

İZOCAM ANNUAL REPORT 2010



ANNUAL REPORT 2010





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**TİCARET VE SANAYİ A.Ş.**

**46<sup>th</sup> ORDINARY GENERAL  
ASSEMBLY MEETING**

**2010**

Registered Capital:  
60.000.000.-TL  
(Sixty Million Turkish Lira)

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Issued Capital:  
24.534.143,35 TL  
(Twentyfour million five hundred  
thirtyfourthousand one hundred  
fourtythree Turkish Lira thirtyfive  
Turkish Kuruş)

THE ANNUAL REPORT OF 46<sup>th</sup> ORDINARY GENERAL ASSEMBLY MEETING  
HELD ON 24TH MARCH 2011 AT 11:00 HOURS IN HOTEL DEDEMAN, YILDIZ POSTA CADDESİ  
NO:50 ESENTEPE 34340 İSTANBUL, TÜRKİYE

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## MEETING AGENDA

1. Opening and election of the Presidential Board,
2. Reading and discussing the Board of Directors Report, Auditor Report, and the Independent Audit Report of Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AS (KPMG) pertaining to the activities and accounts of the year 2010 approval, or approval upon amendment or disapproval of the proposal of the Board of Directors pertaining to Balance Sheet and Income Table of the year 2010,
3. Approval of the changes made to the Board of Directors memberships as per Article 315 of the Turkish Commercial Code.
4. Release of the members of the Board of Directors and auditors pertaining to their activities in the year 2010,
5. Approval, approval upon amendment or disapproval of the distribution of the dividends of the year 2010 and of the proposed date for distribution,
6. Informing the shareholders pertaining to dividend distribution policy of our Company in accordance with the Corporate Governance Principles
7. Re-election or changing and determination of the duty periods of the Board Members whose duty periods have expired, and determination of number of Board Members,





8. Re-election or changing of the auditors, whose duty periods have expired,
9. Determination of remuneration to be paid to the Chairman and Board members and auditors,
10. Approval of the independent auditing entity by the Board of Directors as per the Regulation of the Capital Markets Board regarding Capital Markets Independent Auditing,
11. Informing the General Assembly pertaining to donations made to foundations and associations for social aid purposes in the year 2010,
12. Authorization of the Board members as per Articles 334 and 335 of the Turkish Commercial Code in order to enable them to perform activities that fall within the scope of the Company's business on their behalf or on behalf of third parties and to become shareholders to companies which perform such activities
13. Execution of the minutes of the General Assembly meeting by the Presidential Board and authorization thereof,
14. Wishes

## BOARD OF DIRECTORS



**SAMIR KASEM • Chairman of the Board**



**GIANNI SCOTTI • Vice Chairman of the Board**



**WILLIAM MARK SCHMITZ • Member**



**PATRICE LAMBERT • Member**



**A. NURI BULUT • Member - General Manager**

Member of the Board Mr. Timothy Connerton resigned on 1<sup>st</sup> June 2010 where at the same date Mr. Samir Kasem was appointed to the vacant Board membership. Board which is gathered in the same date has reallocated the job responsibilities and selected Mr Samir Kasem as Chairman and Mr Gianni Scotti as Vice Chairman of the Board.



## AUDIT BOARD



AHMET SEZER ENGİN • Member



DENİZ TEKDEMİR • Member

*Ahmet Sezer Engin and Deniz Tekdemir were appointed for the March 19, 2010 – March 24, 2011 period.*

## INDEPENDENT EXTERNAL CONTROL ENTITY

*2010 accounts were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AS (KPMG).*

**PRESENTED TO 46<sup>th</sup> ORDINARY GENERAL  
ASSEMBLY OF IZOCAM TICARET VE  
SANAYI A.S. HELD ON 24<sup>th</sup> MARCH 2011**

**ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS**

*Our esteemed Shareholders,*

*You are all welcome to our Ordinary General assembly convened to review and conclude on the results of the activities performed by our Company in the year 2010. We thank you very much for your kind interest and greet you with all the respect.*

*In this 46<sup>th</sup> Ordinary General Assembly meeting, we would like to inform you about our 2010 activities and present relevant financial statements to your examination and approval.*

**AMENDMENTS ON ARTICLES OF ASSOCIATION**

*Articles of Association of the company remained unchanged in 2010.*

**CAPITAL**

*Authorized capital ceiling and issued capital of our Company are TL 60 million and TL 24,534,143.35 respectively. Issued capital of the Company remained unchanged in 2010.*

*Throughout the period, the performance followed in the company's stock prices is in line with the general trend of the IMKB 100 index.*

***Dividends paid in last three years are as follows:***

***232,33 % over the paid-up capital in 2008***

***158,96 % over the paid-up capital in 2009***

***114,03 % over the paid-up capital in 2010***



## OPERATIONS OF THE COMPANY IN THE SECTOR

*Our Company has been preserving the choice place it holds in the insulation industry sector since its very establishment and even improves the sector with new products added into its products portfolio.*

*Glasswool and stonewool which occupy an important place in its product portfolio and known as “mineral wool” are manufactured in various types, forms and compositions and widely used in industrial and agricultural facilities, power investments and housing sector as heat and noise insulation material.*

*Expanded and Extruded Polystyrene are another product group manufactured by the Company. These products are widely used particularly in wet and cold type insulation applications and as packaging material.*

*In our Tekiz Panel Production Plant in Istanbul Dudullu Organized Industrial Zone are being manufactured roof and facade panels (insulated and uninsulated) as well as sectioning walls and false ceiling products.*

*Elastomeric rubber manufactured in Eskişehir is used primarily in insulation of pipes, tanks, and similar cold installations.*









## INVESTMENTS

*Various investments have been made within the year to increase the Capacity, productivity and quality of our existing plants.*

*With the board resolution numbered 658, dated 11AUG2010; it is decided to undertake a series of investments in the years 2011, 2012 and 2013 taking into account the market demand and that the stonewool oven in Gebze/Dilovası Plant will fulfil its technical life.*

*In line with the Board resolution, top management has initiated investments in August over the land purchased in Gebkim Industrial Zone with the area of 86,065.08 m<sup>2</sup>.*

*When these investments in total TL 52.6m, including the cost of land, are completed; capacity of stonewool plant in Dilovası/Gebze will be reach to 75,000 tonnes/year with 50% capacity increase, extruded polystyrene plant in Dilovası/Gebze location will be moved to Gebkim and Tarsus-Glasswool Plant and by completing the additional investments total extruded polystyrene capacity will be 720,000 m<sup>3</sup>/year.*

*Within the context of above investment; expanded polystyrene plant in Dilovası-Gebze with a capacity of 5,000 tonnes/year and current Tekiz insulated panel plant in Dudullu-Ümraniye will be also moved to the new land in Gebkim-Kocaeli.*

*In the year 2010, a new expanded polystyrene block-form machine was also purchased and began production, in addition to the regular miscellaneous requirements of the plants.*

*You can find below the value of our tangible fixed assets by the year-end in comparison with the previous year's figures.*

## TANGIBLE FIXED ASSETS

*(Calculated in accordance with the communiqués of Capital Market Board)*

(TL)	31 December 2010	31 December 2009
<b>Cost</b>		
<i>Lands</i>	815.031	815.031
<i>Infrastructures and Superstructures</i>	4.586.428	4.413.106
<i>Buildings</i>	33.899.659	33.899.659
<i>Plants, Machinery and Equipment</i>	170.096.719	169.301.344
<i>Vehicles</i>	-	-
<i>Fixtures, Special Costs</i>	7.413.272	7.888.913
<i>Investments in Progress</i>	19.096.810	-
<i>Advances given</i>	-	-
	<b>235.907.919</b>	<b>216.318.053</b>

## TANGIBLE FIXED ASSETS (Continued)

(TL)	31 December 2010	31 December 2009
<b>Accumulated Depreciation</b>		
<i>Infrastructures and Superstructures</i>	2.676.516	2.514.887
<i>Buildings</i>	19.717.115	18.669.580
<i>Plants, Machinery and Equipment</i>	138.581.282	128.820.936
<i>Vehicles</i>		-
<i>Fixtures</i>	6.802.404	7.046.925
	<b>167.777.317</b>	<b>157.052.328</b>
<b>Net book value</b>	<b>68.130.602</b>	<b>59.265.725</b>

## SECURITIES ISSUED

*There are no securities issued.*

## FINANCIAL FIXED ASSETS

*(Calculated in accordance with the communiqués of Capital Market Board)*

*There are no financial fixed assets.*



## CHANGES IN PRODUCTION

*Production volumes and capacity utilization ratios by the products in 2010 as follows:*

<i>(In comparison with 2009 data)</i>	Capacity Utilization Ratio %		Production	
	2010	2009	2010	2009
Glasswool (Ton)	54	46	29.858	25.466
Stonewool (Ton)	86	73	43.074	36.695
Panel products (000 m <sup>2</sup> )	76	47	1.705	1.025
Extruded Polystyrene (m <sup>3</sup> )	90	83	333.959	285.232
Expanded Polystyrene (Ton)	52	44	1.559	1.317
Elastomeric Rubber (Ton)	99	72	1.978	1.436

*Relative improvements that came into agenda in the last quarter of 2009 have become evident in 2010 and this positive outlook was reflected to the economic indicators.*

*Within 2010, fragile economic structure in Euro zone has been transformed into crisis in Greece and Italy. This has raised disturbance at first instance in EU countries and furthermore had its effects over all countries with raising tensions in stock exchange and financial markets.*

*In 2010, Turkey has overcome the negative effects of the crisis in 2009, and achieved a GDP growth over 7% with capacity utilization ratios at the level of 76%. The construction sector at the same period has also designated a growth of 18.4%.*

*Compared to the previous year, total sales of the company in terms of quantity has increased by 30% in domestic market and 3% in export markets, where this has resulted in 24% volume growth versus 2009. At the same time, total turnover has reached to TL 251m with an increase of 22%. Total exports also increased by 6% and reached to USD 33m compared to the previous year.*

*Sales results of our Company in 2010 are given below in comparison with the 2009 figures.*

NET SALES (Calculated in accordance with the communiqués of Capital Market Board)		
	2010	2009
Local	215.732.846	171.338.785
Exported	49.774.936	48.195.105
Other	140.072	123.963
<b>Total Gross Sales</b>	<b>265.647.854</b>	<b>219.657.853</b>
Discounts and Returns	14.503.641	13.217.692
<b>Net Sales</b>	<b>251.144.213</b>	<b>206.440.161</b>

## YIELD AND PRODUCTIVITY

*Parallel to the changes in capacity utilization ratios and labour hours ; productivity ratios have increased in all product segments.*

*Yield coefficient data are provided in the table below:*

YIELD COEFFICIENT %		
	2010	2009
Glasswool	92	91
Stonewool	95	92
Panel	87	81
Extruded Polystyrene	95	83
Elastomeric Rubber	97	61

## INFORMATION ABOUT FINANCIAL STRUCTURE

*The explanations on our balance sheet dated 31.12.2010 and notes to balance sheet items prepared by the external auditing firm in accordance with the Communiqués of Capital Market Board are presented in Annex 1 for your consideration. Furthermore, income statement of the Company issued for the year 2010 is presented in Annex 2 with notes for your review.*

*Funds accumulated in 2010 are allocated to investments, interest and principal amount payments of long-term investment loans, increased operating capital, tax and dividend payments and short-term securities purchasings (Table of Changes in Equity Capital is presented in Annex 3 and Cash Flow Statement in Annex 4).*

## MISCELLANEOUS

*Our Company is the license of Saint Gobain ISOVER of France and has been manufacturing GLASSWOOL using the TEL process since 1967 and STONEWOOL using the SILLIAN process since 1993 under the license of Saint Gobain ISOVER G+H of Germany. Furthermore, FOAMBOARD production is performed using HYDROVAC process in our EXTRUDED POLYSTYRENE plant under the OWENS CORNING (USA) license since 1995.*

*A license agreement is entered into with ARMACELL GmbH of Germany for production of ELASTOMERIC RUBBER in the year 2000.*

*Our Company is the member of European Insulation Material Manufacturers Association ("EURIMA") and European Extruded Polystyrene Insulation Sheet Manufacturers Association ("EXIBA")*

*The Tekiz plant is a member of Panama International Sandwich Panel Manufacturers Association.*

## MISCELLANEOUS (Continued)

*Our production processes are controlled permanently in the laboratories established within our production plants. Results obtained from production tests are evaluated for continuous improvement of relevant processes.*

*Our products are produced at our premises, equipped with the Certificates for Quality System, Environmental System and Occupational Health & Safety System in compliance with ISO 9001, ISO 14001 and OHSAS 18001 standards.*

