NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

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 no insulated roof and front panels, partition and mezzanine.

As at September 30, 2016, 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 3). The Company is registered at Capital Market Board of Turkey ("CMB") and its shares are listed in BİST since 26 December 1985. As at September 30, 2016, 38,84 percent of the shares are publicly traded at BİST (December 31, 2015: 38,84%).

As of September 30, 2016, total number of employees of the Company is an average basis 445 (December 31, 2015: 458) including 213 white collar employees (December 31, 2015: 218) and 232 blue collar employees (December 31, 2015: 240).

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

Altayçeşme Mahallesi Öz Sokak
No: 19 Kat:3, 5, 6
34843 Maltepe / İstanbul

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Accompanying condensed 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 2014 and published in the Official Gazette numbered 28676 Series II. No.14.1. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and related addendums and interpretations to these standards.

The accompanying condensed financial statements are prepared in TL based on the historical cost basis.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation (continued)

For the period ended September 30, 2016, the Company prepared its financial statements in accordance with the Turkish Accounting Standard No.34 "Interim Financial Reporting".

Interim condensed 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 of December 31, 2015.

Company's condensed financial statements for period ended September 30, 2016, was authorized for issue by the Board of Directors of the Company on October 27, 2016.

Convenience translation into English of financial statements originally issued in Turkish

As at September 30, 2016, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed financial statements as at September 30, 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2016. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows:

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Company.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Company.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 The new standards, amendments and interpretations (continued)

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:
• At cost
• In accordance with IFRS 9,
Or
• Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 The new standards, amendments and interpretations (continued)

TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the interim condensed financial statements of the Company.

Annual Improvements to TFRSs - 2012-2014 Cycle

POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendment did not have significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 The new standards, amendments and interpretations (continued)

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

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

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

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 The new standards, amendments and interpretations (continued)

Annual Improvements – 2011–2013 Cycle

IFRS 9 Financial Instruments - Final standard (2014)

The IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company applies this relief, it shall disclose that fact. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 The new standards, amendments and interpretations (continued)

IAS 7 Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:
a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:
- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

NOTE 3 – RELATED PARTIES

a) Due from related parties

As of September 30, 2016 and December 31, 2015 due from related parties comprised the following:

	September 30, 2016	December 31, 2015
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret A.Ş. (*)	129.470	135.183
Saint-Gobain Isover (*)	49.932	-
Saint Gobain Construction Products Roman (*)	27.361	-
Saint-Gobain Adfors CZ S.R.O. (*)	22.891	20.695
Kuwait Insulating Material MFG CO. (*)	19.985	20.474
Saint Gobain İnovatif Malz. ve Aşındırıcı Sanayi ve Ticaret A.Ş. (*)	374	3.190
Saint-Gobain Isover CRIR (*)	-	309.389
Saint Gobain Recherche (*)	-	70.315
Saint-Gobain Ppc Italia S.P.A. (*)	-	35.044
	250.013	**594.290**

b) Due to related parties

As at September 30, 2016 and December 31, 2015 due to related parties comprised the following:

	September 30, 2016	December 31, 2015
Saint Gobain Isover (*)	364.388	177.811
Grunzweig Hartman AG (*)	151.654	160.003
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	102.478	107.416
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	95.299	81.975
Saint-Gobain Isover CRIR (*)	42.883	-
Saint Gobain Seva AG (*)	11.588	-
	768.290	**527.205**

c) Sales to related parties

For the period ended September 30, 2016 and September 30, 2015 significant sales transactions to related parties comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Saint Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret A.Ş. (*)	151.222	43.958	561.522	108.284
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	105.310	69.428	95.284	33.864
Saint Gobain İsover Romania Srl (*)	27.361	27.361	-	-
Kuwait Insulating Material Mfg. Co. (*)	19.985	19.985	14.954	-
Saınt-Gobaın Ppc Italıa S.P.A. (*)	9.544	-	8.158	8.158
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret A.Ş. (*)	1.376	-	36	-
	314.798	**160.732**	**679.954**	**150.306**

