

**İzocam Ticaret ve Sanayi  
Anonim Şirketi**

Convenience Translation into English of  
Condensed Interim Financial Statements  
As at and For the Six Month Period Ended  
30 June 2017 and Independent Auditor's  
Review Report  
(Originally issued in Turkish)

This report is 21 pages.  
4 August 2017



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### ***Review Report on Interim Condensed Financial Information***

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

#### ***Introduction***

We have reviewed the accompanying condensed statement of financial position of İzocam Ticaret ve Sanayi Anonim Şirketi (the "Company") as at 30 June 2017, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### ***Scope of Review***

We conducted our review in accordance with Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34 *Interim Financial Reporting*.

### Other matters

The financial statements of İzocam Ticaret ve Sanayi Anonim Şirketi prepared in accordance with Turkish Accounting Standards as of 31 December 2016, were audited by another audit firm whose independent auditor's report thereon dated 15 February 2017 expressed an unqualified opinion. The financial statements of İzocam Ticaret ve Sanayi Anonim Şirketi prepared in accordance with Turkish Accounting Standards as of 30 June 2016, were reviewed by the same audit firm whose independent auditor's review report thereon dated 8 August 2016 expressed that nothing had come to their attention that caused them to believe that the interim condensed financial statements were not presented fairly, in all material respects, in accordance with Turkish Accounting Standards.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member of KPMG International Cooperative



Hakkı Özgür Sivaci, SMMM  
Partner  
4 August 2017  
İstanbul, Turkey

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## İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Financial Position As at 30 June 2017

All amounts are expressed in Turkish Lira ("TL") unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

		Reviewed	Audited
	Notes	30 June 2017	31 December 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	14.407.939	29.372.628
Trade Receivables	7	101.287.012	108.828.843
<i>From Related Parties</i>	4	340.051	131.702
<i>From Third Parties</i>		100.946.961	108.697.141
Other Receivables		521.574	1.365.363
<i>From Third Parties</i>		521.574	1.365.363
Inventories	9	59.111.039	35.540.461
Prepaid Expenses		5.031.223	1.088.398
Other Current Assets		8.899.160	2.646.047
<b>TOTAL CURRENT ASSETS</b>		<b>189.257.947</b>	<b>178.841.740</b>
<b>Non-Current Assets</b>			
Other Receivables		9.483	13.302
<i>From Third Parties</i>		9.483	13.302
Property and Equipment	10	121.516.938	104.854.530
Intangible Assets	10	510.586	597.109
<i>-Other</i>		510.586	597.109
Prepaid Expenses		2.260.268	10.197.330
Other Non-Current Assets		17.522	17.523
<b>TOTAL NON-CURRENT ASSETS</b>		<b>124.314.797</b>	<b>115.679.794</b>
<b>TOTAL ASSETS</b>		<b>313.572.744</b>	<b>294.521.534</b>

## İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Financial Position As at 30 June 2017 (Continued)

All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

		Reviewed	Audited
	Notes	30 June 2017	31 December 2016
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
Short-Term Loans and Borrowings	6	65.938.660	46.049.226
Trade Payables	7	43.553.166	49.400.919
<i>To Related Parties</i>	4	1.524.614	993.308
<i>To Third Parties</i>		42.028.552	48.407.611
Payables Related to Employee Benefits		3.334.459	6.440.087
Other Payables		17.536	26.988
<i>To Third Parties</i>		17.536	26.988
Deferred Income	8	19.881.768	17.002.406
Current Tax Liability	15	734.973	1.282.127
Short-term Provisions		1.979.278	141.084
<i>Other</i>		1.979.278	141.084
Other Short-Term Liabilities		824.286	488.330
<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>136.264.126</b>	<b>120.831.167</b>
<b>Long-Term Liabilities</b>			
Long-term Provisions		12.795.700	12.110.624
<i>For Employee Benefits</i>		12.795.700	12.110.624
Deferred Tax Liability	15	156.738	229.418
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>12.952.438</b>	<b>12.340.042</b>
<b>EQUITY</b>			
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		(4.445.330)	(4.071.201)
<i>Actuarial Losses from Defined Pension Plans</i>		(4.445.330)	(4.071.201)
Restricted Profit Reserves		42.711.837	42.711.837
Retained Earnings		72.317.994	51.375.439
Net Profit for the Period		3.379.984	20.942.555
<b>TOTAL EQUITY</b>		<b>164.356.180</b>	<b>161.350.325</b>
<b>TOTAL LIABILITIES</b>		<b>313.572.744</b>	<b>294.521.534</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For The Six Month Periods Ended 30 June 2017

