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 2009

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İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Balance Sheet as at 31 March 2009

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

	Notes	Unaudited Current Period 31 March 2009		Audited Prior Period 31 December 2008	
ASSETS					
Current Assets			**78.007.966**		**113.058.727**
Cash and Cash Equivalents	4	6.210.317		29.975.676	
Accounts Receivables	6	52.778.676		61.295.895	
Due From Related Parties	*25*	*347.596*		*81.756*	
Other Accounts Receivable		*52.431.080*		*61.214.139*	
Inventory	8	17.755.710		21.150.103	
Other Current Assets	14	1.263.263		637.053	
Non-Current Assets			**66.884.637**		**69.604.141**
Other Receivables	7	2.804		2.804	
Property, Plant and Equipment	9	66.815.501		69.542.874	
Intangible Assets	10	65.232		58.183	
Other Non-Current Assets	14	1.100		280	
TOTAL ASSETS			**144.892.603**		**182.662.868**
LIABILITIES					
Short-Term Liabilities			**17.948.479**		**23.109.264**
Bank Borrowings	5	326.716		--	
Accounts Payable	6	13.060.567		17.639.565	
Due To Related Parties	*25*	*506.797*		*484.780*	
Other Accounts Payable		*12.553.770*		*17.154.785*	
Other Payables	7	9.129		31.240	
Taxes on Income	23	1.851.571		3.048.369	
Expense Accruals	11	1.124.188		149.029	
Other Short-Term Liabilities	14	1.576.308		2.241.061	
Long-Term Liabilities			**6.700.452**		**6.505.900**
Employee Benefits	13	4.548.326		4.061.424	
Deferred Tax Liability	23	2.152.126		2.444.476	
EQUITY			**120.243.672**		**153.047.704**
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	21.683.827		17.906.498	
Retained Earnings		41.972.182		40.483.845	
Net Profit For The Period		6.195.968		44.265.666	
TOTAL EQUITY AND LIABILITIES			**144.892.603**		**182.662.868**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Comprehensive Income Statement for the Three-Month Period Ended 31 March 2009

Amounts expressed in TL unless otherwise stated.

		Unaudited	
	Notes	Current Period 31 March 2009	Prior Period 31 March 2008
Revenues	16	44.352.330	52.549.199
Cost of Sales (-)	16	(31.156.450)	(33.730.665)
GROSS PROFIT		**13.195.880**	**18.818.534**
Selling, Marketing and Distribution Expenses (-)	17	(5.621.874)	(6.694.046)
Administrative Expenses (-)	18	(2.724.979)	(3.230.486)
Other Operating Income	20	170.505	89.707
Other Operating Expense (-)	20	(65.881)	(50.082)
OPERATING PROFIT		**4.953.651**	**8.933.627**
Finance Income	21	3.548.185	5.176.773
Finance Costs (-)	22	(746.647)	(1.662.752)
PROFIT BEFORE TAX		**7.755.189**	**12.447.648**
Current Tax Expense	23	(1.851.571)	(2.526.660)
Deferred Tax Credit/(Charge)	23	292.350	33.669
NET PROFIT FOR THE YEAR		**6.195.968**	**9.954.657**
Other Comprehensive Income		**--**	**--**
TOTAL COMPREHENSIVE INCOME		**6.195.968**	**9.954.657**
EARNINGS PER SHARE (“kr”)	24	**0,0025**	**0,0041**

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 2009

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 2008	**15**	**24.534.143**	**25.856.460**	**1.092**	**12.329.123**	**46**	**12.329.169**	**51.370.014**	**51.691.160**	**165.782.038**
Transfer to reserves	15	--	--	--	5.577.329	--	5.577.329	46.113.831	(51.691.160)	--
Dividend paid	15	--	--	--	--	--	--	(57.000.000)	--	(57.000.000)
Net profit for the year		--	--	--	--	--	--	--	44.265.666	44.265.666
Balances at 31 December 2008	**15**	**24.534.143**	**25.856.460**	**1.092**	**17.906.452**	**46**	**17.906.498**	**40.483.845**	**44.265.666**	**153.047.704**
Transfer to reserves	15	--	--	--	3.777.329	--	3.777.329	40.488.337	(44.265.666)	--
Dividend paid	15	--	--	--	--	--	--	(39.000.000)	--	(39.000.000)
Net profit for the period		--	--	--	--	--	--	--	6.195.968	6.195.968
Balances at 31 March 2009	**15**	**24.534.143**	**25.856.460**	**1.092**	**21.683.781**	**46**	**21.683.827**	**41.972.182**	**6.195.968**	**120.243.672**

The accompanying notes are an integral part of these financial statements

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Cash Flows for the Three-Month Period Ended 31 March 2009

Amounts expressed in TL unless otherwise stated.