*In 2002, our Gebze and Tarsus Premises were transformed into integrated structure for the purpose of ISO 9001, ISO 14001 and OHSAS 18001 standards. Rubber Foam Plant located in Eskişehir, are holders of ISO 9001 and OHSAS 18001 Certificates. At the audit carried out in 2007 by Bureau Veritas, Eskişehir Polyethylene Plant, as well, has been included into the scope of ISO 9001 and OHSAS 18001.*

*In 2005, Tekiz Plant was audited by Bureau Veritas, and consequently it was granted ISO 9001:2000 Quality Management Certificate and thus included in our quality management system.*

*As result of audits was carried out during 2008 by Bureau Veritas, Eskişehir Rubber Foam and Polyethylene Plants was included in ISO 14001 and Tekiz Plant in ISO 14001 and OHSAS 18001.*

*All Izocam plants are holders of the ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007 Management Systems Certificates as of the year 2008. All our plants are fully compliant with the 2007 version of the OHSAS 18001 standard according to the Certification Audits held in December 2008 and with the 2008 version of the OHSAS 18001 standard according to the Supervisory Audits held in December 2009.*

*The Company was granted on 11 April 2003 the European Conformity ("CE") Certificates which the insulation material manufactured in the European Community bear as of May 2003 for glasswool and stonewool products for free circulation in the member states. In 2007, EPS products were certificated and the branding right has been vested.*

*The conversion to the environment friendly HFC gas in Foamboard production in place of HCFC gas which use will be soon banned has been successfully completed within the year 2008 and CE certification works for our Foamboard products have been completed within 2009.*

*EUCEB certification has been obtained for stonewool products in 2008 and for glasswool products in 2009, where all products have successfully passed through certification tests. Stone wool products of various density (fireproofness) have been certified and started to be used in the ship industry.*

*Our Company is not obliged to acquire its own shares as per relevant provisions of Article 329 of Turkish Commercial Code. Our Company has donated TL 35.691,03 to various foundations and similar social institution in 2010.*

*In accordance with the decision of Turkish Competition Board, the Company was fined an administrative monetary penalty amounting to TL 1,317,714 due to the investigation in respect of the 4054 numbered Protection of Competition Law's. This decision was conveyed to the company on 4JUN2010. The Company preferred to pay the fine with a 25 percent discount and paid amounting to TL 988,286 in cash, on 28 June 2010. On 19 August 2010 the Company claimed against the decision requesting a motion for stay and rescission of the resolution at the level of State Council, however, there is not any progress in the case.*

*The company has letter of guarantees obtained from banks and given to Custom Offices, foreign and domestic suppliers and to banks and notes given as collaterals. These guarantees is equal to TL 4,940,831 as of 31DEC2010 (TL 8,287,040, in 31DEC2009).*



## ADMINISTRATIVE ACTIVITIES

*Arif Nuri Bulut, The General Manager of the Company has started his career in İzocam in 1981, worked in several managerial positions, become the Assistant General Manager (Technical) in the 1996-2002 period and appointed as the General Manager on 01.04.2002*

*Hasan Basri Eröktem, the Assistant General Manager (Financial-Administrative) of the Company has started his career in İzocam in 1977, worked in several managerial positions and appointed as the Assistant General Manager in 1993.*

*Fatih Öktem, the Assistant General Manager (Marketing) of the Company has started his career in İzocam in 1986, worked in several managerial positions and appointed as the Assistant General Manager in 1997.*

*Within 2010, a new position, Production Director, in charge of all plants has been established. Nabi Akpınaroğlu, who has formerly responsible for Production Planning and Logistics Manager has been appointed to this new position.*

*Names and titles of the Company's managers are listed below.*

NAME - SURNAME	TITLE
ARIF NURİ BULUT	GENERAL MANAGER
HASAN BASRİ ERÖKTEM	ASSISTANT GENERAL MANAGER, FINANCIAL-ADMINISTRATIVE
FATİH ÖKTEM	ASSISTANT GENERAL MANAGER, MARKETING
NABİ AKPINAROĞLU	PRODUCTION DIRECTOR
DORUK ÖZCAN	CORPORATE ACCOUNTING MANAGER
ÖNER TORUN	BUDGET AND FINANCING MANAGER
NEJDET AVCI	DATA SYSTEM MANAGER
MUSTAFA SELÇUK	PRODUCTION PLANNING AND LOGISTICS MANAGER
HALİL ERGÜN	ENGINEERING MANAGER
KEMAL GANİ BAYRAKTAR	TECHNICAL MARKETING MANAGER
VUSLAT GÖKÇE	HUMAN RESOURCES AND INDUSTRIAL RELATIONS MANAGER
AHMET DEMİRTAŞ	EXPORT MANAGER
SERDAR SALBAŞ	1st REGION SALES MANAGER
BÜLENT YILDIZ	2nd REGION SALES MANAGER
MUSTAFA RÜŞTÜ UZ	3rd REGION SALES MANAGER
NIHAT KÖŞGER	4th REGION SALES MANAGER
HAKAN ÖZŞANLI	5th REGION SALES MANAGER

## **GEBZE STONEWOOL, STYROPHORE AND FOAMBOARD PRODUCTION PLANT**

<i>ÖMER MEHMET ARUN</i>	<i>OPERATION MANAGER (STONEWOOL)</i>
<i>MEHMET BEZZAZOĞLU</i>	<i>OPERATION MANAGER (PLASTICS)</i>
<i>GÖKHAN SERİN</i>	<i>QUALITY ASSURANCE MANAGER</i>
<i>EŞREF BİNGÖL</i>	<i>R&amp;D MANAGER</i>
<i>İLHAN KARAAĞAÇ</i>	<i>FOAMBOARD PRODUCTION MANAGER</i>

## **TARSUS GLASWOOL PRODUCTION PLANT**

<i>KORAY MAHMUT TEMUÇİN</i>	<i>OPERATION MANAGER</i>
<i>TİMUR ARAS</i>	<i>ACCOUNTING AND ADMIN. AFFAIRS MANAGER</i>
<i>TEFİK YILDIZ</i>	<i>PRODUCTION MANAGER</i>
<i>RAMAZAN TOK</i>	<i>MAINTENANCE AND AUXILIARY FACILITIES MANAGER</i>
<i>EVİRİM YILDIZ</i>	<i>QUALITY ASSURANCE MANAGER</i>

## **ÜMRANİYE TEKİZ PANEL PRODUCTION PLANT**

<i>HAKAN İMREN</i>	<i>HUMAN RESOURCES AND ADMINISTRATION RELATIONS TEAM CHIEF</i>
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## **ESKİŞEHİR RUBBER AND POLYETHYLENE PRODUCTION PLANT**

<i>ENGİN AK</i>	<i>PRODUCTION MANAGER</i>
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*Severance Pay Liability Payable as of 31.12.2010 calculated in accordance with Capital Market Board Communiqués have been increased by TL 364.953 which is included among long-term debts item of the balance sheet.*

*Our Company effects generally accepted salary supplements to its employees and personnel. No union member personnel is employed.*

*There is no indemnity or tax fines arisen from tortuous acts in 2010.*

*Our Company suffers no material dispute with any third person, either legal or private.*

## PROFIT DISTRIBUTION PROPOSAL AND CONCLUSION

*As set out in the financial statements and notes of these financial statements, issued as of December 31, 2010 pursuant the Capital Market Board's Communiqué under Serial: XI number 29, net profit of our Company has been declared as TL 31,562,858 in our income statement. In line with the Turkish Commercial Code, Capital Market Code and our Articles of Association, and based on the capital amounting to TL 24,534,143.35; out of this net profit TL 28,693,507.27 cash dividend distribution to share holders, allocation of TL 2,746.680 as 2. legal reserves additionally transferring TL 122.670,72 to extraordinary reserves is proposed,*

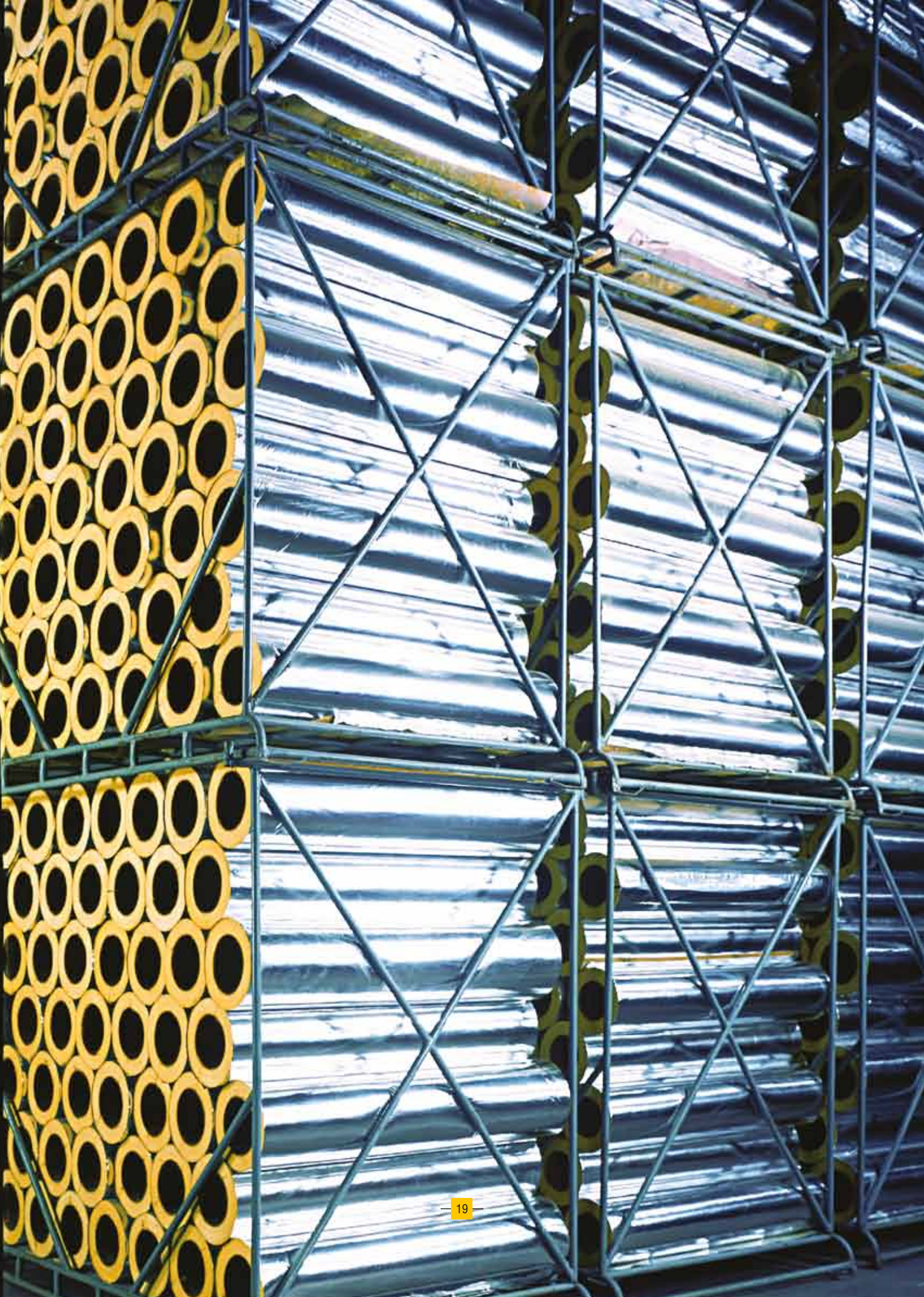
*Therefore to pay a gross=net cash dividend of TL 1.169534 per each share certificate with TL 1,00 par value to the full taxpayer entity and to narrow taxpayer entity partners which gain profit shares through a workplace or a resident representative in Turkey which correspond to 116.9534 % and to pay a gross cash dividend of TL 1.169534 and a net cash dividend of TL 0.994104 to other shareholders per each share certificate with TL 1.00 par value which corresponds to gross 116.9534 % and net 99.4104 % and to have the distribution process commenced on 28th March 2011.*

*I would like to greet you all on behalf of the Board of Directors with the hope to attain successful results in the years to come as has been the case up to date and to thank all our employees and executives for their valuable efforts in achieving our corporate targets.*



The Chairman  
SAMIR MAMDOUH KASEM







## İZOCAM TİCARET VE SANAYİ A.Ş. AUDITOR'S REPORT

**To the General Assembly of İzocam Ticaret ve Sanayi A.Ş.**

*Results of the audits conducted by us in connection with the 2010 accounting year of the company are presented below to your consideration.*

- 1. 2010 has become a successful year for the Company which performed its activities in accordance with the Capital Market Act and relevant legislation.*
- 2. It has been seen that all the books and records set forth in Turkish Commercial Code and relevant legislation are kept and certifying documents are maintained properly and in full compliance with the said Act.*
- 3. In our opinion, the financial statements issued in accordance with the Tax Procedures Law as well as those issued as of 31.12.2010 in accordance with the generally accepted accounting principles published by the Capital Market Board reflect the actual financial situation of the Company on the said date and results of its activities performed in the same period correctly and truly.*
- 4. It has been seen that decision on the Company's management are entered into the resolution book duly kept.*

