İzocam Ticaret ve Sanayi Anonim Şirketi

Convenience Translation into English of Interim Financial Statements As at and For The Three-Month Period Ended 31 March 2010

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İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Balance Sheet as at 31 March 2010

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

	Notes	Unaudited Current Period 31 March 2010	Audited Prior Period 31 December 2009
ASSETS			
Current Assets		**97.645.822**	**114.542.147**
Cash and Cash Equivalents	4	18.791.525	45.772.392
Accounts Receivables	6	56.687.369	48.909.675
Due From Related Parties	*25*	*1.583.338*	*523.175*
Other Accounts Receivable		*55.104.031*	*48.386.500*
Inventory	8	19.052.176	17.203.638
Other Current Assets	14	3.114.752	2.656.442
Non-Current Assets		**56.388.974**	**59.345.931**
Other Receivables	7	2.868	2.868
Property, Plant and Equipment	9	56.310.778	59.265.725
Intangible Assets	10	74.117	77.338
Other Non-Current Assets	14	1.211	--
TOTAL ASSETS		**154.034.796**	**173.888.078**
LIABILITIES			
Short-Term Liabilities		**25.870.928**	**23.949.133**
Bank Borrowings	5	3.452.671	357.214
Accounts Payable	6	15.465.750	16.705.573
Due To Related Parties	25	*496.644*	*1.181.093*
Other Accounts Payable		*14.969.106*	*15.524.480*
Other Payables	7	5.527	3.646
Taxes on Income	23	1.823.874	2.008.708
Expense Accruals	11	3.284.912	1.751.802
Other Short-Term Liabilities	14	1.737.366	3.047.596
Employee Benefits	13	100.828	74.594
Long-Term Liabilities		**5.482.286**	**5.238.892**
Employee Benefits	13	3.940.846	3.390.062
Deferred Tax Liability	23	1.541.440	1.848.830
EQUITY		**122.681.582**	**144.700.053**
Paid-in Capital	15	24.534.143	24.534.143
Inflation Adjustment on Capital	15	25.856.460	25.856.460
Share Premium	15	1.092	1.092
Restricted Reserves	15	24.358.885	21.683.827
Retained Earnings		41.972.182	41.972.182
Net Profit For The Period		5.958.820	30.652.349
TOTAL EQUITY AND LIABILITIES		**154.034.796**	**173.888.078**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Comprehensive Income Statement for the Three-Month Period Ended 31 March 2010

Amounts expressed in TL unless otherwise stated.

	Notes	Unaudited Current Period 31 March 2010	Unaudited Prior Period 31 March 2009
Revenues	16	50.954.706	44.352.330
Cost of Sales (-)	16	(34.635.508)	(31.156.450)
GROSS PROFIT		**16.319.198**	**13.195.880**
Selling, Marketing and Distribution Expenses (-)	17	(7.145.291)	(5.792.568)
Administrative Expenses (-)	18	(2.930.323)	(2.724.979)
Other Operating Income	20	131.451	170.505
Other Operating Expense (-)	20	(181.035)	(65.881)
OPERATING PROFIT		**6.194.000**	**4.782.957**
Finance Income	21	1.395.711	2.997.146
Finance Costs (-)	22	(114.407)	(24.914)
PROFIT BEFORE TAX		**7.475.304**	**7.755.189**
Current Tax Expense	23	(1.823.874)	(1.851.571)
Deferred Tax Credit	23	307.390	292.350
NET PROFIT FOR THE PERIOD		**5.958.820**	**6.195.968**
Other Comprehensive Income		--	--
TOTAL COMPREHENSIVE INCOME		**5.958.820**	**6.195.968**
Earnings per share (“Kr”)	24	**0,00243**	**0,00253**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Changes in Equity for the Three-Month Period Ended 31 March 2010

Amounts expressed in Turkish Lira TL unless otherwise stated.

					Restricted Reserves					
	Notes	**Capital**	**Inflation Adjustment on Capital**	**Share Premium**	**Legal Reserves**	**Special Reserves**	**Total**	**Retained Earnings**	**Net profit for the year**	**Total Equity**
Balances at 1 January 2009		**24.534.143**	**25.856.460**	**1.092**	**17.906.452**	**46**	**17.906.498**	**40.483.845**	**44.265.666**	**153.047.704**
Total comprehensive income										
Net profit for the year	**15**	--	--	--	--	--	--	--	6.195.968	6.195.968
Transfer to reserves	**15**	--	--	--	3.777.329	--	3.777.329	40.488.337	(44.265.666)	--
Other comprehensive income		--	--	--	--	--	--	--	--	--
Total comprehensive income		--	--	--	***3.777.329***	--	***3.777.329***	***40.488.337***	***(38.069.698)***	***6.195.968***
Transactions with owners, recorded directly in equity		--	--	--	--	--	--	--		--
Contributions by and distributions to owners										
Dividends to equity holder	**15**	--	--	--	--	--	--	(39.000.000)	--	(39.000.000)
Total transactions with owners		--	--	--	--	--	--	***(39.000.000)***	--	***(39.000.000)***
Balances at 31 March 2009		**24.534.143**	**25.856.460**	**1.092**	**21.683.781**	**46**	**21.683.827**	**41.972.182**	**6.195.968**	**120.243.672**
Balances at 1 January 2010		**24.534.143**	**25.856.460**	**1.092**	**21.683.781**	**46**	**21.683.827**	**41.972.182**	**30.652.349**	**144.700.053**
Total comprehensive income										
Net profit for the year	**15**	--	--	--	--	--	--	--	5.958.820	5.958.820
Transfer to reserves	**15**	--	--	--	2.675.058	--	2.675.058	27.977.291	(30.652.349)	--
Other comprehensive income		--	--	--	--	--	--	--	--	--
Total comprehensive income		--	--	--	***2.675.058***	--	***2.675.058***	***27.977.291***	***(24.693.529)***	***5.958.820***
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends to equity holder	**15**	--	--	--	--	--	--	(27.977.291)		(27.977.291)
Total transactions with owners		--	--	--	--	--	--	***(27.977.291)***		***(27.977.291)***
Balances at 31 March 2010		**24.534.143**	**25.856.460**	**1.092**	**24.358.839**	**46**	**24.358.885**	**41.972.182**	**5.958.820**	**122.681.582**

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

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İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Cash Flows for the Three-Month Period Ended
31 March 2010

Amounts expressed in TL unless otherwise stated.

		Unaudited	
		Current Period	Prior Period
	Notes	31 March 2010	31 March 2009
Cash flows from operating activities			
Net profit for the period		5.958.820	6.195.968
Adjustments to:			
Depreciation and amortization	9,10	2.978.231	2.970.613
Current tax expense	23	1.823.874	1.851.571
Deferred tax	23	(307.390)	(292.350)
Increase in provision for employee severance indemnity	13	629.038	563.854
Increase in vacation pay liability		195.234	147.125
Finance income	21	(1.395.711)	(2.232.445)
Finance cost	22	31.158	24.914
Net losses from sale of fixed assets	20	5.581	(3.309)
Allowance for trade receivables	6	159.533	7.098
Other non-monetary provisions		1.821.634	1.215.633
Cash flows before the changes in equity		**11.900.002**	**10.448.672**
Increase / (decrease) in account receivables	6	(6.877.064)	8.775.961
Increase in due from related parties	25	(1.060.163)	(265.840)
Change in blockage amount		(155.000)	--
Increase /(decrease) in inventory	8	(1.848.538)	3.394.393
Increase in other current assets	14	(458.310)	(627.030)
Decrease / increase in accounts payable	6	(555.374)	(4.601.015)
Increase in other non current assets		(1.211)	--
Decrease /(increase) in due to related parties	25	(698.418)	1.580
Increase / (decrease) in other payables		1.881	(22.111)
Decrease in other liabilities	14	(1.310.230)	(723.514)
Taxes paid		(2.008.708)	(2.946.479)
Interest paid		(31.158)	(24.914)
Employee severance indemnity paid	13	(247.254)	(224.077)
Provisions paid	11	(288.524)	(283.604)
Cash flows from operating activities		**(3.638.069)**	**12.902.022**
Investing activities			
Additions to property, plant and equipment and intangible assets	9,10	(25.645)	(250.481)
Proceeds from sales of property, plant and equipment and intangible assets		--	3,501
Investing activities		**(25.645)**	**(246.980)**
Financing activities			
Increase in bank borrowings and other financial liabilities		3.095.457	326.716
Dividend paid	15	(27.963.322)	(38.979.563)
Interest received, net		1.532.074	2.339.069
Cash flows used in financing activities		**(23.335.791)**	**(36.313.778)**
Decrease in cash and cash equivalents, net		(26.999.505)	(23.658.736)
Cash and cash equivalents at the beginning of the period		45.632.357	**29.867.865**
Cash and cash equivalents at the end of the period	**4**	**18.632.852**	**6.209.129**

The accompanying notes are an integral part of these financial statements

1 ORGANIZATION AND NATURE OF BUSINESS

İzocam Ticaret ve Sanayi Anonim Şirketi ("İzocam" or the "Company") was established in 1965. The Company operates in production and sales of organic and inorganic insulation equipments (glass wool and stone wool, mineral wool and expanded and extruded polystyrenes, elastomeric rubber, polyethylene, insulated and noninsulated roof and front panels, partition and mezzanine).

