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Kordsa Global Milestones

1979  Formations of Kordsa Turkey - Textile Fabric Plant
1987  Formation of Basmati Fabric Plant, J. V. Yarn Plant
1990  Initiation of “Quality Culture” studies and Deployment of Total Quality Management
1991  The first ISO 9001 Certificate given to a textile company in the world: Kordsa
1993  Establishment of Kordsa America
1995  South America Investment
1999  Merger of Basmati Yarn Plant and Kordsa Fabric Plant

2000  North America Investment
2001  Formation of Global JV with DuPont
2003  Relocation of the Technology Center from Chattanooga, USA to Kordsa Turkey
2003  Acquisition of the DuPont in Kordsa JV
2009  Growth in Polyester
2008  Formation of Kordsa Global and Relocation of the Headquarters from USA to Turkey
2009  Growth in Asia
2007  R&D and Single End Cord Investments

Kordsa Global in brief

Kordsa Global is the world’s largest rubber and polyester yarn, textile fabric and single-end cord producer, and serves the tire reinforcement and mechanical rubber goods market.

Kordsa Global’s success story started in 1979, with the introduction of a cord fabric known as Birent. Within the first 30 years, the company has become a global leader by means of strategic partnerships and joint ventures with leading partners such as DuPont, covering five continents, with 100 enterprises located in 15 countries, and with a workforce of more than 0,500 people; the company continues its global expansion.

Kordsa global runs its operations from four regions, with headquarters located in Istanbul. The regions are:

- Europe, Middle East and Africa
- North America
- South America
- Asia Pacific

In addition to the integration of major enterprises, Kordsa Global also focuses on sustainability and customer satisfaction. In order to meet these targets, the company positions itself as a global leader in innovation and technology, focusing on the following three strategic initiatives:

- Strategic Partnership Programs, building on the global technology network and the customer service structure of Kordsa Global

- Strategic Business Partners, focusing on bringing technology solutions and customized services to our customers, enable by innovation methodologies

Kordsa Global’s shares are traded on the Istanbul Stock Exchange with a free float of 80%.

Shareholders’ Structure

<table>
<thead>
<tr>
<th>Asia Other Securities Holding</th>
<th>1901,1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other/Other Holding</td>
<td></td>
</tr>
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</table>
Mission
Deliver high value added tire reinforcement solutions on a global platform

Vision
Solution partner for the rubber industry, worldwide

Corporate Values

SHE: (Safety, Health, and Environment)
Whatever we do, SHE comes first. We are 100% committed to achieving an accident-free and safe workplace for our employees and business partners. As accurately respecting the society, our purpose is to protect environmental health and natural resources.

Integrity / Commitment to Law and Ethical Values
In all business and personal matters, we always comply with the laws of the country we operate and we always demonstrate the highest ethical values.

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

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

Global Collaboration and Interdependency
We believe in working together. While working together we would like to create a synergy by benefitting from the strengths and capabilities of our employees, suppliers, contractors and customers.

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

Strategy Model

Our Vision
Solution partner for the rubber industry, worldwide

Pillar Initiatives

Operating Excellence
- Competitive local costs at all sites
- Capacity aligned with market demand
- Global supply chain & product interchangeability

Solution Partner
- Connect with customers’ technical & operation departments
- Advanced material & application know-how
- Differentiation via customized services
- Innovation culture to realize new solutions

Balanced Global Approach
- Global customer and product management
- Invest in Asia “customer and technical” development
- Global functions driving global synergies

Foundations

Values: SHE, integrity, customer focused, open minded, global collaboration, results driven

Resources: Employee development aligned with global strategy
Kordia Global’s Worldwide Operations

From its foundation till today, gaining strength with selective acquisitions and mergers, Kordia Global now boasts 18 facilities in a total of 10 countries on 5 continents. The company has provided job opportunities for some 3,000 people with a consolidated net sales of US$ 825 Million. Kordia Global is a part of the Sabanci Holding group.

**Headquarters**
- Turkey
- Germany
- Egypt
- Iran

**Europe**
- The Middle East
- Africa

**USA**

**Asia Pacific**
- Indonesia
- Thailand
- China

**North America**

**Brazil**
- Argentina

**South America**

**Annual Sales Revenue**
- **Europe**
  - US$ 423 Million
- **Asia Pacific**
  - US$ 180 Million
- **North America**
  - US$ 206 Million
- **South America**
  - US$ 138 Million

*Calculations are based on the average US dollar exchange rate of the Turkish Central Bank.*
Message of The Chairman

Dear shareholders,

Kordia Global took big steps in 2007, to optimize its business model, and hence its capacity to deliver "differentiated value" to its customers. Important milestones were achieved, including data integration and global technology investment, to strengthen the Company’s industry leadership and competitiveness.

Also in the Services business portfolio, Kordia Global plays a key role, in setting an example of global growth and market leadership, as well as technology and innovation efforts as a B2B company.

In the next three years, we expect the Kordia team will sustain a competitive cost position at all levels, innovate its product offering, business model, and target Business Excellence via continuous improvement. And last, but not least, although we are pleased with the current market position of the Company and emphasize the optimization of global synergies as a top priority, we also actively encourage the management to continue seeking growth opportunities, including potential acquisitions.

Before closing, I would like to highlight my strong belief in the driving force behind Kordia’s 35 years of successful growth: the expertise, passion, and diversity of our employees. The future will allow us to add to this driving force and bring further innovation and market success, enabled by a well-defined and executed global strategy.

GÜLNER SEVANCE
CHAIRMAN OF THE BOARD OF DIRECTORS

I would like to highlight my strong belief in the driving force behind Kordia’s 35 years of successful growth: the expertise, passion, and diversity of our employees.
The Board of Directors

1. **Cüneyt Sallancı**  
   **Chairman of the Board of Directors**  
   (November 2000 - March 2008)  
   Cüneyt Sallancı was born in Adana, Turkey, and graduated from Bilkent University with a degree in Business Administration. He began his professional career at Lassa Lastic事業者 A.S. in 1976, followed by 14 years as general manager and President of Biret in Turkey. Until 2004, he was acting as President of Sabancı Holding's Tire, Reinforcement Materials, and Automotive Groups. Since May 2004, Sabancı is the Managing Director and Chief of the Board of Directors of Sabancı Holding where he also serves as President of the Human Resource Committee. He played a key role in the foundation of Sabancı University in addition to his business activities worldwide. Currently, he serves as the chair for the Directors of Sabancı University and a member of TÜSİAD (Turkish Industrialists and Businessmen's Association). Cüneyt Sallancı also produces wine with his own brand.

