

**İzocam Ticaret ve Sanayi  
Anonim Şirketi**

Convenience Translation into English of  
Condensed Interim Financial Statements

As at and For the Nine Month

Period Ended

30 September 2017

(Originally issued in Turkish)

This report is 22 pages.  
26 October 2017

## **TABLE OF CONTENTS**

	<b>PAGES</b>
<b>CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION</b>	<b>1-2</b>
<b>CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>3</b>
<b>CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY</b>	<b>4</b>
<b>CONDENSED INTERIM STATEMENT OF CASH FLOW</b>	<b>5</b>
<b>NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT</b>	<b>6-22</b>
1 ORGANIZATION AND OPERATIONS OF THE COMPANY	6
2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	6
3 SEGMENT REPORTING	11
4 RELATED PARTIES	11
5 CASH AND CASH EQUIVALENTS	13
6 SHORT TERM LOANS AND BORROWINGS	14
7 TRADE RECEIVABLES AND PAYABLES	14
8 DEFERRED INCOME	15
9 INVENTORIES	15
10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	15
11 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES	15
12 EQUITY	16
13 REVENUE AND COST OF SALES	17
14 EXPENSES BY NATURE	18
15 INCOME TAX	19
16 EARNING PER SHARE	20
17 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	20
18 SUBSEQUENT EVENTS	22

## İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Interim Statement of Financial Position As at 30 September 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.

		Unaudited 30 September 2017	Audited 31 December 2016
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	18.233.016	29.372.628
Trade Receivables	7	100.429.276	108.828.843
<i>From Related Parties</i>	4	1.821.491	131.702
<i>From Third Parties</i>		98.607.785	108.697.141
Other Receivables		107.755	1.365.363
<i>From Third Parties</i>		107.755	1.365.363
Inventories	9	52.516.217	35.540.461
Prepaid Expenses		4.834.784	1.088.398
Other Current Assets		6.483.216	2.646.047
<b>TOTAL CURRENT ASSETS</b>		<b>182.604.264</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	118.608.263	104.854.530
Intangible Assets	10	364.916	597.109
<i>Other</i>		364.916	597.109
Prepaid Expenses		3.648.223	10.197.330
Other Non-Current Assets		2.402	17.523
Deferred Tax Asset	15	31.760	--
<b>TOTAL NON-CURRENT ASSETS</b>		<b>122.665.047</b>	<b>115.679.794</b>
<b>TOTAL ASSETS</b>		<b>305.269.311</b>	<b>294.521.534</b>

## İzocam Ticaret ve Sanayi Anonim Şirketi

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

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

		Unaudited 30 September 2017	Audited 31 December 2016
	Notes		
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
Short-Term Loans and Borrowings	6	61.332.279	46.049.226
Trade Payables	7	41.260.014	49.400.919
<i>To Related Parties</i>	4	750.199	993.308
<i>To Third Parties</i>		40.509.815	48.407.611
Payables Related to Employee Benefits		5.007.969	6.440.087
Other Payables		17.761	26.988
<i>To Third Parties</i>		17.761	26.988
Deferred Income	8	9.957.096	17.002.406
Current Tax Liability	15	1.496.412	1.282.127
Short-term Provisions		1.840.471	141.084
<i>Other</i>		1.840.471	141.084
Other Short-Term Liabilities		902.079	488.330
<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>121.814.081</b>	<b>120.831.167</b>
<b>Long-Term Liabilities</b>			
Long-term Provisions		12.794.524	12.110.624
<i>For Employee Benefits</i>		12.794.524	12.110.624
Deferred Tax Liability	15	--	229.418
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>12.794.524</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		(4.336.003)	(4.071.201)
<i>Actuarial Losses from Defined Pension Plans</i>		(4.336.003)	(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		9.575.183	20.942.555
<b>TOTAL EQUITY</b>		<b>170.660.706</b>	<b>161.350.325</b>
<b>TOTAL LIABILITIES</b>		<b>305.269.311</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 Nine Month Periods Ended 30 September 2017

