İzocam Ticaret ve Sanayi Anonim Şirketi

Convenience Translation into English of Interim Financial Statements As At and For The Period Ended 31 March 2008

This report is 39 pages.
22 May 2008

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İzocam Ticaret ve Sanayi Anonim Şirketi

Balance Sheet as at 31 March 2008

Amounts expressed in YTL unless otherwise stated.

	Note	Unaudited Current Period 31 March 2008		Audited Prior Period 31 December 2007	
ASSETS					
Current Assets			**92,063,289**		**120,203,501**
Cash and Cash Equivalents	4	2,487,567		34,578,198	
Accounts Receivable	6	63,901,914		63,872,819	
Due from Related Parties	*25*	*55,261*		*117,274*	
Other Accounts Receivable		*63,846,653*		*63,755,545*	
Inventory	8	23,856,370		20,720,688	
Other Current Assets	14	1,817,438		1,031,796	
Non-Current Assets			**74,613,959**		**76,016,737**
Other Receivables	7	2,804		2,804	
Property, Plant and Equipment	9	74,552,955		75,957,222	
Intangible Assets	10	57,072		56,368	
Other Non-Current Assets	14	1,128		343	
TOTAL ASSETS			**166,677,248**		**196,220,238**
LIABILITIES					
Short-Term Liabilities			**41,179,531**		**24,045,278**
Bank Borrowings	5	12,415,819		3,005,078	
Trade Payable	6	23,303,386		15,765,151	
Due to Related Parties	*25*	*684,830*		*478,606*	
Other Account Payable		*22,618,556*		*15,286,545*	
Other Payables	7	27,272		17,110	
Taxes on Income	23	2,526,660		3,680,310	
Provisions	11	1,210,242		61,804	
Other Short Term Liabilities	14	1,696,152		1,515,825	
Long-Term Liabilities			**6,761,022**		**6,392,922**
Employee Benefits	13	4,197,700		3,795,931	
Deferred Tax Liability	23	2,563,322		2,596,991	
EQUITY			**118,736,695**		**165,782,038**
Paid-in Capital	15	24,534,143		24,534,143	
Restricted Reserves		17,907,590		12,330,261	
Retained Earnings		66,340,305		77,226,474	
Net Profit for the Period		9,954,657		51,691,160	
TOTAL LIABILITIES			**166,677,248**		**196,220,238**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Income Statement for the Period Ended 31 March 2008

Amounts expressed in YTL unless otherwise stated.

	Note	Unaudited Current Period 31 March 2008	Unaudited Prior Period 31 March 2007
Revenues	16	52,549,199	51,559,822
Cost of Sales (-)	16	(33,730,665)	(32,634,670)
GROSS PROFIT		**18,818,534**	**18,925,152**
Selling, Marketing and Distribution Expenses(-)	17	(6,694,046)	(5,090,465)
General Administrative Expenses (-)	18	(3,230,486)	(2,237,451)
Other Operating Income (-)	20	89,707	180,803
Other Operating Expenses (-)	20	(50,082)	(1,745,069)
OPERATING PROFIT		**8,933,627**	**10,032,970**
Finance Income	21	5,176,773	2,995,245
Finance Expenses (-)	22	(1,662,752)	(1,068,675)
PROFIT BEFORE TAX		**12,447,648**	**11,959,540**
TAXATION			
- Current Tax Expense	23	(2,526,660)	(2,274,448)
- Deferred Tax Income/(Expense)	23	33,669	(327,755)
NET PROFIT FOR THE PERIOD		**9,954,657**	**9,357,337**
Earnings Per Share New Kuruş ("Ykr")	24	0.0041	0.0038

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement of Changes in Equity for the Period Ended 31 March 2008

Amounts expressed in YTL unless otherwise stated.

			Restricted Reserves						
	Paid-in Capital	Adjustments on Equity Items	Share Premium	Legal Reserves	Special Reserves	Total	Retained Earnings	Net Profit for the Period	Total Equity
Balances as at 1 January 2007	**24,534,143**	**25,856,460**	**1,092**	**6,404,304**	**46**	**6,405,442**	**41,308,130**	**60,986,703**	**159,090,878**
Transfer to reserves	--	--	--	5,924,819	--	5,924,819	55,061,884	(60,986,703)	--
Dividend paid	--	--	--	--	--	--	(45,000,000)	--	(45,000,000)
Net profit for the period	--	--	--	--	--	--	--	9,357,337	9,357,337
Balances as at 31 March 2007	**24,534,143**	**25,856,460**	**1,092**	**12,329,123**	**46**	**12,330,261**	**51,370,014**	**9,357,337**	**123,448,215**
Net profit for the period	--	--	--	--	--	--	--	42,333,823	42,333,823
Balances as at 1 January 2008	**24,534,143**	**25,856,460**	**1,092**	**12,329,123**	**46**	**12,330,261**	**51,370,014**	**51,691,160**	**165,782,038**
Transfer to reserves	--	--	--	5,577,329	--	5,577,329	46,113,831	(51,691,160)	--
Dividend paid	--	--	--	--	--	--	(57,000,000)	--	(57,000,000)
Net profit for the period	--	--	--	--	--	--	--	9,954,657	9,954,657
Balances as at 31 March 2008	**24,534,143**	**25,856,460**	**1,092**	**17,906,452**	**46**	**17,907,590**	**40,483,845**	**9,954,657**	**118,736,695**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement of Cash Flows for the Period Ended 31 March 2008

Amounts expressed in YTL unless otherwise stated.