		Unaudited	
	Note	Current Period 31 March 2009	Prior Period 31 March 2008
Cash flows from operating activities			
Net profit for the period		6.195.968	9.954.657
Adjustments to:			
Depreciation and amortization	9,10	2.970.613	2.980.112
Current tax expense	23	1.851.571	2.526.660
Bonus provision			822.750
Deferred tax (credit)/charge	23	(292.350)	(33.669)
Increase in provision for employee severance indemnity	13	563.854	552.010
Increase in vacation pay liability	13	147.125	141.326
Finance income	21	(2.232.445)	(2.222.757)
Finance cost	22	24.914	66.994
Impairment losses on property, plant and equipment	20	(3.309)	(4.221)
Gain on sale of property, plant and equipment, net	6	7.098	--
Allowance for trade receivables		932.032	325.688
Net operating profit before changes in assets and liabilities		**10.165.071**	**15.109.550**
Decrease/(increase) in accounts receivable	6	8.775.961	(760.544)
Increase/(decrease) in due from related parties	25	(265.840)	87.963
Increase in other receivable		--	(785)
Decrease/(increase) in inventory	8	3.394.393	(3.135.682)
Increase in other current assets	14	(627.030)	(785.642)
Increase/(decrease) in accounts payable	6	(4.601.015)	7.332.011
Increase in due to related parties	25	1.580	163.464
Decrease in other payables		(22.111)	--
Increase/(decrease) in other liabilities	14	(723.514)	190.489
Taxes paid		(2.946.479)	(3.680.310)
Interest paid		(24.914)	55.417
Employee severance indemnity paid	13	(224.077)	(291.567)
Cash flows from operating activities		**12.902.025**	**14.170.530**
Investing activities			
Additions to property, plant and equipment and intangible assets	9,10	(250.481)	(1.822.044)
Proceeds from sales of property, plant and equipment and intangible assets		3.501	43.906
Cash flow used in investing activities		**(246.980)**	**(1.572.328)**
Financing activities			
Increase in bank borrowings and other financial liabilities	5	326.716	9.399.164
Dividend paid	15	(38.979.563)	(56.957.809)
Interest received, net		2.339.068	2.917.621
Cash flows used in financing activities		**(36.313.779)**	**(44.641.024)**
Decrease in cash and cash equivalents, net		(23.658.736)	(32.039.822)
Cash and cash equivalents at the beginning of the period		**29.867.865**	**34.527.181**
Cash and cash equivalents at the end of the period	**4**	**6.209.129**	**2.487.359**

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 2009, 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 İzolasyon purchased from Koç Group on 29 November 2006 and 10 July 2007, respectively, 831.117.304 shares being traded on ISE and representing 33,9126 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 Gruoup and Alghanim Group by 50% 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 2009, 38,85 percent of the shares of Izocam are publicly traded at ISE.

As at 31 March 2009, the average number of employees of the Company is 436 in which 188 is comprised of white collar employees and 248 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 Mevkii 41499 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 of 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 2009. The general assembly and legal authorities are competent to change the accompanying financial statements.

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 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.1 Basis of Presentation *(Continued)*

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.

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.

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 2009 that have no effect on the Company's financials.

IFRS 8 *"Operating Segments"* introduces the "management approach" to segment reporting. IFRS 8 requires the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently, the Company's principal activity is performed in one geographical segment (Turkey). Therefore, it does not have any impact on the financial statements.

Revised IAS 23 "*Borrowing Costs"* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The revised IAS 23 is applied by the Company in its 2009 financial statements and does not constitute a change in accounting policy for 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 2009 that have no effect on the Company's financials *(Continued)*

Amendment to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of "non vesting conditions", requires non-vesting conditions to be reflected in grant date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments are effective for the periods beginning or after 1 January 2009 with retrospective application and it does not have any impact on the financial statements.

Amendments to *IAS 32 Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation* require puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity if certain conditions are met. The amendments are effective for the periods beginning or after 1 January 2009 and it does not have any impact on the financial statements.

Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term "total comprehensive income" which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The interpretations are effective for the periods beginning or after 1 January 2009 and have a significant impact on the presentation of the financial statements. The Company provides comprehensive income for its 2009 financial statements.

IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The interpretations are effective for annual periods beginning or after 1 January 2009 and it does not have any impact on the financial statements.

IFRIC 15 *Agreements for the Construction of Real Estate* will standardize accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units, such as apartments or houses before construction is complete. The interpretation is effective for the periods beginning or after 1 January 2009 and it does not have any impact on the financial statements.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* clarifies that has been effective for the periods beginning or after 1 January 2009 and it does not have any impact on the financial statements.

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 2009

The Company has applied all the standards issued by TASB and all the interpretations issued by TASB's Turkish Financial Reporting Interpretation Committee ("TFRIC") which are effective as at 31 March 2009.

Some new standards, amendments to standards and interpretations which are not effective as at 31 March 2009 have not been applied during the preparation of the accompanying financial statements. Those standards are;

Revised IFRS 3 "Business Combinations (2008)" incorporates the following changes that are likely to be relevant to the Company's operations:

- The definition of a business has been broadened, which may result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes in fair value recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandotory for the Company's 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Company's 2010 financial statements.

Amended IAS 27 "Consolidated and Separate Financial Statements" requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27 for the Company's financial statements are not expected to have a significant impact on the financial statements.

Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items" clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Company's 2010 financial statements, with retrospective application required and is not expected to have any effect on the financial statements.

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

2.4 New Standards and Interpretations Not Yet Adopted As at 31 March 2009 (Continued)

IFRIC 17, "Distributions of Non-cash Assets to Owners", requires entities to recognise certain distributions of non-cash assets at fair value, and to recognise in profit or loss the difference between the fair value of the assets distributed and their carrying amounts. IFRIC 17 provides guidance on when and how a liability for certain distributions of non-cash assets is recognised and measured, and how to account for settlement of that liability. Transactions within its scope will need to be measured at fair value. IFRIC 17 is effective for annual periods beginning on or after 1 July 2009; earlier application is permitted only if IFRS 3 Business Combinations, IAS 27 Consolidated and Separate Financial Statements and the related amendments to IFRS 5 are applied at the same time.

IFRIC 18 "Transfers of Assets from Customers" provides guidance on transfers of property, plant and equipment (or cash to acquire it) for entities that receive such contributions from their customers. IFRIC 18 applies prospectively to transfers of assets from customers received on or after July 2009; earlier application is permitted provided that the necessary valuations and other information were obtained at the time that those transfers occurred. The interpretation is not expected to have significant effect on the financial statements.

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 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5.2 Financial instruments

Non-derivative financial instruments

The Company's non-derivative financial instruments are comprised of accounts receivable, cash and cash equivalents, bank borrowings, accounts payable, due from and to related parties, and other short-term liabilities. Non-derivative financial instruments are recognized at cost. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

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.

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.

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.