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

	Notes	Unaudited			
		1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<b>PROFIT OR LOSS</b>					
Revenue	13	314.045.296	121.208.776	274.057.203	87.878.076
Cost of Sales (-)	13	(250.658.133)	(97.035.713)	(213.503.135)	(67.101.883)
<b>GROSS PROFIT</b>		<b>63.387.163</b>	<b>24.173.063</b>	<b>60.554.068</b>	<b>20.776.193</b>
Administrative Expenses (-)	14	(12.685.339)	(4.161.820)	(10.743.799)	(4.030.903)
Selling, Marketing and Distribution Expenses (-)	14	(34.264.699)	(11.748.216)	(31.165.791)	(9.737.137)
Research and Development Expenses (-)		(301.181)	(301.181)	--	--
Other Operating Income		5.526.643	2.385.087	5.391.141	1.442.803
Other Operating Expenses (-)		(2.744.898)	17.505	(259.089)	(113.785)
<b>OPERATING PROFIT</b>		<b>18.917.689</b>	<b>10.364.438</b>	<b>23.776.530</b>	<b>8.337.171</b>
Expense from Investment Activities		(25.833)	55.767	96.562	109.463
<b>OPERATING PROFIT BEFORE FINANCE EXPENSE</b>		<b>18.891.856</b>	<b>10.420.205</b>	<b>23.873.092</b>	<b>8.446.634</b>
Finance Income		168.710	35.745	171.614	27.889
Finance Expenses (-)		(6.564.985)	(2.563.098)	(8.090.200)	(3.045.969)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>12.495.581</b>	<b>7.892.852</b>	<b>15.954.506</b>	<b>5.428.554</b>
<b>Tax Benefit Expense of Continuing Operations</b>		<b>(2.920.398)</b>	<b>(1.697.652)</b>	<b>(3.224.478)</b>	<b>(1.104.071)</b>
Current Tax Expense	15	(3.115.375)	(1.913.481)	(3.039.721)	(852.296)
Deferred Tax Benefit (Expense)	15	194.977	215.829	(184.757)	(251.775)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>9.575.183</b>	<b>6.195.200</b>	<b>12.730.028</b>	<b>4.324.483</b>
<b>PROFIT FOR THE PERIOD</b>		<b>9.575.183</b>	<b>6.195.200</b>	<b>12.730.028</b>	<b>4.324.483</b>
<b>Earnings Per Share</b>					
Earnings Per Share From Continuing Operations	16	0,004	0,003	0,005	0,002
<b>Diluted Earnings Per Share</b>					
Diluted Earnings Per Share From Continuing Operations	16	0,004	0,003	0,005	0,002
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items Not to Be Classified To Profit Or Loss</b>					
Remeasurement Of Defined Benefit Plans		(331.003)	136.658	(2.474.138)	(433.633)
Deferred Tax Effect Of Remeasurement Of Defined Benefit	15	66.201	(27.332)	494.828	86.727
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(264.802)</b>	<b>109.326</b>	<b>(1.979.310)</b>	<b>(346.906)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9.310.381</b>	<b>6.304.526</b>	<b>10.750.718</b>	<b>3.977.577</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Condensed Interim Statement of Changes in Equity

For The Nine Month Periods Ended 30 September 2017

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

				Other comprehensive income not to be reclassified to profit or loss		Accumulated profits		
	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Defined Benefit Remeasurement Losses	Restricted Profit Reserves	Retained Earnings	Net Profit for the Period	Total Equity
<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	--	--	--	--	28.156.090	(533.559)	(27.622.531)	--
Dividends	--	--	--	--	--	(12.900.000)	--	(12.900.000)
<b>Total Comprehensive Income</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(1.979.310)</b>	<b>--</b>	<b>--</b>	<b>12.730.028</b>	<b>10.750.718</b>
<i>Other comprehensive income</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(1.979.310)</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(1.979.310)</i>
<i>Net profit for the period</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>12.730.028</i>	<i>12.730.028</i>
<b>Balance as at 30 September 2016</b>	<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(4.304.919)</b>	<b>69.700.600</b>	<b>24.386.676</b>	<b>12.730.028</b>	<b>152.904.080</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)	--
<b>Total Comprehensive Income</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(264.802)</b>	<b>--</b>	<b>--</b>	<b>9.575.183</b>	<b>9.310.381</b>
<i>Other comprehensive income</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(264.802)</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>(264.802)</i>
<i>Net profit for the period</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>9.575.183</i>	<i>9.575.183</i>
<b>Balance as at 30 September 2017</b>	<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(4.336.003)</b>	<b>42.711.837</b>	<b>72.317.994</b>	<b>9.575.183</b>	<b>170.660.706</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Condensed Interim Statement of Cash Flows