	Note	Unaudited Current Period 31 March 2008	Unaudited Prior Period 31 March 2007
Cash flows from operating activities			
Profit before tax		12,447,648	11,959,540
Adjustments:			
Depreciation and amortization	9,10	2,980,112	1,993,274
Bonus provisions		822,750	--
Increase in provision for employee severance indemnity	13	552,010	238,604
Increase in provision for vacation pay		141,326	123,080
Interest income	20	(2,222,757)	(2,349,211)
Interest expense	21	66,994	27,941
(Gain)/loss on sale of tangible assets, net	19	(4,221)	882,028
Other provision expense	11	325,688	1,329,215
Net cash before changes in assets and liabilities		**15,109,550**	**14,204,471**
Increase in accounts receivable	6	(760,544)	(427,436)
Decrease/(increase) in due from related parties	24	87,963	(240,830)
Increase in other receivables	7	(785)	(27,724)
Increase in inventory	8	(3,135,682)	(3,724,379)
Decrease/(increase) in other current assets	14	(785,642)	4,896,147
Increase/(decrease) in accounts payable	6	7,332,011	(2,792,881)
Increase in due to related parties	24	163,464	100,703
Increase/(decrease) in other liabilities	14	190,489	(335,328)
Taxes paid		(3,680,310)	(9,607,600)
Interest paid		(55,417)	--
Employee severance indemnity paid		(291,567)	(42,585)
Cash flows provided by operating activities		**14,173,530**	**2,002,558**
Investing activities			
Additions to tangible and intangible assets	9	(1,822,044)	(14,913,146)
Proceeds from sale of tangible and intangible assets		249,716	**--**
Cash flow used in investing activities		**(1,572,328)**	**(14,913,146)**
Financing activities			
Increase in bank borrowings and other financial liabilities		9,399,164	3,052,905
Dividend paid	25	(56,957,809)	(45,000,000)
Interest received, net		2,917,621	2,601,071
Cash flows used in financing activities		**(44,641,024)**	**(39,346,024)**
Net increase/(decrease) in cash and cash equivalents		32,039,822	(52,256,612)
Cash and cash equivalent at the beginning of the period		**34,527,181**	**55,499,043**
Cash and cash equivalent at the end of the period	**4**	**2,487,359**	**3,242,431**

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

1 ORGANIZATION AND NATURE OF THE BUSINESS

İzocam Ticaret ve Sanayi Anonim Şirketi ("İzocam" or the "Company") was established in 1965 and 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).

Koç Holding Anonim Şirketi ("Koç Holding"), Semahat S. Arsel, Suna Kıraç, Rahmi M. Koç, Mustafa V.Koç, M. Ömer Koç, Y.Ali Koç, Temel Ticaret ve Yatırım Anonim Şirketi ("Temel Ticaret"), Koç Yapı Malzemeleri Ticaret Anonim Şirketi ("Koç Yapı"), Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret Anonim Şirketi ("RMK Maden") (referred to "Sellers" herein and after) and Saint Gobain Isover and Alamana Industries Co. S.A.K. ("Buyers") signed a share purchase agreement ("Share Purchase Agreement") on 5 September 2006, in order to transfer of 61.1935 percent of the shares of İzocam owned by Sellers to the Buyers.

According to the Share Purchase Agreement, 1,314,020,534 shares representing 53.5588 percent of the Izocam paid-in capital has been transferred and alienated to İzocam Holding Anonim Şirketi ("İzocam İzolasyon") which is established by the Buyers, on the closing date of 29 November 2006.

According to the usufruct agreement signed on 29 November 2006, usufruct right has been set for the 187,309,862 shares representing 7.6347 percent of Izocam paid-in capital belonging to Koç Yapı ve Temel Ticaret. These shares have been transferred to İzocam İzolasyon on 10 July 2007.

On 13 December 2006, İzocam İzolasyon applied to the Capital Market Board of Turkey ("CMB") for a call option to takeover 9,520,839.39 units of the Company shares, each with a nominal value of YTL 1 amounting to total nominal value of YTL 9,520,839.39, which represents 38.8065 percent of İzocam's paid-in capital. The call process ended on 19 February 2007 and by the shares collected through the call, the share of İzocam İzolasyon in İzocam increased to 86.30 percent.

By collection of shares traded on İstanbul Stock Exchange ("ISE") and collected as at 31 March 2008, shares of İzocam İzolasyon in İzocam have reached to 95.07 percent. Together with 1,501,330,396 shares representing 61.1935 percent of paid-in capital of İzocam not traded on ISE and which İzocam İzolasyon purchased from Koç Group, 831,117,304 shares being traded on ISE and representing 33.8759 percent of paid-in capital of İzocam, the shares of İzocam İzolasyon in İzocam is 95.07 percent.

The Company conducts some of its operations with the related party namely Saint Gobain 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 2008, 38.81 percent of the shares of Izocam are publicly traded at ISE.

As at 31 March 2008, The average number of employees of the Company is 447 in which 196 is comprised of white collar employees and 251 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 YTL 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"). In Communiqué No: XI-29 "Basis for Financial Reporting in the Capital Markets" issued by CMB, CMB determines the principles, procedures and basis for composing of financial reports, preparation of those financial reports and the presentation of those financial reports to whom it may concern.. Communiqué No: XI-29 is effective from the first interim 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 European Union accepted International Financial Reporting Standards ("EUGAAP"). However, until the issuance differences between EUGAAP and Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"), by; Turkish Accounting Standards Board ("TASB"), IFRS should 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 with the CMB Accounting Standards.

The accompanying financial statements of the Company have been approved by the board of directors of the Company on 22 May 2008.

2.1.2 Basis of preparation of financial statements

With the decision 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 at the balance sheet with the 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 YTL based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

As of the date of this report, the differences between EUGAAP and IFRS issued by IASB, has not been issued by IASB, the accompanying financial statements have been prepared in accordance with IFRS to conform with Communiqué 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.

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

2.1.4 Comparative information

The Company's financial statements have been presented comparatively in order to identify the tendency of the Company's financial position, performance and its cash flows.

If necessary, in order to meet the correspondence with the presentation of the financial statements in the current period, comparative information is reclassed and material differences are explained. As at 31 March 2007, the guarantee expenses reflected under selling, marketing and distribution expenses amounting to YTL 130,183 have been reclassified to finance expenses.

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 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.

2.5 Significant Accounting Policies

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

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

2.5 Significant Accounting Policies *(Continued)*

2.5.1 Foreign currency

Transactions in foreign currencies have been translated to YTL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into YTL 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 YTL with the exchange rates at the dates on which their fair values are determined.

2.5.2 Financial instruments

Non-derivative financial instruments

The Company's non-derivative financial instruments are comprised of cash and cash equivalents, accounts receivable, due from related parties, other receivables, accounts payable, due to related parties and financial liabilities.

Financial assets and liabilities are initially recognized at fair value. This cost is the fair value of the consideration received (if asset) or consideration given (if liability). Transaction costs directly attributable to the acquisition or issuing of instruments recognition of financial asset or liability. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Cash and cash equivalents comprise of time and demand deposits, cheques at collection 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. Cash and cash equivalents are stated at cost in the balance sheet (Note 4).