2. **Turgut Uzer**  
   **Vice Chairman**  
   (November 2000 - March 2009)  
   Turgut Uzer was born in Ankara in 1958 and graduated from the Department of Industrial Engineering at Middle East Technical University. He served in a number of managerial positions at Lassa Lastic事业者 A.S. and Biret A.S. between 1981 and 2000. On June 1, 2004, he was appointed as President of Sabancı Holding's Tire, Reinforcement Materials, and Automotive Groups. Uzer also serves as a member of the Board in a number of Sabancı Group subsidiaries.

3. **Revan Kadir Yılmazbeyoğlu**  
   **Member**  
   (November 2000 - March 2008)  
   Revan Yılmazbeyoğlu was born in 1960, in Istanbul. After graduating from the Faculty of Social Sciences and Public Administration Department of Koç University, he took his master's degree in Organization, Management, and Operation Policies in the Business Administration Faculty of Bilkent University in 1986. Yılmazbeyoğlu joined the Sabancı Group in 1989 at Koma and became company's Human Resources Manager in 1993. In 1996, he was appointed to Sabancı Holding as the Assistant Head of Human Resources. In 1998 he became the Head of the Department. As being the Head of Human Resources, Yılmazbeyoğlu has taken the responsibility of developing human resources policies for various Sabancı Group companies. He was appointed as the Executive Vice President of Human Resources in 2005.

4. **Peter Gerard Kishore**  
   **Member**  
   (November 2005 - March 2008)  
   Kishore is a chemical engineer. He received an M.A. in Integrated Polymers and Materials from the University of Cambridge, UK and an M.S. in Engineering from Yale University in the United States. He worked for Dallons for thirty years in the fields of research, manufacturing, marketing and corporate planning. He served as the General Manager in several of those companies. Peter Kishore is currently president of the Laskort Group, a business consulting company.

5. **Terri Hall Hammond**  
   **Member**  
   (November 2000 - March 2009)  
   Terry Hammond has worked in various positions in the Tire Industry over a 30-year period as a supplier of mobile polymer systems, retiring in 2001 from the position of Vice President, responsible for Technical Services and North America Region at Siscon. Currently, she is responsible for programming, public relations, and media development for WorldStart, a broadcasting network based and operated by Victor Christian Center in Charlotte, NC.

6. **Rafael G. de Caluwé**  
   **Member**  
   (November 2000 - March 2008)  
   Rafael Caluwé is a senior consultant, advising on strategy development and implementation and business development in China. From 1994 to 2002, he served as CEO of N.V. Belgaart S.A., Jelkem, a manufacturer of building, household and automotive materials. Caluwé serves today as Chairman on the Board of Jelkem N.V. and Malysere N.V., in Belgium.
Message Of The CEO

Dear shareholders, customers, employees, and business partners,

2007 was the year of "Integration" and "Value of Customer" at Honda Global. In this dynamic period, we focused on integrating our year sales in Asia Pacific to our global organization. Also, we have returned to the "Value of Customer" extensively, and invested in our capacity to meet their needs for innovative solutions, via global technology and skills and new investments.

When we look at our markets in 2007, and particularly in the tire reinforcement segment, despite the US slowdown and rising oil prices, total market demand was robust for both nylon 6.6 and ARAS polyester fiber. Most tire customers were successful in reflect price increases in their major tire segments. Mining demand for EOR tires, driven by high commodity prices, was a positive influence for our non-business. Finally, industry consolidation and sustained polyester capacity expansion in Asia were the main theme on the competitive side.

Our financial results benefited from good sales volumes, reaching US$5,250 million, while new material cost escalations and supply disruptions strongly impacted our profitability. We have also reassessed our cost competitiveness, market demand dynamics, and consequently optimized our capital intensity. To improve our service in this market, at all levels, we invested US$316 million, after covering onerous restructuring costs.

Overall, 2007 was a good year for us. We enjoyed the benefits of being a global company, where regional facing challenges were supported by better performance in other regions.

Looking forward, we see that the high prices, volatility of raw materials and weakening US currency/economy, will be the two key factors effecting our industry. As a global company with sales well balanced across the world, we find well positioned to deal with demand volatility, however we are very cautious on potential cost shocks due to crude oil prices.

Our strategy remains focused to deliver our vision "to be the solution partner for the rubber industry worldwide." After our Asia Pacific expansion, our market leadership is well cemented, and our priority going forward, is to:
1. Deepen our global synergies, and
2. Accelerate our technology and innovation efforts.

Our strategic initiatives (Honda Strategy Map, see page 19) reflect this focus:
• Operating Excellence: driving competitive cost, and global supply chain,
• Balanced Global Approach Initiatives: allowing resources to optimize value creation and cost efficiency opportunities,
• Solution Partner programs, focusing on bringing technology knowhow and customized services to our customers, enabled by innovative technology.

Honda 2008 will be the year of "Customer Value Creation" and "Synergy Optimization". We will give particular focus to improving our quality and service in Asia and North America, accelerating productivity in our manufacturing base worldwide, and not missing key product development projects with our customers.

In closing, I would like to express my appreciation for the future of our business given the match between our customers' innovation needs and our strengths of "global leadership with local service, broad product portfolio, and technology expertise".

We can count on the future, thanks to the choice of our customers, diversity and expertise of over 5,000 employees, and our shareholders who always encourage us to do better.

Mehmet N. Ozkan
CEO

2008 will be the year of "Customer Value Creation" and "Synergy Optimization".
2007 Financial Analysis

Growth

With the realization of company acquisitions and organic growth, Korean Air has achieved higher sales revenue compared to year 2006.