All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

		Reviewed	Not Reviewed	Reviewed	Not Reviewed
	Notes	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
<b>PROFIT OR LOSS</b>					
Revenue	13	192.836.520	108.513.852	186.179.127	95.691.628
Cost of Sales (-)	13	(153.622.420)	(88.221.365)	(146.401.252)	(75.590.084)
<b>GROSS PROFIT</b>		<b>39.214.100</b>	<b>20.292.487</b>	<b>39.777.875</b>	<b>20.101.544</b>
Administrative Expenses (-)	14	(8.523.519)	(3.849.580)	(6.712.896)	(4.148.159)
Selling, Marketing and Distribution Expenses (-)	14	(22.516.483)	(11.182.689)	(21.428.654)	(10.732.290)
Other Operating Income		3.141.556	1.710.361	3.948.338	1.485.619
Other Operating Expenses (-)		(2.762.403)	(2.349.835)	(145.304)	(3.017)
<b>OPERATING PROFIT</b>		<b>8.553.251</b>	<b>4.620.744</b>	<b>15.439.359</b>	<b>6.703.697</b>
Expense from Investment Activities		(81.600)	(81.600)	(12.901)	(8.343)
<b>OPERATING PROFIT BEFORE FINANCE EXPENSE</b>		<b>8.471.651</b>	<b>4.539.144</b>	<b>15.426.458</b>	<b>6.695.354</b>
Finance Income		132.965	59.804	143.725	95.205
Finance Expenses (-)		(4.001.887)	(2.077.932)	(5.044.231)	(1.995.640)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>4.602.729</b>	<b>2.521.016</b>	<b>10.525.952</b>	<b>4.794.919</b>
Tax Benefit Expense of Continuing Operations		(1.222.745)	(721.868)	(2.120.407)	(986.499)
Current Tax Expense	15	(1.201.893)	(902.937)	(2.187.425)	(882.150)
Deferred Tax (Expense)/ Benefit	15	(20.852)	181.069	67.018	(104.349)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>3.379.984</b>	<b>1.799.148</b>	<b>8.405.545</b>	<b>3.808.420</b>
<b>PROFIT FOR THE PERIOD</b>		<b>3.379.984</b>	<b>1.799.148</b>	<b>8.405.545</b>	<b>3.808.420</b>
<b>Earnings Per Share</b>					
Earnings Per Share From Continuing Operations	16	0,001	0,001	0,003	0,002
<b>Diluted Earnings Per Share</b>					
Diluted Earnings Per Share From Continuing Operations	16	0,001	0,001	0,003	0,002
<b>OTHER COMPREHENSIVE INCOME</b>					
Items Not to Be Classified To Profit Or Loss					
Remeasurement Of Defined Benefit Plans		(467.661)	116.999	(2.040.505)	(263.817)
Deferred Tax Effect Of Remeasurement Of Defined Benefit	15	93.532	(23.400)	408.101	52.763
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(374.129)</b>	<b>93.599</b>	<b>(1.632.404)</b>	<b>(211.054)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3.005.855</b>	<b>1.892.747</b>	<b>6.773.141</b>	<b>3.597.366</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Condensed Interim Statement of Changes in Equity

For The Six Month Periods Ended 30 June 2017

All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Other comprehensive income not to be reclassified to profit or loss		Accumulated profits		
				Defined benefit remeasurement profit/ (losses)	Restricted Profit Reserves	Retained Earnings	Net profit for the period	Total Equity
<b>Balance as at 1 January 2016</b>	<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(2.325.609)</b>	<b>41.544.510</b>	<b>37.820.235</b>	<b>27.622.531</b>	<b>155.053.362</b>
Transfers	--	--	--	--	1.167.327	26.455.204	(27.622.531)	--
Dividends	--	--	--	--	--	(12.900.000)	--	(12.900.000)
Total Comprehensive Income	--	--	--	(1.632.404)	--	--	8.405.545	6.773.141
Other comprehensive income	--	--	--	(1.632.404)	--	--	--	(1.632.404)
Net profit for the period	--	--	--	--	--	--	8.405.545	8.405.545
<b>Balance as at 30 June 2016</b>	<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(3.958.013)</b>	<b>42.711.837</b>	<b>51.375.439</b>	<b>8.405.545</b>	<b>148.926.503</b>
<b>Balance as at 1 January 2017</b>	<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(4.071.201)</b>	<b>42.711.837</b>	<b>51.375.439</b>	<b>20.942.555</b>	<b>161.350.325</b>
Transfers	--	--	--	--	--	20.942.555	(20.942.555)	--
Total Comprehensive Income	--	--	--	(374.129)	--	--	3.379.984	3.005.855
Other comprehensive income	--	--	--	(374.129)	--	--	--	(374.129)
Net profit for the period	--	--	--	--	--	--	3.379.984	3.379.984
<b>Balance as at 30 June 2017</b>	<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(4.445.330)</b>	<b>42.711.837</b>	<b>72.317.994</b>	<b>3.379.984</b>	<b>164.356.180</b>



