

2006 Activities Report

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c o m p o s i t e s

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Dear Friends,

As METYX Composites® completes its third year as a supplier of composite raw materials, we would like to express our gratitude to our employees, loyal customers, and partners who believed in and supported us through another successful year.

We saw significant growth this year in the marine and automotive sectors, as forecasted in 2005. In order to better support our customers' needs, we invested in a new production line, and more importantly, we included more value added products and services to our portfolio, the details of which you will find in this year's activities report.

METYCORE, a new METYX Composites product line designed for RTM applications, was remarkably well received in the marketplace and has proven to be a tremendous success for METYX Composites and our customers alike in 2006. Demand for the METYCORE product line has increased in both domestic and international markets. We believe that as closed mold applications become increasingly popular, METYCORE will be used in many new and diverse application areas.

This year was also interesting for METYX Composites in terms of entry into new markets such as Russia, Australia, and Scandinavia, which we are very excited about and eager to serve.

We also gladly welcomed new partners to our composites distribution business to help complete our portfolio of offerings. Some of these partner companies such as Nord Composites and Mulder-Hardenberg have attracted great interest from our customers upon introduction to the market and are poised to do very well.

To build on our presence in the marine sector, this year we appointed Kompotek as an official distributor of METYX Composites products. We look forward to great opportunities for growth in the marine industry in Southern Turkey with Kompotek's strength and expertise.

More than ever, we are passionate about ensuring that the needs of our customers are the driving force behind every decision we make. We will continue to expand our service offerings in 2007 and work towards achieving a more diversified customer base through qualifications in the wind energy and sporting goods industries.

Best wishes for another successful year to all our customers. We look forward to serving you in 2007 and in years to come.

Sincerely,

Erol Ustunel
President, METYX Composites, Telateks A.S.

Capacity Expansion

METUX Composites continued expansion in its Istanbul, Turkey headquarters in 2006. "We have seen a significant increase in the demand for our specialty reinforcement products. The expansion will help serve our growing customer base. We have added a new production line and ordered two more lines to be installed in 2007," stated Emre Batuhan, Plant Manager, Telateks A.S.



R&D Highlights

In Turkey, one of the main structural problems with existing buildings is corrosion. To help find a solution to this widespread issue, in 2005 METUX Composites completed a two-year project with Tubitak, Turkey's most prestigious research institute, to develop the know-how for the use of polymer composites in seismic retrofitting. To compliment that study, in 2006 METUX Composites embarked on another R&D study with Istanbul Technical University's Structure and Earthquake Engineering Laboratory and Structural Material Laboratory. The study is supported by the Scientific and Technological Research Council of Turkey and Telateks A.S. of Istanbul, Turkey.

"The goal of the study is to decrease the harmful effects of corrosion on reinforced concrete (RC) columns and to increase their flexural capacity by retrofitting them with externally bonded FRP composites. The study also aims to research the effects of axial behavior and cross-section ductility of multiaxial fabrics on RC columns retrofitted with externally bonded fiber reinforced polymers. Specimens will be exposed to environmental factors in order to observe the effects over time," stated Ergun Binbir, R&D Engineer, METUX Composites.

The first phases of the study were already completed, and results are very promising. The full 36-month study will be completed in late 2008.



Consulting Services

At METYX Composites we offer extensive consulting services catered to the requirements of each customer. We provide tactical solutions to composites industry challenges and deliverables to ensure customers' goals are attained. Services include data analysis, recommendations, custom products, and onsite customer training in several key areas. Among them is RTM technology; we help our customers switch to RTM. The process expedites the transition from hand lamination to closed mold applications. In 2006, for example, the METYX Composites technical team worked with Komptek's Bugra Akbiyik to help automotive companies switch to L-RTM.

"This value added service helps our customers' staff get hands on experience in L-RTM tool manufacturing. It enables them to become familiar with the materials and processes involved with effective tool manufacturing for series production in the comfort of their own manufacturing sites," stated Bugra Akbiyik, GM, Komptek A.S.

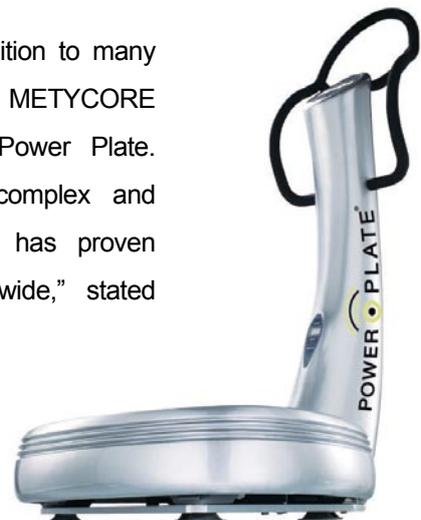


Product Focus

METYCORE

The METYCORE Product Line Used in High-end Sporting Goods

"We have had a fascinating year for our METYCORE product line. In addition to many industrial applications such as series production of automotive parts, METYCORE was selected as the reinforcement of choice for the world famous Power Plate. A combination of METYCORE and other core materials form the complex and robust structure of this premier exercise and wellness device, which has proven to be one of the most popular pieces of sporting equipment worldwide," stated Tunc Ustunel, Director, METYX Composites.



