İzocam Ticaret ve Sanayi Anonim Şirketi

Convenience Translation into English of Interim Financial Statements as of and for the Nine-Month Period Ended 30 September 2007

TABLE OF CONTENTS

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Balance Sheet as of 30 September 2007

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

	Note	Unaudited Current Period 30 September 2007		Audited Prior Period 31 December 2006	
ASSETS					
Current Assets			**123,563,822**		**141,864,993**
Cash and Cash Equivalents	4	31,474,564		55,752,338	
Marketable Securities (net)	5	--		--	
Accounts Receivable (net)	7	66,788,358		52,631,019	
Finance Lease Receivables (net)	8	--		--	
Due from Related Parties (net)	9	2,080,941		516,351	
Other Receivables (net)	10	44,525		13,194	
Biological Assets (net)	11	--		--	
Inventory (net)	12	22,525,644		23,070,256	
Due from Customers for Contract Work (net)	13	--		--	
Deferred Tax Assets	14	--		--	
Other Current Assets	15	649,790		9,881,835	
Non-Current Assets			**76,152,030**		**69,581,936**
Accounts Receivable (net)	7	2,804		2,804	
Finance Lease Receivables (net)	8	--		--	
Due from Related Parties (net)	9	--		--	
Other Receivables (net)	10	--		--	
Investments (net)	16	--		--	
Goodwill/Badwill	17	--		--	
Investment Property (net)	18	--		--	
Property, Plant and Equipment (net)	19	76,074,404		69,459,426	
Intangible Assets (net)	20	74,822		119,706	
Deferred Tax Assets	14	--		--	
Other Non-Current Assets	15	--		--	
Total Assets			**199,715,852**		**211,446,929**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Balance Sheet as of 30 September 2007

Amounts expressed in New Turkish Lira (“YTL”) unless otherwise stated.

	Note	Unaudited Current Period 30 September 2007		Audited Prior Period 31 December 2006	
LIABILITIES					
Short-Term Liabilities			**27,239,539**		**30,849,815**
Bank Borrowings (net)	6	--		--	
Short-Term Portion of Long-Term Bank Borrowings (net)	6	3,199,292		--	
Finance Lease Payables (net)	8	--		--	
Other Financial Liabilities (net)	10	1,834,074		1,333,564	
Accounts Payable (net)	7	14,369,009		18,787,522	
Due to Related Parties (net)	9	650,970		380,971	
Advances Received	21	--		--	
Due to Customers for Contract Work (net)	13	--		--	
Expense Accruals	23	7,132,553		9,890,713	
Deferred Tax Liabilities	14	--		--	
Other Liabilities (net)	15	53,641		457,045	
Long-Term Liabilities			**20,549,382**		**21,506,236**
Bank Borrowings (net)	6	14,175,812		15,330,095	
Finance Lease Payables(net)	8	--		--	
Other Financial Liabilities (net)	10	--		--	
Accounts Payable (net)	7	--		--	
Due to Related Parties (net)	9	--		--	
Advances Received	21	--		--	
Expense Accruals	23	3,672,691		3,683,944	
Deferred Tax Liabilities	14	2,700,879		2,492,197	
Other Liabilities (net)	15	--		--	
MINORITY INTEREST	24		**--**		**--**
EQUITY			**151,926,931**		**159,090,878**
Paid-in Capital	25	24,534,143		24,534,143	
Treasury Stock	25	--		--	
Capital Reserves	26	48,226,041		48,226,041	
Share Premium		*1,092*		*1,092*	
Share Certificates Cancellation Income		--		--	
Revaluation Reserve		--		--	
Fair Value Reserve		--		--	
Inflation Adjustments on Equity Items		*48,224,949*		*48,224,949*	
Profit Reserves	26, 27	41,120,698		25,133,995	
Legal Reserves		*12,329,123*		*6,404,304*	
Status Reserves		--		--	
Extraordinary Reserves		*28,791,529*		*18,729,645*	
Special Reserves		*46*		*46*	
Gain on sales of investments and property to be transferred to share capital		--		--	
Translation Reserve		--		--	
Net Profit for the Period		37,836,053		60,986,703	
Retained Earnings/Accumulated Losses	28	209,996		209,996	
Total Equity and Liabilities			**199,715,852**		**211,446,929**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Income Statement for the Nine-Month Period Ended 30 September 2007

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

		Current Period 30 September 2007		Prior Period 30 September 2006	
	Note	Unaudited 1 January- 30 September 2007	Unaudited 1 July- 30 September 2007	Unaudited 1 January- 30 September 2006	Unaudited 1 July- 30 September 2007
OPERATING INCOME					
Net Sales	36	191,505,252	73,087,431	172,303,473	68,718,371
Cost of Sales	36	(119,257,695)	(42,395,205)	(114,385,735)	(45,498,593)
Service Income	36	--	--	--	--
Other Operating Income (net)	36	--	--	--	--
GROSS PROFIT		**72,247,557**	**30,692,226**	**57,917,738**	**23,219,778**
Operating Expenses	37	(24,684,834)	(8,782,247)	(24,836,017)	(8,919,842)
NET OPERATING INCOME		**47,562,723**	**21,909,979**	**33,081,721**	**14,299,936**
Income from Other Operations	38	8,126,241	2,874,454	30,270,301	26,113,531
Loss from Other Operations (-)	38	(7,675,347)	(1,436,690)	(4,502,721)	(729,945)
Finance Costs	39	(430,769)	(262,546)	(826,452)	(475,489)
OPERATING PROFIT		**47,582,848**	**23,085,197**	**58,022,849**	**39,208,033**
Monetary Gain/Loss	40	--	--	--	--
MINORITY INTEREST	24	**--**	**--**	**--**	**--**
PROFIT BEFORE TAX		**47,582,848**	**23,085,197**	**58,022,849**	**39,208,033**
Taxation Charge	41	(9,746,795)	(4,632,658)	(5,913,018)	(3,492,226)
NET PROFIT FOR THE PERIOD		**37,836,053**	**18,452,539**	**52,109,831**	**35,715,807**
EARNINGS PER SHARE New Kuruş ("Ykr")	42	**1.5422**	**0.7521**	**2.124**	**1.456**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Changes in Equity for the Nine-Month Period Ended 30 September 2007

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

	Paid-in Capital	Share Premium	Inflation Adjustments on Euity Items	Fair Value Reserve	Legal Reserves	Extraordinary Reserves	Special Reserves	Net Profit for the Period	Retained Earnings/ Accumulated Losses	Total Equity
Balances as of 1 January 2006	**24,534,143**	**1,092**	**48,224,949**	**19,371,709**	**4,311,006**	**11,580,808**	**46**	**20,282,500**	**209,996**	**128,516,249**
Change in fair values, net	--	--	--	(19,371,709)	--	--	--	--	--	(19,371,709)
Transfer to reserves	--	--	--	--	2,093,298	18,189,202	--	(20,282,500)	--	--
Dividend paid	--	--	--	--	--	(11,040,365)	--	--	--	(11,040,365)
Net profit for the period	--	--	--	--	--	--	--	60,986,703	--	60,986,703
Balances as of 31 December 2006	**24,534,143**	**1,092**	**48,224,949**	**--**	**6,404,304**	**18,729,645**	**46**	**60,986,703**	**209,996**	**159,090,878**
Transfer to reserves	--	--	--	--	5,924,819	22,074,567	--	(27,999,386)	--	--
Dividend paid	--	--	--	--	--	(12,012,683)	--	(32,987,317)	--	(45,000,000)
Net profit for the period	--	--	--	--	--	--	--	37,836,053	--	37,836,053
Balances as of 30 September 2007	**24,534,143**	**1,092**	**48,224,949**	**--**	**12,329,123**	**28,791,529**	**46**	**37,836,053**	**209,996**	**151,926,931**