# İzocam Ticaret ve Sanayi Anonim Şirketi

## Condensed Interim Statement of Cash Flows

For The Six Month Periods Ended 30 June 2017

All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

	Notes	Reviewed	
		1 January – 30 June 2017	1 January – 30 June 2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(13.398.479)</b>	<b>(20.407.804)</b>
Net Profit For The Period		3.379.984	8.405.545
<b>Adjustments for reconciliation of profit for the period</b>		<b>9.075.906</b>	<b>10.066.486</b>
Adjustment for depreciation and amortization	10	5.917.089	5.094.484
Adjustment for provision for employee termination benefits		966.889	390.371
Adjustment for provision for unused vacation pay liability		33.362	605.537
Adjustment for provision of doubtful receivables, net	7	44.664	(49.173)
Adjustment for provisions		1.838.194	1.989.428
Adjustment for interest expense		4.449.178	4.583.001
Adjustment for interest income		(3.003.652)	(3.155.019)
Adjustment for increase on blockage accounts		(2.474.163)	(1.525.451)
Adjustment for tax expense	15	1.222.745	2.120.407
Adjustment for sale of property, plant and equipment		81.600	12.901
<b>Changes in working capital</b>		<b>(23.322.484)</b>	<b>(32.528.502)</b>
Adjustments for increase in inventory		(23.216.140)	(10.296.417)
Adjustments for increase in trade and other receivables		8.347.333	(2.270.049)
Adjustments for decrease in trade and other payables		(5.857.205)	(1.581.605)
Adjustments for increase/ (decrease) in deferred revenue		2.879.362	(4.699.665)
Adjustments for decrease/ (increase) in prepaid expenses		3.994.237	(8.401.290)
Adjustments for decrease in payables related to employee benefits		(3.105.628)	(1.915.199)
Adjustments for increase/ decrease in other current and non-current assets and liabilities		(6.364.443)	(3.364.277)
Provision paid		--	(2.692.651)
Taxes paid		(1.749.049)	(3.238.952)
Employee benefit indemnity paid		(782.836)	(419.730)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(22.926.890)</b>	<b>(11.451.682)</b>
Purchase of property and equipment	10	(22.927.951)	(11.501.830)
Proceeds from sale of property and equipment		1.061	50.148
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>18.890.554</b>	<b>37.192.289</b>
Increase/(decrease) in bank borrowings and other financial liabilities, net		19.889.433	51.170.975
Interest paid		(4.001.891)	(4.233.579)
Dividends paid		--	(12.900.000)
Interest received		3.003.012	3.154.893
<b>Net (decrease)/ increase in Cash and Cash Equivalents (A+B+C)</b>		<b>(17.434.815)</b>	<b>5.332.803</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>		<b>20.186.459</b>	<b>829.002</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)</b>	<b>5</b>	<b>2.751.644</b>	<b>6.161.805</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Six-Month Periods Ended 30 June 2017

*All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.*

## 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 glasswool, stonewool, 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 June 2017, 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 ("BİST") 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 June 2017, 38,84 percent of the shares are publicly traded at BİST (31 December 2016: 38,84 %).

As at 30 June 2017, total number of employees of the Company is an average basis 447 (31 December 2016: 445) including 215 white collar employees (31 December 2016: 212) and 232 blue collar employees (31 December 2016: 233).

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 six months period ended 30 June 2017, 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 of 31 December 2016.

The Company's condensed interim statement of financial position as at 30 June 2017 and condensed interim statement of profit or loss and other comprehensive income for the six months period ended was authorized for issue by the Board of Directors of the Company on 4 August 2017.

# **İzocam Ticaret ve Sanayi Anonim Şirketi**

Notes to The Condensed Interim Financial Statements

As at and For The Six-Month Periods Ended 30 June 2017

*All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.*

## **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 Liras ("TL"), which is the Company's functional currency. All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

##### ***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 June 2017**

#### ***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 financial statements 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 15 Revenue from Contracts with Customers**

As issued in September 2016 by POA, the new standard replaces existing TFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under TFRS. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 15.