Sales Volume increased from 154 billions to 201 billions whereas revenue increased from US $ 7.281 Million (1 Billion YEN) to US $ 5.825 Million (1.2 Billion YEN).

The 25% growth is mainly 19% from acquisitions, 3% from favorable Yen rate compared to US$ and 3% from other favorable market growth.

Optimization

Despite challenging, the negative impact of increasing fuel prices and especially the appreciation of New Turkish Lira, Brazilian Real and Asian currencies against the US Dollar caused a decrease in the operating result. Furthermore, as the operating profitability of the recently acquired companies is lower than the rest, it lowers the average of the company.

Part of the integration of recently acquired companies necessitated restructuring of certain assets in order to take advantage of lower costs. Following the acquisition and integration of Asian Pacific, the company evaluated its asset base and consequently restructured higher-cost sites, writing off US $ 25 Million.

As this is a noncash, non-cash charge, cash flow from operations is a better measure for reviewing the cash-generation performance of the company.

Inventing the future

Korean Air also continues to invest heavily on growth segments such as single and dual and new innovation methodologies. The HMD opening of the company has increased more than 50% in 2007.

Strong Balance Sheet

Korean Air carries significantly low debt and has used its free cash flow to pay down debt that has been built up for the acquisition of Asia Pacific Region at the end of 2006. This provides the company further strength in balance sheet to achieve future growth.

Financial Results

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<th>As reported</th>
<th>Excluding one time charges</th>
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<tr>
<td><strong>Liquidity Ratios (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.80</td>
<td>1.71</td>
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<tr>
<td>Acid Ratio</td>
<td>0.94</td>
<td>0.93</td>
</tr>
<tr>
<td>Debt / Equity Ratio</td>
<td>4.33</td>
<td>5.23</td>
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<tr>
<td><strong>Profitability and Cashflow Ratios (%)</strong></td>
<td></td>
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<tr>
<td>Return on Equity</td>
<td>4.1</td>
<td>5.4</td>
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<td>Gross Profit Margin</td>
<td>11.3</td>
<td>17.0</td>
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<tr>
<td>Operating Profit Margin</td>
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<td>6.4</td>
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<tr>
<td>Net Profit Margin</td>
<td>9.2</td>
<td>5.5</td>
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<td>Cash Flow From Operations/Sales</td>
<td>13.8</td>
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2007 Operating Highlights

2007 was a dynamic year for the tire reinforcement sector, with both positive and challenging developments.

- The slowdown in the American economy and rising oil prices had a negative impact on market conditions, affecting raw material prices for tire manufacturers, which could partly be compensated with higher sales prices.
- In the tire reinforcement sector, stronger demand for oriented rubber tires increased demand for nylon 66-based fabrics. In Asia, mergers and capacity statements in rubber production were the two main factors determining the course of competition in the sector.

For Kordsa Global, 2007 was characterized by important developments in customer focus and integration in its global structure.

- In line with customer demands, Kordsa Global transformed its vision as: "To be the solution partner for the rubber industry worldwide". The company's global R&D efforts were structured around new technological platforms and investments were undertaken. Many new innovation projects were initiated and global customer management activities expanded.
- Production capacities were increased in our plants in Germany and Brazil to meet the growing demand in single and sedan cars from customers across the automotive industry.
- Other manufacturing details were further quality control measures undertaken in our Laund Hill fabric and Czech Crayon plants, and in addition to the repositioning of our polyester production in Brazil.

Asia has undoubtedly become one of the main manufacturing bases of the world's tire reinforcement sector. At the end of 2007, Kordsa Global made strategic investments in the region. By the acquisitions in China, Indonesia, and Thailand in the last days of 2007, the acquisition plans for the Indonesian entity were raised to 1500.21.

Europe, The Middle East, Africa (Region 1)

Kordsa Global is the largest supplier to the region with production sites in Turkey, Germany, Egypt, and China. In 2007, the company received 79% of its revenue from sales in Europe, continuing market growth in the Commonwealth of Independent States and increasing demand for high-performance vehicle tires created favorable market conditions.

While the demand in African and Middle Eastern countries of the first region remained the same, the market for conveyor belts was stronger for the conveyor belts' markets, indicating that the experience of the company's customers' demand will increase the need for conveyor belts, which are used in the mining industry and related sectors.

Kordsa Global Turkey is the largest integrated production centre among all other plants with a modular production line, including the production of nylon 66 yarn, high-density polyethylene, and rubber compounds which are used in a sophisticated range of end-user products including tires for automobiles, light trucks, farm vehicles, and off- road trucks.

North America (Region 2)

Kordsa Global serves North America with 3 plants: a belt plant in Tennessee and a fabric plant in Laurel, Mississippi. In 2007, the company had a turnover of 216 million USD and a 13% of the capacity within the region enjoyed by sales.

In compliance with the needs of the local and international customers, the company manufactures specialty yarns in this region. Other customers are manufactures of the rubber industry producing rubber goods, rubber bands, rubber belts, rubber hoses, and rubber products.

High tenacity, high-strength polyester yarn is used for the reinforcement of tires, hoses, springs, safety belts, and cordage. Cord fabric is used to manufacture rubber and polyester tires by companies which make wide and multi-purpose tires for automobiles, light trucks, farm vehicles and off- road trucks.

North America is the world's third largest in terms of rubber product consumption. Tires are forecasted to grow by 5% annually. There has been a switch to radial tires in automobiles and trucks. Demand for radial wheel tires increased, while the demand for radial truck tires decreased.

Increasing oil and diesel prices will trigger the sales of smaller, more fuel-efficient vehicles and smaller tires.
South America (Region 3)

In response to local demand, Kobojo Global produces nylon and polyester industrial yarn and tire cord fabric in South America. The company's Argentine plant produces nylon 6/6 and the Brazilian plant produces polyester yarn.

The consolidated sales revenue of 2007 was US$ 1.300 Million. The manufacturing volumes were 1,182,000 meters of polyester yarn, 4,944,000 meters of nylon 6/6, and 14,000,000 meters of fabric in Brazil. 15,000,000 meters of nylon 6/6 yarn and 8,000,000 meters of fabric in Argentina.