(*) Companies controlled by the venturers of the immediate parent

NOTE 3 – RELATED PARTIES (CONTINUED)

d) Purchases from related parties

For the period ended September 30, 2016 and September 30, 2015 purchases from related parties comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	1.458.994	324.662	-	-
Saint Gobain İsover (*)	1.426.500	404.875	1.281.492	343.294
Grunzweig Hartman AG (*)	840.681	168.505	804.465	170.770
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	418.089	100.108	319.909	81.656
Saint Gobain Recherche (*)	15.484	-	-	-
Saint Gobain Conceptions Verrieres(*)	-	-	13.336	13.336
	4.159.748	**998.150**	**2.419.202**	**609.056**

e) Remunerations to the top management

For the period ended September 30, 2016 and September 30, 2015, remunerations to the top management are comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Short term benefits:				
(Salaries, premiums, housing, company cars, social securities, health insurance, vacation payments and etc.)	1.990.208	666.222	1.805.351	606.165
Long term benefits:				
(Retirement pay liability, provisions, vacation pay liability, long term premium plans and etc.)	794.998	(80.568)	731.178	(34.823)
Total	**2.785.206**	**585.654**	**2.536.529**	**571.342**

(*) Companies controlled by the venturers of the immediate parent

NOTE 4 – CASH AND CASH EQUIVALENTS

As at September 30, 2016 and December 31, 2015 cash and cash equivalents comprised the following:

	September 30, 2016	**December 31, 2015**
Banks	3.696.878	624.994
-Demand deposits	*274.494*	*11.542*
-Time deposits	*3.422.384*	*613.452*
Cash at blockage (*)	8.466.590	7.721.171
Cheques at collection (**)	735.523	204.010
	12.898.991	**8.550.175**

(*) Cash at blockage consist of Direct Borrowing System ("DBS"). At March 17 2010, the Company has started to use Direct Borrowing System ("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 of September 30, 2016, TL 5.038.593 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (December 31, 2015: TL 5.029.608).

(**) Cheques in collection are composed of the cheques which have not been transferred to the company's bank deposits accounts as at September 30, 2016 or before September 30, 2016.

As at September 30, 2016 and December 31 2015, demand deposits comprised the following currencies;

	Time Deposit		**Demand deposit**	
	September 30, 2016	**December 31, 2015**	**September 30, 2016**	**December 31, 2015**
US Dollars ("USD")	368.454	350.234	20.866	-
European Union Currency ("EURO")	151.672	263.218	30.603	1.740
TL	2.902.258	-	223.025	9.802
	3.422.384	**613.452**	**274.494**	**11.542**

As of September 30, 2016, the average effective interest rates of TL, USD and Euro denominated time deposits are 9,5%, 0,3% and 0,15%, respectively (December 31, 2015, the effective interest rates of USD and Euro denominated time deposits are 0,10%).

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 six months. Cash and cash equivalents included in the statement of cash flows for the period ended September 30, 2016 and September 30, 2015 are comprised the followings:

	January 1 - September 30, 2016	**January 1 – September 30, 2015**
Cash and cash equivalents	12.898.991	33.874.611
Less: Cash at blockage	(8.466.590)	(3.244.129)
Less: Interest accruals	(2.269)	(2.870)
	4.430.132	**30.627.612**

NOTE 5 – FINANCIAL LIABILITIES

As at September 30, 2016 and December 31, 2015 bank borrowings comprised the followings:

	September 30, 2016	December 31, 2015
Bank borrowings (*)	**63.121.230**	**14.169.440**
TL	*63.121.230*	*14.169.440*
Factoring loans (**)	**5.736.472**	**6.388.873**
USD	*5.736.472*	*5.641.480*
Euro	-	*747.393*
	68.857.702	**20.558.313**

(*) As of September 30, 2016, all of the outstanding bank borrowings are denominated in TL and the average effective interest rate of bank borrowings is 13,38% (December 31, 2015: 12,24%).

(**) Factoring loan agreements are performed as revocable by which the Company undertakes the collection risk and related receivables are shown in gross on the statement of financial condition. As of September 30, 2016, the effective interest rate of USD factoring loans are 2,15% (December 31, 2015: 2,10%).

NOTE 6 – ACCOUNTS RECEIVABLE AND PAYABLE

a) Trade receivables

As at September 30, 2016, and December 31, 2015 short-term trade receivables comprised the followings:

	September 30, 2016	December 31, 2015
Accounts receivable	90.548.383	84.128.856
Notes receivable	14.047.714	21.448.168
Doubtful receivables	1.481.580	1.526.181
Less: Allowance for doubtful receivables	(1.481.580)	(1.526.181)
	104.596.097	**105.577.024**

As at September 30, 2016, TL 250.013 of accounts receivable comprised due from related parties (December 31, 2015: TL 594.290) which disclosed in Note 3 in detail.

Average collection period of trade receivables is 97 days (December 31, 2015: 87 days) which may change according to the type of the product and the terms of the agreement with the customer.