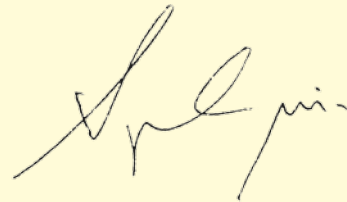
*As a result, we present the report issued by the Board of Directors and the financial statements prepared in accordance with the generally accepted accounting principles issued by the Capital Market Board as well as the Board's proposal on distribution of the profit to your consideration and approval.*

*Best Regards*

*İstanbul, 16<sup>th</sup> February 2011*



DENİZ TEKDEMİR



AHMET SEZER ENGİN

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010  
WITH INDEPENDENT AUDITOR'S REPORT THEREON**

***To the Board of Directors of İzocam Ticaret ve Sanayi Anonim Şirketi***

*We have audited the accompanying financial statements of İzocam Ticaret ve Sanayi Anonim Şirketi, which comprise the balance sheet as at 31 December 2010, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.*

***Company Management's Responsibility for the Financial Statements***

*The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting standards of Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.*

***Auditors' Responsibility***

*Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards promulgated by CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.*

*An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

***Opinion***

*In our opinion, the accompanying financial statements give a true and fair view of the financial position of İzocam Ticaret ve Sanayi Anonim Şirketi as at 31 December 2010, and the related statements of income, changes in equity and cash flows in accordance with the financial reporting standards (please see Note 2) promulgated by CMB.*

***Additional paragraph for convenience translation to English***

*As explained in note 2.1, the accompanying financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.*

*Istanbul, 16 February 2011*

*Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi*



*Ruşen Fikret Selamet,*

*Partner,*

*Istanbul, Türkiye*



## MANAGEMENT



**ARİF NURİ BULUT**  
General Manager

**FATİH ÖKTEM**  
Assistant General Manager, Marketing

**HASAN BASRİ ERÖKTEM**  
Assistant General Manager, Financial - Administrative

**İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ**  
**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL**  
**STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

## BALANCE SHEET AS AT 31 DECEMBER 2010

Amounts expressed in TL unless otherwise stated.

		Audited	
	Note	31 December 2010	31 December 2009
<b>ASSETS</b>			
<b>Current Assets</b>		<b>116.868.749</b>	<b>114.542.147</b>
Cash and Cash Equivalents	4	37.713.219	45.772.392
Accounts Receivables	6	56.475.766	48.909.675
Due From Related Parties	25	661.141	523.175
Other Accounts Receivable		55.814.625	48.386.500
Inventory	8	17.712.498	17.203.638
Other Current Assets	14	4.967.266	2.656.442
<b>Non-Current Assets</b>		<b>68.178.976</b>	<b>59.345.931</b>
Other Receivables	7	2.868	2.868
Property, Plant and Equipment	9	68.130.602	59.265.725
Intangible Assets	10	45.035	77.338
Other Non-Current Assets	14	471	--
<b>TOTAL ASSETS</b>		<b>185.047.725</b>	<b>173.888.078</b>
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>		<b>31.610.582</b>	<b>23.949.133</b>
Bank Borrowings	5	7.378.523	357.214
Accounts Payable	6	18.213.399	16.705.573
Due To Related Parties	25	298.031	1.181.093
Other Accounts Payable		17.915.368	15.524.480
Other Payables	7	13.908	3.646
Taxes on Income	23	1.571.566	2.008.708
Expense Accruals	11	1.903.203	3.193.457
Other Short-Term Liabilities	14	2.432.121	1.605.941
Employee Benefits	13	97.862	74.594



## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

### BALANCE SHEET AS AT 31 DECEMBER 2010

Amounts expressed in TL unless otherwise stated.

	Note	Audited	
		31 December 2010	31 December 2009
<b>Long-Term Liabilities</b>		<b>5.151.523</b>	<b>5.238.892</b>
Employee Benefits	13	3.967.650	3.390.062
Deferred Tax Liability	23	1.183.873	1.848.830
<b>EQUITY</b>		<b>148.285.620</b>	<b>144.700.053</b>
Paid-in Capital	15	24.534.143	24.534.143
Inflation Adjustment on Capital	15	25.856.460	25.856.460
Share Premium	15	1.092	1.092
Restricted Reserves	15	24.358.885	21.683.827
Retained Earnings		41.972.182	41.972.182
Net Profit For The Period		31.562.858	30.652.349
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>185.047.725</b>	<b>173.888.078</b>

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

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

### COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Amounts expressed in TL unless otherwise stated.

		Audited	
	Note	2010	2009
Revenues	16	251.144.213	206.440.161
Cost of Sales (-)	16	(173.547.543)	(137.810.535)
<b>GROSS PROFIT</b>		<b>77.596.670</b>	<b>68.629.626</b>
Selling, Marketing and Distribution Expenses (-)	17	(31.190.157)	(25.097.911)
Administrative Expenses (-)	18	(10.813.575)	(8.914.133)
Other Operating Income	20	990.737	451.247
Other Operating Expense (-)	20	(804.815)	(2.213.723)
<b>OPERATING PROFIT</b>		<b>35.778.860</b>	<b>32.855.106</b>
Finance Income	21	4.676.793	6.389.897
Finance Costs (-)	22	(1.044.209)	(605.710)
<b>PROFIT BEFORE TAX</b>		<b>39.411.444</b>	<b>38.639.293</b>
Current Tax Expense	23	(8.513.543)	(8.582.590)
Deferred Tax Credit	23	664.957	595.646
<b>NET PROFIT FOR THE PERIOD</b>		<b>31.562.858</b>	<b>30.652.349</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>31.562.858</b>	<b>30.652.349</b>
Earnings per share ("Kr")	24	0,01286	0,01249

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

ENDED 31 DECEMBER 2010

Amounts expressed in TL unless otherwise stated.

	Notes	Capital	Inflation Adjustment on Capital	Share Premium	Restricted Reserves			Retained Earnings	Net Profit for the Year	Capital
					Legal Reserves	Special Reserves	Total			
Balances at 1 January 2009		24.534.143	25.856.460	1.092	17.906.452	46	17.906.498	40.483.845	44.265.666	153.047.704
Total comprehensive income										
Net profit for the year	15	--	--	--	--	--	--	--	30.652.349	30.652.349
Other comprehensive income		--	--	--	--	--	--	--	--	--
Total comprehensive income		--	--	--	3.777.329	--	3.777.329	40.488.337	30.652.349	30.652.349
Transfer to reserves	15	--	--	--	3.777.329	--	3.777.329	40.488.337	(44.265.666)	--
Transactions with owners, recorded directly in equity		--	--	--	--	--	--	--	--	--
Contributions by and distributions to owners		--	--	--	--	--	--	--	--	--
Dividends to equity holder	15	--	--	--	--	--	--	(39.000.000)	--	(39.000.000)
Total transactions with owners		--	--	--	--	--	--	(39.000.000)	--	(39.000.000)
Balances at 31 December 2009		24.534.143	25.856.460	1.092	21.683.781	46	21.683.827	41.972.182	30.652.349	144.700.053
Balances at 1 January 2010		24.534.143	25.856.460	1.092	21.683.781	46	21.683.827	41.972.182	30.652.349	144.700.053
Total comprehensive income										
Net profit for the year	15	--	--	--	--	--	--	--	31.562.858	31.562.858
Other comprehensive income		--	--	--	--	--	--	--	--	--
Total comprehensive income		--	--	--	2.675.058	--	2.675.058	27.977.291	31.562.858	31.562.858
Transfer to reserves	15	--	--	--	2.675.058	--	2.675.058	27.977.291	(30.652.349)	--
Transactions with owners, recorded directly in equity		--	--	--	--	--	--	--	--	--
Contributions by and distributions to owners		--	--	--	--	--	--	--	--	--
Dividends to equity holder	15	--	--	--	--	--	--	(27.977.291)	--	(27.977.291)
Total transactions with owners		--	--	--	--	--	--	(27.977.291)	--	(27.977.291)
Balances at 31 December 2010		24.534.143	25.856.460	1.092	24.358.839	46	24.358.885	41.972.182	31.562.858	148.285.620

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



# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

Amounts expressed in TL unless otherwise stated.

		Audited	
	Note	31 December 2010	31 December 2009
<b>Cash flows from operating activities</b>			
Net profit for the period		31.562.858	30.652.349
<b>Adjustments to:</b>			
Depreciation and amortization	9,10	11.630.470	11.874.717
Current tax expense	23	8.513.543	8.582.590
Deferred tax	23	(664.957)	(595.646)
Provision for Competition Institution's penalty	11	--	1.317.714
Provision for employee severance indemnity	13	620.625	(632.239)
Provision for vacation pay liability	13	527.152	384.521
Finance income	21	(4.676.793)	(6.146.093)
Finance cost	22	719.464	605.710
Losses on sale of tangible assets	20	97.586	3.337
Allowance for bad debt receivables	6	409.698	591.142
Other non-monetary provisions		1.282.526	1.654.680
		<b>50.022.172</b>	<b>48.292.782</b>
Change in account receivables	6	(7.837.823)	12.236.497
Change in due from related parties	25	(137.966)	(441.419)
Change in other receivables		--	(64)
Change in blockage amount	4	(2.233.901)	--
Change in inventory	8	(508.860)	3.946.465
Change in other current assets	14	441.851	(2.019.389)
Change in accounts payable	6	2.390.888	(1.630.305)
Change in other non current assets		(471)	280
Change in due to related parties	25	(894.164)	676.595

**İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ**

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
31 DECEMBER 2010***Amounts expressed in TL unless otherwise stated.*

		<b>Audited</b>	
	<b>Note</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Change in other payables		10.262	(27.594)
Change in other liabilities	14	826.180	(737.010)
Taxes paid		(8.950.685)	(9.520.361)
Interest paid		(154.507)	(93.232)
Employee severance indemnity paid	13	(820.629)	(643.212)
Provisions paid		(2.864.029)	(146.282)
<b>Net cash from operating activities</b>		<b>29.288.318</b>	<b>49.893.751</b>
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment	9,10	(20.597.510)	(1.677.665)
Acquisition of intangible assets		(6.132)	(54.159)
Proceeds from sales of property, plant and equipment and intangible assets		43.012	111.764
Advances given for tangible assets	14	(2.752.675)	--
<b>Investing activities</b>		<b>(23.313.305)</b>	<b>(1.620.060)</b>
<b>Financing activities</b>			
Increase in bank borrowings and other financial liabilities		7.021.309	357.214
Dividend paid	15	(27.966.189)	(38.980.282)
Interest received, net		4.723.654	6.113.869
<b>Cash flows used in financing activities</b>		<b>(16.221.226)</b>	<b>(32.509.199)</b>
Change in cash and cash equivalents, net		(10.246.213)	15.764.492
<b>Cash and cash equivalents at the beginning of the period</b>		<b>45.632.357</b>	<b>29.867.865</b>
<b>Cash and cash equivalents at the end of the period</b>	4	<b>35.386.144</b>	<b>45.632.357</b>

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

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

#### 1 - ORGANIZATION AND NATURE OF BUSINESS

*Izocam Ticaret ve Sanayi Anonim Şirketi ("Izocam" or the "Company") was established in 1965. The Company operates in production, import and export of glasswool, stonewool, mineral wool, glass fiber, expanded and extruded polystyrenes, elastomeric rubber, polyethylene, insulated and noninsulated roof and front panels, partition and mezzanine.*

*As at 31 December 2010, by collection of shares traded on Istanbul Stock Exchange ("ISE") and collected shares of Izocam Holding in Izocam have reached to 95.07 percent. Together with 1.501.330.396 shares representing 61.16 percent of paid-in capital of Izocam not traded on ISE (which Izocam Holding purchased from Koç Group on 29 November 2006) and on 10 July 2007, 831.117.304 shares being traded on ISE which represents 33.91 percent of paid-in capital of Izocam, the shares of Izocam Holding in Izocam is 95.07 percent. Izocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by 50 percent each.*

*The Company conducts some of its operations with the related party namely Saint Gobain Group and Alghanim Group of companies. The Company has several related parties as their customers and suppliers (Note 25). The Company is registered at CMB and its shares are listed in ISE since 15 April 1981. As at 31 December 2010, 38.84 percent of the shares of Izocam are publicly traded at ISE.*

*As at 31 December 2010, the average number of employees of the Company is 432 in which 188 (31 December 2009: 189) is comprised white collar employees and 244 (31 December 2009: 244) is comprised 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*



**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS****2.1 Basis of Presentation****2.1.1 Statement of compliance**

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

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

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

The accompanying financial statements of the Company have been approved by the board of directors of the Company on 16 February 2011. The general assembly and legal authorities are competent to change the accompanying financial statements.