As at 31 March 2010, by collection of shares traded on İstanbul Stock Exchange ("ISE") and collected shares of İzocam Holding in İzocam have reached to 95,07 percent. Together with 1.501.330.396 shares representing 61,1574 percent of paid-in capital of İzocam not traded on ISE and which İzocam Holding purchased from Koç Group on 29 November 2006 and 10 July 2007, 831.117.304 shares being traded on ISE and representing 33,92 percent of paid-in capital of İzocam, the shares of İzocam Holding in İzocam is 95,07 percent. İzocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by 50 percent each.

The Company conducts some of its operations with the related party namely Saint Gobain Group and Alghanim Group of companies. The Company has several related parties as their customers and suppliers (Note 25). The Company is registered at CMB and its shares are listed in ISE since 15 April 1981. As at 31 March 2010, 38,85 percent of the shares of Izocam are publicly traded at ISE.

As at 31 March 2010, the average number of employees of the Company is 421 in which 184 (31 December 2009: 189) is comprised of white collar employees and 237 (31 December 2008: 244) is comprised of blue collar employees.

The address of the registered office of the Company is as follows:
Organize Sanayi Bölgesi
3. Cadde No.4 Yukarı Dudullu
34775 Ümraniye İSTANBUL

The head office address of the Company is as follows:
Dilovası 41455 Gebze/Kocaeli

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of compliance

The Company maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Code.

The accompanying financial statements of the Company have been prepared in accordance with the accounting and reporting principles issued by CMB ("CMB Financial Reporting Standards"). CMB published Communiqué No: XI-29 "Basis for Financial Reporting in the Capital Markets" ("Communiqué No: XI-29"). In Communiqué No: XI-29, CMB determines the principles, procedures and basis for composing financial reports. Communiqué No: XI-29 is effective from the first interim period reporting after 1 January 2008 which supersedes Communiqué No: XI-25 "The Accounting Standards in Capital Markets" ("Communiqué No: XI-25"). In accordance with Communiqué No: XI-29, the companies are required to prepare their financial statements in accordance with the International Financial Reporting Standards as accepted the European Union ("EU GAAP"). However, until Turkish Accounting Standards Board ("TASB") publishes the differences between the European Union accepted IAS/IFRS and International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"), IAS/IFRS has to be applied by the companies. Within the above mentioned scope, Turkish Financial Reporting Standards ("TFRS") issued by TASB will be applied if there is not inconsistency in the standards applied. The Company has prepared its prior year/period financial statements in accordance with IFRS according to the Communiqué No: XI-25 and 27, which are superseded by Communiqué XI-29 issued on 9 April 2008, in which applying IFRS issued by IASB is accepted as an alternative to conform to the CMB Accounting Standards.

As at the date of this report, the differences between EUGAAP and IFRS issued by IASB has not been issued by TASB, the accompanying financial statements have been prepared in accordance with TFRS which are identical to IAS/IFRS to conform with Communiqué No: XI-29. The financial statements and notes to the financial statements have been presented in accordance with Communiqué XI- 29 issued by CMB on 9 April 2008, which advises the templates to be used for financial statements and notes to the financial statements.

The accompanying financial statements of the Company have been approved by the board of directors of the Company on 30 April 2010. The general assembly and legal authorities are competent to change the accompanying financial statements.

Additional paragraph for convenience translation to English:

The financial reporting standards issued by CMB to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the the application of inflation accounting for the period between 1 January - 31 December 2005 and the presentation of basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.1 Basis of Presentation *(Continued)*

2.1.2 Basis of presentation of financial statements

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

The equity items including paid-in capital, share premium, legal reserves and special reserves are presented in accordance with the Turkish Commercial Code basis amounts and the effects of inflation over those equity items as at 31 December 2004 are reflected in retained earnings.

The financial statements are prepared in TL based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.1.3 Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency. All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

2.1.4 Comparative information

The accompanying financial statements are prepared comparatively to represent the tendency in the financial position, financial performance and cash flows of the Company.If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassed and material differences are explained in related notes (Note 17 and Note 22).

2.2 Changes in Accounting Policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in the financial statements. The Company consistently recognizes measures and presents the transactions, other events and situations with the same nature. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements.

As explained in footnote 2.4.1 the Company adopted Revised TAS "Presentation of Financial Statements". As a result of this adoption, the Company started to present the statement of changes in equity with transactions with shareholders. To be in line with revised TAS 1 the change is also applied retrospectively. The change in accounting standards only affects the presentation of financial statements and does not have an effect on earnings per share.

2.3 Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates affecting current period (if any) is recognized in the current period; effect of changes in accounting estimates affecting current and future periods is recognized in the current and also in future periods.

2.4 Changes in IFRS

2.4.1 *New standards and interpretations adopted in 2010 that have no effect on the Company's financials*

Revised IFRS 5 "Non-current assets Held for Sale and Discountinued Operations" clarifies that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. The revised IFRS 5 is applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.4 Changes in IFRS *(Continued)*

2.4.1 *New Standards and Interpretations Adopted in 2010 that have no effect on the Company's financials (continued)*

Revised IAS 1 "Presentation of Financial Statements" The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. The revised IAS 1 is applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.

Revised IAS 7 "Statement of Cash Flows" The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. Changes in the standard do not have any impact on the cash flow of the Company.

Revised to IAS 17 "Leases" The International Accounting Standarts Board ("IASB") deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes the land and building elements, an entity should determine the classification of each element based on paragraphs 7 - 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The revised IAS 17 is applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.

Revised IAS 36 "Impairment of Assets" The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. Changes in the standard do not have any impact on the impairment tests of the Company.

Amendments to IAS 39 "*Financial Instruments: Recognition and Measurement*" The amendments:

- provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated;
- clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and
- clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

Amendments to IFRS 2 "Share Based Payment" The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equitysettled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. Amendments to IFRS 2 are applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.

Amendment to IAS 32 "Financial Instruments: Presentation -Classification of Rights Issues" The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.4 Changes in IFRS *(Continued)*

2.4.2 New Standards and Interpretations Not Yet Adopted As at 31 March 2010

The Company has applied all the standards issued by IASB and all the interpretations issued by IASB's International Financial Reporting Interpretation Committee ("IFRIC") which are effective as at 31 March 2010. Some new standards, amendments to standards and interpretations which are not effective as at 31 March 2010 have not been applied during the preparation of the accompanying financial statements.

The collective improvements declared by IASB on April 2009 are to clarify the discrepancies and to make more meaningful explanations. Effective dates of these changes shows differences with an earliest adoption date of 1 January 2010.

IFRS 9 "Financial Instruments" has been issued on November 2009, by the IASB as the first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The amendment is effective for annual periods beginning on or after 1 January 2013, although entities are permitted to adopt them earlier Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2013.

Amendments to *IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor. The amendment is effective for annual periods beginning on or after 1 July 2010 and earlier application is permitted. It is not expected to have any impact on the financial statements.

The revised *IAS 24 "Related Party Disclosures"* amends the definition of a related party and modifies certain related party disclosure requirements government-related entities. The main changes to IAS 24 are:

- A partial exemption from the disclosure requirements for transactions between a government-controlled reporting entity and that government or other entities controlled by that government; and
- Amendments to the definition of a related party.

IASB agreed that the partial exemption from the disclosure requirements should be required to be made retrospectively, because this should result in a reduction of 'clutter' in the footnotes and an identification of better information about the nature and extent of significant transactions with the government.

In addition, IASB agreed that the definition of a related party should also be applied retrospectively from the effective date.
In addition, the Board agreed that an entity should be permitted to adopt the partial exemption for government-controlled entities before the effective date even if it does not adopt the amended definition of related party until a later date.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Summary of Significant Accounting Policies

Significant accounting policies applied during the preparation of the financial statements are summarized as follows.

2.5.1 Foreign currency

Transactions in foreign currencies have been translated to TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates on which their fair values are determined.

2.5.2 Financial instruments

Non-derivative financial instruments

The Company initially recognizes the receivables on the date they are originated. All other financial instruments are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the inflows.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position sheet when and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non derivative financial instruments consist of trade and other receivables, cash and cash equivalents, loans, trade and other payables, receivables and payables from related parties and short term liabilities. Non derivative financial instruments are recognized at their initial costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Accounts receivable and payables are measured on their initial costs after netting off the transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method by recognizing in the income statement through the maturity of them. In case of a situation that the Company cannot collect an amount, an impairment provision is made for accounts receivable. Other than the doubtful receivables, an impairment provision is made for the accounts receivable that are overdue in the relevant period or in the process of legal follow up or notified in written statement to the counter parties more than once. In respect of receivables, impairment losses are reversed if there is a subsequent increase in the recoverable amount of that receivable and such kind of subsequent increase can be associated with the subsequent events after the impairment loss has been recognized.

Cash and cash equivalents comprise of cash, deposits with maturity periods of less than three-months and highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.2 Financial instruments (Continued)

Non-derivative financial instruments (continued)

Short term accounts receivables and payables are measured at cost.

Financial liabilities are recognized on their initial costs after netting off the transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method by recognising the differences between the initial costs in the income statement through the maturity of the financial liabilities.

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Other non-financing derivative instruments are measured at fair value by recognising the differences in fair value of the instrument in income statement.

Financial instruments are derecognized when the Company's right to receive the cash flows from the financial asset based on an agreement ends or when the Company loses control on that financial asset, or when the risk and the gains from that asset are transferred to another party. The ordinary purchase or sale of the financial assets is recognized on the date that the Company commits to buy or sell. Financial liabilities are derecognized when they are expired, delayed or paid.

As at 31 March 2010, the Company has no derivative financial instruments (31 December 2009: None).