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Cash Flows for the Nine-Month Period Ended 30 September 2007

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

	Note	Current Period Unaudited 1 January- 30 September 2007	Prior Period Unaudited 1 January- 30 September 2006
Cash flows from operating activities			
Profit before tax		47,582,848	58,022,849
Components of profit before tax not generating or using cash			
Gain on sale of financial asset	38	--	(23,024,165
Depreciation and amortization	19, 20	8,129,616	6,313,096
Increase/(decrease) in provision for employee severance indemnity	23	124,571	981,819
Interest income	38	(6,202,668)	(3,722,665
Interest expense	39	430,769	826,452
Impairment losses on tangible assets	38	2,953,015	--
(Gain)/loss on sale of tangible assets, net	38	2,737	(929,084
Allowance for /(reversal of) doubtful receivables	7,38	34,640	(118,371
Other expense accruals		2,140,525	524,338
Unrealized foreign exchange losses		(1,429,002)	--
Net cash before changes in assets and liabilities		**53,767,051**	**38,874,269**
Increase in accounts receivable	7	(14,713,673)	(17,472,341
Decrease in due from related parties	9	(1,564,590)	(6,552,254
Decrease (increase) Increase in other recevables	10	(31,331)	84,134
(Increase)/decrease in inventory	12	544,612	(2,326,127
Decrease in other current assets	15	2,016,856	2,372,829
Increase/(decrease) in accounts payable	7	(4,444,778)	(895,840
Increase/(decrease) in due to related parties	9	269,999	(79,645
Increase/(decrease) in other liabilities	10, 15, 23	495,025	107,208
Taxes paid		(7,468,551)	(8,865,391
Interest paid		(196,885)	--
Employee severance indemnity paid	23	(286,801)	(736,236
Cash flows used in operating activities		**28,386,934**	**4,510,606**
Investing activities			
Additions to tangible and intangible assets	19	(17,780,578)	(4,963,627
Proceeds from sale of tangible and intangible assets	19	125,117	(2,214,805
Cash flow used in investing activities		**(17,655,461)**	**(7,178,432)**
Financing activities			
Increase in bank borrowings and other financial liabilities		3,240,125	7,540,643
Dividend paid	9.5	(44,973,734)	(11,040,365
Interest received, net		6,944,129	3,118,096
Cash flows used in financing activities		**(34,789,480)**	**(381,626)**
Net decrease in cash and cash equivalents		(24,058,007)	(3,049,452
Cash and cash equivalent at the beginning of the period	**4**	**55,499,042**	**15,906,807**
Cash and cash equivalent at the end of the period	**4**	**31,441,035**	**12,857,355**

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

1 ORGANIZATION AND NATURE OF THE BUSINESS

İzocam Ticaret ve Sanayi Anonim Sirketi ("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" herin 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% 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% of the Izocam paid-in capital has been transferred and alienated to İzocam İzolasyon Ticaret Anonim Şirketi 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% of Izocam paid-in capital belonging to Koç Yapı ve Temel Ticaret. These shares have been transferred to İzocam İzloasyon 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% 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%. By shares collected from 19 February to 30 September 2007, shares of İzocam İzolasyon in İzocam have reached to 95.07%.

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 9). The Company is registered at CMB and its shares are listed in Istanbul Stock Exchange ("ISE") since 15 April 1981. As of 30 September 2007, 38.81% of the shares of Izocam ispublicly traded at ISE.

The average number of employees of the Company is 438 in which 194 is comprised of white collar employees and 244 is comprised of blue collar employees.

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

2 BASIS OF PRENSATION OF FINANCIAL STATEMENTS

2.1 Accounting Policies

2.1.1 Statement of compliance

İzocam 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 accounting and reporting principles published by CMB, namely "CMB Accounting Standards". The CMB published a comprehensive set of accounting principles in Communiqué No: XI-25 "The Accounting Standards in the Capital Markets". In the aforementioned communiqué, it has been stated that applying the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and International Accounting Standards Committee ("IASC") is accepted as an alternative to conform with the CMB Accounting Standards. The Company prepares its financial statements and notes to the financial statements by applying the aforementioned alternative standards. The Board of Directors of the Company approved the financial statements prepared in accordance with the alternative method on 02.11.2007.

2.1.2 Basis of presentation

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its financial statements for the accounting periods starting from 1 January 2005. These financial statements and the related notes have been presented in accordance with the financial statements and disclosures as formats required by the CMB with its announcement dated 10 December 2004.

The equity items including paid-in capital, share premium, legal reserves and extraordinary reserves are presented at the balance sheet in accordance with the Turkish Commercial Code and the effects of inflation over those equity items as of 31 December 2004 are reflected ininflation adjustments on equity item's account as a separate line under equity

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.

The differences between the accounting principles promulgated by the Capital Market Board of Turkey, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have influence on the accompanying financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS

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

2.2 Accounting in Hyperinflationary Economies

As mentioned in Note 2.1 Accounting Policies, the Company has ceased applying inflation accounting starting from 1 January 2005 in accordance with the resolution of CMB.

2.3 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.

Comparative information can be reclassified in order to conform to the current period financial statements in case of necessity and the significant differences are disclosed accordingly.

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.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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. Net sales represent the invoiced value of goods shipped less sales returns. 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 36).

3.2 Inventories

The cost of inventories is determined on the moving monthly average basis. 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 realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 12).

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

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Property, plant and equipment

3.3.1 Tangible assets

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 19).

3.3.2 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.

If the carrying amount of an asset exceeds the recoverable amount of that asset, the carrying amount of that asset is reduced to the recoverable amount of that asset.

3.3.3 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.

3.3.4 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.4 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 20).

3.4.1 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.

3.5 Impairment of Assets

At each balance sheet date, the Company reviews the carrying amount of the assets except for deferred tax assets (Note 3.21) to determine whether there is an indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. 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. 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. Impairment losses are recognized in the income statement.

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. 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.

3.6 Accounts Receivable

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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.6 Accounts Receivable *(Continued)*

The Company establishes an impairment loss for accounts receivable if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the impairment loss is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the impairment is credited to income from other operations.

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.

3.7 Borrowing Costs

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 39). 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 has been completed in order to make the assets ready for use or sale, the capitalization of finance costs is ceased.

3.8 Financial Instruments

3.8.1 Classification

The Company's financial assets comprised of cash and cash equivalents, accounts receivable, due from related parties and other receivables. Bank borrowings, accounts payable and due to related parties are classified as financial liabilities.