For the period ended, September 30, 2016 and 2015 the movement of allowance for doubtful receivables comprised the followings:

	September 30, 2016	September 30, 2015
January 1, opening balance	1.526.181	1.455.078
Provision for the year	19.032	95.735
Write offs	(63.633)	(16.000)
September 30, closing balance	**1.481.580**	**1.534.813**

NOTE 6 – ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)

b) Trade Payable

As at September 30, 2016, trade payables amount to TL 31.139.709 (December 31, 2015: TL 39.970.785) arising from accounts payable to various suppliers and average payment term is 44 days (December 31, 2015: 35 days).

As at September 30, 2016, TL 768.290 of trade payables comprised due to related parties (December 31, 2015: TL 527.205) which disclosed in Note 3 in detail.

NOTE 7 – INVENTORIES

As at September 30 2016, and December 31, 2015 inventories comprised the following:

	September 30, 2016	**December 31, 2015**
Raw materials and supplies	33.081.305	24.746.091
Finished goods	9.661.774	9.036.587
Trading goods	566.106	518.968
Goods-in-transit	127.926	-
	43.437.111	**34.301.646**

As at September 30, 2016 and December 31, 2015 inventories are accounted at cost and none of the inventories were recognized at its net realizable value.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the nine month period ended September 30, 2016 is TL 20.531.028 (September 30, 2015 – TL 4.744.892).

The amount of tangible and intangible assets sold during the nine month period ended September 30, 2016 is TL 1.052.520 (September 30, 2015 – TL 15.513).

For the period ended September 30, 2016, depreciation expenses amounting to TL 7.585.736 (September 30, 2015: TL 7.667.766) has been recognized under cost of sales, TL 366.876 (September 30, 2015: TL 221.577) has been included under administrative expenses and TL 322.157 (September 30, 2015: TL 289.149) has been capitalized on stocks.

As at September 30, 2016, the amount of tangible and intangible assets with zero net book value which are still in use and kept in the accounting records is TL 154.919.430 (December 31, 2015: TL 155.865.310).

As of September 30, 2016 and December 31, 2015, there are no assets pledged as collateral.

NOTE 9 – COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

As at September 30, 2016 and December 31, 2015, guarantees, pledges or mortgages ("GPM") given are as follows:

	September 30, 2016	December 31, 2015
A. Commitments given in the name of own legal Entity	8.931.690	16.879.261
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	**8.931.690**	**16.879.261**

As of September 30, 2016 and December 31, 2015 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 September 30, 2016 and December 31, 2015 non-cancellable operating lease rentals payable are as follows:

	September 30, 2016	December 31, 2015
1st year	161.883	550.557
2nd year	647.532	538.260
3rd year	485.649	403.695
Total	**1.295.064**	**1.492.512**

As at September 30, 2016, loan limits and terms to maturities have been determined by associate banks to the customers who have been included in DBS system. The Company has accepted that it has right to recall the loans which have been granted to customers that who have not been performing regular loan repayment and customers who have been regularly making payment at a level of credit limit for the 30 days period. The Company has accepted that if the loans in question are not closed within the specified period, the Company accepted that the Banks have right to engage legal proceedings for related customer.

NOTE 10 – EQUITY

a) Paid-in Capital / Inflation Adjustment on Capital

As at September 30, 2016, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (December 31, 2015: 2.453.414.335 shares) of kr 1 each, There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	September 30, 2016		December 31, 2015	
	Shares	**Ownership interest %**	**Shares**	**Ownership interest %**
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**	**24.534.143**	**100,00**
Adjustment on Capital	25.856.460		25.856.460	
	50.390.603		**50.390.603**	

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

b) Dividend Distribution

In the Ordinary General Assembly held on 22 March 2016, it has been decided to distribute dividend amounting to TL 12.900.000 and with respect to the decision, respectively TL 7.894.405 and TL 5.005.595 is distributed by the Company on 28 March 2016 and on 30 March 2016.

NOTE 11 – REVENUE AND COST OF SALES

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

	January 1 – September 30, 2016	**July 1 – September 30, 2016**	**January 1 – September 30, 2015**	**July 1 – September 30, 2015**
Domestic sales	229.466.270	73.592.338	223.482.863	75.477.388
Export sales	48.354.448	15.370.939	48.219.900	15.852.135
Other	10.337.249	3.547.285	9.959.325	3.263.824
Gross sales	**288.157.967**	**92.510.562**	**281.662.088**	**94.593.347**
Less: Sales returns and discounts	(14.100.764)	(4.632.486)	(14.968.198)	(4.181.837)
Net sales	**274.057.203**	**87.878.076**	**266.693.890**	**90.411.510**
Less: Cost of sales	(213.503.135)	(67.101.883)	(204.751.862)	(69.024.701)
Gross profit	**60.554.068**	**20.776.193**	**61.942.028**	**21.386.809**