Marine Update

M.A.T.

M.A.T. was established in 1993 in Izmir on the Aegean coast of Turkey. It is a company founded by two brothers, Alp Somer and Cem Somer, who are true sailing enthusiasts and perfectionists in boat building. Their craftsmanship and attention to detail have earned them their well deserved reputation for performance sail boat building.

“Our M.A.T. 12 design represents an extension of the successful Mills Design IRC Cruiser/Racer theme, blending the performance characteristics of a racing design with the comfort and accommodation of a performance cruiser, resulting in a true dual-purpose yacht,” stated Mark Mills, designer of the highly popular M.A.T. 12 boat.

“The hull is designed around a narrow waterline beam for reduced drag with the loss of stability being compensated for with a larger bulb on a fin. This combination offers good all-around speed in a range of conditions, while the weight of the bulb is acceptable under IRC and is made possible by quality cored vinylester/glass boat building by M.A.T.,” continued Mr. Mills.

The Somer brothers decided to team up with METYX Composites and Mulasan for the infusion of the M.A.T. 12 boat.

“M.A.T. 12 is reinforced throughout the hull and deck with high performance METYX Composites reinforcements. We used vacuum infusion throughout the boat’s structure. I think sharing M.A.T.’s enthusiasm for perfection in boat building made this experience truly unique for us and the METYX Composites team. We truly enjoyed being part of their success!”

— Karl Heinz Mula
General Manager, Mulasan A.S.,
Infusion Consultant for M.A.T. 12 project



Marine Update

Numarine

World renowned Turkish yacht builder, Numarine, successfully began producing RTM hard tops for its elite range of super yachts. High performance METYX Composites multiaxial reinforcements are used throughout these Numarine yachts. All structural areas of the yachts are produced with the vacuum infusion method.

“We rapidly adapted to the RTM process. The initial tooling we chose to start with was a 3.6 x 4.5 meter hard top of a 55 foot yacht. It was good to have METYX Composites on our side from the start,” explained Sertac Serbest, Production Engineer, Numarine.



“METYX Composites produced custom METYCORE reinforcements for this demanding RTM application. Series production for the elite 55 foot super yacht, which integrates this high-tech hard top, is still going at full speed.”

— Sertac Serbest, Production Engineer, Numarine



Marine Update

GCG Yachts

Rockharbour 42 is the first of a highly promising range of performance cruising boats built by GCG Yachts.



The story of GCG Yachts is one that makes people think, “I never thought this was possible. Maybe I should go into boat building myself as well!”

The owners of GCG Yachts have a long established, reputable furniture factory. In 2006 they decided to start building lobster yachts right in the middle of their existing furniture factory. As crazy as it may sound, they also committed themselves to building a boat that was better than the competition and

to use vacuum infused sandwich structures throughout the yacht from the get go. GCG Yachts needed a partner that they could rely on for the challenge ahead. That is when METYX Composites received the call.



“ We used METYX Composites for all materials in the GRP production. It was useful and convenient to have access to a wide range of products needed for the build as well as the accompanying technical support. METYX Composites was the right solution for us. ”

— Can Yengul, GM, GCG Yachts

The new lobster yacht was very well received, and GCG Yachts now has a contract for series production for the U.S. Market,” stated Tunc Ustunel, Director, METYX Composites.

Marine Update

Farmont Yachts

Farmont Yachts are motor yachts characterized by first-rate design and cutting edge technology. They are built in a shipyard in Antalya, Turkey with headquarters in Düsseldorf, Germany. With many years of experience behind them, Farmont Yachts was the first shipyard in Europe to develop and build high sea yachts not only in custom configurations, but also in semi-custom designs for boats 70 feet long or more.

METYX Composites is proud to be the multiaxial reinforcement supplier of choice for Farmont Yachts and the extraordinary boats they build.



Peri Marine

“Peri Yachts took on an interesting refit project of a 41 meter motor yacht. The project involved the addition of a composite bulb to the vessel and was finished successfully using METYX Composites reinforcements.



The performance and the speed of the motor yacht were increased with the addition of the composite bulb,” stated Bugra Akbiyik, GM, Kompotek A.S.