**Additional paragraph for convenience translation to English:**

The accompanying financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**2.1.2 Basis of presentation of financial statements**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.1.3 Functional and presentation currency**

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

**2.1.4 Comparative information**

*The accompanying financial statements are prepared comparatively to present the tendency in the financial position, financial performance and cash flows of the Company. If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassified and material differences are explained in related notes (Note 11, Note 16, Note 17, Note 18, Note 22 and Note 25).*

*For the year ended 31 December 2009, interest expenses related with severance indemnity that are presented under provision for employee severance indemnity in cash flow amounting to TL 512,478 has been reclassified under finance costs.*

*For the year ended 31 December 2009, provisions for personnel premium that are presented under change in other liabilities in cash flow amounting to TL 1,441,655 has been reclassified under other non-monetary provisions.*

**2.2 Changes in Accounting Policies**

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

**2.3 Changes in Accounting Estimates and Errors**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

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

*IFRS 8 “Operating Segments” amended to state that segment information for total assets only required if such information is regularly reported to chief operating decision-maker. The revised IFRS 8 is applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.*

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

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

*IAS 38 “Intangible Assets” Amendments clarify the description of valuation techniques commonly used to measure fair value of intangible assets acquired in a business combination for which no active market exists. The revised IAS 38 is applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.*

*Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”*

*The amendments:*

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

**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

*IAS 18 “Revenue” amended to specify that an entity acts as principal when exposed to significant risks and rewards associated with sale of goods or rendering of services. Further indicators added to appendix to assist in assessing whether an entity is principal or agent. Amendments to IAS 18 are applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.*

*Amendment to IAS 32 “Financial Instruments: Presentation -Classification of Rights Issues” The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity’s own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Amendments to IAS 32 are applied on the 2010 financial statements of the Company and do not have any effect on the financial statements of the Company.*

*IFRS 3 “Business Combinations” is amended to state that contingent consideration arising in a business combination that had been accounted for in accordance with IFRS 3 (2004) that has not been settled or otherwise resolved at the effective date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004).*

*IFRS 3 is amended to limit the accounting policy choice to measure Non-controlling interests (“NCI”) upon initial recognition either at fair value or at the NCI’s proportionate share of the acquiree’s identifiable net assets to instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation.*

*IFRS 3 contains guidance on how to apportion the market-based measure of an acquirer’s share-based payment awards that are issued in exchange for acquiree awards between consideration transferred and post-combination cost when an acquirer is obliged to replace the acquiree’s existing awards. IFRS 3 is amended so that the guidance for such awards also applies to voluntarily replaced acquiree awards and introduces attribution guidance for acquiree awards that are not replaced. The amendments are effective for annual periods beginning on or after 1 July 2010 and do not have any effect on the financial statements of the Company.*



**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4.2 New Standards and Interpretations Not Yet Adopted as at 31 December 2010**

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

*As at 31 December 2010, the International Accounting Standards Board (IASB) issued two narrow amendments to IFRS 1.*

*The first amendment replaces references to a fixed transition date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.*

*IFRS 7 "Financial Instruments" is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the financial statements.*

*IFRS 7 "Financial Instruments" is amended to will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.*

*IFRIC 13 "Customer Loyalty Programmes - Fair Value of Award Credit" amended to state that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the financial statements.*

*IAS 34 "Interim Financial Reporting - Significant Events and Transactions" A number of examples have been added to the list of events or transactions that require disclosure under IAS 34. The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.

**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

*IAS 27 “Consolidated and Separate Financial Statements – Transition requirements for amendments made as a result of IAS 27 (2008) to IAS 21, IAS 28 and IAS 31” Consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures (as a result of prior amendments to IAS 27) to be applied prospectively, except for the amendments to IAS 28 and IAS 31 that solely are the result of renumbering in IAS 27 (2008). The amendment is effective for annual periods beginning on or after 1 January 2011 and it is not expected to have any impact on the financial statements.*

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

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

*IASB issued interpretations about prepayments of a minimum funding (interpretations for IFRIC 14) on 26 November 2009. The amendments to IFRIC 14, which is itself an interpretation of IAS 19 applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment, Prepayments of a Minimum Funding Requirement, has an effective date for mandatory adoption of 1 January 2011, with early adoption permitted.*

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

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

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

*Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.*

#### 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

*In addition, IASB agreed that the definition of a related party should also be applied retrospectively from the effective date.*

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

*The International Accounting Standards Board (IASB) has issued amendments to IAS 12 Income Taxes as at 31 December 2010. The amendments set out in Deferred Tax: Recovery of Underlying Assets, result from proposals published for public comment in an exposure draft in September.*

*IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale.*

*As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.*

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**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5 Summary of Significant Accounting Policies**

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

**2.5.1 Foreign currency**

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

**2.5.2 Financial instruments****Non-derivative financial instruments**

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

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

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

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



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#### 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

*Short term accounts receivables and payables are measured at cost.*

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

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

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

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

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

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## 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.5.3 Property, plant and equipment

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

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

#### Subsequent costs

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

#### Depreciation

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

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

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

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

Depreciation method, economic useful lives and residual values of tangible assets are reviewed at each financial year end and adjusted if appropriate.

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#### 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5.4 Intangible assets

*Intangible assets are comprised 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 statement of income over their estimated useful lives for a period between three and nine years from the date of acquisition.*

*Rights 3-6 years*

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

##### 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 statement of comprehensive income with straight line method through the term of the lease.*

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**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5.6 Inventories**

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

**2.5.7 Impairment of assets****Financial assets**

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

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

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

*All impairment losses are recognized in the statement of income.*

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



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**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)*****Non-financial assets***

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

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

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

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

**2.5.8 Employee benefits**

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

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

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**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5.9 Provisions, contingent liabilities and contingent assets**

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

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

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

**2.5.10 Revenue**

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

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

**2.5.11 Government grants**

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

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

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**2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5.12 Finance income and expenses**

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

**2.5.13 Income taxes**

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

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

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

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

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

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#### 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5.14 Earning per share

Earnings per share disclosed in the statement of comprehensive income 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 Expenses

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

##### 2.5.17 Paid-in capital and dividends

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

##### 2.5.18 Related Parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties according to IAS 24 – Related party disclosures (Note 25).



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## 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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 gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.*

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

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

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

### 2.6 Use of Estimates and Judgments

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

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

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

<i>Note 27</i>	<i>– Determination of fair values</i>
<i>Note 23</i>	<i>– Tax assets and liabilities</i>
<i>Note 13</i>	<i>– Employee benefits</i>
<i>Note 2.5.3 and 2.5.4</i>	<i>– Useful lives of property, plant and equipment and intangible assets</i>
<i>Note 6.1</i>	<i>– Impairment losses on accounts receivable</i>
<i>Note 8</i>	<i>– Impairment losses on inventories</i>
<i>Note 11</i>	<i>– Expense accruals</i>

## 3 - SEGMENT REPORTING

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

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#### 4 - CASH AND CASH EQUIVALENTS

At 31 December, cash and cash equivalents comprised the following:

<i>Banks</i>	<i>2010</i>	<i>2009</i>
<i>Time deposit</i>	35.197.173	44.527.023
<i>Demand deposit</i>	205.208	717.126
<i>Cheques at collection</i>	76.484	527.341
<i>Cash at blockage*</i>	2.233.901	--
<i>Other cash equivalents</i>	453	902
	<b>37.713.219</b>	<b>45.772.392</b>

\* As at 31 December 2010, cash and cash equivalents consist of cash at blockage amounting to TL 2,233,901. At 17 March 2010, the Company has started to use Direct Borrowing System ("DBS") which reduces the collection risk and guarantee letter expenses. In accordance with the arrangements made with various banks, instead of the Company, the bank sets a credit limit to customers and the collection is performed by the bank. After the collection, the bank keeps the payments received at blockage.

At 31 December, demand deposits comprised the following currencies (TL equivalents):

	<i>2010</i>	<i>2009</i>
<i>TL</i>	205.208	705.210
<i>American Dollar ("USD")</i>	--	11.916
	<b>205.208</b>	<b>717.126</b>

At 31 December, time deposits comprised the following currencies:

	<i>2010</i>	<i>2009</i>
<i>TL</i>	32.104.749	42.753.035
<i>USD</i>	3.092.424	1.030.899
<i>Euro</i>	--	743.089
	<b>35.197.173</b>	<b>44.527.023</b>

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At 31 December 2010, time deposits are denominated in TL and USD and weighted average interest rate is 8.52 and 2.5 percent respectively. (31 December 2009, time deposits are denominated in TL, USD and Euro and weighted average interest rates are 9.33 percent, 1 percent, 1 percent respectively). At 31 December 2010, maturities of time deposits are between 1 to 3 months.

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

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

<b>Banks</b>	<b>2010</b>	<b>2009</b>
Time deposit	35.197.173	44.527.023
Demand deposit	205.208	717.126
Cheques at collection	76.484	527.341
Cash at blockage	2.233.901	--
Other cash equivalents	453	902
Less: Interest accruals	(93.174)	(140.035)
Less: Cash at blockage	(2.233.901)	--
	<b>35.386.144</b>	<b>45.632.357</b>

### 5 - BANK BORROWINGS

At 31 December, bank borrowings comprised the followings:

	<b>2010</b>	<b>2009</b>
<b>Factoring loans</b>	<b>6.988.395</b>	<b>--</b>
USD	5.554.892	--
Euro	1.433.503	--
<b>Bank borrowings</b>	<b>390.128</b>	<b>357.214</b>
TL	390.128	357.214
	<b>7.378.523</b>	<b>357.214</b>

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

#### 6 - ACCOUNTS RECEIVABLE AND PAYABLE

##### 6.1 Short-Term Accounts Receivable

At 31 December, short-term accounts receivables comprised the followings:

	2010	2009
Accounts receivable	47.044.072	29.434.338
Cheques receivable	9.310.924	5.681.500
Notes receivable	120.770	13.793.837
Doubtful receivables	1.104.337	1.325.530
Less: Allowance for doubtful receivables	(1.104.337)	(1.325.530)
	<b>56.475.766</b>	<b>48.909.675</b>

At 31 December 2010, TL 661,141 of accounts receivable comprised due from related parties (At 31 December 2009: TL 523,175) in which detailed presentation is disclosed in Note 25.

The average collection period of trade receivables is 71 days (31 December 2009: 78 days) which can change according to the type of the product and the provisions of the agreement with the customer.

At 31 December, maturity profiles cheques and notes receivables are as follows:

	Cheques	2010 Notes Receivable	Cheques	2009 Notes Receivable
0 - 30 days	3.865.239	79.500	2.324.104	2.414.500
31 - 60 days	2.914.454	30.000	1.908.029	3.132.000
61- 90 days	1.651.441	--	1.077.125	7.082.797
91 days and over	879.790	11.270	372.242	1.164.540
<b>Total</b>	<b>9.310.924</b>	<b>120.770</b>	<b>5.681.500</b>	<b>13.793.837</b>



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#### 6 - ACCOUNTS RECEIVABLE AND PAYABLE (Continued)

At 31 December, the movement of allowance for doubtful receivables comprised the followings:

	2010	2009
Beginning balance	1.325.530	979.794
Provision for the year	409.698	591.142
Collections during the year	(17.845)	--
Write offs	(613.046)	(245.406)
Period end	1.104.337	1.325.530

##### 6.2 Short-Term Accounts Payable

At 31 December 2010, short-term accounts payable amounts to TL 18,213,399 (31 December 2009: TL 16,705,573) arising from payable to various suppliers.

At 31 December 2010, TL 298,031 of accounts payable comprised due to related parties (31 December 2009: TL 1,181,093) in which detailed presentation is disclosed in Note 25.

#### 7 - OTHER RECEIVABLES AND PAYABLES

##### 7.1 Long-Term Other Receivables

At 31 December 2010, long-term receivables comprised deposits and collaterals amounting to TL 2,868 (31 December 2009: TL 2,868).

##### 7.2 Short-Term Other Payables

At 31 December 2010, short-term other payables amounting to TL 13,908 (31 December 2009: TL 3,646) comprised the other variable payables.

#### 8 - INVENTORIES

As at 31 December, inventories comprised the following:

	2010	2009
Raw materials and supplies	12.117.958	10.291.671
Finished goods	4.921.636	6.166.159
Trading goods	672.904	745.808
	17.712.498	17.203.638

As at 31 December, inventories are accounted at cost and none of the inventories recognized at its net realizable value.