Growing substantially in terms of passenger vehicle and motorcycle tires, South America is a production center, addressing the global manufacturer's direct and automotive needs. Likewise, in relation to the growth in agricultural exports and development in infrastructure, the demand for truck and agricultural vehicle tires have been on the rise. Growth presently concentrates on the northern part of Brazil and in Colombia.

Kobojo Global appeals to all customers in the region and provides services with some EDI capabilities, thereby improving service levels at the growing markets through the launch of single and cord production in Brazil in 2008, and enhanced efficiency in polyester yarn production.

Asia Pacific (Region 4)

The four production centers of Kobojo Global in Indonesia, Thailand, and China serve the fastest growing market of the tire reinforcement materials industry. The company achieved a consolidated revenue of US$ 1.900 Million in 2007 by selling 44,000,000 meters of yarn and fabric.

Growth in the tire reinforcement materials industry in Asia Pacific is due to the potential shift of global tire production to this region. Today, the region is not only the export base for the entire region, but also a magnet for more investment owing to a consistently growing demand.

The rise in tire production also reflects the demand for the reinforcement, primarily for nylon 6/6 and HMLS polyester. Prompted by significant development work on highway infrastructure in the region, especially in China, there has been a significant shift in the switch to radial tires in local passenger vehicles and light trucks. Hence, such products are likely to become much more popular.

As preference for radial tires is on the rise, the cost of nylon 6/6 reinforcement is diminishing, which allows the sales of Chinese nylon 6 manufacturers. This puts pressure on Kobojo Global to source nylon 6/6 sales around the world.

In 2007, the corporate systems and sites of the Kobojo Multi Group (Indonesia and Thailand) and Kobojo (Kobojo Global) in China/Beijing were bought by Kobojo Global. In addition, the Asia Pacific regional management was added, and some new suppliers were introduced to the global system for new material and cost reduction. The company's growing market share and rising profitability in the region manifests the benefits of economies of scale in accordance with the ideas of global solution partner.
Innovation + Technology

Technology Platforms
Kordel’s R&D activities have been repackaged in order to better serve its customers and plants worldwide and to boost the pace of innovation. Research and Development activities are managed mainly in five different platforms:
- Material Research and Development Platform
- New Product Development Platform
- Market Application Development Platform
- Central Quality Assurance Platform
- Intellectual Property Platform

Qualified Research Team
The experienced global research team has expanded in 2007 and new technological competences have been acquired with the new members. In addition to the traditional expertise areas, spinning, filaments, weaving, knitting and spun technologies, new competencies on the technologies, technologies, understanding of new fibers. Finite element analysis have been added to the technology portfolio. Most members of the research team have PhD (60%) and MSc (40%) degrees from the respected universities of Turkey and US.

Labor and Pilot Testing Facilities
While the construction of technology site expansion continues, new manufacturing facilities and pilot production units are added to the facility. DNA-TP and.textron are some of the examples of this new equipment. The installation of pilot spinning line, which will be operational in April 2008, will enable the new fiber development capabilities of the company.

Open Innovation + Partnerships
The only way to boost the pace of innovation is to extend research and development capabilities beyond the company site boundaries. In line with open innovation strategy, the company has extended its innovation network drastically in 2007. Currently more than 15 research projects are being executed with university partners and United States, Belgium, Germany, Japan and Turkey. The company’s open innovation network now spreads to the leading research institutes, universities and technology companies.

Customer Cooperation Programs
In today’s world, innovation can only be realized by a fast understanding of customer needs and fulfilling the needs through cooperation programs with customers. In line with “one solution partner for the rubber industry worldwide” vision, Kordel Global is focusing its cooperation with global and local customers. Today more than 100 Kordel Global employees have been trained with the global customer strategy methodology to better understand customer needs and to come up with innovative ideas in all business processes and new products.

Central Quality Assurance
While maintaining high quality standards in all products, Kordel Global makes additional efforts to help global customers with the interoperability of products in case of contingencies. With the formation of Global Central Quality Platform, the company’s efforts to develop products, processes and raw material specifications have been accelerated.

New Products and Patents
In 2007, patent applications for nylon/ polyester blends have been compiled and some new products have reached commercialization stage.
- New generation HMR polyester with higher tenacity and dimensional stability
- 3300 den NM 5 polyester
- Aramid (1100 tex) dyed/nylon 66-440-1450/1000 dyed hybrid
- Nylon 66-440-1450 dyed polyester (1100-440-1450-1000) dyed hybrid

Grants
Our research and technology efforts have been honored by TÜBİTAK and Ministry of Industry in 2007. Two projects have been granted and the assessment of four new applications continue. The grants from TÜBİTAK and Ministry of Industry will accelerate R&D efforts in the coming years.

Competitive Advantages
With its global production facilities and sales network, Kordel Global is a truly global solution partner serving its customers in a broad range of end product lines. The company can meet customer need in a reliable manner. The company’s strategic business model is focused on key markets and regions, selecting key customers. With a technology center, material and process innovation and a network of leading companies in the field, Kordel Global is the preferred small of the leading manufacturers.

Kordel is a world leader with 25% share in the nylon 6,6 high-density yarn sector. With its new acquisition and expansions, Kordel Global has branched out to more than a 15% share in the Polyamide 66 market.
Market Share

Kordel (Global) has emerged as the global leader in high-volume nylon 6.6 yarn and cord fabric in the world tire industry with a market share of nearly 31%.

In the same sector, it has also maintained an important position on a global level in the high-volume HHN5 polyester cord fabric market, with a market share of nearly 15%.

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>NYLON 6.6</th>
<th>POLYESTER</th>
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<tbody>
<tr>
<td>KORDEL</td>
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<tr>
<td>PRODUCER A</td>
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<td>PRODUCER B</td>
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<tr>
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</tr>
<tr>
<td>TOTAL</td>
<td>315</td>
<td>290</td>
</tr>
</tbody>
</table>

Nylon 6.6 Global Market Share

Polyester Global Market Share

Products

Kordel (Global) is the leading supplier of heavy-duty polyester (HHN5 and Technical) yarns, tire cord fabrics, industrial fabrics, and single and corded cords. The leading customers include the leading manufacturers of tires and mechanical rubber goods. With 10 years in 10 countries, the company serves its customers on a cross-globe scale. Kordel (Global)'s products are used in a vast number of applications, most common uses are tires, airbags, hoses, conveyor belts, textiles, rope, carriages, conveyor belts, paper belts, and more.