Held-to maturity investments

If the Company has the positive intent and ability to hold debt securities which have fixed and determinable payment terms with fixed maturities to maturity, then they are classified as held-to-maturity.

Financial assets at fair value through profit or loss

The financial instruments with short-term profit making in order to fund the liquidity requirements or take into consideration of changes in interest rates are classified as financial instruments at fair value through profit or loss.

Held to maturity investments are measured at amortized cost using the effective interest methods less any impairment losses. Financial instruments at fair value through profit or loss are measured at fair value.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.2 Financial instruments (Continued)

<u>*Available for sale financial assets*</u>

Financial instruments that are not held for trading purposes or held to maturity are classified as available-for-sale financial assets. Available-for-sale financial assets are classified as non-current assets if the management has no intention to hold those instruments within twelve months after the reporting date or the management will not use those instruments in order to increase working capital of the Company by ways of sale of those instruments otherwise are classified as current assets. The Company management appropriately classified financial instruments at the acquisition date and regularly reviews the classification of its financial instruments.

The gain or losses arising from the changes in the fair value of the available-for-sale financial assets, till the sale of those assets, except for the impairment losses and foreign currency gains/losses recognized in the income statement are accounted for under equity without associating with the financial result of the period. During the sale of those assets, gains and losses previously accounted for under equity is transferred to income statement. The interest computed with amortized cost over those financial assets accounted for on the balance sheet are accounted for in the income statement.

<u>*Others*</u>

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

If the discounted cash flow techniques are used to determine the fair value of the financial instruments, expected cash flows depend on the Company management's best estimates while the discount rate used in the discounted cash flows depends on the current market rates of the similar instruments with the same payments terms and conditions in the market as at the balance sheet date. In the pricing model techniques, the market information current at the balance sheet date are used as a measurement criteria.

Derivative Financial Instruments

<u>*Economic hedges*</u>

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in fair value of mentioned financial instruments are recognized in foreign currency gain and loss in income statement.

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).

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.3 Property, plant and equipment (Continued)

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
Motor vehicles	4 years
Furniture and fixtures	4-10 years

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

Derecognition

Gains or losses on disposals of property, plant and equipment are included in the relevant income and expense accounts, and the cost and accumulated depreciation of property, plant and equipment has been written off from the relevant accounts as appropriate.

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 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(CONTINUED)*

2.5 Significant Accounting Policies *(Continued)*

2.5.5 Leases

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

Assets leased under agreements that do not transfer substantially all the risks and rewards associated with ownership to the Company, other than the legal title, are classified as operating leases. Lease payments are recognized in the 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.

In case of a situation that the Company cannot collect an amount, an impairment provision is made for accounts receivable. 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. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. The reversal is recognized in profit or loss.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.7 Impairment of assets (Continued)

Non-financial assets

At each balance sheet date, the Company reviews the carrying amount of the assets except for deferred tax assets to determine whether there is an indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its value less costs to sell. Value in use is the estimated future cash flows until the end of the useful lives of those assets which are discounted to their present value. For the purpose of impairment testing, 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").

An impairment loss occurs if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount through value in use or sale of that asset. Impairment losses are recognized in the income statement.

Reversal of Impairment

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. 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 with respect to other assets 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 (for tangibles net of depreciation); if no impairment loss had been recognized.

2.5.8 Employee benefits

According to the enacted laws, the Company is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labor laws. Such payments are computed according to the severance indemnity ceiling valid as 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)*

2.5.9 Provisions, commitments and contingencies

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.

2.5.10 Revenue

Revenue based on the fair value of the consideration taken from the sale of goods and services is recognized on an accrual basis when the significant risks and rewards of ownership have been transferred to the buyer the amount of revenue is measured reliably, 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).

2.5.11 Government grants

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

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

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

2.5 Significant Accounting Policies *(Continued)*

2.5.12 Finance income and expenses

Finance Incomes are 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 guarantee expenses.

Bank borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, bank borrowings are measured at amortized cost using the effective interest rate method. The difference between the proceeds net of transaction costs and the amortized cost is recognized in the income statement as finance costs over the period of the bank borrowings. Finance costs arising from bank borrowings, except for the capitalized costs are recognized in the income statement as they are incurred (Note 22). Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. If the necessary operations have been completed in order to make the assets ready for use or sale, the capitalization of finance costs is ceased.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.14 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.

2.5.15 Subsequent events

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

2.5.16 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 accepted as related parties (Note 25). In general, transactions with related parties because of ordinary operations are performed in line with market prices.

2.5.17 Expenses

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

2.5.18 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.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

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

2.5 Significant Accounting Policies *(Continued)*

2.5.19 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 grossprofit/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 statements of cash flows, cash and cash equivalents include cash in hand, cheques in collection, bank deposits and other cash and cash equivalents less interest income accruals.

2.6 Use of Estimates and Judgements

The preparation of financial statements in conformity with CMB accounting standards requires management to make judgements, 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. Changes in estimates are recognized in the period the change is made and in future periods affected by the change in estimate.

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

As at 31 March 2008 and 31 December 2007, cash and cash equivalents comprised of the following:

	31 March 2008	31 December 2007
Banks		
Demand deposits	1,547,514	932,447
Time deposits	500,208	33,231,038
Cheques in collection	438,355	412,638
Other cash equivalents	1,490	2,075
	2,487,567	**34,578,198**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

4 CASH AND CASH EQUIVALENTS *(CONTINUED)*

As at 31 March 2008 and 31 December 2007, demand deposits comprised of the following currencies

	31 March 2008	31 December 2007
YTL	818,564	377,219
Euro	646,302	243,331
American Dollar ("USD")	82,648	311,897
	1,547,514	**932,447**

As at 31 March 2008 and 31 December 2007, time deposits comprised of the following currencies:

	31 March 2008	31 December 2007
YTL	500,208	19,489,792
USD	--	11,091,422
Euro	--	2,649,824
	500,008	**33,231,038**

As at 31 March 2008, time deposit is in YTL and its weighted average interest rate is 15.7 percent. (As at 31 December 2007, time deposits are in YTL, USD and Euro and their weighted average interest rates are 16.5 percent, 5.50 percent ve 3.9 percent respectively). As at 31 March 2008 and 31 December 2007, time deposits are short-term, maturing less than one month.

