İzocam Ticaret ve Sanayi Anonim Şirketi

Convenience Translation into English of
Condensed Interim Financial Statements
As at and For the Nine Month
Period Ended
30 September 2018
(Originally issued in Turkish)

This report is 29 pages.
26 October 2018

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İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Financial Position As at 30 September 2018

All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.

	Notes	Unaudited 30 September 2018	Audited 31 December 2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	32.417.477	22.054.849
Trade Receivables	7	164.795.947	124.678.797
From Related Parties	*4*	*1.220.106*	*2.151.391*
From Third Parties		*163.575.841*	*122.527.406*
Other Receivables		--	21.013
From Third Parties		--	*21.013*
Inventories	9	75.583.541	50.166.090
Prepaid Expenses		3.048.647	2.072.752
Other Current Assets		9.460.707	6.013.082
TOTAL CURRENT ASSETS		**285.306.319**	**205.006.583**
Non-Current Assets			
Other Receivables		6.063	6.229
From Third Parties		*6.063*	*6.229*
Property and Equipment	10	120.587.589	123.702.357
Intangible Assets	10	346.585	474.142
Other		*346.585*	*474.142*
Prepaid Expenses		6.977.271	1.779.907
Other Non-Current Assets		75.413	3.287
Deferred Tax Asset	15	1.668.839	731.591
TOTAL NON-CURRENT ASSETS		**129.661.760**	**126.697.513**
TOTAL ASSETS		**414.968.079**	**331.704.096**

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Financial Position As at 30 September 2018 *(Continued)*

All amounts are expressed in TL unless otherwise stated.

	Notes	Unaudited 30 September 2018	Audited 31 December 2017
LIABILITIES			
Short-Term Liabilities			
Short-Term Loans and Borrowings	6	83.723.786	49.866.593
Trade Payables	7	86.776.561	68.177.892
To Related Parties	*4*	*2.875.584*	*898.383*
To Third Parties		*83.900.977*	*67.279.509*
Payables Related to Employee Benefits		4.921.613	5.550.382
Other Payables		--	36.079
To Third Parties		--	*36.079*
Deferred Income	8	23.645.221	12.144.595
Current Tax Liability	15	2.939.081	1.544.048
Short-term Provisions		585.112	1.402.054
Other		*585.112*	*1.402.054*
Other Short-Term Liabilities		945.515	1.097.072
TOTAL SHORT-TERM LIABILITIES		**203.536.889**	**139.818.715**
Long-Term Liabilities			
Other Payables		16.972	--
To Third Parties		*16.972*	--
Long-term Provisions		15.225.380	13.297.496
For Employee Benefits		*15.225.380*	*13.297.496*
TOTAL LONG-TERM LIABILITIES		**15.242.352**	**13.297.496**
EQUITY			
Paid-in Capital	12	24.534.143	24.534.143
Adjustment to Share Capital	12	25.856.460	25.856.460
Share Premiums		1.092	1.092
Items That Will Never Be Reclassified to Profit or Loss		(5.755.551)	(4.816.365)
Actuarial Losses from Defined Pension Plans		*(5.755.551)*	*(4.816.365)*
Restricted Profit Reserves		42.711.837	42.711.837
Retained Earnings		90.213.599	72.317.994
Net Profit for the Period		18.627.258	17.982.724
TOTAL EQUITY		**196.188.838**	**178.587.885**
TOTAL LIABILITIES		**414.968.079**	**331.704.096**

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
For The Nine Month Periods Ended 30 September 2018
All amounts are expressed in TL unless otherwise stated.

		Unaudited			
	Notes	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
PROFIT OR LOSS					
Revenue	13	400.672.933	138.069.045	314.045.296	121.208.776
Cost of Sales (-)	13	(317.904.654)	(108.178.682)	(250.658.133)	(97.035.713)
GROSS PROFIT		**82.768.279**	**29.890.363**	**63.387.163**	**24.173.063**
Administrative Expenses (-)	14	(15.178.188)	(5.394.101)	(12.685.339)	(4.161.820)
Selling, Marketing and Distribution Expenses (-)	14	(41.470.139)	(13.336.332)	(34.264.699)	(11.748.216)
Impairment (Loss)/ Gain on Trade and Other Receivables		(207.490)	(171.136)	(44.380)	284
Research and Development Expenses (-)		--	--	(301.181)	(301.181)
Other Operating Income		17.507.239	8.146.342	5.516.026	2.382.502
Other Operating Expenses (-)		(6.139.828)	(2.376.407)	(2.689.901)	19.806
OPERATING PROFIT		**37.279.873**	**16.758.729**	**18.917.689**	**10.364.438**
Expense/ (Income) from Investment Activities		(36.062)	(21.411)	(25.833)	55.767
OPERATING PROFIT BEFORE FINANCE EXPENSE		**37.243.811**	**16.737.318**	**18.891.856**	**10.420.205**
Finance Income		469.308	263.053	168.710	35.745
Finance Expenses (-)		(13.384.615)	(5.123.634)	(6.564.985)	(2.563.098)
Finance Expenses, net		**(12.915.307)**	**(4.860.581)**	**(6.396.275)**	**(2.527.353)**
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**24.328.504**	**11.876.737**	**12.495.581**	**7.892.852**
Tax Expense of Continuing Operations		**(5.701.246)**	**(2.273.074)**	**(2.920.398)**	**(1.697.652)**
Current Tax Expense	*15*	(6.379.126)	(2.972.192)	(3.115.375)	(1.913.481)
Deferred Tax Benefit	*15*	677.880	699.118	194.977	215.829
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**18.627.258**	**9.603.663**	**9.575.183**	**6.195.200**
PROFIT FOR THE PERIOD		**18.627.258**	**9.603.663**	**9.575.183**	**6.195.200**
Earnings Per Share					
Earnings Per Share From Continuing Operations	*16*	0,008	0,004	0,004	0,003
Diluted Earnings Per Share					
Diluted Earnings Per Share From Continuing Operations	*16*	0,008	0,004	0,004	0,003
OTHER COMPREHENSIVE INCOME					
Items Not to Be Classified To Profit Or Loss					
Remeasurement Of Defined Benefit Plans		(1.173.982)	(340.080)	(331.003)	136.658
Deferred Tax Effect Of Remeasurement Of Defined Benefit	*15*	234.796	68.016	66.201	(27.332)
OTHER COMPREHENSIVE INCOME		**(939.186)**	**(272.064)**	**(264.802)**	**109.326**
TOTAL COMPREHENSIVE INCOME		**17.688.072**	**9.331.599**	**9.310.381**	**6.304.526**

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Changes in Equity
For The Nine Month Periods Ended 30 September 2018
All amounts are expressed in TL unless otherwise stated.