Kordel (Global)'s products are used in a vast number of applications, most common uses are tires, airbags, hoses, conveyor belts, textiles, rope, carriages, conveyor belts, paper belts, and more.

Yarns

- High tenacity, industrial heavy-duty nylon (6-6) yarn (140 denier and above)
- High tenacity, industrial HHN5 and technical heavy-duty (polyester yarn (100 denier and above)

Some application areas of the yarns are: Cord fabric, industrial fabric, tire cord fabric, single and cord, security belts, rope.

Tire Cord Fabric

Kordel (Global) produces tire cord fabric for a wide range of applications, using nylon 6-6, nylon 6, PET (HHN6 and Technical), Rayon, and Aramid yarns, being converted into the tire. The tire body is constructed from the layers of rubberized tire cord fabric, or cords, that give the tire its strength and durability. All Kordel (Global) fabrics are especially developed for individual customers according to their specific needs.

Industrial Fabrics

Kordel (Global) offers a wide range of industrial fabrics like conveyor belt fabric, shaper fabric, tire fabric, membrane fabrics, and more. Kordel (Global) fabric is especially developed for specific needs of the customers, and it is the company's major role in the industry to cooperate with customers. Kordel (Global) produces three lines of shaper fabrics: monofilament, nonwoven, and membrane fabrics. The company manages the production in line with the local demands of the customers. The company's other products include conveyor belts and membrane fabrics.

Production Capacities (000 ton)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>CORD FABRIC</th>
<th>YARDS</th>
<th>INDUSTRIAL FABRICS</th>
<th>SINGLE END CORD</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>120</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

2009 ANNUAL REPORT
Safety, Health and Environment

Safety and health of employees has always been regarded as a core value in Kendas Global.

In addition, however, there are extensive local and national regulations designed to promote a safe work environment. Ongoing and continuous training and regular safety audits are essential for understanding and complying with safety laws.

Rules of Practice

1. Highest Standards of Performance, Business Conduct
   Kendas Global adhere to the highest standards for the safe operation of all facilities and the protection of the environment, employees, customers, and the communities. By making safety, health and environmental issues an integral part of all business activities, Kendas Global will improve its operational facilities and continuously strive to align operations with stakeholder expectations.

2. Zero Injuries, Illnesses and Incidents
   Kendas Global believes that all injuries and occupational illnesses, as well as environmental incidents, are preventable, and the goal is to minimize them to zero. Kendas Global addresses the environmental impact of each facility it plans to construct. The company will design, build, operate and maintain all facilities and transportation equipment so that they will be safe and acceptable to local communities and protect the environment. Kendas Global shall be prepared for emergencies and will provide leadership to assist its local communities to improve their emergency preparations.

3. Goal of Zero Waste and Emissions
   Kendas Global will strive toward zero waste generation at the source. Materials will be reused and recycled to minimize the need for treatment or disposal and to conserve resources. Where waste is generated, it will be handled and disposed of safely and responsibly. Kendas Global will drive towards zero emissions, giving priority to fuels that may present the greatest potential risk for health or environment.

   Where post practices have created conditions that require correction, Kendas Global shall responsibly correct them.

4. Conservation of Energy and Natural Resources, Habitat Enhancement
   Kendas Global will excel in the efficient use of coal, oil, natural gas, water, minerals and other natural resources. It will manage its land to enhance habitats for wildlife.

An integral part of the safety culture at Kendas Global is "What people do when nobody is watching". This culture is the way of living. It goes beyond simply being a program and becomes part of our existence.

Kendas Global adheres to the highest standards for the safe operation of all facilities and the protection of employees, customers, and environments.

Safety is a core value.
Beyond priority.
Global Human Resources

Korde Global considers human resources as the most important source for bringing strategic priorities into action, and regards employee development as an essential part of its global strategy.

Accordingly, the means necessary for the effectiveness of corporate Global HR function is to create, work, promote, practice and policies that will company business plans and goals, and enable professionals to develop new skills, and constantly monitor the organizational structure in order to identify critical positions and potential succession.

The company HR vision is to create a work environment where employees are proud to belong to the company and where diverse HR management practices are in place.

In order to realize this vision, the company is creating opportunities for its employees to improve their skills and support them so that they may realize their full potential.

Strategy and Goals

Taking regional and local human resources practices and business plans into account, global Human Resources’ objective is to establish an integrated human resources organization among all organizations.

Mostly conferences and yearly network meetings are being held with the goal of concluding the process on a global level and realizing the sharing of information sharing and collaboration among its human resources functions.

Human Resources Strategies:

- Develop world-class policies, systems, and procedures in human resource policies in accordance with the Balance Group.
- Design and manage development programs for various positions such as young talents, middle management, upper management, in line with regional and local HR departments in order to support corporate growth rates.
- In order to achieve sustainable success, employees and endorsed organizational succession plans on a global level.
- Ensure screening of the best professionals at every level by creating various opportunities in accordance with the expectations of employees and company’s global-level experience.

For Korde Global 2007 was the year of global integration and this shaped by human resources activities accordingly.

In this period, the company completed the organization of the Global Technology Center, extended its job evaluation projects to all regions as part of its integrated human resources, restructured its global policies and procedures and accelerated its rotation policies.

In 2008, we will be finalizing the global structure to work profoundly all over the world, preparing for the implementation of medium- and long-term foreign assignment strategies, the creation of an integrated human resources process management and database management infrastructure, and expanding its Total Quality Management self-assessment.

Equipments

The company’s main HR goal as a global company is to carry Korde Turkey’s information sources to other Korde Global’s companies and to provide its employees with extensive experience opportunities. Accordingly, 15 employees are now serving Korde Global companies in other countries, within the expansion system.

In the coming period, in accordance with company needs and employees expectations foreign country assignments will continue, increasing.