The Company management classified the financial instruments with fixed or fixed or determinable payments and fixed maturity that the Company has the intent and ability to hold to maturity as held-to-maturity financial assets. 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. 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.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 Financial Instruments *(Continued)*

3.8.2 Recognition

Financial assets are recognized at the date of the transfer to the Company and financial liabilities are recognized at the date of transfer from the Company.

3.8.3 Measurement

Financial assets and liabilities are measured initially at cost. This cost is the fair value of the assets given or liabilities taken. Transaction costs associated with the acquisition or issuance of instruments are included in the initial measurement of financial assets and liabilities.

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.

Held-to-maturity financial instruments are measured at amortized cost with the effective interest rate method and financial instruments through at fair value through profit or loss are measured at fair value.

3.8.4 Fair value measurement principles

The fair values of financial assets and liabilities subsequent to the initial recognition are based on their quoted market prices at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, fair value of an instrument is estimated using the fair value pricing models or the discounted cash flows tecniques.

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 of the balance sheet date. In the pricing model techniques, the market information current at the balance sheet date are used as a measurement criteria.

3.8.5 Derecognition

A financial asset is derecognised when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognised when it is extinguished.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 Financial Instruments *(Continued)*

3.8.6 Financial risk management

The Company emphasizes to manage the various financial risks including the changes in debt and equity prices, foreign currency exchange rates and interet rates. By risk management program, the Company aims to minimize the potential negative effects of the fluctuations in the market.

(i) Interest rate risk

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.

(ii) Funding risk

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

(iii) Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. The Company manages those risks by restricting the average exposure to a counter party (except for related parties) in each agreement and by obtaining collaterals where deemed as necessary. The Company operates most of its business through the agencies in the domestic market. The Company collects letter of guarantees, mortgages and notes collected before the sales from the agencies in order to minimize the risk. The Company reviews on an ongoing basis those collaterals with the orders of the agencies that exceeds those collaterals. The provisions set for the bad debt receivables seems within the limits when taking into consideration of the past experiences of the collection of trade receivables. Therefore, the Company, except for the provision set for the bad and doubtful receivables, the Company does not foresee additional risks for the outstanding receivables of the Company.

(iv) Currency risk

The Company is exposed to currency risk through the translation of assets and liabilities in foreign currencies to YTL. Currency risk is reviewed on an ongoing basis by analyzing the currency position of the Company.

The Company's net assets have the exposure of currency risk because of the export sales. The Company follows up a balancing policy in order to mitigate the currency risk (Note 29).

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 Financial Instruments *(Continued)*

(v) 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 the repayments of its borrowing from the cash inflows provided from operating activities through the productivity from those capital expenditures

3.9 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.

3.10 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 42).

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.

3.11 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 of the balance sheet date, if the evidence with respect to the such events or such events have occurred after the balance sheet date and such events require to restate the financial statements, accordingly the Company restates the financial statements appropriately. If such events do not require to restate the financial statements, such events have been disclosed in the related notes.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.12 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 31).

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 (Note 31).

3.13 Changes in Accounting Policies, Estimates and Errors

The Company applies the accounting policies consistently to the transactions with the same nature, other events and situations. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements. 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.

3.14 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.

Lease liabilities are reduced through repayments of principal, while the finance charge component of the lease payment is charged directly to profit or loss. The leased assets are amortized through the useful life of the relevant asset.

If the lease period is less than the useful life of the asset and the transfer of the ownership is not probable for that asset, the leased asset is amortized through the lease term. If the useful life of that asset is less than the lease term, the asset is amortized through the useful life of that asset.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.14 Leases *(Continued)*

Assets leased under agreements that do not transfer substantially all the risks and rewards associated with ownership to the Compay, 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.

3.15 Related Parties

For the purpose of these financial statements and the notes, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies are considered and referred to as related parties (Note 9). Transactions with related parties are priced predominantly on an arms-length basis.

3.16 Segment Reporting

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

3.17 Construction Contracts

None

3.18 Discontinued Operations

None

3.19 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 asscociated with the grants.

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

3.20 Investment Property

None.

3.21 Income Taxes

Income tax expense comprises current and deferred tax.

Current tax includes the tax payable on the taxable income for the period, using tax rates enacted at the reporting date (Note 41).

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.21 Income Taxes *(Continued)*

Deferred tax liabilities and assets are recognized using the balance sheet liability 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 isprobable 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 14)

3.22 Employee Benefits

According to the enacted laws, the Company is laible 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 of 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.

3.23 Defined Benefit Plans

None.

3.24 Agricultural Operations

None.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.25 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 outlows 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 represents 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.

3.26 Expenses

Expenses are accounted for accrual basis. Cost of sales and operating expenses are recognized as they incur.

3.27 Cash and Cash Equivalents

The cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits at banks 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.

3.28 Accounts Payable

Accounts payable is carried at cost less the credit purchases. Accounts payable netted with deferred finance costs, are initially recognized at the original invoice amount. Accounts payable is carried at amortized cost which is discounted by the effective interest rate.

3.29 Paid-in Capital and Dividends

Ordinary shares are classified as paid-in capital (Note 25). Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividends payable are recognised as an appropriation of retained earnings in the period in which they are declared. Dividends receivables are reocgnized as income in the period in which they are declared.

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

4 CASH AND CASH EQUIVALENTS

As of 30 September 2007 and 31 December 2006, cash and cash equivalents comprised of the following:

	30 September 2007	31 December 2006
Banks		
Time deposits	27,890,129	54,785,845
Demand deposit	2,500,200	965,707
Cheques in collection	1,083,033	--
Other cash and cash equivalents	1,202	786
	31,474,564	**55,752,338**

As of 30 September 2007 and 31 December 2006, demand deposits comprised of the following currencies:

	30 September 2007	31 December 2006
American Dolar ("USD")	1,131,932	235,424
YTL	927,125	564,544
Euro	441,143	165,739
	2,500,200	**965,707**

As of 30 September 2007 and 31 December 2006, time deposits comprised of the following currencies:

	30 September 2007	31 December 2006
YTL	18,540,881	46,717,835
Euro	5,129,086	3,704,826
USD	4,220,162	4,363,184
	27,890,129	**54,785,845**

As of 30 September 2007,time deposits were in YTL,USD and Euro and their weighted average interest rates are 17.7%, 4.85% and 3.9% respectively (31 December 2006: time deposits were in YTL, USD and Euro with weighted average interest rate of 21%, 5%, and 3%, respectively). As of 30 September 2007 and 31 December 2006, time deposits were short-term, maturing less than one month.

For purposes of the statements 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 for the nine-month periods ended 30 September are as follows:

	30 September 2007	31 December 2006
Banks		
Time deposits	27,890,129	10,651,440
Demand deposit	2,500,200	1,675,422
Cheques in collection	1,083,033	539,780
Other cash and cash equivalents	1,202	1,153
Less: Interest accruals	(33,529)	(10,440)
	31,441,035	**12,857,355**

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

5 MARKETABLE SECURITIES

None (31 December 2006: None).