##### **TFRS 9 Financial Instruments (2017 version)**

TFRS 9 Financial Instruments, has been published by POA in January 2017, replaces the existing guidance in TAS 39 Financial Instruments: Recognition and Measurement. This version includes referrals in earlier versions of TFRS 9 and revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. TFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 9.



# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Six-Month Periods Ended 30 June 2017

*All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.*

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

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

*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.

#### **Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative**

IAS 7 Statement of Cash Flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. The amendments will require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 7.

#### **Amendments to IAS 12 Income Taxes– Recognition of Deferred Tax Assets for Unrealized Losses**

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 12.

#### **Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions**

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Company does not expect that application of these amendments to IFRS 2 will have significant impact on its financial statements.

#### **Improvements to IFRSs**

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

#### **Annual Improvements to IFRSs 2014-2016 Cycle**

##### *IFRS 1 "First Time Adoption of International Financial Reporting Standards"*

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of 'Annual Improvements to IFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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*All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.*

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

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

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

**Improvements to IFRSs (continued)**

*Annual Improvements to IFRSs 2014-2016 Cycle (continued)*

*IFRS 12 "Disclosure of Interests in Other Entities"*

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

*IAS 28 "Investments in Associates and Joint Ventures"*

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

#### **IAS 40 – Transfers of Investment Property**

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 40.

#### **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This IFRIC is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 22.

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

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*All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.*

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

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

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

#### IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 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 IFRS 15 Revenue from Contracts with Customers. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

#### IFRIC 23 –Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 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. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 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 IFRIC 23.

#### IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international 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.



## İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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### 3 SEGMENT CHANGE IN THE OPERATIONS

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 June 2017 and 31 December 2016, due from related parties are as follows:

	30 June 2017	31 December 2016
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret Anonim Şirketi ("Saint-Gobain Weber") (*)	203.651	78.873
Saint-Gobain Adfors CZ S.R.O. (*)	67.419	31.728
Saint-Gobain Isover CRIR (*)	36.068	--
Saint-Gobain Isover SA (*)	17.207	5.395
Saint-Gobain Isover Iberica S.L. (*)	15.706	15.706
	<b>340.051</b>	<b>131.702</b>

(\*) Companies controlled by the Shareholder's of İzocam Holding.

#### *Due to related parties*

As at 30 June 2017 and 31 December 2016, due to related parties are as follows:

	30 June 2017	31 December 2016
Saint-Gobain Adfors CZ Glass Mat S.R.O. (*)	631.261	375.533
Saint-Gobain Isover SA (*)	457.041	195.043
Grunzweig Hartman AG (*)	218.710	216.186
Saint Gobain Seva AG	161.833	--
Saint-Gobain Rigips Alçı Sanayi ve Ticaret Anonim Şirketi ("Saint Gobain Rigips") (*)	33.321	206.546
Saint-Gobain Construction Products Neder	22.448	--
	<b>1.524.614</b>	<b>993.308</b>

(\*) Companies controlled by the Shareholder's of İzocam Holding.

#### *Sales to related parties*

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

	1 January – 30 June 2017	1 April – 30 June 2017	1 January – 30 June 2016	1 April – 30 June 2016
Saint-Gobain Weber (*)	448.107	397.031	107.264	76.256
Saint Gobain Rigips (*)	234.362	190.730	35.882	--
Kuwait Insulating Material MFG CO. (*)	23.570	--	--	--
Saint-Gobain Ppc Italia S.P.A. (*)	13.673	--	9.544	--
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret Anonim Şirketi ("Saint Gobain İnovatif Malzemeleri") (*)	--	--	1.376	1.059
	<b>719.712</b>	<b>587.761</b>	<b>154.066</b>	<b>77.315</b>

(\*) Companies controlled by the Shareholder's of İzocam Holding.

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

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## RELATED PARTIES (CONTINUED)

### Purchases from related parties

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

	1 January– 30 June 2017	1 April– 30 June 2017	1 January– 30 June 2016	1 April– 30 June 2016
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	1.662.243	1.009.990	1.134.332	821.968
Saint Gobain İsover (*)	978.848	507.823	1.202.651	825.097
Grunzweig Hartman AG (*)	701.207	243.011	953.494	526.991
Saint Gobain Rigips (*)	313.501	215.596	317.981	181.044
Saint-Gobain Seva (*)	235.498	235.498		
Saint Gobain Weber (*)	47.101	36.513	--	--
Saint Gobain Construction	22.447	22.447	--	--
Saint Gobain Glass (Romania) (*)	18.613	--	--	--
Saint-Gobain Ppc Italia S.P.A. (*)	--	--	29.698	--
Kuwait Insulating Material Mfg. Co. (*)	--	--	17.351	--
Saint Gobain Recherche (*)	--	--	15.484	-
Saint Gobain İsover SA (*)	--	--	4.082	-
	<b>3.979.458</b>	<b>2.270.878</b>	<b>3.675.073</b>	<b>2.355.100</b>

(\*) Companies controlled by the Shareholder's of İzocam Holding.