Short term accounts receivable and payable 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 recognizing the differences between the initial costs in the income statement through the maturity of the financial liabilities.

Accounting for finance income and expenses is discussed in note 2.5.12.

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 recognizing the differences in fair value of the instrument in income statement.

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

2.5 Significant Accounting Policies *(Continued)*

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. The cost and accumulated depreciation of property, plant and equipment has been written off from the relevant accounts as appropriate.

Subsequent costs

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

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 net book values of tangible assets are recomputed at every reporting period.

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

2.5 Significant Accounting Policies *(Continued)*

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 four and six years from the date of acquisition.

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 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. 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 is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.8 Impairment of assets (Continued)

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the 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 income statement.

Non-financial assets

At each balance sheet date the Company reviews the carrying amount of the assets to determine whether there is an indication 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.

2.5.9 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.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.10 Provisions, commitments and contingent assets

A provision is recognized in the accompanying financial statements if as a result of a past event, the Group 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 11).

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.

2.5.11 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, recovery of the consideration and the inflow of economic benefits related with the transaction are probable. 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).

2.5.12 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.

2.5.13 Finance income and expenses

Finance income is comprised of interest income on time deposit, interest income from credit sales and foreign currency gains.

Finance expenses are comprised of interest expenses of loans, foreign currency losses and letter of guarantee commissions.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.14 Income taxes

Income tax expense comprises current and deferred tax.

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 are recognized using the balance sheet method, providing for 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 deferred tax liabilities related to income taxes levied are by the same taxation authority and there is a legally enforceable right to set off the amounts, the deferred tax assets and deferred tax liabilities are offset accordingly (Note 23).

2.5.15 Earning per share

Earnings per share disclosed in the 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.

2.5.16 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)*

2.5.17 Related parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties (Note 25). In general, transactions with related parties because of ordinary operations are performed in line at market prices.

2.5.18 Expenses

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

2.5.19 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.

2.5.20 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.

2.5.21 Offsetting

The Company's financial assets and liabilities are offset and the net amount is presented in the balance sheet when and only when there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

2.6 Use of Estimates and Judgments

The preparation of financial statements in conformity with CMB 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 2009 and 31 December 2008, cash and cash equivalents comprised of the following:

	31 March 2009	**31 December 2008**
Banks		
Time deposit	4.151.188	28.877.711
Demand deposit	1.947.860	1.090.189
Cheques at collection	110.036	6.500
Other cash equivalents	1.233	1.276
	6.210.317	**29.975.676**

As at 31 March 2009 and 31 December 2008, there is no blockage on cash and cash equivalents.

4 CASH AND CASH EQUIVALENTS *(CONTINUED)*

At 31 March 2009 and 31 December 2008, demand deposits comprised of the following currencies (TL equivalents);

	31 March 2009	31 December 2008
American Dollar ("USD")	991.026	622.279
European Union Currency ("Euro")	599.779	25.472
TL	357.055	442.438
	1.947.860	**1.090.189**

At 31 March 2009 and 31 December 2008, time deposits comprised of the following currencies:

	31 March 2009	31 December 2008
TL	4.151.188	25.759.811
USD	--	1.512.300
Euro	--	1.605.600
	4.151.188	**28.877.711**

At 31 March 2009, time deposit are denominated in TL and weighted average interest rate is 10,45 percent (31 December 2008: time deposits are denominated in TL, USD and Euro and interest rates are 19,63 percent, 3,90 percent and 3,25 percent, respectively). At 31 March 2009 and 31 December 2008, maturities of time deposits are less than one month.

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.

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

	2009	2008
Banks		
Demand deposit	4.151.188	1.547.514
Time deposit	1.947.860	500.208
Cheques at collection	110.036	438.355
Other cash equivalents	1.233	1.490
Less: Interest accruals	(1.188)	(208)
	6.209.129	**2.487.359**

5 BANK BORROWINGS

At 31 March 2009 and 31 December 2008, bank borrowings comprised of the followings:

	31 March 2009		31 December 2008	
Short Term Bank Borrowings	**TL**	**Interest rate %**	**TL**	**Interest rate %**
Akbank T.A.Ş	326.716	--	--	--
Total	**--**		**--**	**--**

As at 31 March 2009, short term bank borrowings are interest-free spot credits obtained from Akbank TAŞ to pay withholding taxes and SSK premiums.

6 ACCOUNTS RECEIVABLE AND PAYABLE

6.1 Short-Term Accounts Receivable

At 31 March 2009 and 31 December 2008, short-term accounts receivables comprised of the followings:

	31 March 2009	31 December 2008
Accounts receivable	33.859.990	29.097.622
Notes receivable	12.408.433	25.950.793
Cheques receivable	6.370.008	5.241.677
Cheques received	--	865.558
Doubtful receivables	953.693	1.120.039
Less: Allowance for doubtful receivables*	(813.448)	(979.794)
	52.778.676	**61.295.895**

At 31 March 2009, TL 347.596 of accounts receivable comprised of due from related parties (At 31 December 2008: TL 81.756) in which detailed presentation is disclosed in Note 25.

*At 31 March 2009 the Company has obtained mortgage as guarantee, for doubtful receivables amounting to TL 140.000.

At 31 March 2009 and 31 December 2008, the movement of allowance for doubtful receivables comprised of the followings:

	31 March 2009	31 December 2008
Beginning balance	979.794	711.342
Provision for the year	7.098	268.452
Write offs	(173.444)	--
	813.448	**979.794**

6.2 Short-Term Accounts Payable

At 31 March 2009, short-term accounts payable amounts to TL 13.060.567 (31 December 2008: TL 17.639.565) arising from payable to various suppliers.

At 31 March 2009, TL 506.797 of accounts payable comprised of due to related parties (31 December 2008: TL 484.780) in which detailed presentation is disclosed in Note 25.