For The Nine Month Periods Ended 30 September 2017

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

		Unaudited	
	Notes	1 January – 30 September 2017	1 January – 30 September 2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(4.282.211)</b>	<b>(5.449.635)</b>
Net Profit For The Period		9.575.183	12.730.028
<b>Adjustments for reconciliation of profit for the period</b>		<b>13.926.990</b>	<b>22.921.029</b>
Adjustment for depreciation and amortization	10	9.342.958	7.952.612
Adjustment for provision for employee benefits		464.801	792.747
Adjustment for provision of doubtful receivables, net	7	44.380	(44.601)
Adjustment for provisions		1.699.387	3.081.352
Adjustment for interest expense		6.564.985	7.660.156
Adjustment for interest income		(162.825)	(171.614)
Adjustment for increase on blockage accounts		(6.972.927)	522.461
Adjustment for tax expense	15	2.920.398	3.224.478
Adjustment for sale of property, plant and equipment		25.833	(96.562)
<b>Changes in working capital</b>		<b>(24.100.459)</b>	<b>(33.426.348)</b>
Adjustments for increase in inventory		(16.483.935)	(8.813.308)
Adjustments for decrease in trade and other receivables		9.616.614	1.025.528
Adjustments for decrease in trade and other payables		(8.150.132)	(8.831.076)
Adjustments for decrease in deferred revenue		(7.045.310)	(7.223.236)
Adjustments for increase/ (decrease) in prepaid expenses		2.802.721	(3.675.389)
Adjustments for increase in payables related to employee benefits		(1.432.118)	(827.293)
Adjustments for increase/ decrease in other current and non-current assets and liabilities		(3.408.299)	(5.081.574)
Taxes paid		(2.901.090)	(4.102.377)
Provisions paid		--	(2.692.651)
Employee benefit indemnity paid		(782.835)	(879.316)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(23.382.152)</b>	<b>(19.381.946)</b>
Purchase of property and equipment	10	(23.543.716)	(20.531.028)
Proceeds from sale of property and equipment		161.564	1.149.082
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>9.556.447</b>	<b>28.432.711</b>
Increase in bank borrowings and other financial liabilities, net		15.283.053	48.299.389
Interest paid		(5.894.054)	(7.136.023)
Dividends paid		--	(12.900.000)
Interest received		167.448	169.345
<b>Net (decrease) increase in Cash and Cash Equivalents (A+B+C)</b>		<b>(18.107.916)</b>	<b>3.601.130</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>2.078.543</b>	<b>4.430.132</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 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 September 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 September 2017, 38,84 percent of the shares are publicly traded at BİST (31 December 2016: 38,84 percent).

As at 30 September 2017, total number of employees of the Company is an average basis 444 (31 December 2016: 445) including 205 white collar employees (31 December 2016: 212) and 239 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 nine months period ended 30 September 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 at 31 December 2016.

The Company’s condensed interim statement of financial position as at 30 September 2017 and condensed interim statement of profit or loss and other comprehensive income for the nine months period ended was authorized for issue by the Board of Directors of the Company on 26 October 2017.



# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 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 September 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 Turkish Public Oversight Authority (“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 Nine-Month Periods Ended 30 September 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 September 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 is assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS 2.

#### **Improvements to IFRSs**

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

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments for IFRS 12 are effective as of 1 January 2017, and other 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.

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 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 September 2017 (continued)

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

#### **Improvements to IFRSs (continued)**

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

##### *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.

##### *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

As at and For The Nine-Month Periods Ended 30 September 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 September 2017 (continued)

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

#### 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

As at and For The Nine-Month Periods Ended 30 September 2017

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

## 3 SEGMENT REPORTING

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

## 4 RELATED PARTIES

### *Due from related parties*

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

	30 September 2017	31 December 2016
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret Anonim Şirketi ("Saint-Gobain Weber") (*)	1.724.340	78.873
Saint-Gobain Isover CRIR (*)	37.775	--
Saint-Gobain Adfors CZ S.R.O. (*)	37.574	31.728
Saint-Gobain Isover Iberica S.L. (*)	15.706	15.706
Saint-Gobain Isover SA (*)	6.096	5.395
	<b>1.821.491</b>	<b>131.702</b>