				Other comprehensive income not to be reclassified to profit or loss		Accumulated profits		
	Paid-in Capital	**Adjustment to Share Capital**	**Share Premiums**	**Defined Benefit Remeasurement Losses**	**Restricted Profit Reserves**	**Retained Earnings**	**Net Profit for the Period**	**Total Equity**
Balance as at 1 January 2017	**24.534.143**	**25.856.460**	**1.092**	**(4.071.201)**	**42.711.837**	**51.375.439**	**20.942.555**	**161.350.325**
Transfers	--	--	--	--	--	20.942.555	(20.942.555)	--
Total Comprehensive Income	--	--	--	**(264.802)**	--	--	**9.575.183**	**9.310.381**
Other comprehensive income	--	--	--	*(264.802)*	--	--	--	*(264.802)*
Net profit for the period	--	--	--	--	--	--	*9.575.183*	*9.575.183*
Balance as at 30 September 2017	**24.534.143**	**25.856.460**	**1.092**	**(4.336.003)**	**42.711.837**	**72.317.994**	**9.575.183**	**170.660.706**
Balance as at 1 January 2018	**24.534.143**	**25.856.460**	**1.092**	**(4.816.365)**	**42.711.837**	**72.317.994**	**17.982.724**	**178.587.885**
Adjustment on initial application of TFRS 9	--	--	--	--	--	(87.119)	--	(87.119)
Adjusted balance as at 1 January 2018	**24.534.143**	**25.856.460**	**1.092**	**(4.816.365)**	**42.711.837**	**72.230.875**	**17.982.724**	**178.500.766**
Transfers	--	--	--	--	--	17.982.724	(17.982.724)	--
Total Comprehensive Income	--	--	--	**(939.186)**	--	--	**18.627.258**	**17.688.072**
Other comprehensive income	--	--	--	*(939.186)*	--	--	--	*(939.186)*
Net profit for the period	--	--	--	--	--	--	*18.627.258*	*18.627.258*
Balance as at 30 September 2018	**24.534.143**	**25.856.460**	**1.092**	**(5.755.551)**	**42.711.837**	**90.213.599**	**18.627.258**	**196.188.838**

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Cash Flows

For The Nine Month Periods Ended 30 September 2018

All amounts are expressed in TL unless otherwise stated.

	Notes	Unaudited 1 January – 30 September 2018	1 January – 30 September 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1.506.224**	**10.694.102**
Net Profit For The Period		18.627.258	9.575.183
Adjustments for reconciliation of profit for the period		**19.432.158**	**24.139.175**
Adjustment for depreciation and amortization	10	10.679.103	9.342.958
Adjustment for provision for employee termination benefits		1.270.580	1.375.844
Adjustment for provision for unused vacation pay liability		812.886	749.659
Adjustment for provision of doubtful receivables, net	7	207.490	44.380
Adjustment for provisions		(816.942)	1.699.387
Adjustment for interest expense		12.210.586	12.700.055
Adjustment for interest income		(10.668.853)	(4.719.339)
Adjustment for tax expense	15	5.701.246	2.920.398
Loss on sale of property and equipment		36.062	25.833
Changes in working capital		**(30.239.535)**	**(17.675.629)**
Adjustments for increase in inventory		(24.825.743)	(16.483.935)
Adjustments for (increase) decrease in trade and other receivables		(30.191.035)	14.173.128
Adjustments for increase (decrease) in trade and other payables		18.579.562	(8.150.132)
Adjustments for increase (decrease) in deferred revenue		11.500.626	(7.045.310)
Adjustments for (increase) decrease in prepaid expenses		(975.895)	4.671.037
Adjustments for decrease in payables related to employee benefits		(628.769)	(1.432.118)
Adjustments for increase/ decrease in other current and non-current assets and liabilities		(3.698.281)	(3.408.299)
Taxes paid		(4.984.093)	(2.901.090)
Employee benefit indemnity paid		(1.329.564)	(2.443.536)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(13.259.511)**	**(25.250.468)**
Purchase of property and equipment	10	(8.168.363)	(23.543.716)
Proceeds from sale of property and equipment		106.216	161.564
Adjustments related to advances given		(5.197.364)	(1.868.316)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**23.065.783**	**3.551.550**
Increase in bank borrowings and other financial liabilities, net		487.248.570	212.683.914
Repayment of borrowings		(457.115.163)	(203.204.928)
Interest paid		(8.486.800)	(6.225.057)
Interest received		457.190	167.448
Blockage accounts		(4.456.076)	(6.972.927)
Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)		**5.894.434**	**(18.107.916)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**4.451.570**	**20.186.459**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)	**5**	**10.346.004**	**2.078.543**

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

İzocam Ticaret ve Sanayi Anonim Şirketi ("İzocam" or the "Company") was established in 1965 in order to operate in production, importation and exportation of glass wool, stone wool, mineral wool, glass fiber, expanded and extruded polystyrenes, elastomeric rubber, polyethylene, insulated and non-insulated roof and front panels, partition and mezzanine.