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#### 9 - PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2010 movement in the property, plant and equipment comprised the following:

<b>Cost</b>	<b>1 January 2010</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2010</b>
Land	815.031	--	--	815.031
Land improvements	4.413.106	173.322	--	4.586.428
Buildings	33.899.659	--	--	33.899.659
Machinery and equipment	169.301.344	1.293.874	(498.499)	170.096.719
Furniture and fixtures	7.832.373	33.504	(509.145)	7.356.732
Leasehold improvements	56.540	--	--	56.540
Construction in progress	--	19.096.810	--	19.096.810
	<b>216.318.053</b>	<b>20.597.510</b>	<b>(1.007.644)</b>	<b>235.907.919</b>

<b>Less: Accumulated depreciation</b>	<b>1 January 2010</b>	<b>Charge for the period</b>	<b>Disposals</b>	<b>31 December 2010</b>
Land improvements	(2.514.887)	(161.629)	--	(2.676.516)
Buildings	(18.669.580)	(1.047.535)	--	(19.717.115)
Machinery and equipment	(128.820.936)	(10.120.625)	360.279	(138.581.282)
Furniture and fixtures	(7.005.700)	(258.271)	506.767	(6.757.204)
Leasehold improvements	(41.225)	(3.975)	--	(45.200)
<b>Total accumulated depreciation</b>	<b>(157.052.328)</b>	<b>(11.592.035)</b>	<b>867.046</b>	<b>(167.777.317)</b>
<b>Net book value</b>	<b>59.265.725</b>			<b>68.130.602</b>

For the year ended 31 December 2010, depreciation expenses amounting to TL 10,689,576 (31 December 2009: TL 10,902,545) has been recognized under cost of sales, TL 177,667 (31 December 2009: TL 181,284) has been included under administrative expenses and TL 724,792 (31 December 2009: TL 755,884) has been capitalized on stocks.

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

For the years ended 31 December 2010 and 2009, the Company utilizes tangible assets which have nil net book value on its accounts. (31 December 2010 Cost: TL 103,728,716, Accumulated Depreciation: TL 103,728,716; 31 December 2009 Cost: TL 97,212,958, Accumulated Depreciation: TL 97,212,958).

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#### 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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#### 10 - INTANGIBLE ASSETS

For the year ended 31 December 2010, movement in the intangible assets comprised the following:

<b>Cost</b>	<b>1 January 2010</b>	<b>Additions</b>	<b>31 December 2010</b>
Software rights	702.541	6.132	708.673
	<b>702.541</b>	<b>6.132</b>	<b>708.673</b>
<b>Less: Accumulated amortization</b>	<b>1 January 2010</b>	<b>Charge for the period</b>	<b>31 December 2010</b>
Software rights	(625.203)	(38.435)	(663.638)
<b>Total accumulated amortization</b>	<b>(625.203)</b>	<b>(38.435)</b>	<b>(663.638)</b>
<b>Net book value</b>	<b>77.338</b>		<b>45.035</b>

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

<b>Cost</b>	<b>1 January 2009</b>	<b>Additions</b>	<b>31 December 2009</b>
Software rights	648.382	54.159	702.541
	<b>648.382</b>	<b>54.159</b>	<b>702.541</b>
<b>Less: Accumulated amortization</b>	<b>1 January 2009</b>	<b>Charge for the period</b>	<b>31 December 2009</b>
Software rights	(590.199)	(35.004)	(625.203)
<b>Total accumulated amortization</b>	<b>(590.199)</b>	<b>(35.004)</b>	<b>(625.203)</b>
<b>Net book value</b>	<b>58.183</b>		<b>77.338</b>

For the year ended 31 December 2010, amortization expenses amounting to TL 38,435 (31 December 2009: TL 35,004) have been included in administrative expenses.

For the years ended 31 December 2010 and 2009, the Company utilizes intangible assets which have nil net book value on its accounts (31 December 2010 Cost: TL 573,588, Amortization: TL 573,588; 31 December 2009 Cost: TL 573,588, Amortization: TL 573,588).



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### 11 - EXPENSE ACCRUAL

At 31 December, short-term provisions are comprised the following:

	2010	2009
Provisions for personnel premium	1.872.256	1.441.655
Provisions for litigations	30.947	1.317.714
Other administrative expense accruals	--	434.088
	<b>1.903.203</b>	<b>3.193.457</b>

For year ended 31 December 2010, the movement of provisions is as follows:

	1 January 2010	Additions	Payments	Reversal	31 December 2010
Provisions for personnel premium	1.441.655	1.872.256	(1.441.655)	--	1.872.256
Provisions for litigations	1.317.714	30.947	(988.286)	(329.428)	30.947
Other administrative expense accruals (*)	434.088	--	(434.088)	--	--
	<b>3.193.457</b>	<b>1.903.203</b>	<b>(2.864.029)</b>	<b>(329.428)</b>	<b>1.903.203</b>

For year ended 31 December 2009, the movement of provisions is as follows:

	1 January 2009	Additions	Payments	Reversal	31 December 2009
Provisions for personnel premium (***)	--	1.441.655	--	--	1.441.655
Provisions for litigations (**)	--	1.317.714	--	--	1.317.714
Other administrative expense accruals (*)	149.029	434.088	(146.282)	(2.747)	434.088
	<b>149.029</b>	<b>3.193.457</b>	<b>(146.282)</b>	<b>(2.747)</b>	<b>3.193.457</b>

(\*) As at 31 December, other administrative expense accruals are comprised natural gas expense accrual.

(\*\*) In accordance with the decision of "Turkish Competition Board" meeting held at 8 February 2010 numbered 10 – 14, the Company was fined on administrative basis amounting to TL 1,317,714 due to the investigation in respect of the 4054 numbered Protection of Competition law's article 6. The Company has the right to claim against the decision. The administrative fine which is equal to 0.5 percent of gross revenue of 31 December 2008 has been recorded as provision in the financial statements as at 31 December 2009. The Company preferred to pay the fine with a 25 percent discount and paid amounting to TL 988,286 in cash, which represents 75 percent of TL 1,317,714 on 28 June 2010. This payment does not restrict the right to claim against the decision. On 19 August 2010 the Company claimed against the decision, however as at 31 December 2010, there is not any progress in the case. Detailed explanations about the decision of Turkish Competition Board are represented in Note 28.

(\*\*\*) For the year ended 31 December 2009, personnel premium accruals presented under other short term liabilities amounting to TL 1,441,655 has been reclassified under expense accruals.

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### 12 - COMMITMENTS

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

The commitments given;

For companies other than publicly owned associations and financial institutions;

- i) For their own corporate identities
- ii) In favor of fully consolidated associations
- iii) In favor of 3rd parties to continue their operations will not be limited.

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

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

	2010	2009
<b>A</b> Commitments given in the name of own legal Entity	4.940.831	8,287,040
<b>B</b> Commitments given in favor of full consolidated Subsidiaries	--	--
<b>C</b> Commitments given to guarantee the debts of third parties to continue their operations	--	--
<b>D</b> Other commitments given;	--	--
- in favor of parent company	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
<b>Total</b>	<b>4.940.831</b>	<b>8,287,040</b>

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

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**12 - COMMITMENTS (Continued)**

*At 31 December, non-cancellable operating lease rentals are payable as follows:*

	<b>2010</b>	<b>2009</b>
<i>1. year</i>	<i>569.437</i>	<i>210.070</i>
<i>2. year</i>	<i>569.437</i>	<i>1.668</i>
<i>3. year</i>	<i>191.285</i>	<i>--</i>
	<b>1.330.159</b>	<b>211.738</b>

*As at 31 December 2010, loan limits and terms to maturities have been determined by associative banks to the customers who have been included in DBS system.*

*The Company has accepted that it has right to recall the loans which have been granted to customers that who have not been performing regular loan repayment and customers who have been regularly making payment at a level of credit limit for the 30 days period.*

*The company has accepted that if the loans in question are not closed within the specified period, the Company is entitled to engage legal proceedings for related customer.*

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#### 13 - EMPLOYEE BENEFITS

At 31 December, employee benefits comprised the followings:

	2010	2009
Provision for employee severance indemnity	2.885.184	2.520.231
Long term portion of vacation pay liability	1.082.466	869.831
Long term portion of employee benefit	<b>3.967.650</b>	<b>3.390.062</b>
Short term portion of vacation pay liability	97.862	74.594
	<b>4.065.512</b>	<b>3.464.656</b>

Provision for employee severance indemnity has been set as follows:

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

The severance pay is calculated as one month gross salary for every employment year and as at 31 December 2010 the ceiling amount has been limited to TL 2,517.01 (31 December 2009: TL 2,365.16).

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

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

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

	2010	2009
Discount rate	% 4,66	% 5,92
Turnover rate to estimate the probability of retirement	% 6	% 7



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#### 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.

The movement of employee severance indemnity is as follows:

	2010	2009
Opening balance	2.520.231	3.283.204
Interest cost	564.957	512.478
Cost of services	211.975	185.675
Payments made during the period	(820.629)	(643.212)
Actuarial difference	408.650	(817.914)
<b>Ending balance</b>	<b>2.885.184</b>	<b>2.520.231</b>

Actuarial difference arises from the changes in interest rates and changes in expectations about the salary increases. In addition to that, the number of employees that receive their indemnity before retirement increased the difference. Actuarial differences are recorded as incurred. As at 31 December 2010, cost of services TL 190,610 portion of actuarial difference is recorded as general administrative expenses (31 December 2009: TL 104,501), TL 430,015 portion is recorded as cost of sales (31 December 2009: TL 527,738).

The movement of vacation pay liability for the years ended 31 December is as follows:

	2010	2009
Opening balance	944.425	778.220
Additions during the period	527.152	384.521
Reversal	(291.249)	(218.316)
<b>Ending balance</b>	<b>1.180.328</b>	<b>944.425</b>

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### 14 - OTHER ASSETS AND LIABILITIES

#### 14.1 - Other Current Assets

At 31 December, other current assets comprised the following:

	2010	2009
Advances given for fixed asset (*)	2.752.675	--
Job advances given (**)	929.495	3.270
Advances given for inventory	470.094	2.001.135
Deductable VAT	311.226	--
VAT for export receivables	216.509	98.365
Other receivables	192.896	--
Prepaid expenses	89.745	387.803
Job advances	4.356	5.762
Other	270	160.107
	<b>4.967.266</b>	<b>2.656.442</b>

(\*) At 31 December 2010, advances given for fixed asset represents the advance amount that has been given for fixed assets related with the new factory that will be built in "Kocaeli-Gebze V (Kimya) Organize Sanayi Bölgesi".

(\*\*) At 31 December 2010, TL 928,815 of the job advances given represents the advances given for the construction of the new factory in "Kocaeli-Gebze V (Kimya) Organize Sanayi Bölgesi".

#### 14.2 Other Non-Current Assets

At 31 December 2010, non-current assets amounting to TL 471 (31 December 2009: None) comprised long term portion of prepaid assets.

#### 14.3 Other Short-Term Liabilities

At 31 December, other short-term liabilities comprised the following:

	2010	2009
Withholding taxes and duties	1.310.577	1.059.425
Expense accruals	456.622	--
Social security premium payable	371.711	352.069
VAT payable	204.087	106.951
Retirement pension plan payables	79.218	79.765
Other	9.906	7.731
	<b>2.432.121</b>	<b>1.605.941</b>

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#### 15 - EQUITY

##### 15.1 Paid-in Capital / Inflation Adjustment on Capital

At 31 December, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (31 December 2009: 2.453.414.335 shares of kr 1 each) of kr 1 each. There are no privileges given to different groups or shareholders. The shareholder structure of the Company is as follows:

	2010		2009	
	Shares	Ownership interest %	Shares	Ownership interest %
İzocam İzolasyon	15.004.304	61,16	15.004.304	61,16
İzocam İzolasyon (Publicly traded)	8.320.173	33,91	8.320.173	33,91
Other (Publicly traded)	1.209.666	4,93	1.209.666	4,93
	<b>24.534.143</b>	<b>100,00</b>	<b>24.534.143</b>	<b>100,00</b>
Inflation Adjustment on Capital	25.856.460		25.856.460	
	<b>50.390.603</b>		<b>50.390.603</b>	

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

##### 15.2 Other Equity Items

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

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#### 15 - EQUITY (Continued)

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

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

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

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

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



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**15 - EQUITY (Continued)****15.3 Dividend Distribution**

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised first and legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Communiqué XI-29, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2010, legal reserves of the Company amount to TL 24,358,839 (31 December 2009: TL 21,683,781).