2.5.3 Property, plant and equipment

The costs of tangible assets purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 31 December 2004 are carried at cost less accumulated depreciation and impairment losses (Note 9).

Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains or losses on disposals of property plant and equipment are included in the relevant income and expense accounts and the cost and accumulated depreciation of property, plant and equipment has been written off from the relevant accounts as appropriate. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property plant and equipment together with the repair and maintenance costs can be capitalised. Subsequent cost can be capitalised if it is probable that the future economic benefits will flow to the Company. All other expense items are recognized in the comprehensive income statement on an accrual basis.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.3 Property, plant and equipment *(Continued)*

Depreciation

Depreciation is recognized on a straight-line basis over the useful lives of the property, plant and equipment from the date of acquisition or assembly. Leasehold improvements are depreciated on a straight-line basis over the lease term.

The expected useful lives of property plant and equipment are as follows:

Buildings and land improvements	5-50 years
Machinery and equipment	4-25 years
Leasehold improvements	5-6 years
Furniture and fixtures	4-15 years

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation method, economic useful lives and residual values of tangible assets are revised at each financial year end.

2.5.4 Intangible assets

Intangible assets are comprised of acquired software rights. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 31 December 2004 are carried at cost less accumulated amortization and impairment losses. The carrying amount of an intangible asset is reduced to its recoverable amount if there is impairment (Note 10).

Amortization

Intangible assets are amortized on a straight-line basis in the income statement over their estimated useful lives for a period between three and six years from the date of acquisition.

Amortization method, economic useful lives and residual values of tangible assets are revised at each financial year end.

Rights	3-6 years

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.5 Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Finance lease payments are presented at amortized cost of the minimum lease payments.

Assets leased under agreements that do not transfer substantially all the risks and rewards associated with ownership to the Company, other than the legal title, are classified as operating leases. Lease payments are recognized in the comprehensive income statement with straight line method through the term of the lease.

2.5.6 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are all procurement costs, conversion costs and all other relevant costs in bringing the inventories into their current state of manufacture and location. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 8). The cost of inventories is determined on the moving monthly average basis.

2.5.7 Impairment of assets

Financial assets

A financial asset not carried ate fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on items that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Company considers evidences of impairment for receivables at both a specific asset or on collective level. All individually significant receivables are assessed for specific impairment. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the comprehensive income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. The reversal of the impairment in respect of the discounted financial assets is recognized in the comprehensive income statement.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.7 *Impairment of assets* (Continued)

Non-financial assets

In carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indications of impairment. If any such indication exists then the asset's recoverable amount is estimated.

Impairment losses are recognized if the carrying amount of the assets or the cash generating unit exceeds its estimated recoverable amount. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Impairment losses are recognized in the income statement. Impairment losses recognized in respect of the cash generating units are allocated first to reduce the carrying amount of goodwill then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.5.8 Employee benefits

According to the enacted laws the Company is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labour laws. Such payments are computed according to the severance indemnity ceiling valid at the balance sheet date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Company.

The Company makes compulsory premium payments to the Social Security Institution and does not have any other liabilities. These premium payments are accrued at the financials as they incur.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.9 Provisions, contingent liabilities and contingent assets

A provision is recognized in the accompanying financial statements if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities is disclosed in the notes to the financial statements (Note 12).

If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and income statement effect has been recognized in the financial statements at the relevant period that income change effect occurs.

2.5.10 Revenue

Revenue based on the fair value of the consideration taken from the sale of goods and services is recognized on an accrual basis when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue is measured reliably, and recovery of the consideration and the inflow of economic benefits related with the transaction are probable. Net revenues represent the invoiced value of goods shipped less sales returns and sales discounts.

When the sales arrangement effectively constitutes a financing cost, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on accrual basis (Note 21).

2.5.11 Government grants

Government grants including the non-cash government grants are recognized in the financial statements when there is a reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grants.

Government grants are presented on the financial statements even when they comprise cash or a deduction of liabilities to the government.

2.5.12 Finance income and expenses

Finance income is comprised of interest income on time deposit, interest income from credit sales and foreign currency gains. Foreign exchange gain and losses are represented as netted.

Finance expenses are comprised of interest expenses of loans, factoring expenses and letter of guarantee commissions.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.13 Income taxes

Income tax expense comprises current and deferred tax.Current and deferred tax liability is recorded at the profit or loss disregarding the tax effects of accounts directly recorded in the equity or in the other comprehensive income accounts.

Current tax liability includes the tax payable on the taxable income for the period, using tax rates enacted at the reporting date (Note 23).

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates based on the laws that have enacted by the reporting date. Temporary differences mainly arise from the timing differences of income and expenses accounted for reporting purposes and taxation purposes and capitalization and depreciation method differences over tangible and intangible assets.

Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent periods will be reversed. Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets when they are related to the income taxes levied by the same tax authority on the same taxable entity that intend to settle current tax liabilities and assets on a net basis or tax assets and liabilities will be realized simultaneously (Note 23).

2.5.14 Earning per share

Earnings per share disclosed in the comprehensive income statement are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned (Note 24).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2.5.15 Subsequent events

Subsequent events represent the events that occur against or on behalf of the Company between the balance sheet date and the date when balance sheet was authorized for the issue. As at the balance sheet date, if the evidence with respect to such events or such events has occurred after the balance sheet date and such events require restating the financial statements; accordingly the Company restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.16 Expenses

Expenses are accounted for accrual basis. Operating expenses are recognized as they incur.

2.5.17 Paid-in capital and dividends

Ordinary shares are classified as paid-in capital (Note 15). Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

2.5.18 Cash flow statement

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows generated from operating activities. The Company presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (capital expenditures)

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

For purposes of the statement of cash flows, cash and cash equivalents include cash in hand, cheques in collection, bank deposits and other cash and cash equivalents less interest income accruals.

2.6 Use of Estimates and Judgments

The preparation of financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the financial statements, the significant estimates and judgments used by the Company are included in the following notes:

Note 27.1 – Determination of fair values
Note 23 – Tax assets and liabilities
Note 13 – Employee benefits
Note 2.5.3 and 2.5.4 – Useful lives of property, plant and equipment and intangible assets
Note 6 – Impairment losses on accounts receivable
Note 8 – Impairment losses on inventories
Note 11 – Expense accruals

3 SEGMENT REPORTING

Since the Company is operating in Turkey and has operations only in isolation products, segment reporting has not been presented.

4 CASH AND CASH EQUIVALENTS

At 31 March 2010 and 31 December 2009, cash and cash equivalents comprised of the following:

	31 March 2010	31 December 2009
Banks		
Time deposit	16.103.673	44.527.023
Demand deposit	2.071.364	717.126
Cheques at collection	460.759	527.341
Cash at blockage*	155.000	--
Other cash equivalents	729	902
	18.791.525	**45.772.392**

* As at 31 March 2010, cash and cash equivalents consist of cash at blockage amounting to TL 155.000. At 17 March 2010, the Company has started to use Direct Borrowing System ("DBS") which reduces the collection risk and guarantee letter expenses. In accordance with the arrangaments made with various banks, instead of the Company, the bank sets a credit limit to customers and the collection is performed by the bank. After the collection, the bank keeps the payments receieved at blockage.

At 31 March 2010 and 31 December 2009 demand deposits comprised of the following currencies (TL equivalents);

	31 March 2010	31 December 2009
American Dollar ("USD")	1.254.220	705.210
TL	483.151	11.916
European Union Currency ("Euro")	333.993	--
	2.071.364	**717.126**

At 31 March 2010 and 31 December 2009 time deposits comprised of the following currencies:

	31 March 2010	31 December 2009
TL	16.103.673	42.753.035
USD	--	1.030.899
Euro	--	743.089
	16.103.673	**44.527.023**

At 31 March 2010, time deposit are denominated in TL and weighted average interest rate is 8,33 percent. (31 December 2009, time deposit are denominated in TL, USD and EURO and weighted average interest rates are 9,33 percent, 1 percent, 1 percent respectively). At 31 March 2010 and 31 December 2009, maturities of time deposits are between 1 to 3 months.

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits and short-term investments that are easily convertible to cash with high liquidity and with a maturity of up to three months.

4 CASH AND CASH EQUIVALENTS *(CONTINUED)*

Cash and cash equivalents included in the statement of cash flows for the periods ended 31 March are comprised of the followings:

	2010	**2009**
Banks		
Time deposit	16.103.673	4.151.188
Demand deposit	2.071.364	1.947.860
Cheques at collection	460.759	110.036
Other cash equivalents	155.729	1.233
Less: Interest accruals	(3.673)	(1.188)
Less: Cash at blockage	(155.000)	--
	18.632.852	**6.209.129**

5 BANK BORROWINGS

At 31 March 2010 and 31 December 2009 bank borrowings comprised of the followings:

	31 March 2010		**31 December 2009**	
Short term financial borrowings	**TL**	**% Interest**	**TL**	**% Interest**
Factoring loans	3.108.993		--	--
Yapı Kredi Faktoring	*1.657.905*	--	--	--
TEB Faktoring	*1.451.088*	--	--	--
Bank borrowings	343.678	--	357.214	--
Akbank TAŞ "Akbank"	*343.678*	--	*357.214*	--
Total	**3.452.671**		**357.214**	

As at 31 March 2010, short term bank borrowings are interest-free spot credits obtained from Akbank Türk Anonim Şirketi to pay withholding taxes and Social Security Institution (SGK) premiums and factoring loans. As at 31 March 2010, the Company has made factoing transactions in order to eliminate foreign currency risk for its foreign currency receivables. The factoring loan agreements are performed as irrevocable by which the Company undertakes the collection risk. As a result, the receivables are kept at financials up to maturity.