As at 30 September 2018, İzocam Holding Anonim Şirketi's ("İzocam Holding") share in the Company is to 95,07 percent through acquisition of 1.501.330.396 shares not listed in Borsa İstanbul Anonim Şirketi ("BIST") from Koç Group on 29 November 2006 and on 10 July 2007 representing 61,16 percent of paid-in capital of İzocam together with the collection of 831.117.304 shares traded on BİST which represents 33,91 percent of paid-in capital of İzocam. İzocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by with an equal ownership of 50 percent by both parties.

The Company conducts a portion of its operations with related parties of Saint Gobain Group and Alghanim Group companies. The Company has related parties acting as both customers and suppliers (Note 4). The Company is registered at Capital Market Board of Turkey ("CMB") and its shares are listed in BİST since 15 April 1981. As at 30 September 2018, 38 percent of the shares are publicly traded at BİST (31 December 2017: 38 percent).

As at 30 September 2018, total number of employees of the Company is an average basis 469 (31 December 2017: 448) including 208 white collar employees (31 December 2017: 205) and 261 blue collar employees (31 December 2017: 243).

The address of the registered office and headquarters of the Company is as follows:

Altayçeşme Mahallesi Çamlı Sokak
No: 21 Kat: 4, 5
34843 Maltepe/ İstanbul

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation of Financial Statements

Accompanying financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") together with the provisions of accordance with to CMB's "Principles of Financial Reporting in Capital Market" dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TAS consist of Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and related addendums and interpretations to these standards.

For the nine months period ended 30 September 2018, the Company prepared its condensed interim financial statements in accordance with the Turkish Accounting Standard No. 34 "Interim Financial Reporting".

Condensed interim financial statements of the Company do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Company's annual financial statements as at 31 December 2017.

Condensed financial statements are the first financial statements for which TFRS 15 and TFRS 9 applied. The changes in significant accounting policies are explained in note 2.3

The Company's condensed interim statement of financial position as at 30 September 2018 and condensed interim statement of profit or loss and other comprehensive income for the nine months period ended was authorized for issue by the Board of Directors of the Company on 26 October 2018.

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

2.1 Basis of Presentation *(continued)*

2.1.1 Preparation of Financial Statements (continued)

Functional and Reporting Currency

These condensed interim financial statements are presented in Turkish Lira ("TL"), which is the Company's functional currency.

Adjustment of Financial Statements in Hyperinflationary Periods

As per the 17 March 2005 dated, 11/367 numbered decree of CMB, companies engaged in Turkey and those of which prepare their financial statements in accordance with the CMB Accounting Standards (including IAS/IFRS exercisers), use of inflationary accounting standards have been discontinued effective from 1 January 2005. Accordingly, "Financial Reporting Standards in Hyperinflationary Economies", ("IAS 29") was no longer applied henceforward.

2.2 Standards and interpretations issued but not yet effective as at 30 September 2017

Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 *Leases*, TFRS Interpretation 4 *Determining Whether an Arrangement Contains a Lease*, TAS Interpretation 15 *Operating Leases – Incentives*, and TAS Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* and consequently changes to TAS 40 *Investment Properties*. TFRS 16 *Leases* eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts TFRS 15 *Revenue from Contracts with Customers*. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 16.

TFRS Interpretation 23 –Uncertainty over Income Tax Treatments

On 24 May 2018, POA issued TFRS Interpretation 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. TAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. TFRS Interpretation 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS Interpretation 23.

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

2.2 Standards and interpretations issued but not yet effective as at 30 September 2017 *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

Amendments to TFRS 9 - Prepayment features with negative compensation

On December 2017, POA has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of TFRS 9. Under TFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract.

The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 9.

Amendments to TAS 28- Long-term Interests in Associates and Joint Ventures

On December 2017, POA has issued amendments to TAS 28 to clarify that entities also apply TFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Company does not expect that application of the amendments to TAS 28 will have significant impact on its financial statements.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

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

2.2 Standards and interpretations issued but not yet effective as at 30 September 2017 *(continued)*

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA *(continued)*

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

IFRS 3 Business Combinations and *IFRS 11 Joint Arrangements*

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Company does not expect that application of these amendments to IAS 19 will have significant impact on its financial statements.

The revised Conceptual Framework

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures.

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

2.2 Standards and interpretations issued but not yet effective as at 30 September 2017 *(continued)*

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA *(continued)*

The revised Conceptual Framework *(continued)*

For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020.

IFRS 17 – Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Company does not expect that application of IFRS 17 will have significant impact on its financial statements.

2.3 Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2018.

The Company has initially adopted TFRS 9 *Financial Instruments* and TFRS 15 *Revenue from Contracts with Customers* from 1 January 2018. Although there are other standards which are effective from 1 January 2018, these standards do not have any significant effect on the Company's financial statements.

2.3.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

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

2.3 Changes in significant accounting policies *(continued)*

2.3.1 IFRS 15 Revenue from Contracts with Customers *(continued)*

General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service.

As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Company's performance throughout the period, the Company concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

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

2.3 Changes in significant accounting policies *(continued)*

2.3.1 TFRS 15 Revenue from Contracts with Customers *(continued)*

Step 5: Recognition of revenue

The Company recognises revenue over-time if any of the following conditions is met:

- customer simultaneously receives and consumes the benefits as the entity performs, or
-the customer controls the asset as the entity creates or enhances it, or
- Company's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Company recognise revenue at the point in time at which it transfers control of the good or service to the customer.

The Company recognises a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Company recognises a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract. The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are set out below:

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Revenue from sales of product	The Company generates its revenue from the sale of produced isolation materials. Revenue is recognized when the significant risk of and reward ownership has been transferred to the counter party. Invoices are usually payable within 1 year.	Under TAS 18, revenue for these contracts or orders was recognized when a reasonable estimate of the returns could be made, provided that all other criteria for revenue recognition were met. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made. There has been no significant impact in the financial statements resulting from the sale of products due to the application of TFRS 15 accounting policies.