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

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

- For corporations traded at stock exchange market, there is not a determined minimum portion of distribution; in this aspect the profit to be distributed will be determined in line with the announcements of CMB Serial IV, Number 27, the articles of the incorporation and will be in accordance with the declarations made to public.
- For corporations that is obliged to issue consolidated financial statements, as long as met from the statutory profit; it is permitted to calculate the net distributable profit in line with the CMB's Serial XI, Number 29 "Bases for Financial Reporting at Capital Markets" announcement which is also the profit declared at the consolidated financial statements.
- The Corporation shall disclosure that statutory current year profit after previous year losses deducted and total amount of other resources made object of dividend in financial statements prepared in accordance with CMB Communiqué serial: XI Number: 29.
- For corporations traded at stock exchange market, when it is decided to distribute profits at the board of directors meeting and will be proposed to the general assembly of the company, or when profit distribution is decided at the general assembly of the direct partnerships; correspondent to that decision in accordance with the announcement of CMB's Serial VIII, Number 54 "Bases for the Declaration of Special Situations", in the appendix of special situation announcement, the profit distribution tables of the Profit Distribution Preparation Guideline will also be declared.

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#### 15 - EQUITY (Continued)

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

	2010	2009
Paid-in capital	24.534.143	24.534.143
Inflation adjustment on capital	25.856.460	25.856.460
Restricted reserves		
Legal reserves	24.358.839	21.683.781
Special reserves	46	46
Inflation adjustment on legal reserves	18.710.928	18.710.928
Extraordinary reserves	17.896.827	17.896.827
Special reserves	4.931.025	4.931.025
Inflation adjustment on share premium	223.408	223.408
Retained losses	209.994	209.994
Share premium	1.092	1.092
Net Profit	31.562.858	30.652.349
	<b>148.285.620</b>	<b>144.700.053</b>

In the ordinary general assembly held on 18 March 2010, it has been decided that TL 27,977,291 of the Company's net profit as at 31 December 2009 amounting to TL 30,652,349 would be distributed as cash dividend. Additionally, TL 2,675,058 will be transferred to second legal reserves. At 31 December 2010, TL 27,966,189 of TL 27,977,291 total dividend has been paid and the remaining portion amounting to TL 11,102 have been classified to due to related parties.

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#### 16 - SALES AND COST OF SALES

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

	2010	2009
Domestic sales	215.732.846	171.338.785
Export sales	49.774.936	48.195.105
Other	140.072	123.963
Gross sales	265.647.854	219.657.853
Less: Sales returns and discounts	(14.503.641)	(13.217.692)
Net sales	251.144.213	206.440.161
Less: Cost of sales	(173.547.543)	(137.810.535)
<b>Gross profit</b>	<b>77. 596.670</b>	<b>68.629.626</b>

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

	2010	2009
Raw materials consumables used	148.852.324	114.971.630
Personnel expenses	12.824.740	11.981.488
Depreciation	10.689.576	10.902.545
Changes in inventories	1.180.903	(45.128)
<b>Cost of Sales</b>	<b>173.547.543</b>	<b>137.810.535</b>

For the year ended 31 December 2009, interest expenses related with employee severance indemnity provision presented under cost of sales amounting to TL 512,478 have been reclassified under finance expense.

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#### 17 - SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	2010	2009
Freight insurance expense	14.594.051	10.298.559
Wages and salaries	6.086.465	5.375.764
Advertisement expense	2.215.866	2.123.145
License expense	1.770.154	1.680.612
Sales commissions	1.393.323	1.201.756
Logistic expenses	1.262.708	1.032.849
Dealer expenses	791.228	802.544
Transportation expenses	616.863	519.092
Guarantee letter expenses	521.998	805.542
Sales research expenses	381.650	5.268
Exhibition and fair expense	274.132	271.762
Travel expenses	200.208	144.097
Public relation expenses (**)	128.250	103.414
Rent expenses (*)	120.598	125.296
Other	832.663	608.211
	<b>31.190.157</b>	<b>25.097.911</b>

(\*) For the year ended 31 December 2009, rent expenses presented under administrative expenses amounting to TL 125,296, have been reclassified under selling and marketing expenses. Rent expenses consist of the rent paid for the sales offices which are outside of the central office.

(\*\*) For the year ended 31 December 2009, public relation expenses presented under administrative expenses amounting to TL 103,414, have been reclassified under selling and marketing expenses. These expenses are composed of the press and information, measurement and assessment expenses realized to strengthen the Company's public relations.

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#### 18 - ADMINISTRATIVE EXPENSES

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

	2010	2009
Personnel expenses	6.906.169	5.736.634
IT Expenses	496.233	463.990
Duties, taxes and levies	461.990	126.388
Transportation expenses	298.629	312.538
Consultancy expense	247.798	257.515
Litigation costs	229.652	155.680
Communication expense	227.811	232.202
Depreciation and amortization (Note 9 and 10)	216.102	216.288
Repair, maintenance and energy	215.759	280.839
Representation expenses	177.917	130.065
Subscription fees	163.684	186.285
Travel expense	80.391	108.142
Stationary expenses	50.847	44.628
Insurance expense	46.041	50.361
Donations	35.691	20.277
General assembly expenses	21.010	19.143
Research and project expenses	15.933	8.096
Other	921.918	565.062
	<b>10.813.575</b>	<b>8.914.133</b>

For the year ended 31 December 2009, rent expenses presented under administrative expenses amounting to TL 125,296, have been reclassified under selling and marketing expenses. Rent expenses consist of the rent paid for the sales offices which are outside of the central office.

For the year ended 31 December 2009, public relation expenses presented under administrative expenses amounting to TL 103,414, have been reclassified under selling and marketing expenses. These expenses are composed of the press and information, measurement and assessment expenses realized to strengthen the Company's public relations.



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#### 19 - EXPENSES BY NATURE

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

#### 20 - OTHER OPERATING INCOME/EXPENSE

##### 20.1 Other Operating Income

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

	2010	2009
Provision reversal for Competition Board fine (*)	329.428	--
Collections from insurance contracts	234.195	--
Gain on sale of property, plant and equipment	20.644	3.500
Other provisions no longer required	406.470	447.747
	<b>990.737</b>	<b>451.247</b>

(\*) This amount represents the 25 percent portion of Rekabet Kurulu fine which was discounted for early payment.

At 31 December, other operating income is composed of income from no-claims discount, loss payments for tangible assets and incentive for attending in a fair.

##### 20.2 Other Operating Expense

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

	2010	2009
Provision for doubtful receivables	409.698	591.142
Loss on sale of property, plant and equipment	118.230	6.837
Provision for Turkish Competition Board's penalty	--	1.317.714
Other	276.887	298.030
	<b>804.815</b>	<b>2.213.723</b>

For the year ended 31 December 2010, the amount of donations given to associations and charitable foundations is amounting to TL 35,691 and (31 December 2009: TL 20,277).

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#### 21 - FINANCE INCOME

For the periods ended 31 December, finance income comprised the following:

	2010	2009
Interest income on time deposits	2.845.036	3.969.233
Interest income on sales on credit terms	1.831.757	2.176.860
Foreign exchange gains	--	243.804
	<b>4.676.793</b>	<b>6.389.897</b>

#### 22 - FINANCE EXPENSE

For the periods ended 31 December, finance expense comprised the following:

	2010	2009
Foreign exchange losses	324.745	--
Interest expense on borrowings (*)	719.464	605.710
	<b>1.044.209</b>	<b>605.710</b>

(\*) For the year ended 31 December 2009, interest expenses related with severance indemnity presented under cost of sales amounting to TL 512,478, has been reclassified under finance expense.

#### 23 - TAX ASSETS AND LIABILITIES

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

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

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

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#### 23 - TAX ASSETS AND LIABILITIES (Continued)

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

According to the decision of the Turkish Constitutional Court promulgated in the Official Gazette no: 27456 dated 8 January 2010, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40 percent of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption. As per this decision, the Company has used amounting to TL 146 over the investments in its current year statutory tax declaration as at 31 December 2010.

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

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

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

At 31 December, total tax liability comprised the following:

	2010	2009
Corporate tax provision	8.513.543	8.582.590
Prepaid tax	(6.941.977)	(6.573.882)
Total	1.571.566	2.008.708
Deferred tax liability	1.183.873	1.848.830
	<b>2.755.439</b>	<b>3.857.538</b>

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

	2010	2009
Current tax	(8.513.543)	(8.582.590)
Deferred tax credit	664.957	595.646
	<b>(7.848.586)</b>	<b>(7.986.944)</b>

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#### 23 - TAX ASSETS AND LIABILITIES (Continued)

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

	2010	%	2009	%
Profit before tax	39.411.444	--	38.639.293	--
Tax rate	20,00	--	20,00	--
Taxes on reported profit per statutory tax rate	(7.882.289)	(20,00)	(7.727.859)	(20,00)
Disallowable expenses	(55.321)	(0,12)	(22.090)	(0,06)
Investment allowance utilized	29.328	--	--	--
Permanent differences	(6.189)	(0,02)	(263.543)	(0,68)
Other	65.885	0,14	26.548	0,07
<b>Tax provision</b>	<b>(7.848.586)</b>	<b>(19,99)</b>	<b>(7.986.944)</b>	<b>(20,67)</b>

#### 23.1 Deferred Tax Assets and Liabilities

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

The Company recognizes deferred tax assets in the financial statements by taking into consideration the factors such as the developments in the sector that the Company is operating, taxable income in the forthcoming years, Turkey's general economic and political situation, and/or global economic and political situations. The Company expects to generate taxable income in the forthcoming years and considers Turkey's economic and political situation shows clear positive developments. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the forthcoming years under the balance sheet method using a principal tax rate of 20 percent (2009: 20 percent).

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**23 - TAX ASSETS AND LIABILITIES (Continued)**

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

	2010 Deferred tax		2009 Deferred tax	
	assets	liabilities	assets	liabilities
Employee severance indemnity	577.037	--	504.046	--
Vacation pay liability	236.066	--	188.885	--
Unrecognized interest expense	37.456	--	28.634	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(2.034.432)	--	(2.568.429)
Reversal of calculated rediscount expenses according to tax regulations	--	--	--	(79.891)
Provisions for doubtful receivables	--	--	77.925	--
	850.559	(2.034.432)	799.490	(2.648.320)
Offsetting	(850.559)	850.559	(799.490)	799.490
	--	<b>(1.183.873)</b>	--	<b>(1.848.830)</b>

The movement of deferred tax liabilities is as follow:

	1 January 2009	Profit or (loss)	31 December 2009	Profit or (loss)	31 December 2010
Employee severance indemnity	656.641	(152.595)	504.046	72.991	577.037
Vacation pay liability	155.644	33.241	188.885	47.181	236.066
Unrecognized interest expense	69.504	(40.870)	28.634	8.822	37.456
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(3.109.524)	541.095	(2.568.429)	533.997	(2.034.432)
Reversal of calculated rediscount expenses according to tax regulations	(216.741)	136.850	(79.891)	79.891	--
Provisions for doubtful receivables	--	77.925	77.925	(77.925)	--
	<b>(2.444.476)</b>	<b>595.646</b>	<b>(1.848.830)</b>	<b>664.957</b>	<b>(1.183.873)</b>



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#### 24 - EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the year ended 31 December 2010 amounting to TL 31,562,858 (31 December 2009: TL 30,652,349) to the weighted average of the shares during these periods.

	2010	2009
Net Profit	31.562.858	30.652.349
Number of weighted average of ordinary shares	2,453,414,335	2,453,414,335
Earnings per share (Kr per share)	0,01286	0,01249

#### 25 - RELATED PARTIES

##### 25.1 Due from Related Parties

At 31 December, due from related parties comprised the following:

	2010	2009
Saint-Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret Anonim Şirketi ("Saint-Gobain Weber")	559.376	--
Saint Gobain Isover Italia S.P.A.	93.028	442.246
Rigips Hellas SA. (Saint Gobain)	8.737	51.413
Saint Gobain Isover Germany	--	16.103
Saint Gobain Isover France	--	13.413
	661.141	523.175

As at 31 December 2010 collaterals amounting to TL 13,038 are taken from related parties (31 December 2009: None).