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

### *Due to related parties*

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

	30 September 2017	31 December 2016
Saint-Gobain Isover SA (*)	421.688	195.043
Grunzweig Hartman AG (*)	208.953	216.186
Saint-Gobain Rigips Alçı Sanayi ve Ticaret Anonim Şirketi ("Saint-Gobain Rigips") (*)	67.535	206.546
Saint-Gobain Seva AG (*)	52.023	--
Saint-Gobain Adfors CZ Glass Mat S.R.O.(*)	--	375.533
	<b>750.199</b>	<b>993.308</b>

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

### *Sales to related parties*

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

	1 January – 30 September 2017	1 July – 30 September 2017	1 January – 30 September 2016	1 July – 30 September 2016
Saint-Gobain Weber (*)	1.619.122	1.171.015	151.222	43.958
Saint-Gobain Rigips (*)	266.134	31.772	105.310	69.428
Kuwait Insulating Material MFG CO. (*)	23.570	--	19.985	19.985
Saint-Gobain Ppc Italia S.P.A.(*)	13.673	--	9.544	--
Saint Gobain İsover Romania Srl (*)	--	--	27.361	27.361
Saint-Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret Anonim Şirketi (*)	--	--	1.376	--
	<b>1.922.499</b>	<b>1.202.787</b>	<b>314.798</b>	<b>160.732</b>

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

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

## 4 RELATED PARTIES (CONTINUED)

### *Purchases from related parties*

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

	1 January– 30 September 2017	1 July– 30 September 2017	1 January– 30 September 2016	1 July– 30 September 2016
Saint-Gobain Adfors CZ Glass Mat S.R.O. (*)	2.064.305	402.062	1.458.994	324.662
Saint-Gobain İsover SA (*)	1.447.390	468.542	1.426.500	404.875
Grunzweig Hartman AG (*)	933.377	232.170	840.681	168.505
Saint-Gobain Rigips (*)	407.048	93.547	418.089	100.108
Saint-Gobain Seva AG (*)	287.852	52.354	--	--
Saint-Gobain Weber (*)	101.800	54.699	--	--
Saint-Gobain Construction (*)	22.447	--	--	--
Saint Gobain Glass (Romania) (*)	18.613	--	--	--
Saint-Gobain Recherche (*)	--	--	15.484	--
	<b>5.282.832</b>	<b>1.303.374</b>	<b>4.159.748</b>	<b>998.150</b>

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

### *Remunerations to the top management*

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

	1 January– 30 September 2017	1 July– 30 September 2017	1 January– 30 September 2016	1 July– 30 September 2016
<b>Short Term Benefits</b> (Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	2.203.647	575.374	1.990.208	666.222
<b>Long term benefits</b> (Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	454.044	32.985	794.998	(80.568)
<b>Total</b>	<b>2.657.691</b>	<b>608.359</b>	<b>2.785.206</b>	<b>585.654</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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 September 2017 and 31 December 2016, cash and cash equivalents comprised the following:

	30 September 2017	31 December 2016
Banks	1.219.086	19.697.146
-Demand deposits	463.707	145.827
-Time deposits	755.379	19.551.319
Cash at blockage (*)	16.154.292	9.181.365
Cheques at collection (**)	859.638	494.117
	<b>18.233.016</b>	<b>29.372.628</b>

(\*) As at 30 September 2017, cash and cash equivalents consist of cash at blockage amounting to TL 16.154.292 (31 December 2016: TL 9.181.365). TL 3.181.208 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 September 2017 TL 12.973.084 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 September 2017 with a maturity date before 30 September 2017.