6 ACCOUNTS RECEIVABLE AND PAYABLE

6.1 Short-Term Accounts Receivable

At 31 March 2010 and 31 December 2009 short-term accounts receivables comprised of the followings:

	31 March 2010	**31 December 2009**
Accounts receivable	41.982.141	29.434.338
Cheques receivable	7.797.891	5.681.500
Notes receivable	6.907.337	13.793.837
Cheques received	--	--
Doubtful receivables	1.483.101	1.325.530
Less: Allowance for doubtful receivables*	(1.483.101)	(1.325.530)
	56.687.369	**48.909.675**

At 31 March 2010, TL 1.583.338 of accounts receivable comprised of due from related parties (At 31 December 2009: TL 523.175) in which detailed presentation is disclosed in Note 25.

The average collection period of trade receivables is 78 days (31 December 2009: 78 days) which can change according to the type of the product and the provision of the agreement with the customer.

6 ACCOUNTS RECEIVABLE AND PAYABLE *(CONTINUED)*

6.1 Short-Term Accounts Receivable *(Continued)*

At 31 March 2010 and 31 December 2009 maturity profiles cheques and notes receivables are as follows:

	31 March 2010		31 December 2009	
	Cheques	**Notes Receivable**	**Cheques**	**Notes Receivable**
0 - 30 days	2.038.036	2.397.297	2.324.104	2.414.500
31 - 60 days	2.814.905	3.697.500	1.908.029	3.132.000
61-90 days	1.659.904	181.000	1.077.125	7.082.797
91 days and over	1.285.046	631.540	372.242	1.164.540
Total	**7.797.891**	**6.907.337**	**5.681.500**	**13.793.837**

At 31 March 2010 and 31 December 2009 the movement of allowance for doubtful receivables comprised of the followings:

	31 March 2010	31 December 2009
Beginning balance	1.325.530	979.794
Provision for the year	159.533	591.142
Write offs	(1.962)	(245.406)
Period end	**1.483.101**	**1.325.530**

6.2 Short-Term Accounts Payable

At 31 March 2010, short-term accounts payable amounts to TL 15.465.750 (31 December 2009: TL 16.705.573) arising from payable to various suppliers.
At 31 March 2010, TL 496.644 of accounts payable comprised of due to related parties (31 December 2009: TL 1.181.093) in which detailed presentation is disclosed in Note 25.

7 OTHER RECEIVABLES AND PAYABLES

7.1 Long-Term Other Receivables

At 31 March 2010, long-term receivables comprised of deposits and collaterals amounting to TL 2.868 (31 December 2009: TL 2.868).

7.2 Short-Term Other Payables

At 31 March 2010, short-term other payables amounting to TL 5.527 (31 December 2009: TL 3.646) comprised of the other variable payables.

8 INVENTORIES

As at 31 March 2010 and 31 December 2009 inventories comprised of the following:

	31 March 2010	31 December 2009
Raw materials and supplies	10.949.268	10.291.671
Finished goods	7.496.103	6.166.159
Trading goods	605.046	745.808
Goods in transit	1.759	--
	19.052.176	**17.203.638**

As at 31 March 2010 and 31 December 2009 inventories are accounted at cost and no inventory was recognized at its net realizable value.

9 PROPERTY, PLANT AND EQUIPMENT

At 31 March 2010 movement in the property, plant and equipment comprised of the following:

Cost	***1 January 2010***	***Additions***	***Disposals***	***31 March 2010***
Land	815.031	--	--	815.031
Land improvements	4.413.106	--	--	4.413.106
Buildings	33.899.659	--	--	33.899.659
Machinery and equipment	169.301.344	13.490	(43.292)	169.271.542
Furniture and fixtures	7.832.373	6.023	(5.067)	7.833.329
Leasehold improvements	56.540	--	--	56.540
	216.318.053	**19.513**	**(48.359)**	**216.289.207**
Less: Accumulated depreciation	***1 January 2010***	***Charge for the period***	***Disposals***	***31 March 2010***
Land improvements	(2.514.887)	(39.285)	--	(2.554.172)
Buildings	(18.669.580)	(261.899)	--	(18.931.479)
Machinery and equipment	(128.820.936)	(2.597.572)	37.710	(131.380.798)
Furniture and fixtures	(7.005.700)	(68.932)	5.067	(7.069.565)
Leasehold improvements	(41.225)	(1.190)	--	(42.415)
Total accumulated depreciation	**(157.052.328)**	**(2.968.878)**	**42.777**	**(159.978.429)**
Net book value	**59.265.725**			**56.310.778**

For the three month period ended 31 March 2010, depreciation expenses amounting to TL 2.270.514 (31 March 2009: TL 2.181.325) has been recognised under cost of sales, TL 46.065 (31 March 2009: TL 45.639) has been included under administrative expenses and TL 652.299 (31 March 2009: TL 735.988) has been capitalized on stocks.

As at 31 March 2010 and 31 December 2009, there has been no pledge on property, plant and equipment.

As at 31 March 2010 and 31 December 2009, the Company utilizes tangible assets which have nil net book value on its accounts. (31 March 2010 Cost: TL 97.331.158, Accumulated Depreciation: TL 97.331.158; 31 December 2009 Cost: TL 97.212.958, Accumulated Depreciation: TL 97.212.958).

9 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

For the year ended 31 December 2009, movement in the property, plant and equipment comprised of the following:

Cost	***1 January 2009***	***Additions***	***Disposals***	***31 December 2009***
Land	715.231	99.800	--	815.031
Land improvements	4.413.106	--	--	4.413.106
Buildings	33.715.865	319.355	(135.561)	33.899.659
Machinery and equipment	168.858.214	1.086.030	(642.900)	169.301.344
Furniture and fixtures	7.814.580	155.480	(137.687)	7.832.373
Leasehold improvements	39.540	17.000	--	56.540
	215.556.536	**1.677.665**	**(916.148)**	**216.318.053**

Less: Accumulated depreciation	***1 January 2009***	***Charge for the period***	***Disposals***	***31 December 2009***
Land improvements	(2.357.344)	(157.543)	--	(2.514.887)
Buildings	(17.650.994)	(1.045.882)	27.296	(18.669.580)
Machinery and equipment	(119.108.238)	(10.350.386)	637.688	(128.820.936)
Furniture and fixtures	(6.861.528)	(280.235)	136.063	(7.005.700)
Leasehold improvements	(35.558)	(5.667)	--	(41.225)
Total accumulated depreciation	**(146.013.662)**	**(11.839.713)**	**801.047**	**(157.052.328)**
Net book value	**69.542.874**			**59.265.725**

10 INTANGIBLE ASSETS

At 31 March 2010, movement in the intangible assets comprised of the following

Cost	***1 January 2010***	***Additions***	***31 March 2010***
Rights	702.541	6.132	708.673
	702.541	**6.132**	**708.673**

Less: Accumulated amortization	***1 January 2010***	***Charge for the period***	***31 March 2010***
Software rights	(625.203)	(9.353)	(634.556)
Total accumulated amortization	**(625.203)**	**(9.353)**	**(634.556)**
Net book value	**77.338**		**74.117**

For the year ended 31 December 2009, movement in the intangible assets comprised of the following:

Cost	***1 January 2009***	***Additions***	***31 December 2009***
Rights	648.382	54.159	702.541
	648.382	**54.159**	**702.541**

Less: Accumulated amortization	***1 January 2009***	***Charge for the period***	***31 December 2009***
Software rights	(590.199)	(35.004)	(625.203)
Total accumulated amortization	**(590.199)**	**(35.004)**	**(625.203)**
Net book value	**58.183**		**77.338**

10 INTANGIBLE ASSETS *(CONTINUED)*

At 31 March 2010, amortization expenses amounting to TL 9.353 (31 March 2009: TL 7.661) have been included in administrative expenses.

For the three month periods ended 31 March 2010 and 2009, the Company utilizes intangible assets which have nil net book value on its accounts. (31 March 2010 Cost: TL 573.588, Accumulated Depreciation: TL 573.588; 31 December 2009 Cost: TL 573.588, Accumulated Depreciation: TL 573.588).

11 EXPENSE ACCRUAL

11.1 Short-Term Provisions

At 31 March 2010 and 31 December 2009 short-term provisions are comprised of the following:

	31 March 2010	**31 December 2009**
Provision for Turkish Competition Board’s penalty *(*)*	1.317.714	1.317.714
Other administrative expense accruals	1.967.198	434.088
	3.284.912	**1.751.802**

(*) In accordance with the decision of “Turkish Competition Board” meeting held at 8 February 2010 numbered 10 – 14, the Company has been fined on administrative basis amounting to TL 1.317.714 due to the investigation in respect of the 4054 numbered Protection of Competition draw’s article 6. The Company has the right to claim against the decision. The administrative fine which is equal to 0.5 percent of net income of 31 December 2008 has been recorded as provision in the financial statements as at 31 December 2009.

As at 31 March 2010 the movement of provisions is as follows:

	1 January 2010	*Additions*	*Payments*	*Reversal*	*31 March 2010*
Provision for Turkish Competition Board’s penalty	1.317.714	--	--	--	1.317.714
Other administrative expense accruals *(*)*	434.088	1.823.596	(290.486)	--	1.967.198
	1.751.802	**1.823.596**	**(290.486)**	**--**	**3.284.912**

The movement of provisions for year the ended 31 December 2009 is as follows:

	1 January 2009	*Additions*	*Payments*	*Reversal*	*31 December 2009*
Provision for Turkish Competition Board’s penalty	--	1.317.714	--	--	1.317.714
Other administrative expense accruals *(*)*	149.029	434.088	(146.282)	(2.747)	434.088
	149.029	**1.751.812**	**(146.282)**	**(2.747)**	**1.751.802**

(*) As at 31 March 2010 and 31 December 2009 other administrative expense accruals are comprised of expense accruals for cost of goods sold.