6 BANK BORROWINGS

As of 30 September 2007 and 31 December 2006, the details of bank borrowings are as follows:

	Interest rate %		Orginal currency		YTL	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Short-term bank borrowings						
Short-term portion of long term borrowings-Euro	Euribor+1.25	--	1,872,464	--	3,199,292	--
Total short-term bank borrowings			**1,872,464**	**--**	**3,199,292**	
Long-term bank borrowings						
Long-term bank borrowings-Euro	Euribor+1.25	4.98 -5.05	8,296,741	8,278,744	14,175,812	15,330,095
Total long-term bank borrowings			**8,296,741**	**8,278,744**	**14,175,812**	**15,330,095**

As of 30 September 2007, the redemption schedule of long-term borrowings is as follows:

	30 September 2007	
	Orginal currency Euro	YTL
1 October 2008 30 September 2009	3,031,166	5,179,050
1 October 2009 30 September 2010	2,759,453	4,714,801
1 October 2010 30 September 2011	2,506,122	4,281,961
	8,296,741	**14,175,812**

7 ACCOUNTS RECEIVABLE AND PAYABLE

7.1 Short-Term Accounts Receivables (net)

	30 September 2007	31 December 2006
Trade receivable	44,377,230	26,496,177
Note receivable	10,129,650	18,562,500
Cheques receivable	7,650,639	7,545,409
Bad and doubtful receivables	745,951	783,384
Less: Allowance for bad and doubtful receivables	(745,951)	(756,451)
	66,788,358	**52,631,019**

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

7 ACCOUNTS RECEIVABLE AND PAYABLE *(CONTINUED)*

Movements in the allowance for bad and doubtful receivables during the nine-month period ended 30 September 2007 and for the year ended 31 December 2007 was as follows:

	30 September 2007	31 December 2006
Balance at the beginning	756,451	1,938,523
Provision for the period/year	34,640	216,702
Write-offs	(79,749)	(1,398,774)
	711,342	**756,451**

7.2 Long-Term Accounts Receivable (net)

	30 September 2007	31 December 2006
Deposits and guarantees given	2,804	2,804
	2,804	**2,804**

7.3 Short-Term Accounts Payable (net)

	30 September 2007	31 December 2006
Trade payable	14,355,487	18,770,252
Deposits and guarantees received	10,081	17,270
Other	3,441	--
	14,369,009	**18,787,522**

7.4 Long-Term Accounts Payable

None (31 December 2006: None).

8 FINANCE LEASE RECIVABLE AND PAYABLE

None (31 December 2006: None).

9 RELATED PARTIES

9.1 Due from Related Parties Short-Term

As of 30 September 2007 and 31 December 2006, due from related parties comprised the following:

	30 September 2007	31 December 2006
JSC Saint Gobain Construktion Pr ("JSC")	1,451,976	--
Saint-Gobain Isover Romania SRL ("Isover")	608,607	145,939
Saınt-Gobain Isover	20,358	--
Üçsel İnşaat ve Malzeme Müh. Mak. Tic. Ltd. Şti.	--	370,412
	2,080,941	**516,351**

9.2 Due to Related Parties Short-Term

As of 30 September 2007 and 31 December 2006, due to related parties comprised the following:

	30 September 2007	31 December 2006
Saint-Gobain Weber Markem Yapı Kimyasalları Ticaret A.Ş. ("Weber Markem")	296,354	256,754
Grunzweig Hartman AG ("Grunzweig")	188,885	--
Isover	121,306	104,339
Other	44,425	19,878
	650,970	**380,971**

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

9 RELATED PARTIES *(CONTINUED)*

9.3 Sales to Related Parties

For the nine-month and three-month periods ended 30 September 2007 and 2006 sales to related parties comprised the following:

	30 September 2007		**30 September 2006**	
	Nine-month period	**Three-month period**	**Nine-month period**	**Three-month period**
Isover	1,479,620	1,451,976	--	--
JSC	1,465,748	645,642	--	--
Arçelik A.Ş.	--	--	12,528,484	5,178,355
Beko Elektronik A.Ş.	--	--	6,975,541	2,436,045
Koçtaş Yapı Marketleri A.Ş.	--	--	304,140	143,043
Ark İnşaat Sanayi ve Ticaret A.Ş.	--	--	1,481,947	422,833
Other	--	--	704,963	465.828
	2,945,368	**2,097,618**	**21,995,075**	**8,646,104**

9.4 Purchases from Related Parties

For the nine-month and three-month periods ended 30 September 2007 and 2006 product and service purchases from related parties comprised the following:

	30 September 2007		**30 September 2006**	
	Nine-month period	**Three-month period**	**Nine-month period**	**Three-month period**
Weber Markem	1,074,746	371,644	--	--
Saint Gobain Isover France	799,553	185,519	--	--
Grunzweig	439,798	126,394	--	--
Koç Statoil Gaz Toptan Satış Anonim Şirketi (a)	--	--	3,134,565	825,924
Entek Elektrik Üretimi Otoprodüktör Grubu Anonim Şirketi (a)	--	--	2,861,446	1,013,129
Akpa Dayanıklı Tüketim LPG Akaryakıt Ürünleri Pazarlama Anonim Şirketi (a)	--	--	1,475,633	563,312
Beko Ticaret Anonim Şirketi (a)	--	--	1,195,435	718,220
Ram Sigorta ve Aracılık Hizmetleri Anonim Şirketi			795,246	22,778
Koç Holding (a)	--	--	725,483	245,483
Setur Servis Turistik Anonim Şirketi (a)	--	--	674,955	267,453
Palmira Turizm Ticaret Anonim Şirketi (a)	--	--	582,409	196,001
Aygaz Anonim Şirketi (a)	--	--	542,868	441,153
Otokoç Anonim Şirketi (a)	--	--	308,316	111,365
Opet Petrolcülük Anonim Şirketi (a)	--	--	200,499	67,711
Koç Net Haberleşme Teknolojileri ve İletişim Hizmetleri Anonim Şirketi (a)	--	--	144,821	55,831
Koç Sistem Bilgi ve İletişim Hizmetleri Anonim Şirketi (a)	--	--	74,760	30,325
Migros Türk Ticaret Anonim Şirketi (a)	--	--	9,153	9,153
Diğer (a)	--	--	700,814	(66,442)
	2,314,097	**683,557**	**13,426,403**	**4,501,396**

(a) Above disclosed purchases from Koç Group Companies are not represented comparatively for the nine-month period ended and three-month period ended 30 September 2007. After the finalisation of share purchase agreement as of 29 November 2006, Koç Group Companies are excluded from the scope of the related party.

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

9 RELATED PARTIES *(CONTINUED)*

9.5 Other Transactions with Related Parties

For the nine-month and three-month periods ended 30 September 2007 and 2006 other transactions with related parties comprised the following:

	30 September 2007		30 September 2006	
	Nine-month period	Three-month period	Nine-month period	Three-month period
Interest income/(expense) net				
Yapı ve Kredi Bankası A.Ş. ***(b)***	--	--	218,352	20,250
Koçbank A.Ş. ***(b)***	--	--	277,103	74,369
	--	**--**	**495,455**	**94,619**
Dividends paid				
İzocam İzolasyon	27,519,394	--	--	--
Merkezi Kayıt Kuruluşu ("MKK")	17,434,230	--	--	--
Koç Holding ***(b)***	--	--	1,924,193	-
Temel Ticaret ***(b)***	--	--	3,347,828	-
Diğer	20,110	507	548,803	-
	44,973,734	**507**	**5,820,824**	**-**
Donations				
Rahmi Koç Müzesi ***(b)***	--	--	20,127	--
Vehbi Koç Vakfı ***(b)***			181,000	181,000
	--	**--**	**201,127**	**181,000**

(b) Above disclosed transactions made with Koç Group Companies are not represented comparatively for the nine-month period ended and three-month period ended 30 September 2007. After the finalisation of share purchase agreement as of 29 November 2006, Koç Group Companies are excluded from the scope of the related party.