For purposes of the statement of cash flows, cash and cash equivalents include cash in hand, 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 as at 31 March are as follows:

	2008	2007
Banks		
Demand deposit	1,547,514	1,279,467
Time deposits	500,208	1,473,436
Cheques in collection	438,355	489,696
Other cash and cash equivalents	1,490	1,268
Less: Interest accruals	(208)	(1,436)
	2,487,359	**3,242,431**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

5 BANK BORROWINGS

As at 31 March 2008 and 31 December 2007, bank borrowings are as follows:

	31 March 2008		31 December 2007		
Short Term Bank Borrowings	**YTL Amount**	**Interest %**	**EURO**	**YTL**	**Interest %**
Türkiye İş Bankası Anonim Şirketi	7,027,247	16.5 -16.85	--	--	--
Oyakbank Anonim Şirketi	3,380,989	17.70	--	--	--
Akbank Anonim Şirketi	2,007,583	16.25	--	--	--
Abn Amro Bank	--	--	1,757,150	3,005,078	Euribor+1.25
Total	**12,415,819**		**1,757,150**	**3,005,078**	

6 ACCOUNTS RECEIVABLE AND PAYABLE

6.1 Short –Term Accounts Receivable

	31 March 2008	31 December 2007
Accounts receivable	44,313,322	31,368,394
Cheques receivable	10,166,092	8,876,375
Notes receivable	9,422,500	23,628,050
Doubtful receivables	711,342	711,342
Less: Allowance for doubtful receivables	(711,342)	(711,342)
	63,901,914	**63,872,819**

As at 31 March 2008 and 31 December 2007, the movement of allowance for doubtful receivables is as follows;

	31 March 2008	31 December 2007
Beginning balance	711,342	756,451
Provision for the year	--	34,640
Reversals	--	(69,249)
Write offs	--	(10,500)
	711,342	**711,342**

As at 31 March 2008 and 31 December 2007, short term accounts payable comprised of payable to various suppliers and are as follows:

	31 March 2008	31 December 2007
Accounts payable	23,303,386	15,765,151
	23,303,386	**15,765,151**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

7 OTHER RECEIVABLES AND PAYABLES

7.1 Long Term Other Receivables

As at 31 March 2008 and 31 December 2007, long term other receivables are as follows:

	31 March 2008	31 December 2007
Deposits and guarantees given	2,804	2,804
	2,804	**2,804**

7.2 Short Term Other Payables

As at 31 March 2008 and 31 December 2007, short term other payables are as follows:

	31 March 2008	31 December 2007
Other payables	27,272	7,029
Deposits and guarantees received	--	10,081
	27,272	**17,110**

8 INVENTORIES

As at 31 March 2008 and 31 December 2007, inventories comprised the following:

	31 Mart 2008	31 Aralık 2007
Raw materials and supplies	15,673,508	14,099,425
Finished goods	7,271,942	5,718,264
Merchandise	910,920	902,999
	23,856,370	**20,720,688**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

9 PROPERTY, PLANT AND EQUIPMENT

For the period ended 31 March 2008, movement in the property, plant and equipment is as follows:

Cost	*1 January 2008*	*Additions*	*Disposals*	*31 March 2008*
Land	715,231	--	--	715,231
Land improvements	4,413,106	--	--	4,413,106
Buildings	30,764,217	--	--	30,764,217
Machinery and equipment	165,043,196	310,904	(133,838)	165,220,262
Furniture and fixtures	7,395,551	12,942	--	7,408,493
Leasehold improvements	39,470	--	--	39,470
Construction in progress	2,326,205	1,489,555	(234,718)	3,581,042
	210,696,976	**1,813,401**	**(368,556)**	**212,141,821**

Less: Accumulated depreciation	*1 January 2008*	*Current period depreciation*	*Disposals*	*31 March 2008*
Land improvements	(2,197,480)	(40,188)	--	(2,237,668)
Buildings	(16,572,737)	(266,233)	--	(16,838,970)
Machinery and equipment	(109,318,365)	(2,595,504)	123,061	(111,790,808)
Furniture and fixtures	(6,620,345)	(69,066)	--	(6,689,411)
Leasehold improvements	(30,827)	(1,182)	--	(32,009)
Total accumulated depreciation	**(134,739,754)**	**(2,972,173)**	**123,061**	**(137,588,866)**
Net carrying value	**75,957,222**			**74,552,955**

For the year ended 31 December 2007, movement in the property, plant and equipment is as follows:

Cost	*1 January 2007*	*Additions*	*Transfer (*)*	*Disposal*	*31 December 2007*
Land	715,231	--	--	--	715,231
Land improvements	3,615,396	--	908,702	(110,992)	4,413,106
Buildings	28,845,966	--	2,163,189	(244,938)	30,764,217
Machinery and equipment	135,115,998	929,495	39,123,578	(10,125,875)	165,043,196
Vehicles	72,932	--	481	(73,413)	--
Furniture and fixtures	8,577,798	359,930	(418,786)	(1,123,391)	7,395,551
Leasehold improvements	58,176	--	--	(18,706)	39,470
Construction in progress	17,738,186	9,598,519	(25,010,500)	--	2,326,205
	194,739,683	**20,984,602**	**(1,776,973)**	**(11,697,315)**	**210,696,976**

Less: Accumulated depreciation	*1 January 2007*	*Current period depreciation*	*Transfer (*)*	*Disposal*	*31 December 2007*
Land improvements	(2,101,419)	(161,254)	(722)	65,915	(2,197,480)
Buildings	(15,613,047)	(1,063,727)	(784)	104,821	(16,572,737)
Machinery and equipment	(108,209,901)	(9,623,075)	1,341,404	7,173,207	(109,318,365)
Vehicles	(72,931)	--	(481)	73,412	--
Furniture and fixtures	(7,917,885)	(261,147)	437,556	1,121,131	(6,620,345)
Leasehold improvements	(44,800)	(4,729)		18,702	(30,827)
Total accumulated depreciation	**(133,959,983)**	**(11,113,932)**	**1,776,973**	**8,557,188**	**(134,739,754)**
Net carrying value	**60,779,700**				**75,957,222**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

9 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

(*) During 2007, the Company has reviewed the property, plant and equipment on a detailed item basis and reclassified the cost and accumulated depreciation appropriately.

For the year ended 31 March 2008 depreciation expenses amounting to YTL 2,450,035 (31 March 2007; 1,636,387) has been included under cost of sales, YTL 51,680 (31 March 2007; 54,256 YTL) has been included under general administrative expenses and YTL 470,458 (31 March 2007;YTL 285,903) has been capitalized on stocks.