### Remunerations to the top management

For the six-month period ended 30 June remunerations to the top management comprised the following:

	1 January– 30 June 2017	1 April– 30 June 2017	1 January– 30 June 2016	1 April– 30 June 2016
<b>Short Term Benefits</b>				
(Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	1.628.274	578.244	1.323.986	667.479
<b>Long term benefits</b>				
(Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	421.059	(33.441)	875.566	(20.792)
<b>Total</b>	<b>2.049.333</b>	<b>544.803</b>	<b>2.199.552</b>	<b>646.687</b>



## İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

### 5

#### CASH AND CASH EQUIVALENTS

As at 30 June 2017 and 31 December 2016, cash and cash equivalents comprised the following:

	30 June 2017	31 December 2016
Banks	2.382.480	19.697.146
-Demand deposits	316.713	145.827
-Time deposits	2.065.767	19.551.319
Cash at blockage (*)	11.655.528	9.181.365
Cheques at collection (**)	369.931	494.117
	<b>14.407.939</b>	<b>29.372.628</b>

(\*) As at 30 June 2017, cash and cash equivalents consist of cash at blockage amounting to TL 11.655.528 (31 December 2016: TL 9.181.365). TL 1.806.104 portion of cash at blockage consist of Direct Borrowing System ("DBS") (31 December 2016: TL 1.390.337). 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 June 2017 TL 9.905.652 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (31 December 2016: TL 7.791.028).

(\*\*) Cheques in collection are composed of the cheques which have not been transferred to the Company's bank deposits accounts as at 30 June 2017 with a maturity date before 30 June 2017.

As at 30 June 2017 and 31 December 2016, demand deposits comprised the following currencies;

	Time Deposits		Demand deposit	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
TL	2.065.767	17.539.804	100.701	145.827
US Dollars ("USD")	--	1.640.043	216.012	--
European Union Currency ("Euro")	--	371.472	--	--
	<b>2.065.767</b>	<b>19.551.319</b>	<b>316.713</b>	<b>145.827</b>

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 six-month period ended 30 June are comprised the followings:

	1 January – 30 June 2017	1 January – 30 June 2016
Cash and cash equivalents	14.407.939	15.408.553
Less: Blockage	(11.655.528)	(9.246.622)
Less: Interest accrual	(767)	(126)
	<b>2.751.644</b>	<b>6.161.805</b>

## İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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All amounts are expressed in TL unless otherwise stated. All financial information presented in TL at full terms, except when otherwise indicated.

### 6

#### FINANCIAL LIABILITIES

As at 30 June 2017 and 31 December 2016 bank borrowings comprised the followings:

	30 June 2017	31 December 2016
<b>Bank Borrowings (*)</b>	<b>61.716.971</b>	<b>41.122.201</b>
TL	61.716.971	41.122.201
<b>Factoring Loans (**)</b>	<b>4.221.689</b>	<b>4.927.025</b>
USD	4.221.689	4.927.025
	<b>65.938.660</b>	<b>46.049.226</b>

(\*) As at 30 June 2017, all of the outstanding bank borrowings are denominated in TL and the effective interest rate of bank borrowings is 13,12% (31 December 2016: 13,45%).

(\*\*) 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. The effective interest rate of factoring are for USD 2,28% (31 December 2016: 2,17%).

### 7

#### TRADE RECEIVABLES AND PAYABLES

##### Trade receivables

As at 30 June 2017 and 31 December 2016 short-term trade receivables comprised the followings:

	30 June 2017	31 December 2016
Accounts receivable	81.134.303	94.919.174
Notes receivable	20.152.709	13.909.669
Doubtful receivables	1.804.472	1.759.808
Less: Allowance for doubtful receivables	(1.804.472)	(1.759.808)
	<b>101.287.012</b>	<b>108.828.843</b>

As at 30 June 2017, TL 340.051 of accounts receivable comprised due from related parties (31 December 2016: TL 131.702) which disclosed in Note 4 in detail.

Average collection period of trade receivables is 85 days (31 December 2016: 100 days) which may change according to the type of the product and the terms of the agreement with the customer.