9.6 Renumeration for Top Management

Remuneration paid to top management by the Company for the nine-month and three-month periods ended at 30 September 2007 are YTL 649,959 and YTL 213,882, respectively. (For the nine-month and three-month periods ended at 30 September 2006 are YTL 589,298 and YTL 197,102, respectively.)

10 OTHER RECEIVABLES AND FINANCIAL LIABILITIES

10.1 Other Short-Term Receivables (net)

As of 30 September 2007 and 31 December 2006, other short-term receivables comprised the following:

	30 September 2007	31 December 2006
Job advances	36,326	13,011
Receivables from employees	3,052	--
Other	5,147	183
	44,525	**13,194**

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

10 OTHER RECEIVABLES AND FINANCIAL LIABILITIES *(CONTINUED)*

10.2 Other Financial Liabilities Short-Term

As of 30 September 2007 and 31 December 2006, other short-term financial liabilities comprised the following:

	30 September 2007	31 December 2006
Value addet taxes ("VAT") payables	785,046	--
Social security premium payables	744,808	682,359
Witholding taxes and duties payables	295,463	633,580
Other	8,757	17,625
	1,834,074	**1,333,564**

11 BIOLOGICAL ASSETS

None (31 December 2006: None).

12 INVENTORIES

As of 30 September 2007 and 31 December 2006 inventories comprised the following:

	30 September 2007	31 December 2006
Raw materials and supplies	15,212,048	15,664,301
Finished goods	5,892,270	5,802,739
Merchandise	1,016,830	1,198,179
Advances given	404,496	405,037
	22,525,644	**23,070,256**

13 DUE FROM CUSTOMERS FOR CONTRACT WORK/DUE TO CUSTOMERS FOR CONTRACT WORK

None (31 December 2006: None).

14 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.

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% (31 December 2006: 20%).

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

14 DEFERRED TAX ASSETS AND LIABILITIES *(CONTINUED)*

Deferred tax assets and deferred tax liabilities as of 30 September 2007 and 31 December 2006 were attributable to the items detailed in the table below:

	30 September 2007 Deferred tax		31 December 2006 Deferred tax	
	assets	**liabilities**	**assets**	**liabilities**
Employee severance indemnity	616,053	--	648,499	--
Vacation pay liability	118,485	--	88,290	--
Deferred interest income	117,836	--	13,497	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(3,325,287)	--	(3,242,483)
Reversal of discount changes in accordance with tax regulations	--	(221,641)	--	--
Other	--	(6,325)	--	--
	852,374	(3,553,253)	750,286	(3,242,483)
Offsetting	(852,374)	852,374	(750,286)	750,286
		(2,700,879)	**--**	**(2,492,197)**

The movement of deferred tax liabilites is as follows:

	1 January 2006	**Recognized in profit/(loss)**	**31 December 2006**	**Recognized in profit/(loss)**	**30 September 2007**
Employee severance indemnity	1,082,271	(433,772)	648,499	(32,446)	616,053
Vacation pay liability	196,186	(107,896)	88,290	30,195	118,485
Deferred interest income	30,234	(16,737)	13,497	104,339	117,836
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(5,377,409)	2,134,926	(3,242,483)	(82,804)	(3,325,287)
Reversal of discount changes in accordance with tax regulations	--	--	--	(221,641)	(221,641)
Other	--	--	--	(6,325)	(6,325)
	(4,068,718)	**1,576,521**	**(2,492,197)**	**(208,682)**	**(2,700,879)**

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

15 OTHER CURRENT/NON-CURRENT ASSETS AND SHORT/LONG-TERM LIABILITIES

15.1 Other Current Assets

As of 30 September 2007 and 31 December 2006 other current assets comprised the following:

	30 September 2007	31 December 2006
VAT receivables	--	2,357,013
Prepaid expenses	300,057	36,833
VAT for export receivables	220,203	109,635
Taxes and funds to be offset	97,691	157,176
Other	31,839	5,989
Prepaid taxes (Note 41)	-	7,215,189
	649,790	**9,881,835**

15.2 Other Non-Current Assets

None (31 December 2006: None).

15.3 Other Short-Term Liabilities

	30 September 2007	31 December 2006
Payable to employees	53,641	457,045
	53,641	**457,045**

15.4 OtherLong-Term Liabilities

None (31 December 2006: None).

16 INVESTMENTS

None (31 December 2006: None).

17 GOODWILL/BADWILL

None (31 December 2006: None).

18 INVESTMENT PROPERTY

None (31 December 2006: None).

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

19 PROPERTY, PLANT AND EQUIPMENT

For the nine-month period ended 30 September 2007; movement in the property, plant and equipment is as follows:

Cost	*1 January 2007*	*Additions*	*Transfer (*)*	*Disposal*	*30 September 2007*
Land	715,231	--	--	--	715,231
Land improvements	3,615,396	--	908,702	(70,696)	4,453,402
Buildings	28,845,966	--	2,163,189	(124,988)	30,884,167
Machinery and equipment	135,115,998	232,220	39,123,578	(9,500,667)	164,971,129
Vehicles	72,932	--	481	(66,374)	7,039
Furniture and fixtures	8,577,798	133,026	(418,786)	(55,648)	8,236,390
Leasehold improvements	58,176	--	--	(15,898)	42,278
Construction in progress	17,738,186	7,429,870	(25,010,500)	--	157,556
Advances given	8,679,726	9,979,160	(18,543,637)	--	115,250
	203,419,409	**17,774,276**	**(1,776,973)**	**(9,834,271)**	**209,582,442**

Less: Accumulated depreciation	*1 January 2007*	*Current period depreciation*	*Transfer (*)*	*Disposal*	*30 September 2007*
Land improvements	(2,101,419)	(120,302)	(722)	26,056	(2,196,387)
Buildings	(15,613,047)	(795,161)	(784)	52,432	(16,356,560)
Machinery and equipment	(108,209,901)	(6,982,123)	1,341,404	6,547,653	(107,302,967)
Vehicles	(72,931)	(1)	(481)	66,374	(7,039)
Furniture and fixtures	(7,917,885)	(177,297)	437,556	44,989	(7,612,637)
Leasehold improvements	(44,800)	(3,546)		15,898	(32,448)
Total accumulated depreciation	**(133,959,983)**	**(8,078,430)**	**1,776,973**	**6,753,402**	**(133,508,038)**
Net carrying value	**69,459,426**				**76,074,404**

For the year ended 31 December 2006, movement in the property, plant and equipment is as follows:

Cost	*1 January 2006*	*Additions*	*Transfer*	*Disposal*	*31 December 2006*
Land	715,231	--	--	--	715,231
Land improvements	3,626,204	5,600	75,170	(91,578)	3,615,396
Buildings	30,092,641	23,000	28,229	(1,297,904)	28,845,966
Machinery and equipment	142,694,785	202,123	546,448	(8,327,358)	135,115,998
Vehicles	655,579	111,440	--	(694,087)	72,932
Furniture and fixtures	8,851,022	128,236	12,297	(355,581)	8,635,974
Construction in progress	207,222	7,710,961	9,820,003	--	17,738,186
Advances given	65,986	19,095,887	(10,482,147)	--	8,679,726
	186,908,670	**27,277,247**	**--**	**(10,766,508)**	**203,419,409**

Less: Accumulated depreciation	*1 January 2006*	*Current period depreciation*	*Transfer*	*Disposal*	*31 December 2006*
Land improvements	(1,979,897)	(150,037)	--	28,515	(2,101,419)
Buildings	(14,953,682)	(1,078,266)	--	418,901	(15,613,047)
Machinery and equipment	(107,526,653)	(6,890,421)	--	6,207,173	(108,209,901)
Vehicles	(539,922)	(62,176)	--	529,167	(72,931)
Furniture and fixtures	(7,901,410)	(327,103)	--	265,828	(7,962,685)
Total accumulated depreciation	**(132,901,564)**	**(8,508,003)**	**--**	**7,449,584**	**(133,959,983)**
Net carrying value	**54,007,106**				**69,459,426**

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

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

19 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

For the nine-month period ended 30 September 2007 depreciation expenses amounting to YTL 7,750,805 (30 September 2006: YTL 7,268,887) has been included under cost of sales, YTL 327,625 (30 September 2006: YTL 473,755) has been included under general administrative expenses.

Total insurance coverage over property, plant and equipment is YTL 386,675,578.

20 INTANGIBLE ASSETS

For the nine-month period ended 30 September 2007, movement in the intangible assets is as follows:

Cost	***1 January 2007***	***Additions***	***Transfer (*)***	***Disposal***	***30 September 2007***
Rights	916,630	6,302	(230,055)	--	692,877
	916,630	**6,302**	**(230,055)**	--	692,877

Less: Accumulated amortization	***1 January 2007***	***Current period amortization***	***Transfer (*)***	***Disposal***	***30 September 2007***
Rights	(796,924)	(51,186)	(230,055)	--	(618,055)
Total accumulated amortization	**(796,924)**	**(51,186)**	**(230,055)**	**--**	**(618,055)**
Net carrying value	**119,706**				**74,822**

For the year ended 31 December 2006, movement in then intangible assets is as follows:

Cost	***1 January 2006***	***Additions***	***Transfer***	***Disposal***	***31 December 2006***
Rights	885,414	31,216	--	--	916,630
	885,414	**31,216**	**--**	**--**	**916,630**

Less: Accumulated amortization	***1 January 2006***	***Current period amortization***	***Transfer***	***Disposal***	***31 December 2006***
Rights	(673,311)	(123,613)	--	--	(796,924)
Total accumulated amortization	**(673,311)**	**(123,613)**	**--**	**--**	**(796,924)**
Net carrying value	**212,103**	**(92,397)**			**119,706**

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

For the nine-month period ended 30 September 2007 amortization expenses amounting to YTL 51,186 (30 September 2006: YTL 4,964) has been included under general administrative expenses.

21 ADVANCES RECEIVED

None (31 December 2006: None).

22 DEFINED BENEFIT PLAN

Except for the provision for employee severance indemnity explained in Note 23, there is defined benefit plan.

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

23 EXPENSE ACCRUALS

23.1 Short-Term Expense Accruals

As of 30 September 2007 and 31 December 2006 short-term expense accruals comprised the following:

	30 September 2007	31 December 2006
Corporate taxes provision (Note 41)	9,538,113	9,607,600
Preaid taxes	(5,076,140)	--
Other expense accruals	2,670,580	283,113
	7,132,553	**9,890,713**

23.2 Long-Term Expense Accruals

As of 30 September 2007 and 31 December 2006 long-term expense accruals comprised the following:

	30 September 2007	31 December 2006
Provision for employee severance indemnity	3,080,265	3,242,495
Vacation pay liability	592,426	441,449
	3,672,691	**3,683,944**

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 2.030,19 for each year of service as of 30 September 2007 (31 December 2006: YTL 1,857.44).

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:

	30 September 2007	31 December 2006
Discount rate	5.71%	5.71%
Turnover rate to estimate the probability of retirement	10%	2%

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

23 EXPENSE ACCRUALS *(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 2,030.19 which is effective from 1 January 2007 (2006: YTL 1,857.44).

The movement of employee severance indemnity is as follows:

	30 September 2007	31 December 2006
Balance at the beginning of the period	3,242,495	3,607,571
Increase/(decrease) during the period/year	124,571	1,292,205
Payments	(286,801)	(1,657,281)
Balance at the end of the period	**3,080,265**	**3,242,495**

24 MINORITY INTEREST

Since the Company does not prepare consolidated financial statements, there is no minority interest.

25 PAID-IN CAPITAL/TREASURY STOCK

As of 30 September 2007, the paid-in capital of the Company comprises 2,453,414,335 shares issued (31 December 2006: 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:

	30 September 2007		31 December 2006	
	Shares	Ownership rate%	Shares	Ownership rate%
İzocam İzolasyon	23,324,477	95,07	13,140,205	53,56
Koç Yapı (*)	--	--	647,899	2,64
Temel Ticaret (*)	--	--	1,225,200	4,99
Other	1,209,666	4,93	9,520,839	38,81
	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% 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% of Izocam paid-in capital belonging to Koç Yapı ve Temel Ticaret. These shares have been transferred to İzocam İzloasyon on 10 July 2007.

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

26 CAPITAL RESERVES

26.1 Inflation Adjustments on Equity Items

As discussed in Note 2, the Company started to prepare its financial statements from the first quarter of 2006 in accordance with the alternative application of CMB and ceased applying IAS 29 in conformity with the decision taken by CMB on 17 March 2005

In accordance with Communiques No: XI-25, during the first time application of inflation accounting, "Paid-in Capital, Share Premiums, Legal Reserves, Status Reserves, Special Reserves and Extraordinary Reserves" of equity items has to be presented with their historic values. Inflation effects on those equity items are presented as"inflation adjustment on equity items" under equity.

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

30 September 2007	**Historic cost**	**Inflation adjustment on equity items**	**Restated values**
Paid-in capital	24,534,143	25,856,460	50,390,603
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
	65,655,933	**48,224,949**	**113,880,882**
31 December 2006			
Paid-in capital	24,534,143	25,856,460	50,390,603
Share premiums	1,092	223,408	224,500
Legal reserves	6,404,304	18,710,928	25,115,232
Extraordinary reserves	18,729,645	(1,496,872)	17,232,773
Special reserves	46	4,931,025	4,931,071
	49,669,230	**48,224,949**	**97,894,179**

As of 30 September 2007 and 31 December 2006, historical values of extraordinary reserves of the Company in accordance with Tax Laws are YTL 12,551,832 and YTL 24,564,515, respectively.

