automation System" to assist dealers in business management, an effective warranty system for the end-users (e-warranty) and Customer Request Management system. Besides enabling the flow of all kinds of information for our dealers and users through these channels, meetings with dealers at regional and national levels are also held to share information in person and to enhance mutual communication.

Company's suppliers are informed through announcements and meetings.

14. Stakeholders' Participation in Company Management

The Company implements a management model, which is based on employees' contribution for the development of the main policies of the Company, for extending these policies throughout its structure and turning them into targets, for the realization of planned implementations and for reviewing the results to ensure further improvement in the processes. Suggestions stated in the meetings by stakeholders other than employees (such as customers, suppliers) are also considered in development of Company policies.

15. Human Resources Policy

Fundamentals of the Human Resources Policy of the Company can be summarized under four headings as follows:

a) In parallel with Brisa's long term plans, human resources plans and practices aim at meeting the future needs of the Company as per required,
b) Based on "Human First" approach, workplace safety and "business excellence" policy, employees' dedication to the Company, their productivity, motivation and welfare is consistently sought,
c) The Company's human resource needs, and qualifications and expectations of individual employees are balanced through right positioning at right time,
d) Employees' performance and potentials are objectively evaluated, their skills are developed to meet the Company's changing needs, and they are prepared for further responsibilities through training and gaining of experience.

No complaints of discrimination in any form were received from employees in 2007 and before.

16. Information about Customer and Supplier Relations

The Company serves the end-users through a countrywide dealer network in the domestic replacement market where nearly half of the Company sales are realized. Technical assistance to improve service quality is provided for the dealers, and orientation programs are held for the new dealers. Researches are conducted regularly to observe and improve dealers' attitudes towards end-users. The Company's warranty system completely fulfils legal obligations, while new projects and practices for faster and more efficient connection with customers are realized. All complaints and suggestions are processed thoroughly by the Customer Relations and Sales Departments. For passenger vehicle group, after-sales "Road Assistance" service is provided free of charge and its effectiveness is closely monitored.

The Company's products are fitted as original equipment by automotive manufacturers, producing a wide range of vehicles of different types and qualifications, majority of which are exported. To serve this end, the Company establishes close contacts with automotive manufacturers starting from the development stage of the vehicle and focuses on research and development activities to supply the most suitable products for the vehicles. In order to achieve consistency in product quality to ensure maximum levels of customer satisfaction, the Company's relations with the suppliers of raw material, equipment and services are established on the principles of mutual trust, sound communications, continuous support for their improvement as well as mutual respect for community and environment. The suppliers of raw material are qualified according to pre-set Company standards. The Company establishes long-term relations with those suppliers who prioritize customer satisfaction. The performances of suppliers are regularly followed and problems, if any, are carefully considered. Through systematic assessments by the Company, necessary assistance is provided for suppliers to review their own systems and make necessary improvements.

17. Social Responsibility

Company's Social Responsibility Policy based on the "our choices determine our future" approach can be summarized as follows:

For Brisa, existence through creating difference matures with an understanding of social responsibility.

Expectations of customers, employees, shareholders, suppliers, business partners, competitors and the society are reflected on the Company's way of doingbusiness, culture and values. Management is based on social responsibility awareness. For Brisa, Social Responsibility approach indicates:

- Following Company's "Business Ethics" (SA-ETİK) guidelines in responsibilities, decisions and actions beyond legal requirements ;
- Showing respect for human rights and work force principles; supporting abolition of forced labor and child labor;
- Striving to avoid privileges in employment and work;
- Taking all necessary measures to create a safe and healthy workplace atmosphere;
- Protecting nature for "sustainable living", supporting effective resource management ;
- Improving and further developing Social Responsibility approach consistently;
- Implementing a public disclosure policy, knowing the importance of communications in carrying the Company, the Group, and all stakeholders to desired objectives.

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

Non-Executive Board Members:

Chairman : Güler SABANCI
Vice Chairman: Takashi URANO
Member : Faruk BİLEN
Member : Turgut UZER
Member : Kunitoshi TAKEDA
Member : Mustafa BAYRAKTAR

Executive Board Members:

Member : Bülent SAVAŞ, General Manager
Member : Junichi KUMANO, Executive Coordinator
Member : Junichi OTSUKA, Chief Technical Officer

Brisa is a joint venture established by Sabancı Holding and Bridgestone Corporation. Due to joint management structure, there are no independent members on the Board. Members of the Board of Directors have been permitted by the Company's General Assembly to conduct all actions set out by the Turkish Commercial Code items 334 and 335.

19. Eligibility for Board Membership

The qualifications of the members of the Company's Board of Directors are in conformity with the qualifications mentioned at Section IV items 3.1.1, 3.1.2 and 3.1.5 of Corporate Governance Principles of Turkey issued by CMB. The Company's Articles of Association does not specify minimum standards of qualification for the Board Members.

20. Company Mission, Vision and Strategies

Company mission, vision, values and strategies are annually reviewed by the Company's top management and the strategic targets formed through these reviews are shared with employees at annual meetings and through the Company's website.

Strategic targets are defined by the Executive Committee under the light of Brisa mission and vision, and they are subject to approval of the Board of Directors after discussion. The members of the Executive Committee are the General Manager, Executive Coordinator, Chief Technical Officer, Assistant General Manager for Finance, Planning and Control, Assistant General Manager for Marketing and Sales, and the Financial Assistant.

The Board of Directors reviews, at least four times a year, the extent to which the set targets are achieved, the ongoing activities and the performance of the Company in the past period.