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

2.3 Changes in significant accounting policies *(continued)*

2.3.2 TFRS 9 Financial Instruments

TFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces TAS 39 *Financial Instruments: Recognition and Measurement*.

The following table summaries the impact, net of tax, of transition to TFRS 9 on the opening balance of reserves, retained earnings.

	Impact of adopting TFRS on opening balance
Retained Earnings	
Recognition of expected credit losses under TFRS 9	111.691
Related tax	(24.572)
Impact at 1 January 2018	**87.119**

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

TFRS 9 largely retains the existing requirements in TAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous TAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of TFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of TFRS 9 on the classification and measurement of financial assets is set out below.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

2.3 Changes in significant accounting policies *(continued)*

2.3.2 TFRS 9 Financial Instruments *(continued)*

i. Classification and measurement of financial assets and financial liabilities *(continued)*

All financial assets not classified as measured at amortised for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The effect of adopting TFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under TAS 39 and the new measurement categories under TFRS 9 for each class of the Company's financial assets as at 1 January 2018.

	Original classification under TAS 39	**New classification under TFRS 9**	**Original carrying amount under TAS 39**	**New carrying amount under TFRS 9**
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	124.678.797	124.567.106
Cash and cash equivalents	Loans and receivables	Amortised cost	22.054.849	22.054.849
Derivative financial instruments	Available for sale financial asset	FVTPL	443.449	443.449
Total financial assets			**147.177.095**	**147.065.404**

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

2.3 Changes in significant accounting policies*(continued)*

2.3.2 TFRS 9 Financial Instruments *(continued)*

i. Classification and measurement of financial assets and financial liabilities *(continued)*

Trade and other receivables that were classified as loans and receivables under TAS 39 are now classified at amortised cost. An increase of TL 111.691 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to TFRS 9.

ii. Impairment of financial assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under TFRS 9, credit losses are recognised earlier than under TAS 39. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under TFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

2.3 Changes in significant accounting policies *(continued)*

2.3.2 TFRS 9 Financial Instruments *(continued)*

ii. Impairment of financial assets *(continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss and OCI. As a result, the Company reclassified impairment losses amounting to TL 44.380, recognised under TAS 39, from 'other operating expenses and other operating income' to 'impairment loss on trade and other receivables' in the statement of profit or loss and OCI for the six month ended 30 September 2017.

Impact of the new impairment model

For assets in the scope of the TFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of TFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows.

Loss allowance as at 31 December 2017 under TAS 39	1.816.440
Additional impairment recognised at 1 January 2018 on;	
Trade and other receivables as at 31 December 2017	111.691
Loss allowance as at 31 December 2017 under TFRS 9	**1.928.131**

Trade receivables and contract assets

The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of TFRS 9. The Company considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The ECLs were calculated based on actual credit loss experience over the past five years. The Company performed the calculation of ECL rates separately for wholesale customers and other customers.

Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, geographic region and industry – for wholesale customers; and delinquency status, geographic region, age of relationship and type of product purchased – for other customers.

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

2.3 Changes in significant accounting policies *(continued)*

2.3.2 TFRS 9 Financial Instruments *(continued)*

ii. Impairment of financial assets*(continued)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for other customers as at 1 January 2018.

	Weighted-average loss rate %	Gross carrying amount	Loss allowance
Current (not past due)	0.08	121.573.210	100.706
1-60 days past due	0.23	2.811.029	6.518
61-90 days past due	0.77	110.980	855
91-120 days past due	2.00	79.171	1.583
121-150 days past due	2.00	98.918	1.974
151-180 days past due	1.00	5.489	55
		124.678.797	**111.691**

The methodology described above has also been used at the end of the interim reporting period.

iii. Transition

The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of TFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of TFRS 9 but rather those of TAS 39.

3 SEGMENT REPORTING

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

4 RELATED PARTIES

Due from related parties

As at 30 September 2018 and 31 December 2017, due from related parties are as follows:

	30 September 2018	31 December 2017
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret Anonim Şirketi (“Saint-Gobain Weber”) (*)	1.082.489	1.933.353
Kuwait Insulating Material Mfg Co.	56.509	--
Saint-Gobain Adfors CZ S.R.O. (*)	51.982	78.133
Saint-Gobain Isover SA (*)	19.621	57.165
Saint-Gobain Construction Products Neder	8.613	--
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret Anonim Şirketi (“Saint Gobain İnovatif”) (*)	892	--
Saint-Gobain Rigips Alçı Sanayi ve Ticaret Anonim Şirketi (“Saint-Gobain Rigips “) (*)	--	42.054
Saint-Gobain Isover CRIR (*)	--	40.686
	1.220.106	**2.151.391**

(*) Companies are the group companies of the shareholders of İzocam Holding.

4 RELATED PARTIES *(CONTINUED)*

Due to related parties

As at 30 September 2018 and 31 December 2017, due to related parties are as follows:

	30 September 2018	31 December 2017
Saint-Gobain Seva AG (*)	1.415.115	87.176
Saint-Gobain Isover (*)	984.505	219.817
Grunzweig Hartman AG (*)	252.417	232.727
Saint-Gobain Rigips (*)	125.208	212.211
Saint-Gobain Adfors CZ Glass Mat S.R.O.(*)	98.339	146.372
Saint Gobain İnovatif (*)	--	80
	2.875.584	**898.383**

(*) Companies are the group companies of the shareholders of İzocam Holding.