26.2 Share Premiums

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.

27 PROFIT RESERVES

According to the Turkish Commerical Code, legal reserves comprised of first and legal reserves. The first legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital.

If the dividend distribution is made in accordance with CMB Communiques 25, a further 1/10 of dividend distributions, in excess of 5% 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% of paid-in capital is to be appropriated to increase second legal reserves.

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

27 PROFIT RESERVES *(CONTINUED)*

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% of paid-in capital. As of 30 September 2007, legal reserves in the financial statements amounted to YTL 12,329,123 (31 December 2006: YTL 6,404,304).

According to the 7/242 numbered decision taken on 25 February 2005 by CMB, the dividend distribution for the quoted companies are amended as follows.

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 Communiqué No: XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distribution regulations, are considered to be deductive when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital, respectively.

Effective from 31 December 2004, the net income computed must be distributed in the ratio of a minimum of 30% of total distributable profit. This distribution, regarding decisions taken by the general assemblies, may be made either as cash, as pro-rata shares or as a combination of both 30% (2006:30%) of distributable profit.

Inflation adjustments on equity items can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' losses, used in distribution of bonus shares and distributions of dividends to shareholders.

In the ordinary general assembly held on 26 March 2007, it has been decided that, YTL 1,547,490 would be transferred to first legal reserves, YTL 4,377,329 would be transferred to second legal reserves form the profit for the year ended 31 December 2006 which amounts to YTL 60,986,703. Remaining YTL 22,074,567 would be transferred to extraordinary reserves. Remaining balances of YTL 32,987,317 and by transfering YTL 12,012,683 from extraordinary reserves, cash dividend amounting to YTL 45,000,000 would be distributed to shareholders from nominal amounts of previous years' extraordinary reserves. As of 30 September 2007, YTL 44,973,734 of YTL 45,000,000 dividend has been paid and the remaining portion amounting to YTL 26,266 has been credited to due to related parties.

In accordance with the Communiqué No: XI-25, at 31 December 2006, the shareholders' equity schedule, based on which the dividend would be distributed, are as follows:

	31 December 2006
Paid-in capital	24,534,143
Share premiums	1,092
Legal reserves	6,404,304
Extraordinary reserves	18,729,645
Special reserves	46
Inflation adjustment on equity items	48,224,949
Net profit for the period	60,986,703
Retained earnings	209,996
	159,090,878

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

28 RETAINED EARNINGS/ACCUMULATED LOSSES

	30 September 2007	31 December 2006
Retained earnings	209,996	209,996
	209,996	**209,996**

29 NET FOREIGN CURRENCY POSITION

Foreign currency risk represents the risk that the value of the financial instrument changes according to the changes in the foreign currency exchange rates. American Dollar ("USD"), Euro and UK Sterling ("GBP) are the foreign currencies that can generate foreign currency risk. As of 30 September 2007 and 31 December 2006, the Company net foreign currency position comprised the following foreign currency based assets and liabilities:

	30 September 2007			
Assets	**USD**	**Euro**	**GBP**	**Total**
Cash and cash equivalents	5,352,094	5,570,229		10,922,323
Accounts receivable	10,548,173	2,991,181	5,724	13,545,078
	15,896,905	**8,558,124**	**5,724**	**24,467,401**
Liabilities				
Accounts payable	652,659	(452,837)		(1,105,496)
Bank borrowings-short-term		(3,199,292)		(3,199,292)
Bank borrowings-long-term		(14,175,812)		(14,175,812)
	(652,659)	**(17,827,941)**		**(18,480,600)**
				5,986,801

	31 December 2006			
Assets	**USD**	**Euro**	**GBP**	**Total**
Cash and cash equivalents	4,598,608	3,870,565	--	8,469,173
Accounts receivable	9,339,000	3,142,943	--	12,481,943
	13,937,608	**7,013,508**	**--**	**20,951,116**
Liabilities				
Accounts payable	(582,441)	(297,028)	--	(879,469)
Bank borrowings-long-term	--	(15,330,095)	--	(15,330,095)
	(582,441)	**(15,627,123)**	**--**	**(16,209,564)**
	13,355,167	**(8,613,615)**	**--**	**4,741,552**

A 1% increase in the foreign currencies generates a foreing currency gain of YTL 60 thousand (31 December 2006: YTL 47 thousand) in the net foreign currency position of the Company.

30 GOVERNMENT GRANTS

As of 30 September 2007, the Company has no investment incentives (31 December 2006: None).

31 PROVISIONS, COMMITMENTS AND CONTINGENCIES

At 30 September 2007, the Company has letter of guarantee in the amount of YTL 3,423,493 (31 December 2006: YTL 3,108,181), and collaterals from banks in the amount of YTL 460,756 (31 December 2006: YTL 478,718), given to customs offices and domestic/foreign vendors.

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

31 PROVISIONS, COMMITMENTS AND CONTINGENCIES *(CONTINUED)*

As of 30 September 2007, the Company has purchase commitments amounting to YTL 5,483,637 (Euro 3,209,433) to various suppliers for the renovation of Gebze and Tarsus facilities and the capital expenditures for Eskişehir facility to be completed during 2007.

According to the loan agreement between the Company and ABN Ambro, the ratio of the Company's financial debts to income before taxation and financial expense should be below 1.0 and the ratio of financial debts to stockholders' equity should be below 0.50 at the end of the each fiscal year.

32 BUSINESS COMBINATIONS

None (31 December 2006: None).

33 SEGMENT REPORTING

None (31 December 2006: None).

34 SUBSEQUENT EVENTS

None (31 December 2006: None).

35 DISCONTINUED OPERATIONS

None.

36 OPERATING INCOME

For the nine-month and three-month periods ended 30 September 2007 and 2006 operating income comprised the following:

	30 September 2007		30 September 2006	
	Nine-month period	**Three-month period**	**Nine-month period**	**Three-month period**
Domestic sales	163,536,937	61,010,480	145,014,057	58,262,162
Export sales	39,644,297	16,913,825	36,494,261	14,342,395
Other	57,541	29,086	76,341	20,734
Gross sales	203,238,775	77,953,391	181,584,659	72,625,291
Less: Discounts and sales returns	(11,733,523)	(4,865,960)	(9,281,186)	(3,906,920)
Net sales	191,505,252	73,087,431	172,303,473	68,718,371
Less: Cost of sales	(119,257,695)	(42,395,205)	(114,385,735)	(45,498,593)
Gross profit	**72,247,557**	**30,692,226**	**57,917,738**	**23,219,778**

37 OPERATING EXPENSES

For the nine-month and three-month periods ended 30 September 2007 and 2006 operating expenses comprised the following:

	30 September 2007		30 September 2006	
	Nine-month period	**Three-month period**	**Nine-month period**	**Three-month period**
Selling and marketing expenses	18,243,832	6,766,728	16,080,240	5,815,445
General administrative expenses	6,441,002	2,015,519	8,755,777	3,104,397
	24,684,834	**8,782,247**	**24,836,017**	**8,919,842**