7 OTHER RECEIVABLES AND PAYABLES

7.1 Long-Term Other Receivables

At 31 March 2009, long-term receivables comprised of deposits and collaterals amounting to TL 2.804 (31 December 2008: TL 2.804).

7 OTHER RECEIVABLES AND PAYABLES *(CONTINUED)*

7.2 Short-Term Other Payables

At 31 March 2009 and 31 December 2008, short-term other payables comprised of the following:

	31 March 2009	31 December 2008
Other payables	9.129	31.240
	9.129	**31.240**

8 INVENTORIES

At 31 March 2009 and 31 December 2008, inventories comprised of the following:

	31 Mart 2009	31 December 2008
Raw materials and supplies	11.547.411	14.329.532
Finished goods	5.561.516	6.253.665
Trading goods	646.783	566.906
	17.755.710	**21.150.103**

The inventories are represented with the lower of net realized value or cost

9 PROPERTY, PLANT AND EQUIPMENT

For the three month period ended 31 March 2009, movement in the property, plant and equipment comprised of the following:

Cost	*1 January 2009*	*Additions*	*Transfer*	*Disposals*	*31 March 2009*
Land	715.231	--	--	--	715.231
Land improvements	4.413.106	--	--	--	4.413.106
Buildings	33.715.865	--	--	(4.088)	33.711.777
Machinery and equipment	168.858.214	2.813	--	--	168.861.027
Furniture and fixtures	7.814.580	5.812	--	(40.232)	7.780.160
Leasehold improvements	39.540	--	--	--	39.540
Construction in progress	--	227.146	--	--	227.146
	215.556.536	**235.771**	**--**	**(44.320)**	**215.747.987**

Less: Accumulated depreciation	*1 January 2009*	*Additions*	*Transfer*	*Disposals*	*31 March 2009*
Land improvements	(2.357.344)	(39.395)	--	--	(2.396.739)
Buildings	(17.650.994)	(262.423)	--	4.088	(17.909.329)
Machinery and equipment	(119.108.238)	(2.586.963)	--	--	(121.695.201)
Furniture and fixtures	(6.861.528)	(72.990)	--	40.040	(6.894.478)
Leasehold improvements	(35.558)	(1.181)	--		(36.739)
Total accumulated depreciation	**(146.013.662)**	**(2.962.952)**	**--**	**44.128**	**(148.932.486)**
Net book value	**69.542.874**		--		**66.815.501**

9 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

For the three-month period ended 31 March 2009, depreciation expenses amounting to TL 2.181.325 (31 March 2008: TL 2.450.035) has been included under cost of sales, TL 45.639 (31 March 2008: TL 51.680) has been included under general administrative expenses and TL 735.988 (31 March 2008: TL 470.458) has been capitalized on stocks.

As at 31 March 2009 and 31 December 2008 there has been no pledge on property, plant and equipment.

For the year ended 31 December 2008, movement in the property, plant and equipment comprised of the following:

Cost	***1 January 2008***	***Additions***	***Transfer***	***Disposals***	***31 December 2008***
Land	715.231	--	--	--	715.231
Land improvements	4.413.106	--	--	--	4.413.106
Buildings	30.764.217	--	2.951.648	--	33.715.865
Machinery and equipment	165.043.196	663.717	4.045.067	(893.766)	168.858.214
Motor vehicles	7.395.551	168.631	271.904	(21.506)	7.814.580
Furniture and fixtures	39.470	70	--	--	39.540
Leasehold improvements	2.326.205	4.942.414	(7.268.619)	--	--
	210.696.976	**5.774.832**	**--**	**(915.272)**	**215.556.536**

Less: Accumulated depreciation	***1 January 2008***	***Additions***	***Transfer***	***Disposals***	***31 December 2008***
Land improvements	(2.197.480)	(159.864)	--	--	(2.357.344)
Buildings	(16.572.737)	(1.078.257)	--	--	(17.650.994)
Machinery and equipment	(109.318.365)	(10.534.101)	--	744.228	(119.108.238)
Motor vehicles	(6.620.345)	(262.162)	--	20.979	(6.861.528)
Furniture and fixtures	(30.827)	(4.731)	--	--	(35.558)
Total accumulated depreciation	**(134.739.754)**	**(12.039.115)**	**--**	**765.207**	**(146.013.662)**
Net book value	**75.957.222**		--		**69.542.874**

10 INTANGIBLE ASSETS

For the three-month period ended 31 March 2009, movement in the intangible assets comprised of the following

Cost	***1 January 2009***	***Additions***	***Disposals***	***31 March 2009***
Rights	648.382	14.710	--	663.092
	648.382	**14.710**	**--**	**663.092**

Less: Accumulated amortization	***1 January 2009***	***Additions***	***Disposals***	***31 March 2009***
Rights	(590.199)	(7.661)	--	(597.860)
Total accumulated amortization	**(590.199)**	**(7.661)**	**--**	**(597.860)**
Net book value	**58.183**			**65.232**

10 INTANGIBLE ASSETS *(CONTINUED)*

For the year ended 31 December 2008, movement in the intangible assets comprised of the following:

Cost	***1 January 2008***	***Additions***	***Disposals***	***31 December 2008***
Rights	611.106	37.276	--	648.382
	611.106	**37.276**	**--**	**648.382**

Less: Accumulated amortization	***1 January 2008***	***Additions***	***Disposals***	***31 Deemebr 2008***
Rights	(554.738)	(35.461)	--	(590.199)
Total accumulated amortization	**(554.738)**	**(35.461)**	**--**	**(590.199)**
Net book value	**56.368**			**58.183**

For the three-month periods ended 31 March, amortization expenses have been included general administrative expenses.

11 EXPENSE ACCRUAL

11.1 Short-Term Provisions

At 31 March 2009 short-term provisions are comprised of administrative expense accruals amounting to TL 1.124.188 (31 December 2008: TL 149.029)

12 COMMITMENTS

At 31 March 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 amounting to TL 6.208.694 (31 December 2008: TL 5.989.145) and TL 503.978 (31 December 2008: TL 488.262) respectively.