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#### 25 - RELATED PARTIES (Continued)

##### 25.2 Due to Related Parties

At 31 December, due to related parties comprised the following:

	2010	2009
Grunzweig Hartman AG ("Grunzweig")	143.758	72.586
Saint Gobain-Isover (Royalty)	74.570	130.591
Saint-Gobain Weber	--	890.499
Other	79.703	87.417
	<b>298.031</b>	<b>1.181.093</b>

##### 25.3 Sales to Related Parties

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

	2010	2009
Saint-Gobain Weber	5.291.705	154.734
Saint Gobain Isover Italia S.P.A.	1.037.714	1.974.280
Saint Gobain Construction Products - Hellas Abec	163.263	--
Saint Gobain Rigips Hellas S.A	53.279	134.197
Saint Gobain Recherche	3.008	--
Saint Gobain Isover Germany	2.725	15.684
Isover	--	17.602
	<b>6.551.694</b>	<b>2.296.497</b>

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#### 25 - RELATED PARTIES (Continued)

##### 25.4 Purchases from Related Parties

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

	2010	2009
<i>Saint-Gobain Weber</i>	3.811.940	2.021.284
<i>Saint Gobain Isover (Royalty)</i>	651.734	661.839
<i>Grunzweig (Royalty)</i>	564.394	548.981
<i>Saint-Gobain Glass Italia</i>	14.088	--
<i>Saint Gobain Isover France</i>	5.666	2.151
<i>Saint Gobain Isover Germany</i>	--	1.343
	<b>5.047.822</b>	<b>3.235.598</b>

##### 25.5 Other Transaction with Related Parties

For years ended 31 December, other transactions with related parties comprised the following:

<i>Dividends paid</i>	2010	2009
<i>Izocam İzolasyon</i>	26.632.280	37.076.588
<i>Central Record Institution ("CRI")</i>	1.331.042	1.899.369
<i>Other</i>	2.867	4.325
	<b>27.966.189</b>	<b>38.980.282</b>

##### 25.6 Remuneration to Top Management

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

<i>Short term benefits:</i>	2010	2009
<i>(Salaries, premiums, housing, company cars, social securities, health insurance, vacation payments and etc.)</i>	2.634.930	2.112.051
<i>Other long term benefits:</i>		
<i>(Indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)</i>	141.784	104.438
<b>TOTAL</b>	<b>2.776.714</b>	<b>2.216.489</b>

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**26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS****26.1 Financial Risk Management**

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

- *Credit Risk*
- *Liquidity Risk*
- *Market Risk*
- *Operational risk*

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

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

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

**26.1.1 Credit risk**

*The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party. The ownership of financial assets is campaigned by the risk that the other party does not fulfill the contract. The management of the Company covers these risks by limiting the average risk for other party (except related parties) in all contracts and receiving guarantees if necessary. The Company works thorough agency system within Turkey to a great extent. The Company minimizes the collection risk by the guarantee letters taken from agencies, liens and commitment notes received before the sale and controls the orders of agencies out of guarantee by comparing these guarantees received from the agencies with their receivables. Additionally, the Company guarantees its receivables through direct borrowing system by the agreements of various banks. The Company is exposed to credit risk amounting to TL 10,848,225 which is not covered by collaterals and DBS guarantees. Provisions made for doubtful receivables are within reasonable borders based on the past experiences of the Company in collection of accounts receivable. Therefore, the management does not foresee any additional risk relating to accounts receivable more than provisions made.*

**26.1.2 Liquidity risk**

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

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

*At 31 December 2010 the Company has guaranteed the receivables amounting to TL 70,411,500 via Direct Borrowing System aiming to avoid liquidity risk. The Company has also obtained factoring loans amounting to TL 6,988,395 and while making early collection; increases the liquidity position and avoids foreign exchange loss risk.*

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**26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)****26.1.3 Market risk**

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

**Currency risk**

The Company is exposed to currency risk due to its import transactions and borrowings in foreign currency. These transactions are held in USD, Euro and Great Britain Pound.

**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.

**26.1.4 Operational risk**

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

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

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

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

**26.2 Risk Management Disclosures**

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



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#### 26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (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.

Fixed interest rate financial instruments		2010	2009
Cash and cash equivalents	Note 4	35.197.173	44.527.023
Bank borrowings	Note 5	6.988.395	--

##### 26.2.2 Credit risk

Credit risk is diversified since there are many counterparties in the customer database. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 9.25 percent of the Company's revenue is attributable to sales transactions with a single customer.

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

	2010	2009
1. District Office (Marmara, West Black Sea Regions)	25.347.840	18.533.434
2. District Office (Central Anatolia, Middle Black Sea Regions)	10.600.472	8.412.084
4. District Office (Aegean and Mediterranean Sea Regions)	6.963.933	9.756.927
3. District Office (South East Anatolia, East Anatolia. East Black Sea Regions)	6.686.203	5.661.910
Middle East, Balkans. Africa and Others	6.216.177	6.022.145
	<b>55.814.625</b>	<b>48.386.500</b>

At 31 December 2010, the Company has a letter of guarantee amounting to TL 16,699,227 (31 December 2009: TL 43,645,036), mortgage amounting to TL 2,349,000 (31 December 2009: TL 4,971,000), Eximbank guarantee amounting to TL 18,674,706 (31 December 2009: TL 21,538,203), collaterals received as notes amounting to TL 883,527 (31 December 2009: TL 930,437) and direct debit system guarantees amounting to TL 70,411,500 (31 December 2009: None). The Company does not have collaterals received as cash at 31 December 2010 (31 December 2009: TL 8,300).

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

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#### 26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2010	Receivables Trade Receivables		Deposits on Banks	Other (Commitments given)
	Related Party	Others		
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	661.141	55.814.625	37.713.219	4.940.831
A) Net carrying value of financial assets which are neither impaired nor overdue	661.141	49.062.807	37.713.219	--
B) Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--
C) Net carrying value of financial assets which are overdue but not impaired	--	6.751.818	--	--
-The portion covered by any guarantee	--	5.579.322	--	--
D) Net carrying value of impaired assets	--	--	--	--
- Past due (gross book value)	--	1.104.337	--	--
- Impairment (-)	--	(1.104.337)	--	--
- Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--
E) Off balance sheet items with credit risks	--	--	--	4.940.831

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

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

The Company sets up 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.

**İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ**

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**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010***Amount expressed in TL unless otherwise stated. Other currencies other than TL are expressed in full unless otherwise stated.***26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)***For the year ended 31 December 2010 past due but not impaired accounts receivables (except due from related parties) are as follows:*

<b>31 December 2010</b>	<b>Trade Receivables</b>	<b>Receivables Trade Receivables</b>
Past due 1-30 days	2.585.378	--
Past due 1-3 months	3.792.070	--
Past due 3-12 months	226.910	--
Past due 1-5 years	147.460	--
More than 5 years	--	--
The portion secured by guarantee **	5.579.322	--

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

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

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

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#### 26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

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

\*\* At 31 December 2010, the Company has guaranteed its receivables by letter of guarantee amounting to TL 1,720,287 (31 December 2009: TL 3,545,242), direct debit system guarantees amounting to TL 3,511,829 (31 December 2009: None), mortgage amounting to TL 56,806 (31 December 2009: TL 466,099), Eximbank guarantee amounting to TL 282,285 (31 December 2009: None) and cheques for guarantee amounting to TL 8,115 (31 December 2009: TL 85,452). As at 31 December, the Company does not have notes for guarantee (31 December 2009: None). For the year ended 31 December 2010 the Company has not utilized all these guarantees by means of collecting its receivable balances in cash terms.

#### 26.2.3 Guarantees

In accordance with the Company policy, total guarantees given amounting to TL 4,940,831 (31 December 2009: TL 8,287,040) are given to custom offices, domestic suppliers, banks and tax offices.

#### 26.2.4 Currency risk

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

**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31 DECEMBER 2010**

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

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

FOREIGN CURRENCY POSITION							
2010				2009			
	TL (Functional Currency)	USD	Euro	GBP	TL (Functional Currency)	USD	Euro
1. Trade receivables	11.501.302	6.171.202	954.840	1.700	8.556.911	3.945.685	1.210.895
2. Monetary financial assets	3.092.424	2.000.274	-	--	1.785.904	692.578	343.975
3. Current Assets	14.593.726	8.171.476	954.840	1.700	10.342.815	4.638.263	1.554.870
4. Total Assets	14.593.726	8.171.476	954.840	1.700	10.342.815	4.638.263	1.554.870
5. Trade payables	(2.211.270)	(833.976)	(449.926)	--	(1.007.909)	(404.085)	--
6. Financial liabilities	(6.988.395)	(3.593.074)	(699.577)	--	--	--	(184.918)
7. Short-term Liabilities	(9.199.665)	(4.427.050)	(1.149.503)	--	(1.007.909)	(404.085)	(184.918)
8. Total Liabilities	(9.199.665)	(4.427.050)	(1.149.503)	--	(1.007.909)	(404.085)	(184.918)
Total	5.394.061	3.744.426	(194.663)	1.700	9.334.906	4.234.178	1.369.952



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### 26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Currency Sensitivity Analysis 2010		
USD: 1,5460		
Euro: 2,0491		<b>Profit/Loss</b>
GBP: 2,3886	Appreciation of foreign currency	Appreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	578.888	(578.888)
2-USD risk averse portion (-)	--	--
<b>3-Net USD Effect (1+2)</b>	<b>578.888</b>	<b>(578.888)</b>
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	(39.888)	39.888
5-Euro risk averse portion (-)	--	--
<b>6- Net Euro Effect (4+5)</b>	<b>(39.888)</b>	<b>39.888</b>
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	406	(406)
8-Other currency risk averse portion (-)	--	--
<b>9-Net other currency effect (7+8)</b>	<b>406</b>	<b>(406)</b>
<b>Total(3+6+9)</b>	<b>539.406</b>	<b>(539.406)</b>

Currency Sensitivity Analysis 2009		
USD: 1,5057		<b>Profit/Loss</b>
Euro: 2,1603	Appreciation of foreign currency	Appreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	637.540	(637.540)
2-USD risk averse portion (-)	--	--
<b>3-Net USD Effect (1+2)</b>	<b>637.540</b>	<b>(637.540)</b>
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	295.951	(295.951)
5-Euro risk averse portion (-)	--	--
<b>6- Net Euro Effect (4+5)</b>	<b>295.951</b>	<b>(295.951)</b>
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	--	--
8-Other currency risk averse portion (-)	--	--
<b>9-Net other currency effect (7+8)</b>	<b>--</b>	<b>--</b>
<b>Total(3+6+9)</b>	<b>933.491</b>	<b>(933.491)</b>

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### 26 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

For the years ended 31 December, total import and export of the company comprised the following:

	2010	2009
Total export	49.774.957	48.195.105
Total import	62.520.093	35.480.657

#### 26.2.5 Liquidity risk

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

The below tables show the monetary liabilities of the Company according to their remaining maturities at 31 December:

	2010					
	Book Value	Total contractual cash outflows	0-3 Months	3-12 Months	1-5 years	5 years And more
<b>ACCOUNTS PAYABLE</b>						
Short term financial payables	7.378.523	7.378.523	7.378.523	--	--	--
Trade and other payables	17.929.276	17.929.276	17.929.276	--	--	--
Due to related parties	298.031	298.031	--	298.031	--	--
Expense accruals	1.903.203	1.903.203	1.903.203			
Other liabilities	2.432.121	2.432.121	2.432.121	--	--	--
<b>Total accounts payable</b>	<b>29.941.154</b>	<b>29.941.154</b>	<b>29.643.123</b>	<b>298.031</b>	<b>--</b>	<b>--</b>
	2009					
<b>ACCOUNTS PAYABLE</b>						
Short term financial payables	357.214	357.214	357.214	--	--	--
Trade and other payables	15.528.126	15.528.126	15.528.126	--	--	--
Due to related parties	1.181.093	1.181.093	--	1.181.093	--	--
Expense accruals	3.193.457	3.193.457	--	3.193.457	--	--
Other liabilities	1.605.941	1.605.941	1.605.941	--	--	--
<b>Total accounts payable</b>	<b>21.865.831</b>	<b>21.865.831</b>	<b>17.491.281</b>	<b>4.374.550</b>	<b>--</b>	<b>--</b>

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

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#### 27 - FINANCIAL INSTRUMENTS

##### ***Determination of Fair Values***

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

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

##### ***Accounts receivable and payables***

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

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

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

##### ***Fair values of financial liabilities***

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

##### ***Other***

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

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

*As described in Note 11, Due to the claim of a complainant to “Turkish Competition Board” as at 22 July 2008 according to the Communiqué No: 4676 which is about “Protection of Competition”, there had been a preliminary investigation. The results of the investigation were summarised on a pre investigation report with a code of 2008-2-156/OA-08-1A, and the report was discussed in a meeting of competition Board dated 23 October 2008. In related meeting, the pricing policy of the Company is claimed to cause elimination of its rivals from the sector. As per article 6 of “Protection of competition” of “Turkish Competition Board”, with the decision of the board numbered as 08-60/957-M, the judge has decided to open an investigation about the Company according to the article no: 41 of the same act to state whether the pricing policies of the Company has been subject to abuse the situation or not within the meaning of the 6th article of the Law about Protection of Competition numbered as 4054. The decision of “Turkish Competition Board” meeting held on 8 February 2010 is as follows:*

*It is decided that;*

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

*In accordance with the third paragraph of Article 16 of the 4054 numbered “Protection of Competition Law” and regulation of the Administrative Fine to be applied to agreed action and decisions that restrict the Competition and the abuse of dominant position, has been found and administrative penalty of TL 1,317,714 which has been agreed by the vote of majority. The decision taken by the Board can be claimed against on the Council of State.*