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

37 OPERATING EXPENSES *(CONTINUED)*

37.1 Selling and Marketing Expenses

For the nine-month and three-month periods ended 30 September 2007 and 2006 selling and marketing expenses comprised the following:

	30 September 2007		30 September 2006	
	Nine-month period	**Three-month period**	**Nine-month period**	**Three-month period**
Freight insurance expenses	7,897,683	3,094,685	7,581,547	2,951,294
Personnel expenses	3,409,617	1,157,822	3,301,828	1,130,030
Licence fee	1,720,653	573,014	1,267,429	378,614
Advertisement expenses	1,484,415	494,805	1,014,767	306,797
Sales commissions	870,533	351,299	720,993	299,395
Warehouse expenses	768,758	326,873	634,056	234,552
Guarantee expenses	485,333	188,915	283,425	99,425
Agency service expenses	453,653	41,939	296,595	98,865
Exhibition and fair expenses	405,057	219,957	255,600	85,200
Other	748,130	317,419	724,000	231,273
	18,243,832	**6,766,728**	**16,080,240**	**5,815,445**

37.2 General Administrative Expenses

For the nine-month and three-month periods ended 30 September 2007 and 2006 general administrative expenses comprised the following:

	30 September 2007		30 September 2006	
	Nine-month period	**Three-month period**	**Nine-month period**	**Three-month period**
Personnel expenses	3,237,871	1,186,715	4,203,447	1,462,790
Transportation expenses	452,770	145,968	633,519	217,021
Depreciation and amortization (Note 19 and 20)	378,811	65,254	316,296	112,075
Travel expenses	337,189	80,819	355,619	104,788
Repair, maintenance and energy	246,904	128,544	206,735	58,226
Consultancy expenses	209,893	54,560	--	--
Telecommunication expenses	157,518	56,813	219,416	87,623
Membership fees	106,398	21,398	146,226	90,072
Rent expenses	100,225	9,882	118,092	8,453
Taxes other than on income	88,373	32,628	95,603	8,945
Representation expenses	74,376	18,602	262,664	90,601
Litigation expenses	59,958	34,193	123,455	49,762
Insurance expenses	25,929	132	51,901	--
Donations	1,458	486	303,312	101,604
Service expenses	--	--	725,483	245,483
Other	963,325	179,525	994,009	466,954
	6,441,002	**2,015,519**	**8,755,777**	**3,104,397**

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

38 INCOME FROM/LOSS FROM OTHER OPERATIONS

38.1 Income From Other Operations

For the nine-month and three-month periods ended 30 September 2007 and 2006 income from other operations comprised the following:

	30 September 2007		30 September 2006	
	9-month period	**3-month period**	**9-month period**	**3-month period**
Interest income on time deposits	3,298,838	825,534	758,037	196,150
Interest income from credit sales	2,903,830	1,365,328	2,964,628	1,762,163
Currency exchange gain	1,476,136	537,099	2,024,149	(144,607)
Gain on sale of financial asset	--	--	23,024,165	23,024,165
Gain on sale of tangibles	48,162	29,156	1,126,153	1,001,755
Other	399,275	117,337	373,169	273,905
	8,126,241	**2,874,454**	**30,270,301**	**26,113,531**

38.2 Loss From Other Operations

For the nine-month and three-month periods ended 30 September 2007 and 2006 loss from other operations comprised the following:

	30 September 2007		30 September 2006	
	9-month period	**3-month period**	**9-month period**	**3-month period**
Impairment on tangible assets*	(2,953,015)	--	--	--
Loss on sale of tangible assets	(2,513,009)	(1,311,242)	(2,696,223)	378,198
Idle capacity expenses **	(1,874,359)	--	--	--
Currency exchange loss	(50,899)	--	(197,069)	(197,887)
Bad debt expenses	(34,640)	(34,640)	(118,371)	--
Interest expense from credit purchases	--	--	(606,896)	(303,515)
Other	(249,425)	(90,808)	(884,162)	(607,741)
	(7,675,347)	**(1,436,690)**	**(4,502,721)**	**(729,945)**

(*) Since the glass and stone units of the Company have been renovated, the former units of the Company will not be used in the forthcoming periods. The Company reviewed the useful life of those units and has written off those units amounting to YTL 2,953,015.

(**)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.

39 FINANCE COSTS

For the nine-month and three-month periods ending 30 September 2007 ve 2006 , finance costs comprised the following:

	30 September 2007		30 September 2006	
	9-month period	**3-month period**	**9-month period**	**3-month period**
Interest expense on borrowings	430,769	262,546	826,452	475,489
	430,769	**262,546**	**826,452**	**475,489**

40 MONETARY GAIN/LOSS

By the resolution taken on 17 March 2005, the CMB has publicly announced that, effective from 1 January 2005, the application of inflation accounting is no longer required (Note 2). Accordingly, the Company has not generated monetary gain or incurred loss for the periods ended 30 September 2007 and 2006 and for the year ended 31 December 2006.

41 TAXES ON INCOME

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% to 20%. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20%.

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 nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased from 10% to 15%.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% 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.

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.

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

41 TAXES ON INCOME *(CONTINUED)*

As of 30 September 2007 and 31 December 2006 total tax liabilities comprised the following:

	30 September 2007	31 December 2006
Corporate tax provision (Note 23)	9,538,113	9,607,600
Taxes paid in avance (Note 23 and 15)	(5,076,140)	(7,215,189)
Deferred tax liability (Note 14)	2,700,879	2,492,197
	7,162,852	**4,884,608**

For the nine-month and three-month periods ended 30 September 2007 and 2006 taxation charge in the income statement comprised the following:

	30 September 2007		30 September 2006	
	Nine-month period	Three-month period	Nine-month period	Three-month period
Current tax	(9,538,113)	(4,450,241)	(7,447,148)	(3,530,172)
Deferred tax income/(charge)	(208,682)	(182,417)	1,534,130	37,946
	(9,746,795)	**(4,632,658)**	**(5,913,018)**	**(3,492,226)**

The reported taxation charge for the period ended 30 September 2007 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

		%
Profit before tax	47,582,848	
Tax rate	20,00%	
Taxes on reported profit per statutory tax rate	(9,516,570)	(20.00)
Unrecognized deferred taxes from prior year temporary differences	(207,052)	(0.43)
Disallowable expenses	(10,717)	(0.02)
Other	(12,456)	(0.03)
Taxation charge	**(9,746,795)**	**(20.48)**

42 EARNINGS PER SHARE

Earnings per share is computed by dividing the net profit for the nine-month and three-month periods ended 30 September 2007 YTL 37,836,053 (30 June 2006: YTL 52,109,831) and YTL 18,452,359 (30 June 2006: YTL 35,715,807), respectively to the weighted average of the shares.

	30 September 2007		30 September 2006	
	Nine-month period	Three-month period	Nine-month period	Three-month period
Net profit	37,836,053	18,452,359	52,109,831	35,715,807
Number of weighted average of ordinary shares	2,453,414,335	2,453,414,335	2,453,414,335	2,453,414,335
Earnins per share (Ykr per share)	1.5422	0.752	2.124	1.456

43 CASH FLOW STATEMENT

Cash flow statement has been presented together with the financial statements.

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

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