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

	Euro
1 year (2009)	174.051
2 years (2010)	97.241
3 years (2011)	772
	272.064

13 EMPLOYEE BENEFITS

At 31 March 2009 and 31 December 2008, employee benefits comprised of the followings:

	31 March 2009	31 December 2008
Provision for employee severance indemnity	3.622.981	3.283.204
Vacation pay liability	925.345	778.220
	4.548.326	**4.061.424**

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 2009 the ceiling amount has been limited to TL 2.260.05 (31 December 2008: TL 2.173,18).

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 2009	31 December 2008
Discount rate	% 6,26	% 6,26
Turnover rate to estimate the probability of retirement	%6	%8

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 2009	31 December 2008
Balance at the beginning of the year	3.283.204	3.101.115
Provision for the year	563.854	780.505
Payments	(224.077)	(598.416)
Balance at the end of the year	**3.622.981**	**3.283.204**

14 OTHER ASSETS AND LIABILITIES

14.1 Other Current Assets

At 31 March 2009 and 31 December 2008, other current assets comprised the following:

	31 March 2009	31 December 2008
Prepaid expenses	674.528	37.538
Taxes and funds to be offset or repaired	237.718	169.053
VAT for export receivables	200.373	199.091
Advances given for inventory	91.896	187.688
Job advances	33.458	3.802
Advances given for fixed assets	--	5.036
Other	25.290	34.845
	1.263.263	**637.053**

14.2 Other Non-Current Assets

At 31 March 2009, other non-current assets comprised of prepaid expenses amounting to TL 1.100 (31 December 2008: TL 280)

14.3 Other Short-Term Liabilities

At 31 March 2009 and 31 December 2008, other short-term liabilities comprised of the following:

	31 March 2009	31 December 2008
VAT Payable	577.655	466.468
Withholding taxes and duties	522.037	1.356.922
Social security premium payable	413.971	408.218
Payable to employees	55.077	1.800
Other	7.568	7.653
	1.576.308	**2.241.061**

15 EQUITY

15.1 Paid-in Capital / Inflation Adjustment on Capital

At 31 March 2009, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (31 December 2008: 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 2009		31 December 2008	
	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	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**	

15 EQUITY *(CONTINUED)*

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 from 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 2009	**Nominal value**	**Inflation adjustment**	**Restated values**
Share premiums	1.092	223.408	224.500
Profit reserves	21.683.827	23.641.953	45.327.780
Legal reserves	*21.683.781*	*18.710.928*	*40.394.709*
Special reserves	*46*	*4.931.025*	*4.931.071*
Extraordinary reserves	19.393.697	(1.496.872)	17.896.825
	41.078.618	**22.368.489**	**63.447.105**
31 December 2008			
Share premiums	1.092	223.408	224.500
Profit reserves	17.906.498	23.641.953	41.548.451
Legal reserves	*17.906.452*	*18.710.928*	*36.617.380*
Special reserves	*46*	*4.931.025*	*4.931.071*
Extraordinary reserves	17.905.361	(1.496.872)	16.408.489
	35.812.951	**22.368.489**	**58.181.440**

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 capital is 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 2009, legal reserves of the Company amount to TL 21.683.781 (31 December 2008: TL 17.906.452).

15 EQUITY *(CONTINUED)*

15.4 Dividend Distribution

Net distributable profit determined in accordance with the CMB regulations, has to be distributed from the distributable profit of statutory records if it covers the net distributable profit. If there is a loss in the period in one of the financial statements prepared in accordance with CMB regulations or statutory records, no distribution can be made.

In accordance with the regulations of CMB effective from 1 January 2008, for the corporations listed on the stock exchange, it is stated that the minimum dividend distribution shall be applied as 20 percent of the distributable profit defined in "communiqué on principals regarding distribution of dividend or interim dividend that Publicly Held Joint Stocks Companies are Subject to Regarding the Dividend Distributions" Serial: IV No: 27.

In chapter 5 of 2009/2 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 the corporations coated to stock exchange market, portion of minimum dividend shall be applied as 20% as stated in the article numbered as 5 of the communiqué serial: IV, number: 27, in accordance with the decision made in annual general meeting the dividend made; in cash or by issuing capitalization shares to partners or some portion in cash and some portion by issuing capitalization shares to partners,

It is decided to cancel the requirement for the corporations that are obliged to issue consolidated financial statements, shall not take into account the profit of subsidiaries that are not decided to be distributed by the general assembly of the subsidiary and presented in the net profit at the financial statements; and the requirement that this amount should be disclosed at the notes of the financial statements and at a paragraph in the independent auditors report. Also it is decided that as long as the distributable profit is met from the the own resources in the legal records, the corporations shall calculate the distributable profit based on the profit in the publicly announced financial statements and according to the Seri:XI, No:29 Capital Market Boards Financial Reporting Declaration.

The Corporaiton shall disclosure that statutory current year profit after previous year losses deducted and total amount of other resources made object of dividend in financial statments prepared in accordance with CMB communiqué serial: XI number: 29.

In the ordinary general assembly held on 19 March 2009, it has been decided that TL 39.000.000 of the Company's net profit as at 31 December 2008 amounting to TL 44.265.666 would be distributed as cash dividend. Additionally, TL 3.777.329 will be transferred to second legal reserves; TL 1.488.337 would be distributed as extraordinary reserves. At 31 March 2009, TL 38.979.563 of TL 39.000.000 total dividend has been paid and the remaining portion amounting to TL 20.437 has been credited to due to related parties.