10 INTANGIBLE ASSETS

For the period ended 31 March 2008, movement in the intangible assets is as follows:

Cost	***1 January 2008***	***Additions***	***Transfer***	***Disposal***	***31 March 2008***
Rights	611,106	8,643	--	--	619,749
	611,106	**8,643**			**619,749**

Less: Accumulated amortization	***1 January 2008***	***Current period amortization***	***Transfer (*)***	***Disposal***	***31March 2007***
Rights	(554,738)	(7,939)	--	--	(562,677)
Total accumulated amortization	**(554,738)**	**(7,939)**	**--**	**--**	**(562,677)**
Net carrying value	**56,368**				**57,072**

For the year ended 31 December 2007, movement in then intangible assets is as follows:

Cost	***1 January 2007***	***Additions***	***Transfer (*)***	***Disposal***	***31 December 2007***
Rights	916,630	6,303	(230,055)	(81,772)	611,106
	916,630	**6,303**	**(230,055)**	**(81,772)**	**611,106**

Less: Accumulated amortization	***1 January 2007***	***Current period amortization***	***Transfer (*)***	***Disposal***	***31 December 2007***
Rights	(796,924)	(65,453)	230,055	77,584	(554,738)
Total accumulated amortization	**(796,924)**	**(65,453)**	**230,055**	**77,584**	**(554,738)**
Net carrying value	**119,706**				**56,368**

(*)During 2007, the Company has reviewed the intangible assets on a detailed item basis and reclassified the cost and accumulated amortization appropriately.

For the year ended 31 March 2008 amortization expenses amounting to YTL 7,939 (31 March 2007: YTL 16,278) has been included under general administrative expenses

11 PROVISIONS AND CONTINGENCIES

11.1 Short Term Expense Accruals

As at 31 March 2008 ve 31 December 2007 short-term expense accruals comprised the following:

	31 March 2008	**31 December 2007**
Bonus provisions	822,750	--
Sales expense accruals	361,270	--
Other expense accruals	26,222	61,804
	1,210,242	**61,804**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

11 PROVISIONS AND CONTINGENCIES *(CONTINUED)*

11.1 Short Term Expense Accruals *(Continued)*

At 31 March 2008, the Company has letter of guarantee in the amount of YTL 3,573,759 (31 December 2007: YTL 3,059,300), and collaterals from banks in the amount of YTL 467,169 (31 December 2007: YTL 457,169), given to customs offices and domestic/foreign vendors.

12 COMMITMENTS

As at 31 March 2008, the Company has purchase commitments amounting to YTL 95,353 (USD 74,699) to various suppliers for the renovation and modernization of investment of Gebze, Tarsus, XPS and Eskisehir facilities.

13 EMPLOYEE BENEFITS

As at 31 March 2008 and 31 December 2007, reserves for employee benefits are as follows:

	31 March 2008	31 December 2007
Provision for employee severance indemnity	3,361,558	3,101,115
Vacation pay liability	836,142	694,816
	4,197,700	**3,795,931**

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 amount payable consists of one month's salary limited to a maximum of YTL 2,087.32 for each year of service as at 31 March 2008 (31 December 2007: YTL 2,030.19).

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 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 Mart 2008	31 Aralık 2007
Discount rate	% 5.71	% 5.71
Turnover rate to estimate the probability of retirement	%7	%10

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

13 EMPLOYEE BENEFITS *(CONTINUED)*

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. Company calculates reserve for employment termination benefits amount of YTL 2,087.32 which is effective from 1 January 2008 (31 December 2007: YTL 2,030.19).

The movement of employee severance indemnity is as follows:

	31 March 2008	**31 December 2007**
Balance at the beginning of the period	3,101,115	3,242,495
Provision for the period/year	552,010	193,684
Payments	(291,567)	(335,064)
Balance at the end of the period	**3,361,558**	**3,101,115**

14 OTHER ASSETS AND LIABILITIES

14.1 Other Current Assets

As at 31 March 2008 and 31 December 2007 other current assets comprised of the following:

	31 March 2008	**31 December 2007**
Prepaid expenses	788,298	37,731
Advances given for inventory	564,652	440,419
Taxes and funds to be offset	162,154	134,157
Advances given for fixed assets	124,321	232,747
VAT for export receivables	116,836	171,987
Job advances	16,326	6,241
Other	44,851	8,514
	1,817,438	**1,031,796**

14.2 Other Current Assets

As at 31 March 2008 and 31 December 2007 other non-current assets comprised of the following:

	31 March 2008	**31 December 2007**
Prepaid expenses	1,128	343
	1,128	**343**

14.3 Other Short Term Liabilities

As at 31 March 2008 and 31 December 2007, other short-term liabilities comprised of the following:

	31 March 2008	**31 December 2007**
Withholding taxes and duties payables	673,985	848,783
Value added taxes ("VAT") payables	500,427	211,852
Social security premium payables	450,837	440,333
Payable to personnels	62,991	6,697
Other	7,912	8,160
	1,696,152	**1,515,825**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

15 EQUITY

15.1 Paid-in Capital

As at 31 March 2008, the paid-in capital of the Company comprises 2,453,414,335 shares issued (31 December 2007: 2,453,414,335 shares of Ykr 1 each) of Ykr 1 each. There are no privileges given to different groups or shareholders.

The shareholder structure of the Company is as follows:

	31 March 2008		31 December 2007	
	Shares	**Ownership rate%**	**Shares**	**Ownership rate%**
İzocam İzolasyon	15,013,304	61.19	15,013,304	61.19
İzocam İzolasyon (Publicly traded)	8,311,173	33.88	8,311,173	33.88
Koç Yapı (*)	--	--	--	--
Temel Ticaret (*)	--	--	--	--
Other	1,209,666	4.93	1,209,666	4.93
	24,534,143	100.00	24,534,143	100.00
Adjustment to share capital	25,856,460		25,856,460	
	50,390,603		**50,390,603**	

According to the Share Purchase Agreement, 1,314,020,534 shares representing 53.5588 percent of the Company's paid-in capital has been transferred and alienated to İzocam İzolasyon Ticaret A.Ş. which is established by the Buyers, on the closing date of 29 November 2006.