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 at 30 June 2017, trade receivables amounting to TL 4.221.689 is subject to factoring (31 December 2016: TL 4.927.025).

	1 January – 30 June 2017	1 January – 30 June 2016
Balance as at 1 January	1.759.808	1.526.181
Provision for the period	52.696	11.886
Write offs	(8.032)	(61.059)
<b>Balance as at 30 June</b>	<b>1.804.472</b>	<b>1.477.008</b>

##### Trade Payables

As at 30 June 2017, short-term account payable amounting to TL 43.553.166 (31 December 2016: TL 49.400.919) arising from accounts payable to various suppliers and average payment term is 37 days (31 December 2016: 54 days).

As at 30 June 2017, TL 1.524.614 of accounts payable comprised due to related parties (31 December 2016: TL 993.308) which disclosed in Note 4 in detail.

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

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### 8 DEFERRED INCOME

As at 30 June 2017, current deferred income amounting to TL 19.881.768 consists of advances taken (31 December 2016: TL 17.002.406).

### 9 INVENTORIES

As at 30 June 2017 and 31 December 2016 inventories comprised the following:

	30 June 2017	31 December 2016
Raw materials and supplies	41.168.731	24.289.805
Finished goods	17.284.678	10.828.042
Trading goods	657.630	422.614
	<b>59.111.039</b>	<b>35.540.461</b>

Inventories are accounted at cost. As at 30 June 2017 and 31 December 2016, 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 six-month period ended 30 June 2017 is TL 22.927.951 (30 June 2016: TL 11.501.830). During the current period, transfer amount to property, plant and equipment from construction in progress is amounting to TL 22.205.989 (30 June 2016: TL 7.612.685).

The amount of property, plant and equipment and intangible assets sold during the six-month period ended 30 June 2017 is TL 80.539 (30 June 2016: TL 63.049).

For the six-month period ended 30 June 2017, depreciation and amortization expenses amounting to TL 5.618.891 (30 June 2016: TL 4.842.543) has been recognized under cost of sales, TL 298.198 (30 June 2016: TL 251.941) has been recognized under administrative expenses and TL 354.438 (30 June 2016: TL 277.838) has been capitalized on stocks.

As at 30 June 2017, the amount of property, plant and equipment and intangible assets with zero net book value which are still in use and kept in the accounting records is TL 157.406.798 (31 December 2016: TL 155.711.285).

As at 30 June 2017 and 31 December 2016, 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 3<sup>rd</sup> 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 to until December 31, 2016.

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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## 11 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

As at 30 June 2017 and 31 December 2016, guarantees, pledges or mortgages (GPM) given are as follows:

	30 June 2017	31 December 2016
A. Commitments given in the name of own legal Entity	10.306.371	14.950.898
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	--	--
<b>Total</b>	<b>10.306.371</b>	<b>14.950.898</b>

As at 30 June 2017 and 31 December 2016, 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 June 2017 and 31 December 2016 non-cancellable operating lease rentals payable are as follows:

	30 June 2017	31 December 2016
1. year	437.296	714.794
2. year	684.645	536.095
3. year	114.806	--
4. year	28.702	--
<b>Total</b>	<b>1.265.449</b>	<b>1.250.889</b>

## 12 EQUITY

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

As at 30 June 2017, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (31 December 2016: 2.453.414.335 shares) of kr 1 each (31 December 2016: kr 1), There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	30 June 2017		31 December 2016	
	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
	<b>24.534.143</b>	<b>100,00</b>	<b>24.534.143</b>	<b>100,00</b>
Adjustment on Capital	25.856.460		25.856.460	
	<b>50.390.603</b>		<b>50.390.603</b>	

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.

In the Ordinary General Assembly held on 22 March 2016, it has been decided to distribute dividend amounting to TL 12.900.000 over the capital of TL 24.534.143, transfer a portion of TL 1.167.329 to the second contingency reserves and a portion of TL 14.676.246 to the extraordinary reserves. 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. As at 30 June 2017, there is no dividend distribution.



## İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

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### REVENUE AND COST OF SALES

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

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Domestic sales	156.090.954	90.526.716	155.873.932	80.000.122
Export sales	39.792.304	18.651.201	32.983.509	16.595.898
Other	8.241.041	4.843.277	6.789.964	3.735.925
<b>Gross sales</b>	<b>204.124.299</b>	<b>114.021.194</b>	<b>195.647.405</b>	<b>100.331.945</b>
Less: Sales returns and discounts	(11.287.779)	(5.507.342)	(9.468.278)	(4.640.317)
<b>Net sales</b>	<b>192.836.520</b>	<b>108.513.852</b>	<b>186.179.127</b>	<b>95.691.628</b>
Less: Cost of sales	(153.622.420)	(88.221.365)	(146.401.252)	(75.590.084)
<b>Gross profit</b>	<b>39.214.100</b>	<b>20.292.487</b>	<b>39.777.875</b>	<b>20.101.544</b>

For the six-month periods ended 30 June, the nature of the cost of sales comprised the following:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Raw materials and consumables	142.152.693	80.531.284	130.306.160	62.805.714
Personnel	12.542.489	7.229.848	11.585.992	5.796.969
Depreciation	5.618.891	3.604.118	4.842.543	2.713.663
Changes in inventory	(6.691.653)	(3.143.885)	(333.443)	4.273.738
<b>Cost of Sales</b>	<b>153.622.420</b>	<b>88.221.365</b>	<b>146.401.252</b>	<b>75.590.084</b>

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### EXPENSES BY NATURE

#### a) Selling, marketing and distribution expenses

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

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Freight and insurance	8.844.165	4.932.835	7.948.380	4.232.921
Personnel	4.856.539	2.269.762	4.362.348	2.230.337
Storage	2.470.810	1.114.857	2.767.481	1.213.054
Licenses	1.680.055	750.834	1.690.342	741.554
Dealers and meeting expenditures	1.530.000	765.000	1.434.000	717.000
Advertisement	866.400	433.200	707.339	335.291
Sales commission	412.864	226.731	396.200	161.075
Transportation	384.544	196.453	348.624	180.848
Rent	298.918	51.825	416.854	207.211
Others	1.172.188	441.192	1.357.086	712.999
	<b>22.516.483</b>	<b>11.182.689</b>	<b>21.428.654</b>	<b>10.732.290</b>

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### 14 EXPENSES BY NATURE (CONTINUED)

#### b) Administrative expense

For the six-month periods ended 30 June, administrative expenses comprised the following:

	1 January -30 June 2017	1 April - 30 June 2017	1 January -30 June 2016	1 April - 30 June 2016
Personnel	5.751.093	2.606.805	3.973.129	2.717.777
Information technologies	318.959	157.773	216.491	104.427
Transportation	314.161	170.939	261.050	133.213
Depreciation and amortization	298.198	163.411	251.941	152.516
Dues	294.940	159.972	198.788	105.423
Rent	282.366	7.927	404.931	199.320
Legal	123.144	64.833	92.743	53.004
Travel	113.185	73.271	87.627	36.344
Consultancy	111.986	56.403	126.119	44.021
Duties, taxes and levies	90.948	40.645	246.269	149.641
Representation	81.551	40.153	69.821	39.414
Office supplies	56.388	20.045	62.294	22.535
Others	686.600	287.403	721.693	390.524
	<b>8.523.519</b>	<b>3.849.580</b>	<b>6.712.896</b>	<b>4.148.159</b>

### 15 INCOME TAX

As at 30 June 2017 and 31 December 2016, total tax liability comprised the following:

	30 June 2017	31 December 2016
Corporate tax provision	1.201.893	5.124.537
Prepaid taxes	(466.920)	(3.842.410)
<b>Current tax liability</b>	<b>734.973</b>	<b>1.282.127</b>

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

	1 January- 30 June 2017	1 January- 30 June 2016
Balance as at 1 January	(229.418)	(409.005)
Deferred tax expense in other comprehensive income	93.532	408.101
Deferred tax (expense) benefit	(20.852)	67.018
<b>Balance as at 30 June</b>	<b>(156.738)</b>	<b>66.114</b>

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

	1 January -30 June 2017	1 April - 30 June 2017	1 January -30 June 2016	1 April - 30 June 2016
Current tax expense	(1.201.893)	(902.937)	(2.187.425)	(882.150)
Deferred tax (expense) benefit	(20.852)	181.069	67.018	(104.349)
	<b>(1.222.745)</b>	<b>(721.868)</b>	<b>(2.120.407)</b>	<b>(986.499)</b>

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## 15 INCOME TAX (CONTINUED)

*Taxes recognized in other comprehensive income*

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

	1 January - 30 June 2017	1 April - 30 June 2017	1 January – 30 June 2016	1 April - 30 June 2016
Tax effect of re-measurement loss on defined benefit plans	93.532	(23.400)	408.101	52.763
<b>Tax income recognized in other comprehensive income</b>	<b>93.532</b>	<b>(23.400)</b>	<b>408.101</b>	<b>52.763</b>

## 16 EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended 30 June 2017 amounting to; TL 3.379.984 (30 June 2016: TL 8.405.545) to the weighted average of the shares during these periods.