16 SALES AND COST OF SALES

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

	2009	2008
Domestic sales	36.209.165	45.640.402
Export sales	11.037.743	10.103.554
Other	15.806	32.755
Gross sales	47.262.714	55.776.711
Less: Sales returns and discounts	(2.910.384)	(3.227.512)
Net sales	44.352.330	52.549.199
Less: Cost of sales	(31.156.450)	(33.730.665)
Gross profit	**13.195.880**	**18.818.534**

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

	2009	2008
Raw materials and consumables used	25.482.641	26.760.169
Personnel expenses	2.880.212	2.958.962
Depreciation	2.181.325	2.450.035
Changes in inventories	612.272	1.561.499
Cost of Sales	**31.156.450**	**33.730.665**

17 SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	2009	2008
Freight insurance expense	1.896.986	2.995.316
Wages and salaries	1.291.936	1.253.342
Advertisement expense	795.300	520.846
License fee	555.239	687.204
Sales commissions	286.197	320.192
Logistic expense	192.472	289.039
Agency service expense	161.550	291.310
Exhibition and fair expense	150.028	96.720
Other	292.166	240.077
	5.621.874	**6.694.046**

18 ADMINISTRATIVE EXPENSES

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

	2009	2008
Personnel expenses	1.693.526	1.998.594
IT Expenses	109.799	61.796
Consultancy expense	81.160	74.887
Transportation expenses	81.159	229.571
Repair, maintenance and energy	73.747	75.946
Depreciation and amortization (Note 9 and 10)	53.300	59.619
Communication expense	43.494	55.183
Rent expense	41.462	79.269
Travel expense	40.987	76.506
Insurance expense	34.585	25.894
Subscription fees	32.096	29.972
Representation fees	26.293	101.393
Donations	24.873	2.500
Executive board expenses	18.159	17.918
Duties, taxes and levies	16.666	18.902
Litigation expenses	12.896	16.054
Announcement expenses	11.476	2.485
Stationary expenses	10.917	10.373
Researc project expenses	8.342	202
Others	310.042	293.422
	2.724.979	**3.230.486**

19 EXPENSES BY NATURE

For the period ended 31 March 2009, nature of expenses are disclosed in Notes 9, 10, 16, 17, 18, 20, 21, 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:

	2009	2008
Gain on sale of property, plant and equipment	3.500	7.000
Other	167.005	82.707
	170.505	**89.707**

20.2 Other Operating Expense

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

	2009	2008
Expense for doubtful receivable accruals	7.098	--
Loss on sale of property, plant and equipment	191	2.779
Other	58.592	47.303
	65.881	**50.082**

21 FINANCE INCOME

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

	2009	2008
Interest income on time deposit	1.587.537	1.196.177
Currency exchange gain	1.315.740	2.954.016
Interest income from credit sales	644.908	1.026.580
	3.548.185	**5.176.773**

22 FINANCE EXPENSE

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

	2009	2008
Currency exchange loss	551.039	1.421.947
Guarantee letter expense	170.694	173.811
Interest expense on borrowings	24.914	66.994
	746.647	**1.662.752**

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.

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 2009 and 31 December 2008, total tax liability comprised of the following:

	31 March 2009	**31 December 2008**
Corporate tax provision	1.851.571	11.192.741
Prepaid tax	--	(8.144.372)
Total	1.851.571	3.048.369
Deferred tax liability	2.152.126	2.444.476
	4.003.697	**5.492.845**

23 TAX ASSETS AND LIABILITIES *(CONTINUED)*

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

	2009	**2008**
Current tax	(1.851.571)	(2.526.660)
Deferred tax credit	292.350	33.669
	(1.559.221)	**(2.492.991)**

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:

	2009		**2008**	
		%		%
Profit before tax	7.755.189	--	12.447.648	--
Tax rate	20,00 %	--	20,00 %	--
Taxes on reported profit per statutory tax rate	(1.551.038)	(20,00)	(2.489.530)	(20,00)
Disallowable expenses	(8.183)	(0,11)	(9.866)	(0,08)
Other	--	--	6.405	0,05
Taxation charge	(1.559.221)	(20,11)	(2.492.991)	(20,03)

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).

23 TAX ASSETS AND LIABILITIES *(CONTINUED)*

23.1 Deferred Tax Assets and Liabilities *(Continued)*

Deferred tax assets and deferred tax liabilities at 31 March 2009 and 31 December 2008 were attributable to the items detailed in the table below:

	31 March 2009 Deferred tax		31 December 2008 Deferred tax	
	Assets	Liabilities	Assets	Liabilities
Employee severance indemnity	724.596	--	656.641	--
Vacation pay liability	185.069	--	155.644	--
Unrecognized interest expense	43.330	--	69.504	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(2.888.380)	--	(3.109.524)
Reversal of calculated rediscount expenses according to tax regulations	--	(216.741)	--	(216.741)
	952.995	(3.105.121)	881.789	(3.326.265)
Offsetting	(952.995)	952.995	(881.789)	881.789
		2.152.126		**(2.444.476)**

As at 31 March 2009 and 31 December 2008, there is no tax receivable not included in the calculation of deferred tax asset and liabilities.

The movement of deferred tax liabilities is as follow:

	1 January 2008	Profit or (loss)	31 December 2008	Profit or (loss)	31 March 2009
Employee severance indemnity	620.223	36.418	656.641	67.955	724.596
Vacation pay liability	138.963	16.681	155.644	29.425	185.069
Unrecognized interest expense	96.214	(26.710)	69.504	(26.174)	43.330
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(3.225.050)	115.526	(3.109.524)	221.144	(2.888.380)
Reversal of calculated rediscount expenses according to tax regulations	(226.613)	9.872	(216.741)	--	(216.741)
Other	(728)	728	--	--	--
	(2.596.991)	**152.515**	**(2.444.476)**	**292.350**	**(2.152.126)**

24 EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the year ended 31 March 2009, amounting to TL 6.195.968 (2008: TL 9.954.657) to the weighted average of the shares during these years.