New Partners

METYX Composites is proud to be a new distributor for two additional companies and their superior products — Mulder-Hardenberg and Nord Composites.

RST-5 Mulder-Hardenberg, established in 1927, is a manufacturer of a revolutionary cleaning product called RST-5, an environmentally friendly substitute for aggressive solvents like acetone. It is used as a cleaning product for resins, oils, inks, and paints. This innovative cleaning product is cost effective, 100% solvent free and compliant with international regulations. The Turkish market has expressed great interest in RST-5 where it is poised to do very well.



NORD COMPOSITES Nord Composites was founded in 1988 to manufacture high quality composites raw materials. The Nord Composites Tooling System – RM 2000 was introduced to the Turkish market earlier this year, and it has already been used in various industries like marine and automotive. The Nord Composites Tooling System rises above the competition. It still remains the only tooling system with zero shrinkage. It is very easy to use and helps companies decrease their tooling production times.



Mulder-Hardenberg's RST-5 and Nord Composites' Tooling System - RM 2000 are welcomed additions to our growing network of outstanding composites distribution products.



Vacuum Infusion Materials and Technology Consulting (UK)



Aluminum Honeycombs (Italy)



Tooling Resins and Gel Coats (France)



Core Materials and Specialty Reinforcements (Germany)



PET Foams (Belgium)



Vacuum Bagging Materials (Denmark)



RTM Equipment and Tooling Materials (UK)



PP Honeycomb Materials (Germany)



Mold Releases and Process Additives (USA)



Cleaners / Resin Separation Technology (Holland)



Epoxy Systems (France)



Balsawood for Sandwich Structures (Spain)



PVC Foams (Japan)



Gel Coats, Resins, and Structural Adhesives (UK and UAE)

New Partners

KOMPOTEK
Kompozit Teknolojileri

“We have chosen Kompotek as our distributor for the Southern region of Turkey. Kompotek has become a true solutions partner to the companies it serves by providing them with the high performance METYX Composites materials they need coupled with the expertise in composite boat building and general marine industry know-how. We are very happy to have them on our team,” stated Ugur Ustunel, VP New Business Development, METYX Composites.

“Kompotek is a technology oriented company that provides consultancy, engineering, and manufacturing services for the composites industry. It offers many valuable services including product improvement, fast prototyping, and production of composite parts. Specializing in L-RTM and vacuum assisted manufacturing techniques, the company serves mainly the medical, aeronautics, automotive, and marine markets.” stated Bugra Akbiyik, GM, Kompotek.

Workshops/Seminars

2006 was another year filled with informative, industry specific seminars and composites training workshops hosted by METYX Composites in Istanbul, Turkey. We continue to provide our clients and partners with in-depth knowledge on materials and methodologies for high performance composites manufacturing as well as solutions to challenges facing the composites world today.

Technical Session and Workshop on Marine and Automotive Grade Products/Applications/Production Methods



with an Emphasis on Structural Adhesives, L-RTM Resins, Vacuum Infusion Resins, Specialty Gel Coats and Resins.

Presented by Trevor Osborne and Bob Garner, Scott Bader – UK & UAE.

Trevor Osborne and Bob Garner from Scott Bader gave a theoretical seminar about their specialty products while offering practical demonstrations for the audience.



RTM and L-RTM Seminar/Workshop

Presented by Alan Harper, Plastech - UK.

The event focused on theoretical training on RTM technology, RTM specific materials & equipment, L-RTM tool-making techniques, and injection demonstration.

Outdoor & Leisure Update

A new breed of composite pool structures was created for the famous Adam & Eve Hotel in Antalya, Turkey. METYX Composites materials were used on several of these pools with a total surface area of more than 10,000 square meters throughout the hotel grounds.



“ The pool surfaces were laminated with CSM, and then METYX Composites peel plies were used to prepare the surfaces for the secondary operation, which was an epoxy base coat followed by a polyurethane coating finish. We were able to supply a large quantity of peel plies with very short lead time, enabling our customers to complete the project on-time. Companies with challenging projects can always depend on us to be a reliable partner. ”

— Tamer Poyraz,
Production Engineer, Telateks A.S.



Sailing Sponsorship

Alex Bennett

METYX Composites sponsored international yachtsman, Alex Bennett, in his new Class 40 racing yacht. The Owen Clarke designed yacht is being built in the UK exclusively from METYX Composites reinforcements.



“The METYX Composites fabrics have been easy to handle during the wetting out process of the build and have proven particularly easy to use when taping in various structures within the boat. I would like to give a personal thank you to the staff at METYX Composites, not only for

supplying my project with high-quality products, but also for offering a superb level of customer service and backup support. I would certainly be pleased to use METYX Composites products again in any future boats we build and would not hesitate to recommend this company to other people constructing similar racing yachts,” stated yachtsman, Alex Bennett.