	1 January – 30 June 2017	1 April - 30 June 2017	1 January – 30 June 2016	1 April - 30 June 2016
<b>Earnings per share</b>				
Net profit	3.379.984	1.799.148	8.405.545	3.808.420
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)	0,001	0,001	0,003	0,002
Diluted earnings per share (Kr per share)	0,001	0,001	0,003	0,002

## 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.

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

#### Currency risk (continued)

As at 30 June 2017 and 31 December 2016, net position of the Company is resulted from foreign currency assets and liabilities:

	Currency Position					
	30 June 2017			31 December 2016		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	10.864.376	2.492.757	530.109	8.796.314	2.014.103	460.466
2a. Monetary financial assets	7.931.518	2.254.049	6.581	2.011.511	466.027	100.129
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>18.795.894</b>	<b>4.746.806</b>	<b>536.690</b>	<b>10.807.825</b>	<b>2.480.130</b>	<b>560.595</b>
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--
7. Other	--	--	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>18.795.894</b>	<b>4.746.806</b>	<b>536.690</b>	<b>10.807.825</b>	<b>2.480.130</b>	<b>560.595</b>
10. Trade payables	6.594.681	764.329	977.792	8.928.391	1.818.975	681.165
11. Financial liabilities	4.221.689	1.203.755	--	4.927.024	1.400.041	--
12a. Monetary financial liabilities	17.536	5.000	--	18.550	--	5.000
12b. Non-monetary financial liabilities	--	--	--	--	--	--
<b>13. Short Term Liabilities (10+11+12)</b>	<b>10.833.906</b>	<b>1.973.084</b>	<b>977.792</b>	<b>13.873.965</b>	<b>3.219.016</b>	<b>686.165</b>
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	--	--	--	--	--	--
16a. Monetary financial liabilities	2.446.860	684.729	11.353	--	--	--
16b. Non-monetary financial liabilities	--	--	--	--	--	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>2.446.860</b>	<b>684.729</b>	<b>11.353</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>13.280.766</b>	<b>2.657.813</b>	<b>989.145</b>	<b>13.873.965</b>	<b>3.219.016</b>	<b>686.165</b>
<b>19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
19a. Off-balance sheet foreign currency derivative assets	--	--	--	--	--	--
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--	--	--	--
<b>20. Net foreign currency asset (liability) position (9-18+19)</b>	<b>5.515.128</b>	<b>2.088.993</b>	<b>(452.455)</b>	<b>(3.066.140)</b>	<b>(738.886)</b>	<b>(125.570)</b>
<b>21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>5.515.128</b>	<b>2.088.993</b>	<b>(452.455)</b>	<b>(3.066.140)</b>	<b>(738.886)</b>	<b>(125.570)</b>
<b>22. Total fair value of financial instruments used for currency swap</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Hedged amount of foreign denominated assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. Hedged amount of foreign denominated liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>



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

### Currency risk (continued)

As at 30 June 2017 and 31 December 2016 currency sensitivity analysis is as follows:

	Foreign Currency Sensitivity Analysis Table			
	30 June 2017		31 December 2016	
	Profit / (Loss)		Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Assumption of devaluation/appreciation by 10% of USD against TL</b>				
1- Net USD asset / (liability)	732.631	(732.631)	(260.029)	260.029
2- Part of hedged from US Dollar risk (-)	--	--	--	--
3- Net US Dollar effect (1+2)	732.631	(732.631)	(260.029)	260.029
<b>Assumption of devaluation/appreciation by 10% of Euro against TL</b>				
4- Net Euro asset / (liability)	(181.118)	181.118	(46.585)	46.585
5- Part of hedged from Euro risk (-)	--	--	--	--
6- Net Euro effect (4+5)	(181.118)	181.118	(46.585)	46.585
<b>Assumption of devaluation/appreciation by 10% of other currencies against TL</b>				
7- Other currency net asset/liability	--	--	--	--
8- Part of hedged from other currency (-)	--	--	--	--
9- Net other currency effect (7+8)	--	--	--	--
<b>TOTAL (3+6+9)</b>	<b>551.513</b>	<b>(551.513)</b>	<b>(306.614)</b>	<b>306.614</b>

For the periods ended 30 June 2017 and 2016, total import and export of the Company comprised the following:

	1 January- 30 June 2017	1 January- 30 June 2016
Total exports	39.792.304	32.983.509
Total imports	53.932.537	56.161.842

## 18 SUBSEQUENT EVENTS

None.