12 COMMITMENTS

According to the decision of Capital Markets Board's ("CMB") on 29 September 2009 related to the commitments of publicly owned companies given to the guarantee 3rd party's debts,

The commitments given;

For companies other than publicly owned associations and financial institutions;

i) For their own corporate identities

ii) In favor of fully consolidated associations

iii) In favor of 3rd parties to continue their operations will not be limited.

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments are already given it will be reduced to nil until 31 December 2014.

At 31 March 2010 and 31 December 2009 commitments given are as follows:

	31 March 2010	**31 December 2009**
A Commitments given in the name of own legal entity	4.774.622	8.287.040
B Commitments given in favor of full consolidated subsidiaries	--	--
C Commitments given to guarantee the debts of third parties to continue their operations	--	--
D Other commitments given;	--	--
- in favor of parent company	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
Total	**4.774.622**	**8.287.040**

At 31 March 2010 and 31 December 2009, the Company has letter of guarantees obtained from banks and given to Custom Offices, foreign and domestic suppliers and to banks and notes given as collaterals.

At 31 March 2010 and 31 December 2009, non-cancellable operating lease rentals are payable as follows:

	31 March 2010	**31 December 2009**
1. year	183.793	210.070
2. year	1.585	1.668
	185.378	**211.738**

13 EMPLOYEE BENEFITS

At 31 March 2010 and 31 December 2009, employee benefits comprised of the followings:

	31 March 2010	**31 December 2009**
Provision for employee severance indemnity	2.902.015	2.520.231
Long term portion of vacation pay liability	1.038.831	869.831
Long term portion of employee benefit	3.940.846	3.390.062
Short term portion	100.828	74.594
	4.041.674	**3.464.656**

Provision for employee severance indemnity has been set as follows:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to the length of service prior to retirement.

The severance pay is calculated as one month gross salary for every employment year and as at 31 March 2010 the ceiling amount has been limited to TL 2.427,03 TL (31 December 2009: TL 2.365,16).

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

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

The Company's accounting policies requires the Company to use various statistical methods to determine the employee severance indemnity. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees and reflected in the financial statements. Accordingly, the following statistical assumptions were used in the calculation of the total liability:

	31 March 2010	**31 December 2009**
Discount rate	% 5,92	% 5,92
Turnover rate to estimate the probability of retirement	%5	%7

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The movement of employee severance indemnity is as follows:

	31 March 2010	**31 December 2009**
Opening balance	2.520.231	3.283.204
Interest cost	62.664	512.478
Cost of services	46.423	185.675
Payments made during the period	(247.254)	(643.212)
Actuarial difference	519.951	(817.914)
Ending balance	**2.902.015**	**2.520.231**

Actuarial difference arises from the changes in interest rates and changes in expectations about the salary increases. In addition to that, the number of employees that receive their indemnity before retirement increased the difference. Actuarial differences are recorded as incurred. As at 31 March 2010, interest cost, cost of services and TL 70.917 portion of actuarial difference is recorded as general administrative expenses (31 December 2009: TL 104.501), TL 558.121 portion is recorded as cost of sales (31 December 2009: TL 15.260).

13 EMPLOYEE BENEFITS *(CONTINUED)*

The movement of vacation pay liability for the three month period ended 31 March 2010 and for the year ended 31 December 2009 is as follows:

	31 March 2010	31 December 2009
Opening balance	944.425	778.220
Additions during the period	195.234	384.521
Reversal	--	(218.316)
Ending balance	**1.139.659**	**944.425**

14 OTHER ASSETS AND LIABILITIES

14.1 Other Current Assets

At 31 March 2010 and 31 December 2009, other current assets comprised the following:

	31 March 2010	31 December 2009
Advances given for inventory	1.637.696	2.001.135
Prepaid expenses	936.374	387.803
Taxes and funds to be offset	209.788	151.399
VAT for export receivables	175.137	98.365
Other receivables	86.054	--
Other advances given	35.925	--
Job advances	20.720	5.762
Other	13.058	11.978
	3.114.752	**2.656.442**

14.2 Other Non-Current Assets

At 31 March 2010, the Company has non-current assets amounting to TL 1.211 (31 December 2009: None).

14.3 Other Short-Term Liabilities

At 31 March 2010 and 31 December 2009, other short-term liabilities comprised of the following:

	31 March 2010	31 December 2009
Payable to employees	805.921	1.441.655
Social security premium payable	442.215	431.834
Withholding taxes and duties	417.629	1.059.425
VAT payable	63.943	106.951
Other	7.658	7.731
	1.737.366	**3.047.596**

15 EQUITY

15.1 Paid-in Capital / Inflation Adjustment on Capital

At 31 March 2010, the paid-in capital of the Company comprises of 2,453,414,335 shares issued (31 December 2009: 2,453,414,335 shares of kr 1 each) of kr 1 each. There are no privileges given to different groups or shareholders. The shareholder structure of the Company is as follows:

	31 March 2010		**31 December 2009**	
	Shares	**Ownership interest %**	**Shares**	**Ownership interest %**
İzocam İzolasyon	15.004.304	61,15	15.004.304	61,15
İzocam İzolasyon (Publicly traded)	8.320.173	33,92	8.320.173	33,92
Other (Publicly traded)	1.209.666	4,93	1.209.666	4,93
	24.534.143	**100,00**	**24.534.143**	**100,00**
Inflation Adjustment on Capital	25.856.460		25.856.460	
	50.390.603		**50.390.603**	

Inflation adjustment represents the impact of cash additions into paid-in capital due to the change in the purchasing power of TL compared to 31 December 2004.

15.2 Other Equity Items

In accordance with the Communiqué No: XI-29 issued on 9 April 2008 in the Official Gazette; equity items of paid-in capital, share premiums, and legal reserves and special reserves under restricted reserves should be presented at their nominal amounts. Accordingly the inflation adjustments provided for within the framework of TFRS, for paid-in capital has been presented under inflation adjustment on capital, where as for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented at TFRS values.

Equity items are presented at their nominal values in the financial statements. The inflation effect on those equity items are as follows:

31 March 2010	**Nominal value**	**Inflation adjustment**	**Restated values**
Share premiums	1.092	223.408	224.500
Restricted reserves	24.358.885	23.641.953	48.000.838
Legal reserves	*24.358.839*	*18.710.928*	*43.069.767*
Special reserves(*)	*46*	*4.931.025*	*4.931.071*
Extraordinary reserves	19.393.699	(1.496.872)	17.896.827
	43.753.676	**22.368.489**	**66.122.165**
31 December 2009			
Share premiums	1.092	223.408	224.500
Restricted reserves	21.683.827	23.641.953	45.325.780
Legal reserves	*21.683.781*	*18.710.928*	*40.394.709*
Special reserves(*)	*46*	*4.931.025*	*4.931.071*
Extraordinary reserves	19.393.699	(1.496.872)	17.896.827
	41.078.618	**22.368.489**	**63.447.107**

(*) The Company used investment allowance before the year 1980 and according to a legal obligation recorded this amount as special reserves.

15 EQUITY *(CONTINUED)*

15.2 Other Equity Items *(Continued)*

Extraordinary reserves have been presented under retained earnings in accordance with Communiqué No: XI-29.

Share premiums represent the cash inflows generated from the sale of shares at their market values. Those premiums are followed under equity and can not be distributed. However, those premiums can be used in share capital increases in the forthcoming years.

15.3 Dividend Distribution

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Communiqué XI-29, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 March 2010, legal reserves of the Company amount to TL 24.358.885 (31 December 2009: TL 21.683.827).

According to the decision of CMB on 25 February 2009 numbered 7/242 the net amount of distributable profit that is calculated per CMB's minimum profit distribution requirements will be wholly distributed if met by the net distributable profit of statutory records, if the amount per CMB is not met by statutory records, the amount to be distributed will be limited to the amount at the statutory records. If losses are incurred in either of CMB or statutory financial statements, no profit will be distributed.

In chapter 1 of 2010/4 weekly bulletin of CMB, to determine the principles of dividend obtained from 2008 operations of corporations coated to stock exchange market, it is stated that;

*For corporations traded at stock exchange market, there is not a determined minimum portion of distribution; in this aspect the profit to be distributed will be determined in line with the announcements of CMB Serial IV, Number 27, the articles of the incorporation and will be in accordance with the declarations made to public.

*For corporations that is obliged to issue consolidated financial statements, as long as met from the statutory profit; it is permitted to calculate the net distributable profit in line with the CMB's Serial XI, Number 29 "Bases for Financial Reporting at Capital Markets" announcement which is also the profit declared at the consolidated financial statements.

*The Corporation shall disclosure that statutory current year profit after previous year losses deducted and total amount of other resources made object of dividend in financial statements prepared in accordance with CMB Communiqué serial: XI Number: 29.

* For corporations traded at stock exchange market, when it is decided to distribute profits at the board of directors meeting and will be proposed to the general assembly of the company, or when profit distribution is decided at the general assembly of the direct partnerships; correspondent to that decision in accordance with the announcement of CMB's Serial VIII, Number 54 "Bases for the Declaration of Special Situations", in the appendix of special situation announcement, the profit distribution tables of the Profit Distribution Preparation Guideline will also be declared.