NOTE 11 – REVENUE AND COST OF SALES (CONTINUED)

For the periods ended September 30, the nature of the cost of sales comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Raw materials and consumables	189.772.373	59.466.213	182.178.408	60.236.432
Personnel	17.185.533	5.599.541	16.086.535	5.359.184
Depreciation	7.217.553	2.375.010	7.667.766	2.609.813
Changes in inventory	(672.324)	(338.881)	(1.180.847)	819.272
Cost of Sales	**213.503.135**	**67.101.883**	**204.751.862**	**69.024.701**

NOTE 12 – EXPENSE BY NATURE

a) Marketing, sales and distribution expenses

For the periods ended September 30, marketing expenses comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Freight	11.937.846	3.989.466	11.244.964	3.558.504
Personnel	6.537.160	2.174.812	5.968.360	2.017.060
Storage	3.603.218	835.737	2.159.548	749.922
License	2.263.722	573.380	2.229.676	565.019
Dealer and meeting expenditures	2.151.000	717.000	1.581.224	814.776
Advertisement	1.073.579	366.240	1.887.263	530.261
Rent	627.636	210.782	535.894	179.566
Sales commissions	541.844	145.644	507.673	193.227
Transportation	500.534	151.910	548.306	178.324
Collateral expenses	397.929	138.814	368.929	128.620
Exhibition and fair	396.747	132.249	371.250	123.750
Travel expenses	234.947	31.561	218.394	31.474
Public relation and entertainment	110.667	37.749	86.897	31.110
Other	788.962	231.793	852.544	447.271
Total	**31.165.791**	**9.737.137**	**28.560.922**	**9.548.884**

NOTE 12 – EXPENSE BY NATURE (CONTINUED)

b) Administrative expenses

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

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Personnel	6.862.517	2.889.388	6.961.496	1.743.670
Rent	619.764	214.833	570.726	213.715
Information technology	388.095	171.604	384.822	43.209
Transportation	374.015	112.965	357.876	116.576
Depreciation and amortization	366.876	114.935	221.577	73.749
Contribution and subscription fees	299.643	100.855	344.026	131.536
Duties, taxes and levies	278.717	32.448	257.774	74.116
Consultancy	166.719	40.600	142.970	38.484
Insurance	144.442	32.353	207.257	55.763
Litigation	116.116	23.373	174.668	68.836
Travel	105.432	17.805	94.242	17.059
Representation	101.956	32.135	213.225	46.242
Repair, maintenance and energy	94.961	22.886	99.143	33.581
Communication	94.618	27.612	142.751	43.823
Stationary	74.394	12.100	69.451	22.578
Donations	36.747	12.249	36.000	12.000
General assembly	27.570	-	37.940	-
Other	591.217	172.762	808.669	152.002
Total	**10.743.799**	**4.030.903**	**11.124.613**	**2.886.939**

NOTE 13 – INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

For the periods ended September 30, investment income/expense comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Loss on sale of fixed assets, net	96.562	83.661	350	(4.021)
Expense from investing activities	**96.562**	**83.661**	**350**	**(4.021)**

NOTE 14 – INCOME TAX

As at September 30, 2016 and December 31, 2015 total tax liability comprised the following:

	September 30, 2016	December 31, 2015
Corporate tax provision	3.039.721	7.687.689
Prepaid taxes	(2.565.789)	(6.151.101)
Current tax liability	**473.932**	**1.536.588**

Deferred tax asset and liability movements as of September 30, 2016 and 2015 are as follows;

	2016	2015
January 1, opening balance	409.005	734.774
Deferred tax in other comprehensive income	(494.828)	111.082
Deferred tax expense/(income)	184.757	(437.507)
September 30, closing balance	**98.934**	**408.350**

For the periods ended September 30, 2016 and 2015, taxation charge in the profit or loss comprised the following:

	January 1 – September 30, 2016	July 1 – September 30, 2016	January 1 – September 30, 2015	July 1 – September 30, 2015
Current tax	(3.039.721)	(852.296)	(5.296.302)	(1.669.336)
Deferred tax credit	(184.757)	(251.775)	437.507	11.409
	(3.224.478)	**(1.104.071)**	**(4.858.795)**	**(1.657.927)**

Taxes recognized in other comprehensive income

	January 1 – September 30, 2016	January 1 – September 30, 2015
Tax effect of re-measurement loss on defined benefit plans	494.828	(111.082)
Tax income recognized in other comprehensive income/(expense)	**494.828**	**(111.082)**

NOTE 14 – INCOME TAX (CONTINUED)