(*)According to the usufruct agreement signed on 29 November 2006, usufruct right has been set for the 187,309,862 shares representing 7.6347 percent of Izocam paid-in capital belonging to Koç Yapı ve Temel Ticaret. These shares have been transferred to İzocam İzolasyon on 10 July 2007.

15.2 Restricted Reserves

In accordance with the Communiqué No: XI-29;equity items of paid-in capital, share premiums, legal reserves and special reserves should be presented from their statutory amounts. Accordingly the inflation adjustment in respect of IFRS, the inflation on paid-in capital presented under inflation adjustment on paid-in capital, where as share premium, legal reserves and special reserves presented under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented from their IFRS values.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

15.2 Restricted Reserves *(Continued)*

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

31 March 2008	Historical Cost	Inflation adjustment on equity items*	Restated values
Share premiums	1,092	223,408	224,500
Legal reserves	17,906,452	18,710,928	36,617,380
Extraordinary reserves	17,905,361	(1,496,872)	16,408,489
Special reserves	46	4,931,025	4,931,071
	35,812,951	**22,368,489**	**58,181,440**
31 December 2007			
Share premiums	1,092	223,408	224,500
Legal reserves	12,329,123	18,710,928	31,040,051
Extraordinary reserves	28,791,529	(1,496,872)	27,294,657
Special reserves	46	4,931,025	4,931,071
	41,121,790	**22,368,489**	**63,490,279**

As at 31March 2008 and 31 December 2007, historical values of extraordinary reserves of the Company in accordance with Tax Laws are YTL 1,813,282 YTL and 12,551,832, respectively.

*Share premium, legal reserves, extraordinary reserves and special reserves and inflation adjustments effects 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 periods.

15.3 Dividend Distribution

According to the Turkish Commercial Code, legal reserves 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 CMB Communiqués 25, 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. As at 31March 2008, legal reserves in the financial statements amounted to YTL 17,906,452 (31 December 2007: YTL 12,329,123 YTL).

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 rate defined in "communiqué on principals regarding distribution of dividend or interim dividend that Publicly Held Joint Stock Companies are Subject to Regarding the Dividend Distributions" Serial: IV No: 27.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

15.3 Dividend Distribution *(Continued)*

In the ordinary general assembly held on 20 March 2008, it has been decided that, the Company's net profit as of 31 December 2007 amounting to YTL 51,691,160 and YTL 5,308,840 from extraordinary reserves will be distributed as cash dividend. Additionally, it has been decided that YTL 5,577,329 of nominal amounts of extraordinary reserves will be transferred to legal reserves. As at 31 December 2007, YTL of YTL 57,000,000 total dividend has been paid and the remaining portion amounting to YTL 42,191 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:

	2008	**2007**
Domestic Sales	45,640,402	43,866,057
Export Sales	10,103,554	10,738,825
Others	32,755	11,382
Gross sales	55,776,711	54,616,264
Less: Discounts and sales returns	(3,227,512)	(3,056,442)
Revenues	52,549,199	51,559,822
Less: Cost of sales	(33,730,665)	(32,634,670)
	18,818,534	**18,925,152**

As at 31 March 2008, nature of cost of sales comprised the following:

	31 March 2008
Raw material and consumables used	26,760,169
Personel expenses	2,958,962
Depreciation and amortisation expense	2,450,035
Changes in inventories	1,561,499
	33,730,665

17 SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	2008	**2007**
Freight insurance expenses	2,995,316	1,990,581
Personnel expenses	1,253,342	1,133,647
Licence fee	687,204	510,211
Advertising expenses	520,846	494,805
Sales commissions	320,192	290,234
Agency service expenses	291,310	222,769
Warehouse expenses	289,039	186,234
Exhibition and fair expenses	96,720	92,550
Other	240,077	169,434
	6,694,046	**5,090,465**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

18 GENERAL ADMINISTRATIVE EXPENSES

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

	2008	2007
Personnel expenses	1,998,594	1,033,291
Transportation expenses	229,571	206,406
Representation expenses	101,393	8,227
Rent expenses	79,269	80,463
Travel expenses	76,506	58,122
Repair, maintenance and energy expenses	75,946	62,323
Consultancy expenses	74,887	111,687
Depreciation and amortization (Note 9 ve 10)	59,619	70,984
Telecommunication expenses	55,183	39,626
Membership fees	29,972	23,994
Insurance expenses	25,894	29,312
Taxes other than on income	18,902	29,227
Litigation expenses	16,054	18,176
Donations	2,500	486
Other	386,196	465,127
	3,230,486	**2,237,451**

19 NATURE OF EXPENSES

For the period ended at 31 March 2008, nature of expenses are explained in Notes 16, 17, 18, 20, 21, 22 and 23.

20 INCOME/LOSS FROM OTHER OPERATIONS

20.1 Income from Other Operation

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

	2008	2007
Gain on sale of tangible assets	7,000	--
Other	82,707	180,803
	89,707	**180,803**

20.2 Loss from Other Operations

For the periods ended 31 March, loss from other operations comprised of the following:

	2008	2007
Loss on sale of tangible assets	2,779	882,028
Idle capacity expense (*)	--	743,962
Other	47,303	119,079
	50,082	**1,745,069**

(*) Since the glass and stone wool production unit of the Company was subject to periodical general maintenance during the year 2007, expenses such as electricity, wages and salaries pertaining the maintenance period were classified to the expenses belonging to idle capacity.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

21 FINANCE INCOME

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

	2008	2007
Currency exchange gain	2,954,016	646,034
Interest income on time deposit	1,196,177	1,974,120
Interest income from credit sales	1,026,580	375,091
	5,176,773	**2,995,245**

22 FINANCE EXPENSE

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

	2008	2007
Currency exchange loss	1,421,947	910,551
Guarantee expense	173,811	130,183
Interest expense on borrowings	66,994	27,941
	1,662,752	**1,068,675**

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 November, 18, 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 10^{th} 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.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

23 TAX ASSETS AND LIABILITIES *(CONTINUED)*

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.