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

	Time Deposits		Demand deposit	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
US Dollars ("USD")	505.198	1.640.043	55.141	--
TL	250.181	17.539.804	289.847	145.827
European Union Currency ("Euro")	--	371.472	118.719	--
	<b>755.379</b>	<b>19.551.319</b>	<b>463.707</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 nine months. Cash and cash equivalents included in the statement of cash flows for the nine-month period ended 30 September are comprised the followings:

	1 January – 30 September 2017	1 January – 30 September 2016
Cash and cash equivalents	18.233.016	12.898.991
Less: Blockage	(16.154.292)	(8.466.590)
Less: Interest accrual	(181)	(2.269)
	<b>2.078.543</b>	<b>4.430.132</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

### 6 SHORT TERM LOANS AND BORROWINGS

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

	30 September 2017	31 December 2016
<b>Bank Borrowings (*)</b>	<b>57.891.118</b>	<b>41.122.201</b>
<i>TL</i>	<i>57.891.118</i>	<i>41.122.201</i>
<b>Factoring Loans (**)</b>	<b>3.441.161</b>	<b>4.927.025</b>
<i>USD</i>	<i>3.441.161</i>	<i>4.927.025</i>
	<b>61.332.279</b>	<b>46.049.226</b>

(\*) As at 30 September 2017, all of the outstanding bank borrowings are denominated in TL and the effective interest rate of bank borrowings is 13,20 percent (31 December 2016: 13,45 percent).

(\*\*) 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 2,67 percent (31 December 2016: 2,17 percent).

### 7 TRADE RECEIVABLES AND PAYABLES

#### *Trade receivables*

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

	30 September 2017	31 December 2016
Accounts receivable	84.849.350	94.919.174
Notes receivable	15.579.926	13.909.669
Doubtful receivables	1.804.188	1.759.808
Less: Allowance for doubtful receivables	(1.804.188)	(1.759.808)
	<b>100.429.276</b>	<b>108.828.843</b>

As at 30 September 2017, TL 1.821.491 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 82 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 September 2017, trade receivables amounting to TL 3.441.161 is subject to factoring (31 December 2016: TL 4.927.025).

	1 January – 30 September 2017	1 January – 30 September 2016
Balance as at 1 January	1.759.808	1.526.181
Provision for the period	54.997	19.032
Write offs	(10.617)	(63.633)
<b>Balance as at 30 September</b>	<b>1.804.188</b>	<b>1.481.580</b>

#### *Trade Payables*

As at 30 September 2017, short-term account payable amounting to TL 41.260.014 (31 December 2016: TL 49.400.919) arising from accounts payable to various suppliers and average payment term is 32 days (31 December 2016: 54 days).

As at 30 September 2017, TL 750.199 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

As at and For The Nine-Month Periods Ended 30 September 2017

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

### 8 DEFERRED INCOME

As at 30 September 2017, current deferred income amounting to TL 9.957.096 consists of advances taken (31 December 2016: TL 17.002.406).

### 9 INVENTORIES

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

	30 September 2017	31 December 2016
Raw materials and supplies	36.309.287	24.289.805
Finished goods	15.669.072	10.828.042
Trading goods	537.858	422.614
	<b>52.516.217</b>	<b>35.540.461</b>

Inventories are accounted at cost. As at 30 September 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 nine-month period ended 30 September 2017 is TL 23.543.716 (30 September 2016: TL 20.531.028).

The amount of property, plant and equipment and intangible assets sold during the nine-month period ended 30 September 2017 is TL 187.396 (30 September 2016: TL 1.052.520).

For the nine-month period ended 30 September 2017, depreciation and amortization expenses amounting to TL 8.863.983 (30 September 2016: TL 7.585.736) has been recognized under cost of sales, TL 478.975 (30 September 2016: TL 366.876) has been recognized under administrative expenses and TL 491.822 (30 September 2016: TL 322.157) has been capitalized on stocks.

As at 30 September 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 159.140.954 (31 December 2016: TL 163.920.103).

As at 30 September 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 3<sup>rd</sup> 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

As at and For The Nine-Month Periods Ended 30 September 2017

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

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

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

	30 September 2017	31 December 2016
A. Commitments given in the name of own legal Entity	14.083.434	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>14.083.434</b>	<b>14.950.898</b>

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

	30 September 2017	31 December 2016
1. year	686.979	714.794
2. year	717.039	536.095
3. year	120.238	--
4. year	30.060	--
<b>Total</b>	<b>1.554.316</b>	<b>1.250.889</b>

## 12 EQUITY

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

As at 30 September 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 September 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 of Capital	25.856.460		25.856.460	
	<b>50.390.603</b>		<b>50.390.603</b>	

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

### 12 EQUITY (CONTINUED)

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

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

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 September 2017, there is no dividend distribution.