Alex Bennett’s first race is the Transat Jacques Vabre starting on November 3, 2007. It is one of the biggest transoceanic races within the yachting calendar, taking competitors four thousand miles across the Atlantic Ocean from France to Salvador Bahia in Brazil. Mr. Bennett will be competing in the Class 40 division against some of the best sailors in the world. You can follow his progress from start to finish at www.alexbenett.co.uk.

“Alex is a dedicated and very competitive yachtsman. In 2001, he won the Open 50 division of the prestigious Transat Jacques Vabre race, setting a new course record in the process, which he still retains. We are delighted to have supplied his builder with the materials needed for this performance sail boat project. There is no doubt in our minds that Alex will have a successful series of races with his new boat, and we wish him the best,” stated Erol Ustunel, President METYX Composites.

“ From the start of this project we wanted to create a boat that would prove both reliable and lightweight. This combination is one reason we decided to use METYX Composites products exclusively within the build of our new boat. The hull is laid up using a mixture of quadraxial and unidirectional fibers for reinforcement and overall hull stiffness. The result is a very strong but lightweight boat. The internal structure and deck have been constructed mostly from biaxial and unidirectional fibers. ”

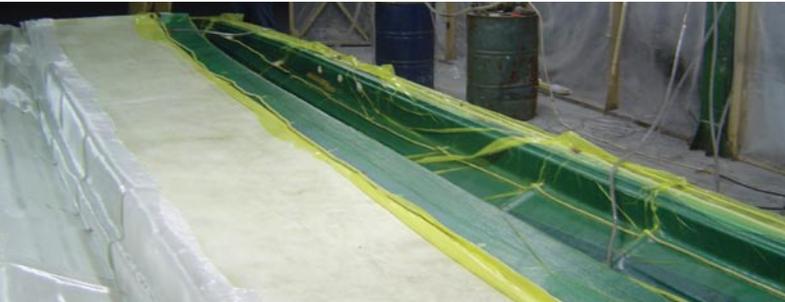
— Alex Bennett



Offshore Racing Sponsorship

Alemdar Racing Team

METYX Composites sponsored the Alemdar Racing Team, which earned the UIM Class 3-225 2006 Championship title after the seventh and last race, which took place in Istanbul in October 2006.



“ In 2006 we provided nine out of 12 racing teams with METYX Composites high performance reinforcements. We are proud to be the preferred composites supplier of such a highly reputable international racing organization. ”

— Nancy Bukonja, Marketing Manager, METYX Composites

With regard to METYX Composites' sponsorship of the Alemdar Racing Team, Ms. Bukonja continued, "The champion team, Alemdar Racing, started the season with the catamaran with which they won the 2005 UIM title, but it wasn't long before they realized they needed an even faster vessel. When they turned to METYX Composites for help, we did not hesitate to sponsor them not only with all the materials they needed to build the boat but also with the expertise for the vacuum infusion of the hull and deck. The boat was completed in 11 days, on the eve of the third race. It brought the Alemdar Racing Team first place on that race and the championship title in the end!"



Other Sponsorships

ITU Hydrobee Fuel Cell Powered Vehicle

The Istanbul Technical University (ITU) Hydrobee team successfully competed in the 2006 European Shell Eco-Marathon in France in May 2006. The team is supported by ITU, which is one of the most prestigious engineering schools in the Middle East, the United Nations Industrial Development Organization International Centre for Hydrogen Energy Technologies, and METYX Composites.



METYX Composites provided specialty non-crimp reinforcements made out of high tenacity carbon and aramid fibers as well as low density structural foams. Thanks to the materials the body was lightweight and durable. The vehicle performed well in the competition, ranking 16th and traveling a distance of 551 kilometers on only one liter of fuel!

“We gladly offered help to support these young, ingenious students in this challenging project. It was great to feel their excitement and see the future generation of burgeoning talent in the composites

arena. I also have to mention that it was good to be back in the university workshops and classrooms too,” stated Ugur Ustunel, Istanbul Technical University Engineering School graduate and VP New business Development at METYX Composites.

Adalar Sports Club Water Polo Team

METYX Composites sponsored the Adalar Sports Club Water Polo Team (A.S.S.K.) of Istanbul, Turkey for the second consecutive year. The team played well and finished the 2005-2006 season in third place. The A.S.S.K team consists of an impressive group of young, talented players whose hard work and discipline is well respected in the water polo community. “They are a formidable team that always plays skillfully and gives the game their all. The championship beckons them next year, and we at METYX are proud to continue to support them through to that victory,” stated Ugur Ustunel, METYX Composites.



METYX Composites - Telateks A.S.

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