15 EQUITY *(CONTINUED)*

15.3 Dividend Distribution *(Continued)*

As at 31 March 2010, according to the matters above the equity accounts of the Company per CMB's announcement Serial XI, Number 29 are:

	31 March 2010	**31 December 2009**
Paid-in capital	24.534.143	24.534.143
Inflation adjustment on capital	25.856.460	25.856.460
Restricted reserves		
Legal reserves	24.358.839	21.683.781
Special reserves	46	46
Inflation adjustment on legal reserves	18.710.928	18.710.928
Extraordinary reserves	17.896.826	17.896.827
Special reserves	4.931.025	4.931.025
Inflation adjustment on share premium	223.408	223.408
Retained losses	209.994	209.994
Share premium	1.092	1.092
Net Profit	**5.958.820**	**30.652.349**

In the ordinary general assembly held on 1 March 2010, it has been decided that TL 27.977.291 of the Company's net profit as at 31 December 2009 amounting to TL 30.652.349 would be distributed as cash dividend. Additionally, TL 2.675.058 will be transferred to second legal reserves. At 31 March 2010, TL 27.963.322 of TL 27.977.291 total dividend has been paid and the remaining portion amounting to TL 13.969 have been credited to due to related parties.

According to CMB's decision on 27 January 2010 numbered 02/51 corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends (2009: None). For corporations that will distribute dividends, in relation to the resolutions in their general meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, corporations that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute 1st party dividends in cash.

16 SALES AND COST OF SALES

For the periods ended 31 March, sales and cost of sales comprised of the following:

	2010	2009
Domestic sales	41.169.241	36.209.165
Export sales	12.900.457	11.037.743
Other	27.400	15.806
Gross sales	54.097.098	47.262.714
Less: Sales returns and discounts	(3.142.392)	(2.910.384)
Net sales	50.954.706	44.352.330
Less: Cost of sales	(34.635.508)	(31.156.450)
Gross profit	**16.319.198**	**13.195.880**

For the periods ended 31 March, the nature of the cost of sales comprised of the following:

	2010	2009
Raw materials consumables used	27.971.592	25.482.641
Personnel expenses	3.067.697	2.880.212
Depreciation expenses	2.270.514	2.181.325
Changes in inventories	1.325.705	612.272
Cost of Sales	**34.635.508**	**31.156.450**

17 SELLING, MARKETING AND DISTRIBUTION EXPENSES

For the periods ended 31 March, selling, marketing and distribution expenses comprised the following:

	2010	2009
Freight insurance expense	3.097.111	1.896.986
Personnel expenses	1.443.138	1.291.936
Advertisement expense	611.550	795.300
License expense	577.717	555.239
Sales commissions	359.461	286.197
Logistic expenses	268.659	192.472
Guarantee letter expenses (*)	162.576	170.694
Dealer expenses	156.750	150.028
Transportation expenses	139.183	132.716
Exhibition and fair expense	103.800	161.550
Other	225.346	159.470
	7.145.291	**5.792.568**

(*) For the three month period ended 31 March 2009, guarantee letter expenses presented under finance expense amounting to TL 170.694 have been reclassified under selling and marketing expenses.

18 ADMINISTRATIVE EXPENSES

For the periods ended 31 March, administrative expenses comprised the following:

	2010	**2009**
Personnel expenses	1.738.554	1.693.526
IT Expenses	108.620	109.799
Repair, maintenance and energy	77.936	73.747
Transportation expenses	75.878	81.159
Consultancy expense	74.246	81.160
Litigation expenses	56.536	12.896
Depreciation and amortization (Note 9 and 10)	55.418	53.300
Telecominication expenses	42.086	43.494
Rent expense	37.393	41.462
Subscription fees	33.797	32.096
Accomodation expenses	33.063	26.293
Expenses for public relations	27.500	46.750
Insurance expense	25.330	34.585
Duties, taxes and levies	20.868	16.666
General Assembly expenses	19.148	18.159
Travel expense	17.956	40.987
Stationary expenses	10.374	10.917
Donations	3.850	24.873
Research project expenses	479	8.342
Others	472.291	274.768
	2.930.323	**2.724.979**

19 EXPENSES BY NATURE

For the periods ended 31 March, nature of expenses are disclosed in Notes 9, 10, 16, 17, 18, 20, 22 and 23.

20 OTHER OPERATING INCOME/EXPENSE

20.1 Other Operating Income

For the periods ended 31 March, other operating income comprised of the following:

	2010	**2009**
Collections from insurance contracts	100.048	--
Gain on sale of property, plant and equipment	--	3.500
Other	31.403	167.005
	131.451	**170.505**

For the-three month periods ended, other operating income composed of health, insurance policy, non claimable reversals, insurance compensation from tangibles and incentives received for exhibitions.

20 OTHER OPERATING INCOME/EXPENSE *(CONTINUED)*

20.2 Other Operating Expense

For the periods ended 31 March, other operating expense comprised of the following:

	2010	2009
Provision for doubtful receivables	153.533	7.098
Loss on sale of property, plant and equipment	5.581	191
Other	21.921	58.592
	181.035	**65.881**

As at 31 March 2010, the amount of donations given to associations and charitable foundations is amounting to TL 3.850 (31 March 2009: TL 24.873).

21 FINANCE INCOME

For the periods ended 31 March, finance income comprised of the following:

	2010	2009
Interest income on time deposits	785.790	644.908
Interest income on sales on credit terms	609.921	1.587.537
Foreign exchange gains	--	764.701
	1.395.711	**2.997.146**

22 FINANCE EXPENSE

For the periods ended 31 March, finance expense comprised of the following:

	2010	2009
Foreign exchange loss	83.249	--
Interest expense on borrowings	31.158	24.914
	114.407	**24.914**

For the three month period ended 31 March 2009, currency exchange losses amounting to TL 551.039 presented under operating expenses are netted off with currency exchange gains presented under operating gains.

23 TAX ASSETS AND LIABILITIES

In accordance with Article No. 32 of the new Corporate Tax Law No. 5520 published in the Official Gazette No. 26205 dated 21 June 2006, corporate tax rate is reduced from 30 percent to 20 percent. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20 percent.

As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased from 10 percent to 15 percent.

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007.

23 TAX ASSETS AND LIABILITIES *(CONTINUED)*

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20 percent on their corporate income. Advance tax is declared by the 10th of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the fifteenth date of the four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

At 31 March 2010 and 31 December 2009, total tax liability comprised of the following:

	31 March 2010	**31 December 2009**
Corporate tax provision	1.823.874	8.582.590
Prepaid tax	--	(6.573.882)
Total	1.823.874	2.008.708
Deferred tax liability	1.541.440	1.848.830
	3.365.314	**3.857.538**

For the periods ended 31 March, taxation charge in the income statement comprised of the following:

	2010	**2009**
Current tax	(1.823.874)	(1.851.571)
Deferred tax credit	307.390	292.350
	(1.516.484)	**(1.559.221)**

The reported taxation charge for the periods ended 31 March is different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2010		**2009**	
		%		**%**
Profit before tax	7.475.304	--	7.755.189	--
Tax rate	%20,00	--	% 20.00	--
Taxes on reported profit per statutory tax rate	(1.495.061)	(20,00)	(1.551.038)	(20,00)
Permanent differences	(16.249)	(0,22)	(8.183)	(0,11)
Disallowable expenses	(5.174)	(0,07)	--	--
Other	**(1.516.484)**	**(20,29)**	**(1.559.221)**	**(20,11)**

23 TAX ASSETS AND LIABILITIES *(CONTINUED)*

23.1 Deferred Tax Assets and Liabilities

Deferred tax liabilities and assets are provided, using the balance sheet method on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent years will be reversed.

The Company recognizes deferred tax assets in the financial statements by taking into consideration the factors such as the developments in the sector that the Company is operating, taxable income in the forthcoming years, Turkey's general economic and political situation, and/or global economic and political situations. The Company expects to generate taxable income in the forthcoming years and considers Turkey's economic and political situation shows clear positive developments. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the forthcoming years under the balance sheet method using a principal tax rate of 20 percent (2008: 20 percent).

Deferred tax assets and deferred tax liabilities at 31 March 2010 and 31 December 2009 were attributable to the items detailed in the table below:

	31 March 2010		31 December 2009	
	Deferred tax		Deferred tax	
	assets	**liabilities**	**assets**	**liabilities**
Employee severance indemnity	580.403	--	504.046	--
Vacation pay liability	227.932	--	188.885	--
Unrecognized interest expense	35.722	--	28.634	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(2.392.014)	--	(2.568.429)
Reversal of calculated rediscount expenses according to tax regulations		(7.993)	--	(79.891)
Provisions for doubtful receivables	510	--	77.925	--
Other	14.000	--		
	858.567	(2.400.007)	799.490	(2.648.320)
Offsetting	(858.567)	858.567	(799.490)	799.490
	--	**(1.541.440)**	**--**	**(1.848.830)**

The movement of deferred tax liabilities is as follow:

	1 January 2009	Profit or (loss)	31 December 2009	Profit or (loss)	31 March 2010
Employee severance indemnity	656.641	(152.595)	504.046	76.357	580.403
Vacation pay liability	155.644	33.241	188.885	39.047	227.932
Unrecognized interest expense	69.504	(40.870)	28.634	7.088	35.722
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(3.109.524)	541.095	(2.568.429)	176.415	(2.392.014)
Reversal of calculated rediscount expenses according to tax regulations	(216.741)	136.850	(79.891)	71.898	(7.993)
Provisions for doubtful receivables	--	77.925	77.925	(77.415)	510
Others	--	--	--	14.000	14.000
	(2.444.476)	**595.646**	**(1.848.830)**	**307.390**	**(1.541.440)**

24 EARNING PER SHARE

Earnings per share is computed by dividing the net profit of the periods ended 31 March amounting to TL 5.958.820 (31 March 2009: TL 6.195.968) to the weighted average of the shares during these periods.