Business Ethics Rules

Korde Global conducts its activities in accordance to Korde Global Business Ethics Rules approved by the Board of Directors:

The Business Ethics Rules regulate Korde Global’s regulations with its customers, employees, stakeholders, suppliers, business partners, competitors, the environment, society and employees, and ensure that the company’s activities are transparent and ethical.

With the publication of Korde Global Business Ethics Rules, our website, the process of public relations and informing the employees of their rights, responsibilities, and obligations, as well as the transparency and ethical performance of our employees, the distribution of personal benefits and informative sources,
### Certificates

<table>
<thead>
<tr>
<th>Country</th>
<th>Standards</th>
<th>System Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>ISO 19011:2002</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>ARABIA</td>
<td>ISO 9001:2000</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>ISO 9001:2000</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>ISO 9001:2000</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>CHINA</td>
<td>ISO 9001:2000</td>
<td>Quality Management System</td>
</tr>
</tbody>
</table>
Supervisory Board Members and Working Principles

The purpose of the supervisory board is to provide information to the Board of Directors (BOD) regarding the company’s accounting systems, financial reporting, financial data quality, processes, internal auditing department activities, functioning & activity of the independent inspection and internal control systems. Besides, the supervisory board supports the company’s efforts concerning the corporate governance principles and laws, especially the Stock Exchange Commission’s Regulation and compliance with ethics regulations and perform supervisory functions in the above mentioned areas.

The Supervisory Board’s Structure and Areas of Responsibility

The supervisory board consists of two people from within the company, with Turgut Uzay as chairman and Recep Yilmaz as member.

The members consist of people who do not have direct executive duties. Although they are non-executive members of BOD, they have sufficient knowledge and experience in finance. The chairman of the supervisory board is appointed by the BOD. The company’s internal auditing department acts as a reporter for the supervisory board. The duties of the supervisory board are assigned by the chairman of the supervisory board. In order to fulfill the duties, the board shall be provided with the necessary resources and support.

The supervisory board monitors the company’s accounting system, financial data public disclosure, internal auditing department activities, functioning & activity of the company’s internal auditing department and control system. Thus, the committee, ensures that financial and operational activities are monitored and internal and external audits are carried out in a sound manner, informs whether the financial reports reflect the correct numbers, advises the BOD on the selection of an independent auditor; reviews corporate policy in legal areas and ethical rules, conflict of interests and bad management/abuse works through the internal audit department; reviews the appropriateness of corporate governance policy, gathers with the internal inspection division, carries on the sufficiency of the internal control system; holds regular meetings, serves as a bridge for communication between the BOD, financial managers, independent auditors and the internal auditing department.

The supervisory board reports its activities, conclusions and recommendations within the area of duties and responsibilities to the chairman of BOD.

Board Meetings

The supervisory board gather at least every three months and four times per year, at company headquarters or elsewhere if invited by the chairman of the supervisory board. A meeting may be called by the chairman of the BOD or the supervisory board under exceptional circumstances.

Supervisory board meetings may be held with auditors and managers.

In 2007, the supervisory board met four times. In April 1, May, September and November, in these meetings company managers provided information concerning their activities, internal control systems, their views on internal controls and their conclusions. The supervisory board examined the audit reports, approved the audit results and presented a report to the BOD concerning the accuracy of the financial statements.

The Internal Audit Department:

Company’s internal auditing department reports directly to the supervisory board. Therefore, the principle of independence, is made up of independent members of the BOD within the company’s organization. The internal control mechanism is under the responsibility of the management of affiliated partnerships and, is coordinated and monitored by the company’s internal auditing unit. The duties of the internal auditing department are to monitor the reliability and accuracy of the financial statements of the company and dependent partners, assure that activities proceed in accordance with the laws and the ethics rules accepted by the company; analyzes processes and financial results which will specify potential risks, with the goal of increasing effectiveness and reduce risks to a minimum or completely eliminate them.

The internal auditing department is responsible for reporting periodically to the supervisory board.

Corporate Governance Principles Compliance Report

1. Statement of Compliance With Corporate Governance Principles

Between the dates Jan. 1, 2007 and December 31, 2007, Korduz (Global Industries) Ltd. and Korduz (Global Industries) Ltd. (hereafter referred to as the "company") has complied with and implemented the "Corporate Governance Principles" as published by the Capital Markets Board of Turkey (TMB).

SECTION II

SHAREHOLDERS

2. Shareholders Relations Unit

Within the company’s organization an investor relations unit under the finance department serves our shareholders, reporting directly to the finance director.

The responsibility of the department is carried out by Baba Ayhan, Global Finance Director (Tel: 0 212 385 60 56 Fax: 0 212 385 60 12, email: pmurat@korduzglobal.com).

Also Mustafa Tulga serves in this department as a contact person in finance services (Tel: 0 212 385 60 20, 60 21, 26 87 47, Fax: 0 212 385 60 27 / 0 212 385 60 50, email: mtulga@korduzglobal.com). 6,005 of the shares in the company are publically held, and the shareholders representing private holdings are limited to four corporate shareholders. The department is assigned with the role of carrying out communications with shareholders. Within the scope of such a role, 60 phone contacts were realized with corporate shareholders to answer their queries, and 60 e-mail communications from shareholders are responded.

3. Shareholders’ Rights and Their Right to Obtain Information

In 2007, the Korduz Investor Relations Department responded to more than 350 queries in total received from shareholders including phone calls, e-mails, and other communication. Information that might be of relevance to the shareholders was also announced within legally prescribed times at the company’s website accessible at www.korduzglobal.com.tr.

Apart from the matters that are publicly disclosed, the department also responded the shareholders’ phone queries relating to matters about dividend policy and the acquisition of Santos Milla and GNE companies in Italy. The company’s attitude of association does not stipulate assignment of a special auditor as an indirect right.

No demands were received from the shareholders regarding this subject in 2007, either.

4. Information on General Assembly Meetings

In 2007, 2006 Ordinary General Assembly Meeting of Shareholders was held on April 27th 2007. Shareholders representing 81.1% of the capital attended the meeting. The invitation for the meeting was realized in compliance with the provisions of the Turkish Commercial Code and the Company’s articles of association.

