

İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

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

NOTES TO THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

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

25 - RELATED PARTIES (CONTINUED)

25.2 Due to Related Parties

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

	2009	2008
<i>Saint-Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret Anonim Şirketi</i> (“Saint-Gobain Weber”)	890.499	144.093
<i>Saint Gobain-Isover (Royalty)</i>	130.591	100.611
<i>Grunzweig Hartman AG (“Grunzweig”)</i>	72.586	165.447
<i>Saint-Gobain Glass Romania</i>	--	4.330
<i>Saint-Gobain Construction Products Polska Sp. Z.o.o</i>	--	198
<i>Others</i>	87.417	70.101
	1.181.093	484.780

25.3 Sales to Related Parties

For the years 31 December, sales to related parties comprised of the following:

	2009	2008
<i>Saint Gobain Isover Italia S.P.A.</i>	1.974.280	6.972
<i>Saint-Gobain Weber</i>	154.734	138.917
<i>Saint Gobain Rigips Hellas SA</i>	134.197	25.950
<i>Isover</i>	17.602	122.422
<i>Saint Gobain Isover Almanya</i>	15.684	--
<i>JSC</i>	--	42.206
<i>Saint Gobain Isover France</i>	--	13.399
<i>Saint Gobain Seva France</i>	--	7.675
	2.296.497	357.541

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25 - RELATED PARTIES (CONTINUED)

25.4 Purchases from Related Parties

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

	2009	2008
Saint-Gobain Weber	2.021.284	892.353
Saint Gobain Isover (Royalty)	661.839	--
Grunzweig (Royalty)	548.981	554.029
Saint Gobain Isover France	2.151	822.363
Saint Gobain - Isover (Germany)	1.343	--
Saint-Gobain Construction Products Polska Sp. Z.o.o	--	166
	3.235.598	2.268.911

25.5 Other Transaction with Related Parties

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

Dividends paid	2009	2008
İzocam İzolasyon	37.076.588	54.189.757
Central Record Institution ("CRI")	1.899.369	2.767.483
Other	4.325	13.598
	38.980.282	56.970.838

25.6 - Remuneration to Top Management

Short term benefits:	2009	2008
(Salaries, premiums, housing, company cars, social securities, health insurance, vacation payments and etc.)	2.112.051	3.020.467
Other long term benefits:		
(Indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	104.438	50.486
Share based payments:	--	--
TOTAL:	2.216.489	3.070.953

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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

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. 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.

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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 and Euro.

Interest Rate Risk

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

26.2 Risk Management Disclosures

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

26.2.1 Interest rate risk

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

Fixed interest rate financial instruments	2009	2008
Cash and cash equivalents	44.527.023	28.877.711
Bank borrowings	--	--

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 9,12 percent of the Company's revenue is attributable to sales transactions with a single customer.

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

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

	2009	2008
1. District Office (Marmara, West Black Sea Regions)	18.533.434	24.254.062
3. District Office (South East Anatolia, East Anatolia, East Black Sea Regions)	5.661.910	6.480.073
2. District Office (Central Anatolia, Middle Black Sea Regions)	8.412.084	11.850.583
Middle East, Balkans, Africa and Others	6.022.145	8.266.858
4. District Office (Aegean and Mediterranean Sea Regions)	9.756.927	10.362.563
	48.386.500	61.214.139

At 31 December 2009, the Company has a letter of guarantee amounting to TL 43.645.036 (31 December 2008: TL 45.549.373), mortgage amounting to TL 4.971.000 (31 December 2008: TL 4.898.000), eximbank guarantee amounting to TL 21.538.203 (31 December 2008: TL 21.968.264) and collaterals received as notes amounting to TL 930.437 (31 December 2008: TL 706.169) and collaterals received as cash amounting to TL 8.300 (31 December 2008: None) that are taken from customers and agencies.

2009	Receivables Trade Receivables		Deposits on Banks	Other
	Related Party	Related Party		
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)	--	--	--	--
-Impairment (-)	--	1.325.530	--	--
-Covered portion of net book value (with letter of guarantee etc.)	--	(1.325.530)	--	--
	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	8.287.040

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

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

The Company works with most of its customers since its foundation and there has not been any loss due to receivables from these customers. In order to monitor credit risks, customers are regrouped according to their credit character and customer types. Most of the accounts receivable consist of the receivables from agencies. The Company makes provisions for its doubtful receivables after a problem arises in collection from the related customer and when the lawyer of the customer is informed for the legal action.

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

31 December 2008	Receivables	
	Trade Receivables	Other Receivables
Past due 1-30 days	2.893.930	--
Past due 1-3 months	1.213.065	--
Past due 3-12 months	2.452.894	--
Past due 1-5 years	--	--
More than 5 years	--	--
The portion secured by guarantee**	4.096.793	--

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ENDED 31 DECEMBER 2009***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)**

31 December 2008	Receivables Trade Receivables		Deposits on Banks	Other
	Related Party	Other Parties		
Exposure to maximum credit risk as at reporting date (A+B+C+D+E) *	81.756	61.214.139	29.975.676	6.477.407
A. Net carrying value of financial assets which are neither impaired nor overdue	81.756	55.122.477	29.975.676	--
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	5.951.417	--	--
-The portion covered by any guarantee	--	3.344.849	--	--
D. Net carrying value of impaired assets	--	140.245	--	--
-Over due (gross book value)	--	1.120.039	--	--
-Impairment (-)	--	(979.794)	--	--
-Covered portion of net book value (with letter of guarantee etc.)	--	140.245	--	--
E. Off balance sheet items with credit risks	--	--	--	6.477.407

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

For the year ended 31 December 2008, past due but not impaired accounts receivables (except due from related parties) are as follows:

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

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

*** At 31 December 2009, the Company has guaranteed its receivables by letter of guarantee amounting to TL 3.545.242 (31 December 2008: TL 3.095.319), mortgage amounting to TL 466.099 (31 December 2008: TL 183.040), cheques for guarantee amounting to TL 85.452 (31 December 2008: None) does not have eximbank guarantee (31 December 2008: TL 66.490). For the years ended 31 December 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 8.287.040 (31 December 2008: TL 6.477.407) are given to custom offices, domestic suppliers, banks and tax offices.