	2010	2009
Net Profit	5.958.820	6.195.968
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335
Earnings per share (Kr per share)	0,00243	0,00253

25 RELATED PARTIES

25.1 Due from Related Parties

At 31 March 2010 and 31 December 2009, due from related parties comprised the following:

	31 March 2010	31 December 2009
Saint-Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret Anonim Şirketi ("Saint-Gobain Weber")	1.135.904	--
Saint Gobain Isover Italia S.P.A.	358.972	442.246
Saint Gobain Construction Products - Hellas Abee	73.551	--
Rigips Hellas SA. (Saint Gobain)	14.911	51.413
Saint Gobain Isover Germany	--	16.103
Saint Gobain Isover France	--	13.413
	1.583.338	**523.175**

As at 31 March 2010 and 31 December 2009, there is not any collateral given to or taken from related parties.

25.2 Due to Related Parties

At 31 March 2010 and 31 December 2009, due to related parties comprised of the following:

	31 March 2010	31 December 2009
Grunzweig Hartman AG ("Grunzweig")	217.003	72.586
Saint Gobain-Isover (Royalite)	179.162	130.591
Saint-Gobain Weber	--	890.499
Other	100.479	87.417
	496.644	**1.181.093**

25 RELATED PARTIES *(CONTINUED)*

25.3 Sales to Related Parties

For the periods ended 31 March, sales to related parties comprised of the following:

	2010	**2009**
Saint-Gobain Weber	1.028.042	--
Saint Gobain Isover Italia S.P.A.	518.239	1.974.280
Saint Gobain Hellas ABEE	73.551	--
Saint Gobain Rigips Hellas SA	53.279	134.197
Saint Gobain İsover Germany	2.725	15.684
Saint-Gobain Weber	--	154.734
Isover	--	17.602
	1.675.836	**2.296.497**

25.4 Purchases from Related Parties

For the periods ended 31 March, purchases from related parties comprised of the following:

	2010	**2009**
Saint-Gobain Weber	298.740	892.353
Grunzweig (Royalite)	241.115	554.029
Saint Gobain Isover (Royalite)	199.068	822.363
Saint-Gobain Construction Products Polska Sp. Z.o.o	--	166
	738.923	**2.268.911**

25.5 Other Transaction with Related Parties

For the period ended 31 March 2010 and for the year ended 31 December 2009, other transactions with related parties comprised of the following:

	31 March 2010	**31 December 2009**
Dividends paid		
İzocam İzolasyon	26.632.280	37.076.588
Central Record Institution ("CRI")	1.331.042	1.899.369
Other	--	4.325
	27.963.322	**38.980.282**

25 RELATED PARTIES *(CONTINUED)*

25.6 Remuneration to Top Management

For the periods ended 31 March remunerations to the top management are comprised of the following:

	2010	**2009**
Short term benefits:		
(Salaries, premiums, housing, company cars, social securities, health insurance, vacation payments and etc.)	320.716	249.860
Other long term benefits:		
(Indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	17.076	15.798
Share based payments:	**--**	**--**
TOTAL:	**337.792**	**265.658**

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

26.1 Financial Risk Management

The Company has exposure to the following risks from its operations:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operation Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.1 Financial Risk Management *(Continued)*

26.1.1 Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party. The ownership of financial assets is campaigned by the risk that the other party does not fulfill the contract. The management of the Company covers these risks by limiting the average risk for other party (except related parties) in all contracts and receiving guarantees if necessary. The Company works thorough agency system within Turkey to a great extent. The Company minimizes the collection risk by the guarantee letters taken from agencies, liens and commitment notes received before the sale and controls the orders of agencies out of guarantee by comparing these guarantees received from the agencies with their receivables. Provisions made for doubtful receivables are within reasonable borders based on the past experiences of the Company in collection of accounts receivable. Therefore, the management does not foresee any additional risk relating to accounts receivable more than provisions made.

26.1.2 Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by obtaining adequate funding lines from high quality lenders.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At 31 March 2010 the Company has guaranteed the receivables amounting to TL 8.145.000 via Direct Borrowing System aiming to avoid liquidity risk. The Company has also obtained factoring loans amounting to TL 3.108.993 and while making early collection; increases the liquidity position and avoids foreign exchange loss risk.

26.1.3 Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. The Company manages this risk by means of balancing the interest-earning assets and interest-bearing liabilities as natural precautions. The Company places those interest earning assets at short-term investments.

Currency risk

The Company is exposed to currency risk due to its import transactions and borrowings in foreign currency. These transactions are held in USD and Euro. As at 26 January 2010, the Company has obtained factoring loans against import receivables in order not to expose foreign exchange loss. Thus, the foreign currency denominated receivables is collected before maturity.

Interest Rate Risk

The Company is exposed to interest rate risk due to effects of changes in the interest rates to the assets and liabilities.

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

In this context, the following company procedures and internal control issues have been identified:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions □ compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

26.2 Risk Management Disclosures

Due to its operations, the Company is subject to various financial risks including capital market prices and effects of changes in foreign currency and interest rates. The aggregate risk management program focuses on the unpredictability of the financial markets and aims at minimizing the potential adverse effects on the financial performance of the Company.

26.2.1 Interest rate risk

The Company is subject to the interest rate risk due to impact of changes in the interest rates on the interest rate sensitive asset and liabilities.

Fixed interest rate financial instruments	**31 March 2010**	**31 December 2009**
Cash and cash equivalents	16.103.673	44.527.023
Bank borrowings	3.108.993	--

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.2 Credit risk

Credit risk is diversified since there are many counterparties in the customer database. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 10.54 percent of the Company's revenue is attributable to sales transactions with a single customer.

The geographical concentration of receivables excluding related parties exposed to the credit risk at 31 March 2010 and 31 December 2009 are as follow:

	31 March 2010	**31 December 2009**
1. District Office (Marmara, West Black Sea Regions)	23.843.528	18.533.434
2. District Office (Central Anatolia, Middle Black Sea Regions)	10.620.880	8.412.084
4. District Office (Aegean and Mediterranean Sea Regions)	9.278.273	9.756.927
3. District Office (South East Anatolia, East Anatolia. East Black Sea Regions)	6.605.938	5.661.910
Middle East, Balkans. Africa and Others	4.755.412	6.022.145
	55.104.031	**48.386.500**

At 31 March 2010, the Company has a letter of guarantee amounting to TL 39.770.082 (31 December 2009: TL 43.645.036), mortgage amounting to TL 4.646.000 (31 December 2009: TL 4.971.000), Eximbank guarantee amounting to TL 22.979.070 (31 December 2009: TL 21.538.203), collaterals received as notes TL 968.254 (31 December 2009: TL 930.437) and direct debit system guarantees amounting to TL 8.145.000 (31 December 2009: None) and collaterals received as cash amounting to TL 21.153 (31 December 2009: TL 8.300).

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.2 Credit risk *(continued)*

31 March 2010	Receivables – Trade Receivables – Related Party	Receivables – Trade Receivables – Other Parties	Deposits on Banks	Other (Commitments given)
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**1.583.338**	**55.104.031**	**18.175.037**	**4.774.622**
A, Net carrying value of financial assets which are neither impaired nor overdue	1.583.338	44.227.025	18.175.037	--
B, Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--
C, Net carrying value of financial assets which are overdue but not impaired	--	10.877.006	--	--
-The portion covered by any guarantee	--	9.986.863	--	--
D, Net carrying value of impaired assets	--	--	--	--
-Past due (gross book value)	--	1.483.101	--	--
-Impairment (-)	--	(1.483.101)	--	--
-Covered portion of net book value (with letter of guarantee etc,)	--	--	--	--
E, Off balance sheet items with credit risks	--	--	--	4.774.622

* In determination of the amount, the elements like obtained credits of guarantees that increase the reliability of the credit were not considered.

The Company works with most of its customers since its foundation and there has not been any loss due to receivables from these customers. In order to monitor credit risks, customers are regrouped according to their credit character and customer types. Most of the accounts receivable consist of the receivables from agencies.

The Company makes provisions for its doubtful receivables after a problem arises in collection from the related customer and when the lawyer of the customer is informed for the legal action.

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.2 Credit Risk *(Continued)*

For the period ended 31 March 2010 past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables	
31 March 2010	**Trade Receivables**	**Other Receivables**
Past due 1-30 days	6.490.017	--
Past due 1-3 months	4.324.774	--
Past due 3-12 months	15.000	--
Past due 1-5 years	37.115	--
More than 5 years	10.100	--
The portion secured by guarantee**	9.986.863	--

* * In determination of the amount, the elements like guarantees that increase the reliability of the credit were not considered.