### 13 REVENUE AND COST OF SALES

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

	1 January – 30 September 2017	1 July– 30 September 2017	1 January – 30 September 2016	1 July– 30 September 2016
Domestic sales	257.482.295	101.391.341	229.466.270	73.592.338
Export sales	59.943.391	20.151.087	48.354.448	15.370.939
Other	13.710.101	5.469.060	10.337.249	3.547.285
<b>Gross sales</b>	<b>331.135.787</b>	<b>127.011.488</b>	<b>288.157.967</b>	<b>92.510.562</b>
Less: Sales returns and discounts	(17.090.491)	(5.802.712)	(14.100.764)	(4.632.486)
<b>Net sales</b>	<b>314.045.296</b>	<b>121.208.776</b>	<b>274.057.203</b>	<b>87.878.076</b>
Less: Cost of sales	(250.658.133)	(97.035.713)	(213.503.135)	(67.101.883)
<b>Gross profit</b>	<b>63.387.163</b>	<b>24.173.063</b>	<b>60.554.068</b>	<b>20.776.193</b>

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

	1 January– 30 September 2017	1 July– 30 September 2017	1 January– 30 September 2016	1 July– 30 September 2016
Raw materials and consumables	227.637.214	85.484.521	189.772.373	59.466.213
Personnel	19.113.210	6.570.722	17.185.533	5.599.541
Depreciation	8.863.983	3.245.092	7.585.736	2.743.192
Changes in inventory	(4.956.274)	1.735.378	(1.040.507)	(707.063)
<b>Cost of Sales</b>	<b>250.658.133</b>	<b>97.035.713</b>	<b>213.503.135</b>	<b>67.101.883</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

### 14 EXPENSES BY NATURE

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

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

	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Freight and insurance	14.641.618	5.797.453	11.937.846	3.989.466
Personnel	6.990.474	2.133.935	6.537.160	2.174.812
Storage	3.385.990	915.180	3.603.218	835.737
Licenses	2.380.767	700.712	2.263.722	573.380
Dealers and meeting expenditures	2.292.900	762.900	2.151.000	717.000
Advertisement	1.299.600	433.200	1.073.579	366.240
Sales commission	572.165	159.301	541.844	145.644
Transportation	566.217	181.673	500.534	151.910
Rent	398.674	99.756	627.636	210.782
Others	1.736.294	564.106	1.929.252	572.166
	<b>34.264.699</b>	<b>11.748.216</b>	<b>31.165.791</b>	<b>9.737.137</b>

#### b) Administrative expense

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

	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July - 30 September 2016
Personnel	8.529.817	2.778.724	6.862.517	2.889.388
Transportation	485.326	171.165	374.015	112.965
Depreciation and amortization	478.975	180.777	366.876	114.935
Information technologies	463.707	144.748	388.095	171.604
Dues	372.570	77.630	299.643	100.855
Rent	337.222	54.856	619.764	214.833
Legal	229.930	106.786	116.116	23.373
Duties, taxes and levies	203.323	112.375	278.717	32.448
Travel	191.543	78.358	105.432	17.805
Consultancy	188.422	76.436	166.719	40.600
Representation	118.028	36.477	101.956	32.135
Office supplies	78.230	21.842	74.394	12.100
Others	1.008.246	321.646	989.555	267.862
	<b>12.685.339</b>	<b>4.161.820</b>	<b>10.743.799</b>	<b>4.030.903</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

## 15

### INCOME TAX

As at 30 September 2017 and 31 December 2016, current tax liability comprised the following:

	30 September 2017	31 December 2016
Corporate tax provision	3.115.375	5.124.537
Prepaid taxes	(1.618.963)	(3.842.410)
<b>Current tax liability</b>	<b>1.496.412</b>	<b>1.282.127</b>

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

	1 January- 30 September 2017	1 January- 30 September 2016
Balance as at 1 January	(229.418)	(409.005)
Deferred tax expense in other comprehensive income	66.201	494.828
Deferred tax (expense) benefit	194.977	(184.757)
<b>Balance as at 30 September</b>	<b>31.760</b>	<b>(98.934)</b>