	2009	**2008**
Net Profit	6.195.968	9.954.657
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335
Earnings per share (kr per share)	0,0025	0,0041

25 RELATED PARTIES

25.1 Due from Related Parties

At 31 March 2009 and 31 December 2008, due from related parties comprised the following:

	31 March 2009	**31 December 2008**
Saint Gobain Isover Italia S.P.A.	287.788	--
JSC Saint Gobain Construction Products Ukraine ("JSC")	42.206	42.206
Saint Gobain Isover Romania SRL ("Isover")	17.602	17.261
Saint Gobain Isover France	--	14.614
Saint Gobain Seva France	--	7.675
	347.596	**81.756**

25.2 Due to Related Parties

At 31 March 2009 and 31 December 2008, due to related parties comprised of the following:

	31 March 2009	**31 December 2008**
Grunzweig Hartman AG ("Grunzweig")	216.292	165.447
Saint Gobain Isover France	175.601	100.611
Saint-Gobain Weber Markem Yapı Kimyasalları Ticaret ve Sanayi Anonim Şirketi ("Weber Markem")	24.406	144.093
Saint-Gobain Glass Romania	--	4.330
Saint-Gobain Construction Products Polska Sp. Z.o.o	--	198
Other	90.498	70.101
	506.797	**484.780**

25 RELATED PARTIES *(CONTINUED)*

25.3 Sales to Related Parties

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

	2009	2008
Saint Gobain Isover Italia S.P.A.	355.672	6.972
Isover	17.602	122.422
Weber Markem	--	138.917
JSC	--	42.206
Saint Gobain Rigips Hellas SA	--	25.950
Saint Gobain Isover France	--	13.399
Saint Gobain Seva France	--	7.675
	373.274	**357.541**

25.4 Purchases from Related Parties

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

	2009	2008
Grunzweig	240.325	554.029
Saint Gobain Isover France	195.235	822.363
Weber Markem	23.386	892.353
Saint-Gobain Construction Products Polska Sp. Z.o.o	--	166
	458.946	**2.268.911**

25.5 Other transactions with Related Parties

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

Dividend paid	**2009**	**2008**
İzocam Holding	37.076.588	54.189.757
Merkezi Kayıt Kuruluşu ("MKK")	1.899.369	2.767.483
Other	3.606	569
	38.979.563	**56.957.809**

At 31 March 2009 and 2008, no letter of guarantee, mortgage or collateral given to related parties exists.

25.6 Remuneration to Top Management

Remuneration paid to top management by the Company for the period ended 31 March 2009 is TL 249.860 (2008: TL 234.791).

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

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 analyse 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.

26.1.1 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.

26 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

26.1 Financial Risk Management *(Continued)*

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.

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.

26.2 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 2009**	**31 December 2008**
Cash and cash equivalents	4.151.188	28.877.711
Borrowings	--	--

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 9 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 2009 and 31 December 2008 are as follow:

	31 March 2009	31 December 2008
1. District Office (Marmara, West Black Sea Regions)	23.688.871	24.254.062
2. District Office (Central Anatolia, Middle Black Sea Regions)	10.540.196	11.850.583
Middle East, Balkans. Africa and Others	6.889.467	8.266.858
4. District Office (Aegean and Mediterranean Sea Regions)	5.667.308	10.362.563
3. District Office (South East Anatolia, East Anatolia. East Black Sea Regions)	5.645.235	6.480.073
	52.431.080	**61.214.139**

At 31 March 2009, the Company has a letter of guarantee amounting to TL 46.038.508 (31 December 2008: TL 45.549.373), mortgage amounting to TL 4.498.000 (31 December 2008: TL 4.898.000), eximbank guarantee amounting to TL 24.772.531 (31 December 2008: TL 21.968.264) and collaterals received as notes amounting to TL 1.007.259 (31 December 2008: TL 706.169) that are taken from customers and agencies.

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 2009	Receivables		Deposits on Banks	Other
	Trade Receivables			
	Related Party	Related Party		
Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**347.596**	**52.431.080**	**6.097.860**	**6.712.673**
A. Net carrying value of financial assets which are neither impaired nor overdue	305.390	43.511.766	6.097.860	--
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	**42.206**	**8.779.069**	--	--
-The portion covered by any guarantee	42.206	7.667.146	--	--
D. Net carrying value of impaired assets	--	**140.245**	--	--
-Past due (gross book value)	--	953.693	--	--
-Impairment (-)				
-Covered portion of net book value (with letter of guarantee etc.)	--	(813.448)	--	--
E. Off balance sheet items with credit risks	--	--	--	6.712.673

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

As at 31 March 2009, the Company has no derivative instruments.

The Company works with most of its customers since its foundation and there has not been any losses 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 2009 past due but not impaired accounts receivables (except due from related parties) are as follows:

31 March 2009	Receivables	
	Trade Receivables	Trade Receivables
Past due 1-30 days	4.880.675	--
Past due 1-3 months	3.898.394	--
Past due 3-12 months	--	--
Past due 1-5 years	--	--
More than 5 years	--	--
The portion secured by guarantee**	7.667.146	--

31 December 2008	Receivables		Deposits on Banks	Other
	Trade Receivables			
	Related Party	Other Parties		
Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**81.756**	**61.214.139**	**29.975.676**	**6.477.407**
A. Net carrying value of financial assets which are neither impaired nor overdue	81.756	55.122.477	29.975.676	--
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	--	**5.951.417**	--	--
-The portion covered by any guarantee	--	3.344.849	--	--
D. Net carrying value of impaired assets	--	140.245	--	--
-Over due (gross book value)	--	1.120.039	--	--
-Impairment (-)		(979.794)		
E. Off balance sheet items with credit risks	--	140.245	--	6.477.407

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

At 31 March 2009, the Company has no derivative instruments.