Sales to related parties

For the nine-month period ended 30 September significant sales transactions to related parties comprised the following:

	1 January – 30 September 2018	1 July – 30 September 2018	1 January – 30 September 2017	1 July – 30 September 2017
Saint-Gobain Weber (*)	2.079.729	560.696	1.619.122	1.171.015
Saint Gobain İsover (Fransa) (*)	326.163	326.163	--	--
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	225.380	81.405	--	--
Saint-Gobain Rigips (*)	161.970	68.454	266.134	31.772
Kuwait Insulating Material MFG CO. (*)	146.533	56.508	23.570	--
Saint Gobain – Seva (*)	92.041	92.041	--	--
Saint-Gobain Isover Iberica S.L. (*)	38.233	--	--	--
Saint-Gobain İnovatif (*)	912	603	--	--
Saint-Gobain Ppc Italıa S.P.A.(*)	--	--	13.673	--
	3.070.961	**898.166**	**1.922.499**	**1.202.787**

(*) Companies are the group companies of the shareholders of İzocam Holding.

4 RELATED PARTIES *(CONTINUED)*

Purchases from related parties

For the nine-month period ended 30 September, significant purchase transactions to related parties comprised the following:

	1 January– 30 September 2018	1 July– 30 September 2018	1 January– 30 September 2017	1 July– 30 September 2017
Saint-Gobain İsover SA (*)	2.086.606	695.879	1.447.390	468.542
Grunzweig Hartman AG (*)	1.237.175	280.463	933.377	232.170
Saint-Gobain Rigips (*)	542.739	153.849	407.048	93.547
Saint Gobain Isover (Fransa) (*)	464.391	415.608		
Saint-Gobain Weber (*)	104.453	85.130	101.800	54.699
Saint-Gobain Recherche (*)	35.267	35.267	--	--
Saint Gobain G+H AG (*)	4.311	--	--	--
Saint-Gobain Seva AG (*)	--	--	287.852	52.354
Saint-Gobain Construction (*)	--	--	22.447	--
Saint Gobain Glass (Romania) (*)	--	--	18.613	--
Saint-Gobain Adfors CZ Glass Mat S.R.O. (*)	--	--	2.064.305	402.062
	4.474.942	**1.666.196**	**5.282.832**	**1.303.374**

(*)Companies are the group companies of the shareholders of İzocam Holding.

Remunerations to the top management

For the nine-month period ended 30 September remunerations to the top management comprised the following:

	1 January– 30 September 2018	1 July– 30 September 2018	1 January– 30 September 2017	1 July– 30 September 2017
Short Term Benefits				
(Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	5.333.792	3.612.523	3.122.762	889.536
Long term benefits				
(Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	981.783	18.708	454.044	32.985
Total	**6.315.575**	**3.631.232**	**3.576.806**	**922.521**

5 CASH AND CASH EQUIVALENTS

As at 30 September 2018 and 31 December 2017, cash and cash equivalents comprised the following:

	30 September 2018	31 December 2017
Banks	9.847.498	2.640.917
-Demand deposits	*1.347.822*	*2.640.917*
-Time deposits	*8.499.676*	--
Cash at blockage (*)	22.059.355	17.603.279
Cheques at collection (**)	510.624	1.810.653
	32.417.477	**22.054.849**

(*) As at 30 September 2018, cash and cash equivalents consist of cash at blockage amounting to TL 22.059.355 (31 December 2017: TL17.603.279). TL 1.124.091 portion of cash at blockage consist of Direct Borrowing System ("DBS") (31 December 2017: TL 2.083.069). On 17 March 2010, the Company has started to use DBS, a new method of collection of receivables. In accordance with the arrangements made with various banks, instead of the Company, banks set a credit limit to customers and the collection is performed by the bank. Following the collection, the bank retains the payments received at blockage for one day. As at 30 September 2018 TL 20.935.264 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (31 December 2017: TL 15.520.210).

(**) Cheques in collection are composed of the cheques which have not been transferred to the Company's bank deposits accounts as at 30 September 2018 with a maturity date before 30 September 2018.

As at 30 September 2018 and 31 December 2017, time deposits and demand deposits comprised the following currencies;

	Time Deposits		Demand deposit	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
US Dollars ("USD")	3.499.676	--	826.486	399.998
TL	5.000.000	--	328.736	2.169.909
European Union Currency ("Euro")	--	--	192.600	71.010
	8.499.676	--	**1.347.822**	**2.640.917**

	Interest rate %	Due date	TL Equivalence
USD	5	1 October 2018	3.499.676
TL	26	1 October 2018	5.000.000
30 September 2018			**8.499.676**

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 nine months. Cash and cash equivalents included in the statement of cash flows for the nine-month period ended 30 September are comprised the followings:

	1 January – 30 September 2018	1 January – 30 September 2017
Cash and cash equivalents	32.417.477	18.233.016
Less: Blockage	(22.059.355)	(16.154.292)
Less: Interest accrual	(12.118)	(181)
	10.346.004	**2.078.543**

6 SHORT TERM LOANS AND BORROWINGS

As at 30 September 2018 and 31 December 2017 bank borrowings comprised the followings:

	30 September 2018	31 December 2017
Bank Borrowings (*)	**83.723.786**	**49.866.593**
TL	*83.723.786*	*49.866.593*
	83.723.786	**49.866.593**

(*) As at 30 September 2018, all of the outstanding bank borrowings are denominated in TL and the effective interest rate of bank borrowings is 19,93 percent (31 December 2017: 13,20 percent).

For the nine month period ended 30 September, cash flows from financial operations comprised the followings:

	1 January 2018	Cash flows	Non-cash changes	30 September 2018
Financial liabilities	49.866.593	30.133.407	3.723.786	83.723.786
	49.866.593	**30.133.407**	**3.723.786**	**83.723.786**

	1 January 2017	Cash flows	Non-cash changes	30 September 2017
Financial liabilities	46.049.226	9.478.986	5.804.067	61.332.279
	46.049.226	**9.478.986**	**5.804.067**	**61.332.279**

7 TRADE RECEIVABLES AND PAYABLES

Trade receivables

As at 30 September 2018 and 31 December 2017 short-term trade receivables comprised the followings:

	30 September 2018	31 December 2017
Accounts receivable	129.891.727	109.965.973
Notes receivable	34.904.220	14.712.824
Doubtful receivables	2.135.621	1.816.440
Less: Allowance for doubtful receivables	(2.135.621)	(1.816.440)
	164.795.947	**124.678.797**

As at 30 September 2018, TL 1.220.106 of accounts receivable comprised due from related parties (31 December 2017: TL 2.151.391) which disclosed in Note 4 in detail.