	Receivables			
	Trade Receivables			
31 December 2009	**Related Party**	**Other Parties**	**Deposits on Banks**	**Other (Commitments given)**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**523.175**	**48.386.500**	**45.772.392**	**8.287.040**
A. Net carrying value of financial assets which are neither impaired nor overdue	523.175	41.826.611	45.772.392	--
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	6.559.889	--	--
-The portion covered by any guarantee	--	4.096.793	--	--
D. Net carrying value of impaired assets	--	--	--	--
-Over due (gross book value)	--	1.325.530	--	--
-Impairment (-)	--	(1.325.530)	--	--
-Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	8.287.040

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.2 Credit risk *(continued)*

For the year ended 31 December 2009, past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables	
31 December 2009	**Trade Receivables**	**Other Receivables**
Past due 1-30 days	2.893.930	--
Past due 1-3 months	1.213.065	--
Past due 3-12 months	2.452.894	--
Past due 1-5 years	--	--
More than 5 years	--	--
The portion secured by guarantee**	4.096.793	--

** At 31 March 2010, the Company has guaranteed its receivables by letter of guarantee amounting to TL 5.451.416 (31 December 2009: TL 3.545.242), direct debit system guarantees amounting to TL 2.850.131 (31 December 2009: None), mortgage amounting to TL 689.095 (31 December 2009: TL 466.099), cheques for guarantee amounting to TL 19.308 TL (31 December 2009: TL 85.452), Eximbank guarantee amounting to TL 976.913 (31 December 2009: None). For the period ended 31 March 2010 the Company has not utilized all these guarantees by means of collecting its receivable balances in cash terms.

26.2.3 Guarantees

In accordance with the Company policy, total guarantees given amounting to TL 4.774.622 (31 December 2009: TL 8.287.040) are given to custom offices, domestic suppliers, banks and tax offices.

26.2.4 Currency risk

Foreign currency risk is the risk arisen from the value change of any financial instrument based on currency. The Company is exposed to the currency risk due to its net assets, export sales and borrowings in foreign currency. For the exchange rate risk, the management of the Company strictly follows up stabilizing foreign exchange position. The main currencies used are USD and Euro.

As at 31 March 2010 and 31 December 2009, net position of the Company is resulted from foreign currency assets and liabilities:

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.4 Currency risk *(continued)*

FOREIGN CURRENCY POSITION						
	31 March 2010			31 December 2009		
	TL (Functional Currency)	USD	EURO	TL (Functional Currency)	USD	EURO
1.Trade receivables	11.288.048	6.015.304	1.040.668	8.556.911	3.945.685	1.210.895
2. Monetary financial assets	1.588.213	824.331	162.741	1.785.904	692.578	343.975
3.Current Assets	**12.876.261**	**6.839.635**	**1.203.409**	**10.342.815**	**4.638.263**	**1.554.870**
4.Total Assets	**12.876.261**	**6.839.635**	**1.203.409**	**10.342.815**	**4.638.263**	**1.554.870**
5.Trade payables	(1.279.702)	(465.458)	(278.472)	(1.007.909)	(404.085)	--
6.Financial liabilities	(3.108.992)	(1.466.679)	(427.540)	--	--	(184.918)
7.Short-term Liabilities	**(4.388.694)**	**(1.932.137)**	**(706.012)**	**(1.007.909)**	**(404.085)**	**(184.918)**
8.Total Liabilities	**(4.388.694)**	**(1.932.137)**	**(706.012)**	**(1.007.909)**	**(404.085)**	**(184.918)**
Total	**8.487.567**			**9.334.906**	**4.234.178**	**1.369.952**

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.4 Currency risk *(continued)*

Currency Sensitivity Analysis		
31 March 2010		
USD: 1.5215		
Euro: 2.0523		
	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	746.676	(746.676)
2-USD risk averse portion (-)		
3-Net USD Effect (1+2)	**746.676**	**(746.676)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	102.081	(102.081)
5-Euro risk averse portion (-)		
6- Net Euro Effect (4+5)	**102.081**	**(102.081)**
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	--	--
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	--	--
Total(3+6+9)	**848.757**	**(848.757)**

Currency Sensitivity Analysis		
31 December 2009		
USD: 1.5057		
Euro: 2.1603		
	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	637.540	(637.540)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	**637.540**	**(637.540)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	295.951	(295.951)
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	**295.951**	**(295.951)**
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	--	--
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	--	**--**
Total(3+6+9)	**933.491**	**(933.491)**

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2 Risk Management Disclosures *(Continued)*

26.2.4 Currency risk *(continued)*

For the period ended 31 March 2010 and year ended 31 December 2009, total import and export of the company comprised of the following:

	31 March 2010	31 December 2009
Total export	12.900.479	48.195.105
Total import	11.477.240	35.480.657

26.2.5 Liquidity risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions. By the cash inflows provided from the operating activities, the Company utilizes its requirements for current and future funding and the remaining portion of those cash inflows are utilized in time deposits with short-term maturities. The Company finances the capital expenditures by the long-term borrowings utilized from the financial institutions. The Company makes it's repayments of its borrowing from the cash inflows provided from operating activities through the productivity from those capital expenditures.

The below tables show the monetary assets and liabilities of the Company according to their remaining maturities at 31 March 2010 and 31 December 2009:

	31 March 2010					
	Book Value	Total contractual cash outflows	0-3 Months	3-12 Months	1-5 years	5 years and more
ACCOUNTS PAYABLE						
Short term financial payables	3.452.671	3.452.671	3.452.671	--	--	--
Trade and other payables	14.974.633	14.974.633	14.974.633	--	--	--
Due to related parties	496.644	496.644	--	496.644	--	--
Provisions	3.284.912	3.284.912	--	3.284.912	--	--
Other liabilities	1.737.366	1.737.366	1.737.366	--	--	--
Total accounts payable	**23.946.226**	**23.946.226**	**20.164.670**	**3.781.556**	**--**	**--**

	31 December 2009					
ACCOUNTS PAYABLE						
Short term financial payables	357.214	357.214	357.214	--	--	--
Trade and other payables	15.528.126	15.528.126	15.528.126	--	--	--
Due to related parties	1.181.093	1.181.093	--	1.181.093	--	--
Provisions	1.751.802	1.751.802	--	1.751.802	--	--
Other liabilities	3.047.596	3.047.596	3.047.596	--	--	--
Total accounts payable	**21.865.831**	**21.865.831**	**18.932.936**	**2.932.895**	**--**	**--**

27 FINANCIAL INSTRUMENTS

27.1 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts receivable and payables

Accounts receivable that are originated by the Company by way of providing goods directly to a debtor are carried at amortized cost using the effective interest rate method. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of the imputed interest is significant. Accounts receivable assessed as they reflect their fair values because of their short-term nature.

The Company provided reserve for all receivables which are under legal follow-up. Exchange rate difference resulted from foreign currency denominated bad and doubtful receivables is included in the bad debt provision and same amount of foreign exchange difference is also accounted as foreign exchange gain.

Trade payables are stated at cost net of interest on credit purchases. Trade payables, net of deferred finance cost are measured at amortized cost using the effective interest rate method by taking into consideration the future cash flows of the original invoices recognized in the financial statements. Accounts payable assessed as they reflect their fair values because of their short-term nature.

Fair values of financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other

Other financial assets and liabilities assessed as they reflect their fair value because of their short-term nature.

28 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

As described in Note 11, Due to the claim of a complainant to “Turkish Competition Board” as at 22 July 2008 according to the Communiqué No: 4676 which is about “Protection of Competition”, there had been a preliminary investigation. The results of the investigation were summarised on a pre investigation report with a code of 2008-2-156/OA-08-1A, and the report was discussed in a meeting of competition Board dated 23 October 2008. In related meeting, the pricing policy of the Company is claimed to cause elimination of its rivals from the sector. As per article 6 of “Protection of competition” of “Turkish Competition Board”, with the decision of the board numbered as 08-60/957-M, the judge has decided to open an investigation about the Company according to the article no: 41 of the same act to state whether the pricing policies of the Company has been subject to abuse the situation or not within the meaning of the 6th article of the Law about Protection of Competition numbered as 4054.

The decision of “Turkish Competition Board” meeting held on 8 February 2010 is as follows:

It is decided that;

1. The Company’s dominant position for glass wool and stone wool market in the isolation sector has been agreed, unanimously,
2. With the available evidences obtained, by vote of majority decided that;
    a. The Company has not applied destructive or selective pricing during the period of compliant,
    b. The Company misuse its dominant position by over pricing during other periods and/or products,
3. It has been agreed UNANIMOUSLY that, the Exclusive Dealership Contracts are within the scope of the Protection of Competition article number 4,
4. Taking into consideration of the Company’s market sales of relevant products, it has been UNANIMOUSLY agreed that, ,n accordance with the Competition Board Communiqué number 2003/3 and 2007/2 and Amended Vertical Agreements in respect of Group exemption Communiqué number 2002/2, the company has not used the Group exemption.
5. By votes of majority, it is been agreed that, the agreements explained above do not fulfill exemption conditions of “Protection of Competition” Law number 5, as a result, individual exemption is not allowed, BY VOTE OF MAJORITY.
6. By votes of majority, it is agreed that, the Exclusive Dealership and Premium applications for stonewool and glasswool sales are within the scope of Article 6 of the Protection of Competition Law number 4054.
7. By vote of majority, it has been agreed that ,in accordance with the fifth paragraph of Article 9’s 4054 numbered Protection of Competition Law’s Company within the scope of the report, should avoid the identified applications that results or can result of non compliance to laws and regulations.

In accordance with the third paragraph of Article 16 of the 4054 numbered “Protection of Competition Law” and regulation of the Administrative Fine to be applied to agreed action and decisions that restrict the Competition and the abuse of dominant position, has been found and administrative penalty of TL 1.317.714 which has been agreed by the vote of majority. The decision taken by the Board can be claimed against on the Council of State.