*As at 4 June 2010, decision with reasons have been notified to the Company and the Company preferred to pay the fine with a 25 percent discount. TL 988,286 is paid in cash, which represents 75 percent of TL 1,317,714 at 28 June 2010. This payment does not restrict the right to claim against the decision. At 19 Ağustos 2010 the Company claimed against the decision, however at 31 December 2010, no progress yet on the case.*

## İZOCAM TİCARET VE SANAYİ A.Ş. INSTITUTIONAL ADMINISTRATIVE PRINCIPLES REPORT

*The application and realization of 'Institutional Administrative Principles', accepted by the Capital Markets Board of Turkey (SPK) with decision No. 35/835, dated 04.07.2003, and made public in July, 2003, is important especially in regard to the credibility and financing means of companies which are open to the public. These principles, displaying institutional administrative quality, have been adopted by our company, and are already being partially implemented. The other principles whose application is required alongside those already in effect will be implemented as soon as the necessary administrative and technical infrastructure is completed.*

*According to SPK's decision No. 48/1588 dated 10.12.2004, it was found relevant for companies whose shares are active in Istanbul Stock Market (IMKB) to publish their conformity to Institutional Administrative Principles, both as part of their activity reports starting with the year 2004, and on their websites, should they have one. Izocam Ticaret ve Sanayi A.Ş. has added the following information about conforming to the principles to Annual Reports since 2005*

### SECTION I - SHAREHOLDERS

#### **Section about Relations with Shareholders**

*In Izocam Ticaret ve Sanayi A.Ş. relations with shareholders are organized by a special unit formed by the Assistant General Manager responsible for Financial and Administrative Activities. The Unit is mainly responsible for the following activities:*

- *Introducing our company to individual and institutional investors; informing potential investors and shareholders of our activities.*
- *Meeting information requests from graduate and post-graduate students and faculty members doing research about our company and the sector.*
- *Organizing the Company's General Board Meeting, preparing relevant documentation for the shareholders, sending the minutes of the meeting to those who request it.*
- *Keeping our shareholders informed.*
- *Informing IMKB and SPK of Special Condition Declarations according to SPK's VIII Series, No. 54, announcement.*
- *Making the necessary preparations before a General Board Meeting, preparing the documentation, and obtaining and presenting for the General Board's approval preliminary permissions pertaining to the main contract.*
- *Following any and all changes in the legislation pertaining to the Capital Markets Law, and informing the relevant departments of the company.*

*Assistant General Manager, Financial – Administrative: Hasan Basri Eröktem*

*Phone : 0262 754 6390*

*Faks : 0262 754 6162*

*E- mail : eroktem@izocam.com.tr*

#### **Personnel responsible for relations with shareholders:**

*Doruk Özcan ozcan@izocam.com.tr Tel : 0262 754 6390*

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*İpek Gürbey gurbey@izocam.com.tr*



## İZOCAM TİCARET VE SANAYİ A.Ş. INSTITUTIONAL ADMINISTRATIVE PRINCIPLES REPORT

### ***Usage of the Shareholders' Right to Knowledge***

*No discrimination is made at Izocam Ticaret ve Sanayi A.Ş. among shareholders in respect to the usage of the right to receive and analyze information.*

*In order to extend the rights of shareholders to relevant information, any and all information pertaining to this right are made available freely through electronic media. The following information can be reached through the company's website (www.izocam.com.tr), as well as financial reports:*

- *Company's Main Protocol*
- *The date of the General Board Meeting, in which newspapers it was announced, the agenda, commentary on the items on the agenda.*
- *General Board Meeting minutes and list of attendees.*
- *SPK Special Condition explanations*
- *Power of Attorney sample*
- *Shareholder structure of the company*
- *Information about the Executive Board members and the upper echelon executives*
- *Frequently asked questions*
- *Investor reports.*

*Our Company Protocol does not consider the appointment of a special auditor as an individual right. There has never been any request from our shareholders in this respect, either. Company activities are analyzed periodically by an Independent External Auditor ( KPMG ) and the auditors chosen by the General Board.*

### ***Information about the General Board***

*During 2010, the Executive Board had one Ordinary meeting. A majority participation was achieved for it. Shareholders (through proxy) and media attended the meeting.*

*Invitation to the Board meeting is extended by the Executive Board according to Turkish Commerce Law, Capital Markets Law and company protocol. As soon as the Executive Board reaches a decision to hold a General Board meeting, IMKB and SPK, as well as the Central Registry Agency (MKK) are notified, and the public informed.*

*At least 15 days before the General Board Meeting, the address where the meeting will be held, drafts of proposed changes to company protocol, if any, and a proxy sample are published in the Turkish Commerce Register and on our website, according to the Capital Markets Communiqué. These announcements also contain the address where independently audited financial information pertaining to the period under discussion can be viewed.*

*Every shareholder taking the floor during a General Board meeting can express his views about company activities, ask questions of the administration, request information and receive answers. Our Board meeting is conducted under the observation of a Government Commissar from the Ministry of Industry and Commerce.*

*In the Board Meeting of 2010, suggestions from the major shareholders of the company were taken into consideration.*

*The Minutes of the General Board Meeting can be viewed on our website. They are also available at our headquarters for our shareholders on request.*

## İZOCAM TİCARET VE SANAYİ A.Ş. INSTITUTIONAL ADMINISTRATIVE PRINCIPLES REPORT

### ***Voting Rights and Minority Rights***

*There is no concession in our company protocol about the casting of votes. There are no companies among our shareholders of which we are shareholders.*

### ***Profit Sharing Policies and Profit Sharing Times***

*The profit sharing policy of our company is not to pay less than distributable profit calculated according to SPK notifications, as dividend to its shareholders, keeping in mind long term strategies, investment and financing plans and profiting conditions. The dividends to be paid can be all cash, all assets (from the company), or part cash and part assets.*

*There are no priorities in the sharing of profits in our company protocol.*

*Dividend payments take place according to TTK and SPK and within the legal time periods.*

### ***Transferring Shares***

*Our company protocol has no applications or legislature to complicate or inhibit the free transfer of shares by our shareholders.*

## SECTION II – INFORMING THE PUBLIC AND TRANSPARENCY

### ***Company Information Policy***

*In our company, the department responsible for keeping the public informed is the Assistant Managership for Finance and Administration. They inform the public of relevant facts at regular intervals.*

### ***Special Condition Announcements***

*Our company has made 8 special condition announcements during 2010. As our company is not quoted in foreign stock markets, it is not necessary to make any Special Condition Announcements to any institution other than SPK and IMKB. As the Special Condition Announcements were made within the time limit stipulated by law, no sanctions were applied by SPK.*

### ***Company Website and Content***

*Our company, with the aim of conducting investor relations more effectively and speedily, and being in constant communication with its shareholders, publishes its financial reports prepared for SPK on its official website, [www.izocam.com.tr](http://www.izocam.com.tr) in both Turkish and English.*

### ***Divulging the Real Person Controlling Shareholder/Shareholders***

*There is no special condition effecting investors in divulging the real persons and owners of the company.*

## İZOCAM TİCARET VE SANAYİ A.Ş. INSTITUTIONAL ADMINISTRATIVE PRINCIPLES REPORT

### ***Announcing the Persons With Internal Information to the Public***

*In order to protect the balance between transparency and company expediency, it is very important that all company personnel are careful about conforming to the rules about the usage of internally acquired knowledge.*

*Any information gained during working hours about the company that is not desirable for those outside the company to know, or information that can be classified as trade secrets, are considered to be "Company Information". All personnel, while they are employed by Izocam Ticaret ve Sanayi A.Ş., and afterwards, are expected to protect and not use, either directly or indirectly, company information.*

*No Izocam Ticaret ve Sanayi A.Ş. employee can use information gained as a result of his employment for monetary gain through buying or selling shares in Izocam Ticaret ve Sanayi A.Ş.*

## SECTION III – BENEFICIARIES

### ***Informing Beneficiaries***

*Beneficiaries of the company are kept informed in issues pertaining to themselves through invitations to relevant meetings or through telecommunications.*

### ***Human Resources Policy***

*According to the human resources policy of our company, the criteria for employment and advancement are set in writing. Our Human Resources process aims to provide:*

- *The right person for the right job*
- *Equal pay for equal work*
- *Merit based on success*
- *Equal opportunity for all,*

*And based on this, continually develop the abilities of our manpower and protect our superiority in a global environment of rivalry. The operation of human resources systems established to this end is defined by procedures and announced to all employees.*

### ***Information About Relations with Customers and Suppliers***

*Customer satisfaction in the marketing of products and services is our first and foremost aim. Customer satisfaction is always checked and reported on.*

## SECTION IV – EXECUTIVE BOARD

### ***The Structure and Formation of the Executive Board***

*There is no discrimination between executive and non-executive members on the Executive Board of our company. After the General Board meeting where the Executive Board members are chosen, Executive Board Chairman and Deputy Chairman are chosen by a decision about duty assignments. If a chair on the Board becomes vacant during a term, the Article No. 315 of the Turkish Trade Law is applied.*

*It is necessary for the Executive Board Chairman and members to get the approval of the General Board according to Articles 334 and 335 of the Turkish Trade Law if they are occupied with activities within the scope of the company either in their own name or under the name of others, or to become partners in companies with similar fields of activity.*

## İZOCAM TİCARET VE SANAYİ A.Ş. INSTITUTIONAL ADMINISTRATIVE PRINCIPLES REPORT

### ***The Mission, Vision and Strategic Aims of the Company***

*The strategic aims set in conjunction with the vision and mission of our company are evaluated by the Executive Board.*

### ***The Authority and Responsibilities of the Executive Board Members and Executives***

*The authorities and responsibilities of the Executive Board members are clearly defined in the Company protocol. The authorities are also defined in detail in the signature circular of the company.*

### ***Working Principles of the Executive Board***

*The agenda for Executive Board meeting is set by notification of the upper echelon executives and Executive Board members by the relevant departments of matters that, according to the company protocol, must be settled by Executive Board decision. The agenda can also be defined by any Executive Board member passing on a request to the company executives for a decision that needs to be reached on a specific matter.*

*The subjects that are required to be discussed at an Executive Board meeting is collected and consolidated by the Deputy General Management for Finance and Administration, and the agenda is set.*

*The Deputy General Manager Responsible for Finance and Administration of İzocam Ticaret ve Sanayi A.Ş. has been charged with setting the agenda for Executive Board meetings, preparing Executive Board decisions taken according to Article 330/II of the Turkish Trade Law, informing the Executive Board members and facilitating communications.*

*The Executive Board votes on decisions as necessary, but with the minimum members stipulated by the company protocol.*

*Any and all opposition and opposing votes declared during Executive Board meetings are taken down in the minutes of the meeting. On the other hand, no such announcement has been made to the public recently as there has not been any opposition of the sort.*

### ***Number, Structure and Independency of Committees formed by the Executive Board***

*Our company has one committee with two members responsible for the supervision of the Executive Board to ensure the proper execution of their duties and responsibilities.*

### ***Financial Renumeration for the Executive Board***

*Financial renumeration for the members of the Executive Board is decided at the General Board Meeting.*



CHAIRMAN OF THE EXECUTIVE BOARD

**SAMİR MAMDOUH KASEM**

## **MAIN OFFICE, GENERAL MANAGMENT AND PRODUCTION PLANTS**

### **MAIN OFFICE, TEKİZ PANEL PRODUCTION PLANT AND EXPORT MANAGMENT**

Organize San. Bölgesi 3. Cadde No: 4 Yukarı Dudullu 34775 Ümraniye - İSTANBUL - TÜRKİYE

Phone: +90 216 364 10 09 (PBX)

Fax : +90 216 420 81 49

Export Dep. Fax: +90 216 365 67 44

District Office Fax: +90 216 364 45 31

### **GENERAL MANAGEMENT,**

### **GEBZE STONEWOOL, EPS AND XPS (PLASTICS) PRODUCTION PLANTS**

E-5 Karayolu Üzeri

41455 Dilovası - KOCAELİ - TÜRKİYE

Phone: +90 262 754 63 90/6 line -754 81 65/6 line

Fax: +90 262 754 61 82 - 754 61 62

Stonewool Plants

Fax: +90 262 754 51 57

Plastics Plants

Fax: +90 262 754 66 87

E - mail: izoposta@izocam.com.tr

### **TARSUS GLASSWOOL PRODUCTION PLANT**

Adana Mersin Karayolu Üzeri

Konaklar Köyü Keli Mevkii P.K.69

33401 Tarsus - İÇEL - TÜRKİYE

Phone: +90 324 616 25 80 / 8 line

Fax: +90 324 616 25 90

### **ESKİŞEHİR RUBBER AND POLYETHYLENE PRODUCTION PLANT**

Eskişehir Organize Sanayi Bölgesi, 15.Cadde Şehitler Bulvarı, 26110 Eskişehir - TÜRKİYE

Phone: +90 222 236 14 80

Fax: +90 222 236 14 79







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