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

	1 January – 30 September 2017	1 July- 30 September 2017	1 January – 30 September 2016	1 July – 30 September 2016
Current tax expense	(3.115.375)	(1.913.481)	(3.039.721)	(852.296)
Deferred tax benefit (expense)	194.977	215.829	(184.757)	(251.775)
	<b>(2.920.398)</b>	<b>(1.697.652)</b>	<b>(3.224.478)</b>	<b>(1.104.071)</b>

*Taxes recognized in other comprehensive income*

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

	1 January – 30 September 2017	1 January – 30 September 2016
Tax effect of re-measurement loss on defined benefit plans	66.201	494.828
<b>Tax income recognized in other comprehensive income</b>	<b>66.201</b>	<b>494.828</b>

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

### 16 EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended 30 September 2017 amounting to; TL 9.575.183 (30 September 2016: TL 12.730.028) to the weighted average of the shares during these periods.

	1 January – 30 September 2017	1 July- 30 September 2017	1 January – 30 September 2016	1 July – 30 September 2016
<b>Earnings per share</b>				
Net profit	9.575.183	6.195.200	12.730.028	4.324.483
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335	2.453.414.335	2.453.414.335
<b>Basic earnings per share (Kr per share)</b>	<b>0,004</b>	<b>0,003</b>	<b>0,005</b>	<b>0,002</b>
<b>Diluted earnings per share (Kr per share)</b>	<b>0,004</b>	<b>0,003</b>	<b>0,005</b>	<b>0,002</b>

### 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.

# İzocam Ticaret ve Sanayi Anonim Şirketi

## Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

17

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

### Currency risk (continued)

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

	Currency Position					
	30 September 2017			31 December 2016		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	10.767.731	2.377.267	554.203	8.796.314	2.014.103	460.466
2a. Monetary financial assets	6.392.245	1.763.834	30.277	2.011.511	466.027	100.129
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>17.159.976</b>	<b>4.141.101</b>	<b>584.480</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>17.159.976</b>	<b>4.141.101</b>	<b>584.480</b>	<b>10.807.825</b>	<b>2.480.130</b>	<b>560.595</b>
10. Trade payables	14.821.086	3.473.597	592.148	8.928.391	1.818.975	681.165
11. Financial liabilities	3.441.161	968.768	--	4.927.024	1.400.041	--
12a. Monetary financial liabilities	17.761	5.000	--	18.550	--	5.000
12b. Non-monetary financial liabilities	--	--	--	--	--	--
<b>13. Short Term Liabilities (10+11+12)</b>	<b>18.280.008</b>	<b>4.447.365</b>	<b>592.148</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	908.295	254.204	1.273	--	--	--
16b. Non-monetary financial liabilities	--	--	--	--	--	--
<b>17. Long Term Liabilities (14+15+16)</b>	<b>908.295</b>	<b>254.204</b>	<b>1.273</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>19.188.803</b>	<b>4.701.569</b>	<b>593.421</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>(2.028.827)</b>	<b>(560.468)</b>	<b>(8.941)</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>(2.028.827)</b>	<b>(560.468)</b>	<b>(8.941)</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>

# İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Nine-Month Periods Ended 30 September 2017

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

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

### Currency risk (continued)

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

	Foreign Currency Sensitivity Analysis Table			
	30 September 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)	(199.084)	(199.084)	(260.029)	260.029
2- Part of hedged from US Dollar risk (-)	--	--	--	--
<b>3- Net US Dollar effect (1+2)</b>	<b>(199.084)</b>	<b>(199.084)</b>	<b>(260.029)</b>	<b>260.029</b>
<b>Assumption of devaluation/appreciation by 10% of Euro against TL</b>				
4- Net Euro asset / (liability)	(3.749)	3.749	(46.585)	46.585
5- Part of hedged from Euro risk (-)	--	--	--	--
<b>6- Net Euro effect (4+5)</b>	<b>(3.749)</b>	<b>3.749</b>	<b>(46.585)</b>	<b>46.585</b>
<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 (-)	--	--	--	--
<b>9- Net other currency effect (7+8)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL (3+6+9)</b>	<b>(202.833)</b>	<b>202.833</b>	<b>(306.614)</b>	<b>306.614</b>

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

	1 January- 30 September 2017	1 January- 30 September 2016
Total exports	59.943.391	48.354.448
Total imports	66.859.443	71.285.595

## 18 SUBSEQUENT EVENTS

None.