As at 31 March 2008 and 31 December 2007, total tax liability comprised of the following:

	31 March 2008	**31 December 2007**
Corporate tax provision	2,526,660	13,129,951
Taxes paid in advance	--	(9,449,641)
Deffered tax liability	2,563,322	2,596,991
	5,089,982	**6,277,301**

For the period ended 31 March 2008 and 2007 taxation charge in the income statement comprised of the following:

	2008	**2007**
Current Tax	(2,526,660)	(2,274,448)
Deffered tax income/(charge)	33,669	(327,755)
	(2,492,991)	**(2,602,203)**

The reported taxation charge for the period ended 31 March 2008 is different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	31 March 2008		**31 March 2007**	
		%		**%**
Profit before tax	12,447,648		11,959,540	
Tax rate	% 20.00		% 20.00	
Taxes on reported profit per statutory tax rate	(2,489,530)	(20.00)	(2,391,980)	(20.00)
Unrecognized deferred taxes from prior year temporary differences	--	--	(207,052)	(1.73)
Disallowable expenses	(9,866)	(0.08)	(3,620)	(0.03)
Other	6,405	0.05	449	(0.00)
Taxation charge	**(2,492,991)**	**(20.03)**	**(2,602,203)**	**(21.76)**

23.1 Deferred Tax Assets and Liabilities

Deferred tax liabilities and assets are provided, using the balance sheet liability 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 periods will be reversed.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

23 TAX ASSETS AND LIABILITIES *(CONTINUED)*

23.1 Deferred Tax Assets and Liabilities *(Continued)*

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 periods 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 realised or settled based on the taxable income in the forthcoming years under the liability method using a principal tax rate of 20 percent (31 December 2007: 20 percent).

Deferred tax assets and deferred tax liabilities as at 31 March 2008 and 31 December 2007 were attributable to the items detailed in the table below:

	31 March 2008 Deferred Tax		31 December 2007 Deferred Tax	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Employee severance indemnity	672,312	--	620,223	--
Vacation pay liability	167,229	--	138,963	--
Deferred interest income	86,561	--	96,214	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(3,258,845)	--	(3,225,050)
Reversal of calculated rediscount expenses according to tax regulations	--	(230,579)	--	(226,613)
Other	--	--	--	(728)
	926,102	(3,489,424)	855,400	(3,452,391)
Offsetting	(926,102)	926,102	(855,400)	855,400
		(2,563,322)		**(2,596,991)**

The movement of deferred tax liabilities is as follow:

	1 January 2007	**Recognized in profit/(loss)**	**31 December 2007**	**Recognized in profit/(loss)**	**31 March 2008**
Employee severance indemnity	648,499	(28,276)	620,223	52,089	672,312
Vacation pay liability	88,290	50,673	138,963	28,266	167,229
Deferred interest income	13,497	82,717	96,214	(9,653)	86,561
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(3,242,483)	17,433	(3,225,050)	(33,795)	(3,258,845)
Reversal of calculated rediscount expenses according to tax regulations	--	(226,613)	(226,613)	(3,966)	(230,579)
Other	--	(728)	(728)	728	--
	(2,492,197)	**(104,794)**	**(2,596,991)**	**33,669**	**(2,563,322)**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

24 EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended 31 March 2008, amounting to YTL 9,954,657 (31 March 2007: 9,357,337 YTL) to the weighted average of the shares during the period.

	31 March 2008	31 March 2007
Net Profit	9,954,657	9,357,337
Number of weighted average of ordinary shares	2,453,414,335	2,453,414,335
Earnings per share (Ykr per share)	0.0041	0.0038

25 RELATED PARTIES

25.1 Due from Related Parties

As at 31 March 2008 and 31 December 2007, due from related parties comprised of the following:

	31 March 2008	31 December 2007
Saint-Gobain Isover Romania SRL ("Isover")	29,311	91,291
Rigips Hellas S.A Saint-Gobain	25,950	--
JSC Saint Gobain Construktion Pr ("JSC")	--	19,247
Saint-Gobain Isover	--	6,736
	55,261	**117,274**

25.2 Due to Related Parties

As at 31 March 2008 and 31 December 2007, due to related parties comprised of the following:

	31 March 2008	31 December 2007
Isover	228,503	118,614
Grunzweig Hartman AG ("Grunzweig")	201,958	185,307
Saint-Gobain Weber Markem Yapı Kimyasalları Ticaret ve Sanayi Anonim Şirketi ("Weber Markem")	169,043	131,550
Other	85,326	43,135
	684,830	**478,606**

25.3 Sales to Related Parties

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

	2008	2007
Isover	29,311	566,558
Rigips Hellas S.A Saint-Gobain	25,950	
Weber Markem	2,235	--
	57,496	**566,558**

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

25 RELATED PARTIES *(CONTINUED*

25.4 Purchases from Related Parties

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

	2008	**2007**
Saint-Gobain Isover France	253,892	379,486
Grunzweig	224,398	--
Weber Markem	203,265	215,968
	681,555	**595,454**

25.5 Other Transaction with Related Parties

For the periods ended 31 March, other transactions with related parties comprised of the following:

Dividends paid	**2008**	**2007**
İzocam İzolasyon	54,189,757	27,519,394
Merkezi Kayıt Kuruluşu ("MKK")	2,767,483	17,434,230
Other	569	2,909
	56,957,809	**44,956,533**

25.5 Remuneration to Top Management

Remuneration paid to top management by the Company for the period ended at 31 March 2008 is YTL 234,791 (31 March 2007: YTL 225,025).

26 LEVEL AND NATURE OF RISKS FROM FINANCIAL INSTRUMENTS

26.1 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- 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. Credit risk is diversified since there is many counterparties in the customer database.

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

26.1 Financial Risk Management *(Continued)*

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.

26.1.3 Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Group'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 reprice 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.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

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

26.2 Risk Management Explanations *(Continued)*

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.

An increase of 100 basis points (1 percent) in interest rates at the reporting date would have decreased net profit by TRY 119,156. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis in 2007.

	31 March 2008	31 March 2007
Net profit increase (per 1 percent increase in interest rates)		
Fair value sensivity for fixed rate (time deposits)	5,002	14,734
Cash flow sensivity for variable rate (borrowings)	(124,158)	(183,830)
	(119,156)	**(169,096)**

26.2.2 Credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 11 percent of the Company's revenue is attributable to sales transactions with a single customer.

The geographical distribution of receivables excluding related parties exposed to the credit risk as at March 31, 2008 is as follow:

	2008
1.District Office (Marmara, West Black Sea Regions)	27,915,433
2. District Office (Central Anatolia, Middle Black Sea Regions)	11,321,554
4. District Office (Aegean and Mediterranean Sea Regions)	9,873,412
Middle East, Balkans, Africa and Others	7,935,132
3. District Office (South East Anatolia, East Anatolia, East Black Sea Regions)	6,801,122
	63,846,653

As at 31 March 2008, the Company has a letter of guarantee amounting to YTL 41,949,844, mortgage amounting to YTL 12,964,862, eximbank guarantee amounting to YTL 12,964,862 and collaterals taken as notes amounting to YTL 653,407 that are taken from customers and agencies.