21. Risk Management and Internal Control Mechanism

The Executive Committee, established according to the Company's Articles of Association whose members are the General Manager, Executive Coordinator, Chief Technical Officer, Assistant General Manager for Finance, Planning and Control, Assistant General Manager for Marketing and Sales, and the Financial Assistant, controls actively all risks relevant to the Company. Therefore, a separate risk management and internal control mechanism was not established by the Board of Directors.

22. Duties and Responsibilities of the Board of Directors and Executives

Management rights and representative authority of the Board of Directors are defined on the Company's Articles of Association. Additional definitions for duties and responsibilities of the Executives are not given in the Company's Articles of Association.

23. Principles of Activity of the Board of Directors

The Board of Directors realized a total of 22 meetings in 2007, holding 9 of the meetings in person and 13 of them through written consent in line with the Turkish Commercial Code and the Company's Articles of Association. The agenda of the Board meeting is disclosed to each Board member at least 10 days before the meeting date. The members of the Board of Directors do not have weighted voting right and/or the veto right. As stated by the Company's Articles of Association, all resolutions accepted by six or more members of the nine-person Board of Directors become effective.

During 2007, there have been no different views stated on decisions taken by the Board. In case of agenda items as described in Section IV item 2.17.4 of Corporate Governance Principles of Turkey issued by CMB, attendance to the Board meetings of all Members without a valid excuse was ensured. Board Members did not raise questions to be recorded.

24. Prohibition of Transaction and Competition with the Company

The members of the Board of Directors have been permitted by the Company's General Assembly to practice the actions set out by the Turkish Commercial Code items 334 and 335. No conflict of interest was staged because of that.

25. Ethical Rules

A series of approaches grouped under the title of "Brisa Values" define the ethical rules that Brisa employees are to respect. Brisa Values are disclosed to Company employees and explained to public through Brisa website.

A company norm, defining ethical rules to be complied by the employees, is established and disclosed. All Brisa employees were trained on ethical rules, and a refresher training through internet was realized at the end of the year.

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

Audit Committee established by the Board of Directors has three members, two of them being non-executive members of the Board. Audit Committee met 4 times in 2007.

Members of the Audit Committee:

Takashi Urano, Vice Chairman
Turgut Uzer, Board Member
Junichi Kumano, Board Member

As the Board of Directors is directly following corporate governance principles and ensuring compliance with them, no separate committee was established for this purpose.

27. Remuneration of the Board of Directors

The Board of Directors is entitled for profit distribution through the decision of the General Assembly as stated on the Company's Articles of Association (Article 28). Board members are not paid any wages and cannot receive any loans.

PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors hereby kindly requests resolution for distribution of 2007 profit before tax worth YTL 77,134,460.74, calculated in accordance with generally accepted accounting standards by the Capital Markets Board of Turkey and according to Article 28 of Articles of Association, as given below:

Corporate Tax	YTL 14,626,073.29
1st Dividend	YTL 12,501,677.49
2nd Dividend	YTL 35,126,322.51
Usufruct	YTL 3,856,723.04
Dividends to Board of Directors	YTL 135,000.00
Second Legal Reserves	YTL 5,124,762.93
Extraordinary Reserves	YTL 5,763,901.48

so that the gross amount of YTL 47,628,000 shall be paid shareholders representing YTL 7,441,875 capital, in a proportion of 640 % as cash dividend. Gross amount of YTL 3,856,723.04 shall be paid as usufruct dividend, and gross amount of YTL 135,000 shall be paid to Board of Directors. As a result, YTL 6.40 gross=net cash dividend shall be paid to full taxpayers and YTL 6.40 gross, YTL 5.44 net cash dividend shall be paid to other shareholders, who are subject to 15% income tax withholding.

AUDIT REPORT

To the General Assembly of
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Trade Name	:Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.
Head Office	:İstanbul
Issued Capital	:YTL 7,441,875
Field of Activity	:Production and sales of vehicle tires
Name and duty period ofAuditors; their relation with the Company as shareholder or emplyoee	:Fuat Öksüz - Kunihiko Umemoto - Mehmet Bingöl. Our duty period is 1 (one) year. We are not shareholders and/or employees of the Company.
Number of Board Meetings participated and Auditors Committee Meetings held	:The number of the Board Meetings participated was 4 (four). The number of Auditors Committee Meetings held was 6 (six).
Scope of audits performed on the Company's accounts, books and documents; dates on which examinations were made, conclusions reached	:The Company's accounts, books and documents were audited in the first week of the 3rd, 6th, 9th and 12th months in compliance with the tax regulations and the Turkish Commercial Code. Theresults of the audits were satisfactory.
Number and conclusion of cash counts made according to subparagraph 3 of paragraph 1 of Article 353 of the Turkish Commercial Code	:Cash counts were made 4 (four) times and were found in accordance with the existing records.
Dates and conclusion of audits made according to subparagraph 4 of paragraph 1 of Article 353 of the Turkish Commercial Code	:In the audits made on the first working day of each month, it was determined that existing securuties were in accordance with records.
Complaints and irregularities received and actions taken	:There were no complaints received.

Accounts and procedures of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. for the period of 01.01.2007-31.12.2007 were audited as required by the Turkish Commercial Code, the Articles of Association of the Company, other regulations and generally accepted accounting principals and standards.

In our opinion, the Balance Sheet prepared as of 31.12.2007 reflects the true financial status of the Company at the date, the Income Statement for the period 01.01.2007-31.12.2007 reflects the actual and accurate results of the Company's activities. Profit distribution proposal is in line with the Company's Articles of Association and legislation.

We hereby submit the Balance Sheet and Income Statement for your approval and release of the Board of Directors.

BOARD OF AUDITORS

Fuat ÖKSÜZ Kunihiko UMEMOTO Mehmet BİNGÖL

BRİSA

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