To ensure the attendance of shareholders to the General Assembly Meeting, passes were issued to shareholders who applied to the Company’s Investor Relations Department until two days before the General Assembly Meeting Date, by way of the DHA. Obtained form for those shares whose certificates are kept by intermediary institutions, via a notarized showing that they logged the share certificates with the banks for those which personally held the share certificates.

The annual report containing audited 2006 figures were provided for the shareholders’ review at least 15 days in advance, at the company headquarters.

During the general assembly meeting the shareholders did not use their rights to direct questions and no proposals were presented in addition to the agenda items.

Unresolved decisions within the scope of Turkish Commercial Code are presented at the General Meeting for the shareholders’ approval. All actual decisions that will be covered by the by-law to be annexed shall also be presented at the General Meeting for the shareholders’ approval upon achievement of corporate governance principles approved Board harmonization.

General Assembly Meeting minutes are prepared for the inspection of shareholders at the company headquarters at all times and are also accessible on the company website at www.korduzglobal.com.tr.

The required reports were available to shareholders in the related meetings and inputs to the meetings were made in compliance with the provisions of the Turkish Commercial Code and the Company’s articles of association.

5. Voting Rights and Minority Rights

The articles of association grant no privileged voting rights.

Our company does not face any other company with cross-shareholdings interests.
6. Dividend Distribution Policy and Timing

Based on the company's Board of Directors' resolution dated 14 March 2006 and numbered 016, the Company's Dividend Distribution Policy is declared as follows: The Company distributes cash dividends to its shareholders each year is an amount that is equal to at least 50% of the attributable profit in accordance with the CWM legislation, other legal stipulations and the Company's articles of association.

It is unanimously resolved that the said policy is to be reviewed each year by the Board of Directors in consideration with national and global economic conditions, the projects in the company's agenda and the status of available funds, declared at the immediately following General Assembly Meeting for the information of the shareholders, and Sections 36, 50 and 44 of the SP laws of association explicitly state the distribution manner and timing of the company's profits. The company performs the dividend distribution within legally prescribed terms, by virtue of the fact that dividend distribution is performed within legally prescribed terms, no legal issue in relation to the matter is faced, yet.

7. Transfer of Shares

The Company's articles of association contain no provisions restricting the transfer of shares.

SECTION II
PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The company has in place a disclosure policy that conforms to the CWM's Corporate Governance Principles. Pursuant to the law, the company maintains a public disclosure of halal and annual accounting reports, which is also filed with the International Financial Reporting Standards (IFRS) and independently audited, as well as unaudited 1st and 3rd quarter consolidated reports, material events requiring to be publicly disclosed in accordance with the CWM legislation within due time vis-à-vis the IIS.

Disclosure is publicly disclosed in the company's website accessible at www.kentoo.com.tr. The responsibility for the execution of the disclosure policy rests with Mehmet Narevi, President, CEO.

9. Disclosure of Material Events

In 2006, the company made 30 material event disclosures to the CWM and the IIS, pursuant to the CWM regulations. The said disclosures were made on time and no sanctions were imposed either by the CWM or the IIS.

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

10. Company Web Site and Its Constants

The company has an internet site accessible at www.kentoo.com.tr. The content of the website is available in Turkish. Under the "Investor Relations" heading on the company's website, the information listed under CWM Corporate Governance Principles, Section 36, Article 11.2, is provided.

11. Disclosure of Non-Corporate Ultimate Shareholding(s) Controlling Interest

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

All company shares/interests are registered. The share certificates representing the company's fully-paid capital (BOL023464) are treated at IE and the company is not transferring such transfers. Therefore, the company has no information only on the 5 corporate shareholders holding the shares certificates/interests representing the company's capital share (1,166,000,000).


The information on the 'Members of the Board of Directors', 'Members of the Management Committee', and 'Secretaries in the Organization' are included in our annual reports, and thus publicly disclosed. In addition, additional disclosure to members in the Board of Directors during the course of the year are publicly disclosed by being declared in the EI bulletin and the Turkish Trade Register newspapers.

SECTION III
STAKEHOLDERS

13. Keeping Stakeholders Informed

Stakeholders are informed about the company's projects and any other disclosure made pursuant to applicable legislation.

In addition, the information contained in the financial statements and reports that are publicly disclosed pursuant to the CWM legislation (save for information that is not yet publicly disclosed), or written information is provided upon request by stakeholders such as shareholders, employees, customers, vendors, unions, non-governmental organizations, the state, potential investors on matters related to them. Company employees are informed through seminars, meetings and service training programs, depending on their levels of expertise and interests.

14. Stakeholders Participation in Management

Company employees, customers, suppliers and the security with which we interact are considered as stakeholders. Employee participation in management is secured through periodic internal meetings. Annual business-setting & performance assessment meetings. In addition, the board mechanism serves to the convergence of feedback from employees, customers and vendors on matters related to them, and the results are addressed in the committees where meeting and action plans are devised for necessary changes. These approaches ensure the necessary participation and contribution of the employee to ensure efficient management of the company.

15. Human Resources Policy

The human resources policy and practices in place at the company are presented below and also posted on our website at www.kentoo.com.tr, Hakan Ceylan (CEO), Human Resources Director leads the related activities. The summary of human resources (HR) roles is as follows:

- Development of HR processes in line with business goals.
- Recruiting candidates in line with the expectations to preserve the development of talents gained in the organization.
- Development of appropriate professional and making sure adequate contingency plans are developed.
- Finding and maintaining key and strategic opportunities.
- Designing compensation and benefits packages in line with the roles of employees.
- Creating and maintaining an open, fair and constructive work environment.
- Ensuring and developing the related safety, health and environment applications to meet all relevant standards.
- Development of performance based management systems.
- Management of relations with both employees and Workers' Union for the most favourable results of all parties concerned.

The company targets to select qualified employees by using the primary processes of recruitment, assessment, development, career planning and retirement to establish a high performance culture, to ensure development of necessary competences and skills at every level in the organization, to place the right person in the right position, to be a preferred company to be working for with a high-qualified employee profile by guaranteeing the maintenance of the procedures being carried out through gender, age and regional and cultural backgrounds, plans and defined contribution plans, thus aiming to create value.