Average collection period of trade receivables is 81 days (31 December 2017: 105 days) which may change according to the type of the product and the terms of the agreement with the customer.

As at 30 September 2018 and 31 December 2017 maturity profiles of cheques and notes receivables are as follows:

	30 September 2018	31 December 2017
0 -30 days	7.371.252	3.109.777
31 -60 days	6.426.946	3.856.721
61 -90 days	8.590.008	2.897.951
91 days and over	12.516.014	4.848.375
	34.904.220	**14.712.824**

7 TRADE RECEIVABLES AND PAYABLES *(CONTINUED)*

For the nine months period ended, 30 September the movement of allowance for doubtful receivables comprised the followings:

	1 January – 30 September 2018	**1 January – 30 September 2017**
Balance as at 1 January	1.816.440	1.759.808
Adjustment on initial application of TFRS 9 (*)	111.691	--
Provision for the year	271.944	54.997
Write offs	(64.454)	(10.617)
Closing balance as at 30 September	**2.135.621**	**1.804.188**

(*) The Company has initially applied TFRS 9 at 1 January 2018 under the transition method chosen, comparative information is not restated.

Trade Payables

As at 30 September 2018, short-term account payable amounting to TL 86.776.561 (31 December 2017: TL 68.177.892) arising from accounts payable to various suppliers and average payment term is 87 days (31 December 2017: 77 days).

As at 30 September 2018, TL 2.875.584 of accounts payable comprised due to related parties (31 December 2017: TL 898.383) which disclosed in Note 4 in detail.

8 DEFERRED INCOME

As at 30 September 2018, current deferred income amounting to TL 23.645.221 consists of advances taken (31 December 2017: TL 12.144.595).

9 INVENTORIES

As at 30 September 2018 and 31 December 2017 inventories comprised the following:

	30 September 2018	**31 December 2017**
Raw materials and supplies	54.098.508	35.835.849
Finished goods	21.200.102	14.025.550
Trading goods	284.931	304.691
	75.583.541	**50.166.090**

Inventories are accounted at cost. As at 30 September 2018 and 31 December 2017, there is no allowance for impairment on inventories since the cost of inventories are lower than their net realizable value.

10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of property, plant and equipment and intangible assets purchased during the nine-month period ended 30 September 2018 is TL 8.168.363 (30 September 2017: TL 23.543.716).

The amount of property, plant and equipment and intangible assets sold during the nine-month period ended 30 September 2018 is TL 142.278 (30 September 2017: TL 187.396).

For the nine-month period ended 30 September 2018, depreciation and amortization expenses amounting to TL 10.040.875 (30 September 2017: TL 8.863.983) has been recognized under cost of sales, TL 638.228 (30 September 2017: TL 478.975) has been recognized under administrative expenses and TL 589.307 (30 September 2017: TL 491.822) has been capitalized on inventory.

As at 30 September 2018 and 31 December 2017, there are no assets pledged as collateral.

11 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

According to the decision of CMB on 9 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 Public Disclosure Platform, 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.

As at 30 September 2018 and 31 December 2017, guarantees, pledges or mortgages (GPM) given are as follows:

	30 September 2018	31 December 2017
A. Commitments given in the name of own legal Entity	14.738.192	22.850.828
B. Commitments given in favor of full consolidated Subsidiaries	--	--
C. Commitments given to guarantee the debts of third parties to continue their operations	--	--
D. Other commitments given;	--	--
- in favor of parent company	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
- in favor of third parties other than mentioned in bullets C	--	--
Total	**14.738.192**	**22.850.828**

As at 30 September 2018 and 31 December 2017, 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.

As at 30 September 2018 and 31 December 2017 non-cancellable operating lease rentals payable are as follows:

	30 September 2018	31 December 2017
1. year	67.791	772.300
2. year	209.849	129.505
3. year	62.955	32.376
Total	**340.595**	**934.181**

12 EQUITY

Paid-in-Capital / Inflation Adjustment on Capital

As at 30 September 2018, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (31 December 2017: 2.453.414.335 shares) of kr 1 each (31 December 2017: kr 1). There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	30 September 2018		**31 December 2017**	
	Ownership Interest	**Shares (%)**	**Ownership Interest**	**Shares (%)**
İzocam Holding	15.004.304	61,16	15.004.304	61,16
İzocam Holding (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
	24.534.143	**100,00**	**24.534.143**	**100,00**
Adjustment of Capital	25.856.460		25.856.460	
	50.390.603		**50.390.603**	

Paid-in-Capital / Inflation Adjustment on Capital

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.

13 REVENUE AND COST OF SALES

For the nine-month periods ended 30 September, revenue and cost of sales comprised the following:

	1 January – 30 September 2018	**1 July– 30 September 2018**	**1 January – 30 September 2017**	**1 July– 30 September 2017**
Domestic sales	329.132.360	113.215.437	257.482.295	101.391.341
Export sales	79.615.175	28.028.502	59.943.391	20.151.087
Other	17.833.392	5.596.242	13.710.101	5.469.060
Gross sales	**426.580.927**	**146.840.181**	**331.135.787**	**127.011.488**
Less: Sales returns and discounts	(25.907.994)	(8.771.136)	(17.090.491)	(5.802.712)
Net sales	**400.672.933**	**138.069.045**	**314.045.296**	**121.208.776**
Less: Cost of sales	(317.904.654)	(108.178.682)	(250.658.133)	(97.035.713)
Gross profit	**82.768.279**	**29.890.363**	**63.387.163**	**24.173.063**

For the nine-month periods ended 30 September, cost of sales comprised the following:

	1 January- 30 September 2018	**1 July– 30 September 2018**	**1 January– 30 September 2017**	**1 July- 30 September 2017**
Raw materials and consumables	291.315.521	102.834.133	227.637.214	85.484.521
Personnel	23.703.050	7.660.537	19.113.210	6.570.722
Depreciation	10.040.875	3.421.611	8.863.983	3.245.092
Changes in goods	(7.154.792)	(5.737.599)	(4.956.274)	1.735.378
Cost of Sales	**317.904.654**	**108.178.682**	**250.658.133**	**97.035.713**

14 EXPENSES BY NATURE

a) Selling, marketing and distribution expenses

For the nine-month periods ended 30 September, selling, marketing and distribution expenses comprised the following:

	1 January- 30 September 2018	1 July– 30 September 2018	1 January– 30 September 2017	1 July- 30 September 2017
Freight and insurance	20.150.758	6.386.984	14.641.618	5.797.453
Personnel	8.056.992	2.510.645	6.990.474	2.133.935
Storage	3.323.495	1.072.462	3.385.990	915.180
Licenses	2.997.619	650.179	2.380.767	700.712
Dealers and meeting expenditures	2.679.138	1.179.138	2.292.900	762.900
Advertisement	1.191.945	396.470	1.299.600	433.200
Transportation	755.897	286.861	566.217	181.673
Rent	591.503	226.708	398.674	99.756
Guarantee	514.113	177.152	407.856	145.593
Sales commissions	13.547	--	572.165	159.301
Others	1.195.132	449.733	1.328.438	418.513
	41.470.139	**13.336.332**	**34.264.699**	**11.748.216**

b) Administrative expense

For the nine-month periods ended 30 September, administrative expenses comprised the following:

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July – 30 September 2017
Personnel	9.494.442	3.078.579	8.529.817	2.778.724
Tax penalties	682.402	440.441	223.261	122.055
Depreciation and amortization	638.228	217.108	478.975	180.777
Information technologies	577.379	195.569	463.707	144.748
Travel	512.724	310.268	191.543	78.358
Transportation	499.345	50.877	485.326	171.165
Rent	408.208	149.201	337.222	54.856
Dues	403.338	144.206	372.570	77.630
Legal	325.537	113.712	229.930	106.786
Consultancy	173.421	65.881	188.422	76.436
Representation	150.607	48.595	118.028	36.477
Duties, taxes and levies	125.246	63.686	203.323	112.375
Office supplies	84.187	33.233	78.230	21.842
Others	1.103.124	482.745	784.985	199.591
	15.178.188	**5.394.101**	**12.685.339**	**4.161.820**

15 INCOME TAX

As at 30 September 2018 and 31 December 2017, current tax liability comprised the following:

	30 September 2018	31 December 2017
Corporate tax provision	6.333.699	5.250.810
Prepaid taxes	(3.394.618)	(3.706.762)
Current tax liability	**2.939.081**	**1.544.048**

15 INCOME TAX *(CONTINUED)*

Deferred tax asset and liability movements for the nine -month periods ended 30 September are as follows:

	1 January – 30 September 2018	1 January – 30 September 2017
Balance as at 1 January	731.591	(229.418)
Adjustment on initial application of TFRS 9 (*)	24.572	--
Deferred tax in other comprehensive income	234.796	66.201
Deferred tax expense	677.880	194.977
Closing balance as at 30 September	**1.668.839**	**31.760**

(*) The Company has initially adopted TFRS 9 at 1 January 2018, under the transition method chosen, comparative balances is not restated.

For the nine-month periods ended 30 September, taxation charge in the profit or loss comprised the following:

	1 January – 30 September 2018	1 July– 30 September 2018	1 January – 30 September 2017	1 July– 30 September 2017
Tax expense	(6.379.126)	(2.972.192)	(3.115.375)	(1.913.481)
-Current year tax expense	*(6.333.699)*	*(2.972.192)*	*(3.115.375)*	*(1.913.481)*
-Adjustments for past period	*(45.427)*	--	--	--
Deferred tax expense	677.880	699.118	194.977	215.829
	(5.701.246)	**(2.273.074)**	**(2.920.398)**	**(1.697.652)**

Taxes recognized in other comprehensive income

For the nine-month periods ended 30 September, taxation charge in other comprehensive income comprised the following:

	1 January – 30 September 2018	1 January – 30 September 2017
Tax effect of re-measurement loss on defined benefit plans	234.796	66.201
Tax income recognized in other comprehensive income	**234.796**	**66.201**

16 EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended 30 September 2018 amounting to; TL 18.627.258 (30 September 2017: TL 9.575.183) to the weighted average of the shares during these periods.

	1 January – 30 September 2018	1 July- 30 September 2018	1 January – 30 September 2017	1 July- 30 September 2017
Earnings per share				
Net profit	18.627.258	9.603.663	9.575.183	6.195.200
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335	2.453.414.335	2.453.414.335
Basic earnings per share (Kr per share)	**0,008**	**0,004**	**0,004**	**0,003**
Diluted earnings per share (Kr per share)	**0,008**	**0,004**	**0,004**	**0,003**

17 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Currency risk

The Company is exposed to currency risk due to its export transactions and borrowings in foreign currency. These transactions are held in USD and Euro. The Company began to utilize factoring transactions in order to hedge foreign currency risk on its exports since 26 January 2010. Thus, the Company collects foreign denominated receivables in TL prior to maturity.