26.2.4 Currency risk

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

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

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

26.2.4 Currency risk (continued)

FOREIGN CURRENCY POSITION						
31 December 2009						
	TL (Functional Currency)	USD	EURO	TL (Functional Currency)	USD	EURO
1. Trade receivables	8.556.911	3.945.685	1.210.895	10.517.021	5.306.612	1.163.736
2. Monetary financial assets	1.785.904	692.578	343.975	4.201.744	1.699.842	761.898
3. Current Assets	10.342.815	4.638.263	1.554.870	14.718.765	7.006.454	1.925.634
4. Total Assets	10.342.815	4.638.263	1.554.870	14.718.765	7.006.454	1.925.634
5. Trade payables	(1.007.909)	(404.085)	--	(453.209)	(299.682)	--
6. Financial liabilities	--	--	(184.918)	(525.405)	--	(245.424)
7. Short-term Liabilities	(1.007.909)	(404.085)	(184.918)	(978.614)	(299.682)	(245.424)
8. Total Liabilities	(1.007.909)	(404.085)	(184.918)	(978.614)	(299.682)	(245.424)
Total	9.334.906	4.234.178	1.369.952	13.740.151	6.706.772	1.680.210

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

Currency Sensitivity Analysis 31 December 2009		
USD: 1.5057	Profit/Loss	
EURO: 2.1603	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	637.540	(637.540)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	637.540	(637.540)
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	295.951	(295.951)
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	295.951	(295.951)
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	--	--
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	--	--
Total(3+6+9)	933.491	(933.491)
Currency Sensitivity Analysis 31 December 2008		
USD: 1.5123	Profit/Loss	
EURO: 2.1408	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	1.014.266	(1.014.266)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	1.014.266	(1.014.266)
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	359.699	(359.699)
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	359.699	(359.699)
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	50	(50)
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	50	(50)
Total(3+6+9)	1.374.015	(1.374.015)

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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 of the following:

	31 December 2009	31 December 2008
Total export	48.195.105	51.478.863
Total import	35.480.657	40.211.119

26.2.5 Liquidity risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions. By the cash inflows provided from the operating activities, the Company utilizes its requirements for current and future funding and the remaining portion of those cash inflows are utilized in time deposits with short-term maturities. The Company finances the capital expenditures by the long-term borrowings utilized from the financial institutions. The Company makes 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 assets and liabilities of the Company according to their remaining maturities at 31 December:

	2009					
	Book Value	Total contractual cash outflows	0-3 Months	3-12 Months	1-5 Years	5 years and more
ACCOUNTS PAYABLE						
Short term financial payables	357.214	357.214	357.214	--	--	--
Trade and other payables	15.528.126	15.528.126	15.528.126	--	--	--
Due to related parties	1.181.093	1.181.093	--	1.181.093	--	--
Provisions	1.751.802	1.751.802	--	1.751.802	--	--
Other liabilities	3.047.596	3.047.596	3.047.596	--	--	--
Total accounts payable	21.865.831	21.865.831	18.932.936	2.932.895	--	--
ACCOUNTS PAYABLE						
Short term financial payables	17.186.025	17.186.025	17.186.025	--	--	--
Due to related parties	484.780	484.780	--	484.780	--	--
Provisions	149.029	149.029	--	149.029	--	--
Other liabilities	2.241.061	2.241.061	2.241.061	--	--	--
Total accounts payable	20.060.895	20.060.895	19.427.086	633.809	--	--

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27 - FINANCIAL INSTRUMENTS

27.1 Determination of Fair Values

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

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

Accounts receivable and payables

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

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

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

Fair values of financial liabilities

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

Other

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

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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 did not 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, in 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 VOTE 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 VOTE 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.

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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

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Fax : 0262 754 6162

E- mail : eroktem@izocam.com.tr

Personnel responsible for relations with shareholders:

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

Müyesser Çingay cingay@izocam.com.tr Fax: 0262 754 6162

İpek Gürbey gurbey@izocam.com.tr

NOTES TO THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009, 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 2009, 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.

IZOCAM 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 2009. There have not been any additional announcements made on the request of SPK or IMKB. 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 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.

IZOCAM 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.

IZOCAM 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 Remuneration for the Executive Board

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

CHAIRMAN OF THE EXECUTIVE BOARD

GIANNI SCOTTI



**MAIN OFFICE,
GENERAL MANAGEMENT AND PRODUCTION PLANTS**

MAIN OFFICE, TEKİZ PANEL PRODUCTION PLANT AND EXPORT MANAGEMENT

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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 Üzeri
41455 KOCAELİ - TURKEY
Tel: +90 262 754 63 90/6 hat-754 81 65/6 hat
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
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TARSUS GLASWOOL PRODUCTION PLANT

Adana Mersin Karayolu Üzeri
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33401 Tarsus - İÇEL - TURKEY
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ESKİŞEHİR RUBBER AND POLYETHYLENE PRODUCTION PLANT

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