16. Relations with Customers and Vendors

Kentoo (A) goals to maintain long-term strategic alliances with its customers and acts in line with these goals. The company implements the principle of creating mutual value in relation with the shareholders. With customers, it adheres to the principles of integrity, ethical approach, and commercial and financial sustainability. Customer demands are responded with the most efficient, productive and attractive solutions at the earliest occasions.

Kentoo (A) possesses an organizational structure, offering full support to its customers in commercial and technical issues, improvement services are carried out with a keen consideration on market developments based on customer-focused. Products and services offered are developed together with the customers' meeting and future needs at the earliest occasion.

Kentoo (A) pays attention to offer fair and equal opportunity to all potential employees and makes its purchases from reliable suppliers that have a focus on customer satisfaction, and are committed to worker health/worker safety, environmental safety and quality. Kentoo (A) establishes long-term relations with its suppliers based on mutual trust, efficient communication and business partnerships, and implements a win-win principle.

17. Social Responsibility

In Kentoo (A), order of priority for all activities are as follows: "Worker’s Health", "Occupational Safety Environment" and "Quality". Within the company it is believed that an occupational accident and occupational diseases can be prevented. In accordance with this, all employees coming to the workplace, even if for a seasonal assignment, are trained on worker safety or their working environment and the scope of the safety training is expanded depending on the identified training needs.

The company initiated its social responsibilities through contributions to Sabanci University, donation to natural disaster response missions related public agencies and institutions, as well as universities and secondary education institutions.

There are no issues/changes against the company on account of any environmental issues.
SECTION IV
BOARD OF DIRECTORS

16. Structure and Formation of the Board of Directors, Independent Members
The Company’s Board of Directors consists of five members elected for a period of three years, in accordance with the provisions of the Turkish Commercial Code and the articles of association. Although there are no independent Board members, there are executive Board members.

Güler BALANCİ: Chairman
(Turkish, Independent)
Turgay ÜZER: Vice Chairman
(Turkish, Executive)
Hatemi KARAPINAR: Member
(Turkish, Executive, Independent)
Peter Gabriel KEHDE: Member
(Turkish, Executive, Independent)
Terry Hollins: Member
(Turkish, Independent)
Refik C. K. DEĞIRMEN: Member
(Turkish, Independent, Executive)

The company’s articles of association relating to the Board of Directors do not contain any regulations on the differentiation of independent, executive and non-executive members. The Chairman and other members of the Board of Directors are granted the right to carry out transactions in accordance with Articles 554 and 556 of the Turkish Commercial Code, based on the General Assembly resolution.

17. Qualifications of Board Members
Sections 116 and 271 of the company’s articles of association present the qualifications and election requirements for the members of the Board of Directors. The qualifications required coincide with the meltdown criteria contained in the G89’s Corporate Governance Principles.

EÇO, Mergers, Acquisitions and Strategic Deals of the Company
The company’s board of directors determined to maintain and publish the same in its Annual Report, as well as on its website accessible at www.cemoglu.com.tr. The company seeks to achieve its mission by frequently reviewing its Board of Directors.

21. Risk Management and Internal Control Mechanism
The risk assessment and internal control mechanisms in place at every level of the company. The company has an Internal Audit Function which is directly reporting to the Vice Chairman of the Board and the Audit Committee.

22. Authorities and Responsibilities of Board Members and Executives
The management rights and representation powers of the Company’s Board of Directors are defined in Sections 114, 118, 119, 120, 203, 251 and 267 of the articles of association, and publicly disclosed on the Internet at www.cemoglu.com.tr. The authority and responsibilities of the executives, however, are not stipulated by the Company’s articles of association. However, these authorities and responsibilities are determined by the Company’s Board of Directors.

23. Operating Principles of the Board of Directors
The company’s board of directors met 9 times in 2007, and submitted the agenda items by way of mail and circulation. The agenda of the company’s Board meetings are set upon contact by the Chairman of the Board with the Board members. All the meetings held in 2007, no dissenting opinions were voiced by any board member against the decisions taken.

While deciding on the matters contained Section III, Article 25 of the G89’s Corporate Governance Principles, actual attendance of the members who did not have an excuse was assured in the relevant Board meetings. As the board members, did not have any questions regarding these matters, the same did not enter the records. Board members are not entitled to weigh in voting and/or voting rights in relation to such records.

24. Prevention of Doing Business or Competing with the Company
The company’s board members are not involved in business with the company and/or did not undertake initiatives that would compete in the same fields of activity in 2007.

25. Code of Ethics
The company adopted the Code of Ethics on December 5, 2007. The company employs all its employees in accordance with all applicable legislation, articles of association and social security regulations. Additionally, each company office annually implements the “Compliance Guidelines for Ethics and Corporate Governance”, the results of which are evidenced at the General Manager level.
Kordsa Global Endüstriyel Iplik ve
Kord Bedi Sanayi ve Ticaret Anonim Şirketi
April 28th, 2008
Ordinary General Assembly

AGENDA

1. Opening and setting up of the Chairman’s Panel.
2. Authorization of the Chairman’s Panel to sign the minutes of the
   General Assembly.
3. Presentation, discussion and ratification of the Board of Directors’
   and Auditor’s Reports about 2007 activities and accounts.
4. Informing the shareholders about the donations in 2007.
5. Reading, discussion and approval of the 2007 (Sezon) Share and Profit/Loss
   statements and review and resolution of the Board of Directors’ proposal on
   the dividend payment.
6. Ratification of the new Audit Firm elected by the Board of directors to audit
   Financial Statements for the years 2006 and 2007 according to Capital Markets
   Board Ruling no. 24/69.
7. Ratification of the Board of Directors and Auditors for the company’s 2007 activities.
8. Election of the Auditors and determination of their terms of office and
   remuneration.
9. Authorization of the Chairman and the members of the Board of Directors to
   contest the decisions set forth in the Articles 32-4 and 32-5 of the Turkish
   Commercial Code.

Meeting Date: 28 April 2008, Friday
Meeting Time: 10:00 a.m.
Meeting Place: Bebek A Hotel
Bebek District, Tower 2
34330 4, Levent, Başaksehir - ISTANBUL