Income tax calculated after fiscal period ended in September 30 is different from the amount which is calculated by implementing statutory tax rate on pretax income is shown below

	January 1 - September 30, 2016	January 1 - September 30, 2015
Profit before tax	15.954.506	23.747.852
Tax rate %	20	20
Taxes on reported profit per statutory tax	**(3.190.901)**	**(4.749.570)**
Disallowable expenses	(67.035)	(511.652)
Other	33.458	402.427
Tax expense	**(3.224.478)**	**(4.858.795)**

NOTE 15 – EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended September 30, 2016 amounting to TL 12.730.028 (September 31, 2015: TL 18.889.057) to the weighted average of the shares during these periods,

	January 1 - September 30, 2016	January 1 - September 30, 2015
Earnings per share		
Net profit	**12.730.028**	**18.889.057**
Number of weighted average of ordinary shares (full)	2.453.414.335	2.453.414.335
Basic earnings per share	***0,005***	***0,008***
Diluted earnings per share	***0,005***	***0,008***

NOTE 16 – 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, Euro. The Company began to utilize factoring transactions in order to hedge foreign currency risk on its imports since January 26, 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 September 30, 2016 and 2015, net position of the Company is resulted from foreign currency assets and liabilities:

NOTE 16 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (continued)

As at September 30, 2015 and December 31, 2015, net position of the Company is resulted from foreign currency assets and liabilities:

	Currency Position					
	September 30, 2016			December 31, 2015		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	9.990.500	2.944.367	347.974	9.647.105	2.787.942	484.921
2a. Monetary financial assets	735.981	184.822	54.235	2.960.518	927.073	83.383
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	386.011	-	114.857	70.315	-	22.128
4. Current Assets (1+2+3)	**11.112.492**	**3.129.189**	**517.066**	**12.677.938**	**3.715.015**	**590.432**
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+9)	**11.112.492**	**3.129.189**	**517.066**	**12.677.938**	**3.715.015**	**590.432**
10. Trade payables	(7.550.526)	(1.634.077)	(789.989)	(7.634.961)	(1.244.262)	(1.264.207)
11. Financial liabilities	(6.175.785)	(2.061.300)	(100)	(6.388.873)	(1.940.253)	(235.206)
12a. Monetary financial liabilities	(14.980)	(5.000)	-	(14.538)	(5.000)	-
12b. Non-monetary financial liabilities	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**(13.741.291)**	**(3.700.377)**	**(790.089)**	**(14.038.372)**	**(3.189.515)**	**(1.499.413)**
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)	**(13.741.291)**	**(3.700.377)**	**(790.089)**	**(14.038.372)**	**(3.189.515)**	**(1.499.413)**
19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
20. Net foreign currency asset (liability) position (9-18+19)	**(2.628.799)**	**(571.188)**	**(273.023)**	**(1.360.434)**	**525.500**	**(908.981)**
21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**(3.014.810)**	**(571.188)**	**(387.880)**	**(1.430.749)**	**525.500**	**(931.109)**
22. Total fair value of financial instruments used for currency swap	**-**	**-**	**-**	**-**	**-**	**-**
23. Hedged amount of foreign denominated assets	**-**	**-**	**-**	**-**	**-**	**-**
24. Hedged amount of foreign denominated liabilities	**-**	**-**	**-**	**-**	**-**	**-**

NOTE 16 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (continued)

As at September 30, 2016 and December 31, 2015 currency sensitivity analysis is as follow;

	Currency Sensitivity Analysis			
	September 30, 2016		December 31, 2015	
	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)	(171.122)	171.122	152.794	(152.794)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- Net US Dollar effect (1+2)	**(171.122)**	**171.122**	**152.794**	**(152.794)**
	Assumption of devaluation/appreciation by 10% of EUR against TL			
4- Net EUR asset / (liability)	(130.359)	130.359	(295.869)	295.869
5- Part of hedged from EUR risk (-)	-	-	-	-
6- Net EUR effect (4+5)	**(130.359)**	**130.359**	**(295.869)**	**295.869**
	Assumption of devaluation/appreciation by 10% of other currencies against TL			
7- Other currency net asset/liability	-	-	-	-
8- Part of hedged from other currency (-)	-	-	-	-
9- Net other currency effect (7+8)	**-**	**-**	-	-
TOTAL (3+6+9)	**(301.481)**	**301.481**	**(143.075)**	**143.075**

For the periods ended September 30, 2016 and 2015, total import and export of the Company comprised the following:

	September 30, 2016	September 30, 2015
Total exports	48.354.448	48.219.900
Total imports	71.285.595	72.412.363

NOTE 17 – SUBSEQUENT EVENTS

None.