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 2008, past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables	
31 December 2008	**Trade Receivables**	**Trade Receivables**
Past due 1-30 days	4.417.947	--
Past due 1-3 months	759.717	--
Past due 3-12 months	347.115	--
Past due 1-5 years	426.638	--
More than 5 years	--	--
The portion secured by guarantee**	3.344.849	--

** At 31 March 2009, the Company has guaranteed its receivables by letter of guarantee amounting to TL 5.702.838 (31 December 2008: TL 3.095.319), mortgage amounting to TL 729.770 (31 December 2008: TL 183.040), cheques for guarantee amounting to TL 73.417 (31 December 2008: None) eximbank guarantee amounting to TL 1.161.121 (31 December 2008: TL 66.490). For the period ended 31 March 2009 and year ended 31 December 2008, the Company has not turned all these guarantees into cash.

26.2.3 Guarantees

In accordance with the Company policy, total guarantees given amounting to TL 6.712.673 (31 December 2008: TL 6.477.407) 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, Euro and Sterling (“GBP”).

As at 31 March 2009 and 31 December 2008, 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 2009					31 December 2008			
	TL (Functional Currency)	USD	EURO	GPB		TL (Functional Currency)	USD	EURO	GPB
1.Trade receivables	8.911.691	3.801.751	1.120.400	230		10.517.021	5.306.612	1.163.736	230
2. Monetary financial assets	1.590.805	587.101	269.467	--		4.201.744	1.699.842	761.898	--
3.Current Assets	**10.502.496**	**4.388.852**	**1.389.867**	**230**		**14.718.765**	**7.006.454**	**1.925.634**	**230**
4.Total Asseta	**10.502.496**	**4.388.852**	**1.389.867**	**230**		**14.718.765**	**7.006.454**	**1.925.634**	**230**
5.Trade payables	(787.218	(134.083)	(251.993)	--		(453.209)	(299.682)	--	--
6.Financial liabilities	--	--	--	--		(525.405)	--	(245.424)	--
7.Short-term Liabilities	**(787.218)**	**(134.083)**	**(251.993)**	**--**		**(978.614)**	**(299.682)**	**(245.424)**	**--**
8.Total Liabilities	**(787.218)**	**(134.083)**	**(251.993)**	**--**		**(978.614)**	**(299.682)**	**(245.424)**	**--**
Total	**9.715.278**					**13.740.151**			

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

26.2 Risk Management Disclosures

26.2.4 Currency risk *(continued)*

Currency Sensitivity Analysis		
31 March 2009		
	Profit/Loss	
	Appreciation of foreign currency	Devaluation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	718.205	(718.205)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	**718.205**	**(718.205)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	253.268	(253.268)
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	**253.268**	**(253.268)**
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	55	(55)
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	55	**(55)**
Total(3+6+9)	**971.528**	**(971.528)**

Currency Sensitivity Analysis		
31 December 2008		
	Profit/Loss	
	Appreciation of foreign currency	Devaluation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	1.014.266	(1.014.266)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	**1.014.266**	**(1.014.266)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	359.699	(359.699)
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	**359.699**	**(359.699)**
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	50	(50)
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	**50**	**(50)**
Total(3+6+9)	**1.374.015**	**(1.374.015)**

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

26.2 Risk Management Disclosures

26.2.4 Currency risk *(continued)*

For the period ended 31 March 2009 and year ended 31 December 2008, total import and export of the company comprised of the following:

	31 March 2009	31 December 2008
Total export	11.037.743	51.478.863
Total import	3.073.589	40.211.119

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 2009 and 31 December 2008.

	31 March 2009					
	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	326.716	326.716	326.716	--	--	--
Trade and other payables	12.562.899	12.562.899	--	12.562.899	--	--
Due to related parties	506.797	506.797	--	506.797	--	--
Employee termination benefits	4.548.326	4.548.326	--	--	--	4.548.326
Provisions	1.124.188	1.124.188	1.124.188	--	--	--
Taxes on income	1.851.571	1.851.571	1.851.571	--	--	--
Other liabilities	1.576.308	1.576.308	1.576.308	--	--	--
Deferred tax liability	2.152.126	2.152.126	--	--	--	2.152.126
Total accounts payable	**24.648.931**	**24.649.931**	**4.878.783**	**13.069.696**	**--**	**6.700.452**
	31 December 2008					
ACCOUNTS PYABLE						
Trade and other payables	17.186.025	17.186.025	--	17.186.025	--	--
Due to related parties	484.780	484.780	--	484.780	--	--
Employee termination benefits	4.061.424	4.061.424	--	--	--	4.061.424
Provisions	149.029	149.029	--	149.029	--	--
Taxes on income	3.048.369	3.048.369	--	3.048.369	--	--
Other liabilities	2.241.061	2.241.061	2.241.061	--	--	--
Deferred tax liability	2.444.476	2.444.476	--	--	--	2.444.476
Total accounts payable	**29.615.164**	**29.615.164**	**2.241.061**	**20.868.203**	**--**	**6.505.900**

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

The Company has signed a contract with Standart Ünlü Menkul Değerler Anonim Şirketi for the assessment of sale of assets and activities regarding the manufacturing and sale of isolated and non-isolated roof and side panels manufactured at Tekiz Facility which is included in the long term strategic plan for recreating the product portfolio; the Board has decided the Tekiz Facility continue its activities considering the raised bids.

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 summarized 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.

On 5 December 2008, the Company has sent preliminary legal argument to “Turkish Competition Board”, about the findings, settlement and evaluations placed into the notice according to the article numbered to 43/2 of the Law numbered to 4054.

In the case of judgment that, the pricing policies of the Company has been subject to abuse the situation within the meaning of the 6th article of the Law about Protection of Competition numbered as 4054, the Company may face an administrative fine of 10% of previous year’s net income by Turkish Competition Board.

As at 31 March 2009, the Company has not made provision for the investigation because the investigation has not been resoluted.