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 30 September 2018 and 31 December 2017, net position of the Company is resulted from foreign currency assets and liabilities:

	Currency Position					
	30 September 2018			31 December 2017		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	43.256.852	6.651.958	490.654	13.071.875	2.756.649	592.198
2a.Monetary financial assets	22.962.698	3.778.498	47.297	4.944.372	986.928	270.574
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
4. Current Assets (1+2+3)	**66.219.550**	**10.430.456**	**537.951**	**18.016.247**	**3.743.577**	**862.772**
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--
7. Other	--	--	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--	--	--
9. Total Assets (4+8)	**66.219.550**	**10.430.456**	**537.951**	**18.016.247**	**3.743.577**	**862.772**
10. Trade payables	33.911.626	4.232.497	1.231.296	28.136.983	6.190.761	1.059.916
11. Financial liabilities	--	--	--	--	--	--
12a. Monetary financial liabilities	1.312.282	217.306	1.521	9.144.665	2.405.572	15.743
12b. Non-monetary financial liabilities	--	--	--	--	--	--
13. Short Term Liabilities (10+11+12)	**35.223.908**	**4.449.803**	**1.232.817**	**37.281.648**	**8.596.333**	**1.075.659**
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	--	--	--	--	--	--
16a. Monetary financial liabilities	--	--	--	--	--	--
16b. Non-monetary financial liabilities	--	--	--	--	--	--
17. Long Term Liabilities (14+15+16)	--	--	--	--	--	--
18. Total Liabilities (13+17)	**35.223.908**	**4.449.803**	**1.232.817**	**37.281.648**	**8.596.333**	**1.075.659**
19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)	**23.138.673**	**3.673.513**	**163.096**	**22.831.912**	**5.923.910**	**107.965**
19a. Off-balance sheet foreign currency derivative assets	23.138.673	3.673.513	163.096	22.831.912	5.923.910	107.965
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--	--	--	--
20. Net foreign currency asset (liability) position (9-18+19)	**54.134.315**	**9.654.166**	**(531.771)**	**3.566.511**	**1.071.154**	**(104.922)**
21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**30.995.641**	**5.980.653**	**(694.866)**	**(19.265.401)**	**(4.852.756)**	**(212.887)**
22. Total fair value of financial instruments used for currency swap	**(412.675)**	**(11.010)**	**(49.885)**	**(443.449)**	**(116.409)**	**(967)**
23. Hedged amount of foreign denominated assets	--	--	--	--	--	--
24. Hedged amount of foreign denominated liabilities	--	--	--	--	--	--

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

Currency risk *(continued)*

As at 30 September 2018 and 31 December 2017 currency sensitivity analysis is as follows:

	Foreign Currency Sensitivity Analysis Table			
	30 September 2018		**31 December 2017**	
	Profit / (Loss)		**Profit / (Loss)**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
	Assumption of devaluation/appreciation by 10% of USD against TL			
1- Net USD asset / (liability)	5.783.039	(5.783.039)	404.029	(404.029)
2- Part of hedged from USD risk (-)	--	--	--	--
3- Net USD effect (1+2)	**5.783.039**	**(5.783.039)**	**404.029**	**(404.029)**
	Assumption of devaluation/appreciation by 10% of Euro against TL			
4- Net Euro asset / (liability)	(369.607)	369.607	(47.378)	47.378
5- Part of hedged from Euro risk (-)	--	--	--	--
6- Net Euro effect (4+5)	**(369.607)**	**369.607**	**(47.378)**	**47.378**
TOTAL (3+6)	**5.413.432**	**(5.413.432)**	**356.651**	**(356.651)**

For the periods ended 30 September 2018 and 2017, total import and export of the Company comprised the following:

	1 January-30 September 2018	**1 January-30 September 2017**
Total exports	78.742.456	59.943.391
Total imports	100.805.826	66.859.443

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 5,48 percent (31 December 2017: 5,2 percent) of the Company's revenue is attributable to sales transactions with a single customer. Largest balance of trade receivables is TL 13.225.348 for a single customer (31 December 2017: TL 8.300.008).

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for other customers as at 30 September 2018.

	Weighted-average loss rate %	**Gross carrying amount**	**Loss allowance**
Current (not past due)	0,11	149.863.012	161.531
1-60 days past due	0,10	13.522.675	13.175
61-90 days past due	0,90	546.412	4.944
91-120 days past due	2,00	281.041	5.619
121-150 days past due	2,00	280.663	5.611
151-180 days past due	2,89	302.144	8.746
		164.795.947	**199.626**

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

***Credit risk** (continued)*

Fair value

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods. Fair values of financial assets and liabilities are estimated to approximate their carrying values since they have short term maturities.

	Loans and receivables	Derivative financial instruments	Financial liabilities measured at amortized cost	Carrying amount	Fair value
30 September 2018					
Financial assets					
Cash and cash equivalents	32.417.477	--	--	32.417.477	32.417.477
Trade receivables from third parties	163.575.841	--	--	163.575.841	163.575.841
Trade receivables from related parties	1.220.106	--	--	1.220.106	1.220.106
Other receivables from third parties	6.063	--	--	6.063	6.063
Financial liabilities					
Financial liabilities	--	--	83.723.786	83.723.786	83.723.786
Trade payables to third parties	--	--	83.900.977	83.900.977	83.900.977
Trade payables to related parties	--	--	2.875.584	2.875.584	2.875.584
Other payables to third parties	--	--	16.972	16.972	16.972
Derivative financial liabilities	--	412.675	--	412.675	412.675

	Loans and receivables	Derivative financial instruments	Financial liabilities measured at amortized cost	Carrying amount	Fair value
31 December 2017					
Financial assets					
Cash and cash equivalents	22.054.849	--	--	22.054.849	22.054.849
Trade receivables from third parties	122.527.406	--	--	122.527.406	122.527.406
Other receivables from third parties	27.242	--	--	27.242	27.242
Trade receivables from related parties	2.151.391	--	--	2.151.391	2.151.391
Financial liabilities					
Financial liabilities	--	--	--	49.866.593	49.866.593
Trade payables to third parties	--	--	--	67.279.509	67.279.509
Trade payables to related parties	--	--	--	898.383	898.383
Other payables to third parties	--	--	--	36.079	36.079
Derivative financial liabilities	--	443.449	--	443.449	443.449

18 SUBSEQUENT EVENTS

None.