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.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

26 NATURE AND LEVEL OF THE RISKS ARISEN FROM FINANCIAL INSRUMENTS *(CONTINUED)*

26.2.2 *Credit risk (Continued)*

The Company works with most of its customers since the earlier ages of the Company and there has not been much 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.

As at March 31, 2008 and 31 December 2007 aging of accounts receivable exposed to credit risk according to customer type is as follow:

	31 March 2008		31 December 2007	
	Gross Receivables	**Impairment**	**Gross Receivables**	**Impairment**
Not past due	55,391,851	--	58,221,598	--
Past due 0-30 days	2,746,353	--	4,001,078	--
Past due 31-120 days	5,708,449	--	1,532,868	4,639
More than one year	711,342	711,342	711,342	706,703
	64,557,995	**711,342**	**64,466,886**	**711,342**

26.2.3 *Guaranties*

In accordance of the Company policy, total guarantees given generally to custom houses, domestic suppliers and tax offices is amounted to YTL 4,040,929.

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 Euro and USD.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

26 NATURE AND LEVEL OF THE RISKS ARISEN FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2.4 *Currency Risk (Continued)*

As at 31 March 2008 and 31 December 2007, the Company's net foreign currency position comprised the following foreign currency based assets and liabilities:

	31 March 2008			31 December 2007		
Assets	**Currency**	**Total FC**	**YTL Amount**	**Currency**	**Total FC**	**YTL Amount**
Cash and cash equivalents	USD	64,745	82,648	USD	9,790,778	11,403,319
Accounts Receivable	USD	7,909,152	10,096,033	USD	6,968,863	8,116,634
Cash and cash equivalents	EUR	320,650	646,302	EUR	1,691,706	2,893,155
Accounts Receivable	EUR	1,190,359	2,399,289	EUR	1,438,236	2,459,671
Total			**13,224,272**			**24,872,779**
Liabilities						
Accounts Payable	USD	(351,388)	(448,547)	USD	(565,256)	(658,354)
Financial Liabilites	EUR	--	--	EUR	(1,757,150)	(3,005,078)
Accounts Payable	EUR	(306,104)	(616,984)	EUR	(238,741)	(408,295)
Total			**(1,065,531)**			**(4,071,727)**
			12,158,741			**20,801,052**

Under the assumption that a 10 percent depreciation of the YTL against the other currencies as at 31 March 2008 would have increased the net profit of the Company by the amount YTL 1,215,873 (2007: decreased by YTL 593,726). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	31 March 2008	**31 March 2007**
Net Profit Change		
EUR	242,860	(1,640,607)
USD	973,013	1,044,418
GBP	--	2,463
	1,215,873	**(593,726)**

For the periods ended 31 March, total import and export of the company comprised of the following:

	2008	**2007**
Total export amount	10,103,554	10,759,186
Total import amount	9,224,445	26,920,047

26.2.5 Liquidity risk

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.

Amounts expressed in New Turkish Lira ("YTL") unless otherwise stated. Other currency other than YTL is expressed in full unless otherwise stated.

26 NATURE AND LEVEL OF THE RISKS ARISEN FROM FINANCIAL INSTRUMENTS *(CONTINUED)*

26.2.5 *Liquidity risk (Continued)*

The below table shows the monetary assets and liabilities of the Company according to their remaining maturities as at 31 March 2008 and 31 December 2007.

	31 March 2008					
	0-30 Days	30-90 Days	90-180 Days	180-365 Days	365 Days & more	Total
Cash and cash equivalents	2,487,567	--	--	--	--	2,487,567
Accounts receivable	--	63,846,653	--	--	--	63,846,653
Due from related parties	55,261	--	--	--	--	55,261
Other current assets	1,655,284	162,154	--	--	--	1,817,438
Total monetary assets	**4,198,112**	**64,008,807**	**--**	**--**	**--**	**68,206,919**
Short-term financial liabilities	2,376,182	7,027,877	3,011,760	--	--	12,415,819
Accounts payable	10,848,193	11,770,363	--	--	--	22,618,556
Due to related parties	--	684,830	--	--	--	684,830
Employee benefits	--	--	--	--	4,197,700	4,197,700
Provisions	--	1,210,242	--	--	--	1,210,242
Taxes on Income		2,526,660	--	--	--	2,526,660
Other liabilities	1,696,152	--	--	--	--	1,696,152
Deferred tax liability	--	--	--	--	2,563,322	2,563,322
Total monetary liabilities	**14,920,527**	**23,219,972**	**3,011,760**	**--**	**6,761,022**	**47,913,281**

	31December 2007					
	0-30 Days	30-90 Days	90-180 Days	180-365 Days	365 Days & more	Total
Cash and cash equivalents	34,578,198	--	--	--	--	34,578,198
Accounts receivable	--	63,755,545	--	--	--	63,755,545
Due from related parties	117,274	--	--	--	--	117,274
Other current assets	897,639	134,157	--	--	--	1,031,796
Total monetary assets	**35,593,111**	**63,889,702**	**--**	**--**	**--**	**99,482,813**
Short-term financial liabilities	3,005,078	--	--	--	--	3,005,078
Accounts payable	15,286,545	--	--	--	--	15,286,545
Due to related parties	--	478,606	--	--	--	478,606
Employee benefits	--	--	--	--	3,795,931	3,795,931
Provisions	--	61,804	--	--	--	61,804
Taxes on Income	--	3,680,310	--	--	--	3,680,310
Other liabilities	1,515,825	--	--	--	--	1,515,825
Deferred tax liability	--	--	--	--	2,596,991	2,596,991
Total monetary liabilities	**19,807,448**	**4,220,720**			**6,392,922**	**30,421,090**

27 FİNANCIAL 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 payable

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 imputed interest is significant.

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.

The fair value of the accounts receivable is estimated as the present value of future cash flows, discounted at the market rate of interest. Accounts payable are stated at cost net of interest on credit purchases. Accounts payable, 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.

Non-derivative 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.

Others

Other financial instruments assessed as they reflect their fair value because of their short term nature.