İzocam Ticaret ve Sanayi Anonim Şirketi

Convenience Translation into English of Financial Statements As at and For the Nine-Month Period Ended 30 September 2013

30 October 2013

This report is 51 pages

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Statement of Comprehensive Income for the Nine-Month Period Ended 30 September 2013

Amounts expressed in TL unless otherwise stated. Other currencies other than TL ("Turkish Lira") are expressed in full unless otherwise stated.

		Reviewed	**Audited**
		Current period	**Restated Prior Period**
		30 September 2013	**31 December 2012(*)**
ASSETS			
Current Assets		**144,134,411**	**115,303,906**
Cash and Cash Equivalents	4	8,727,673	4,581,135
Trade Receivables	6	92,098,563	83,494,505
Due From Related Parties	*26*	*234,841*	*1,541,548*
Other Trade Receivables		*91,863,722*	*81,952,957*
Inventories	8	35,817,638	22,392,199
Other Current Assets	15	5,495,115	4,836,067
Asset held for sale	9	1,995,422	--
Non-Current Assets		**90,797,929**	**90,972,401**
Other Receivables	7	3,955	3,955
Other Receivables From Third Parties		*3,955*	*3,955*
Property, Plant and Equipment	10	90,764,633	90,916,947
Intangible Assets	11	27,376	50,626
Other Intangible Assets		*27,376*	*50,626*
Other Non-current Assets		1,965	873
TOTAL ASSETS		**234,932,340**	**206,276,307**
LIABILITIES			
Short-Term Liabilities		**86,289,314**	**50,081,808**
Bank Borrowings	5	41,298,192	14,476,383
Trade Payables	6	39,235,803	27,855,075
Due To Related Parties	26	*433,284*	*390,402*
Due To Unrelated Parties	6	*38,802,519*	*27,464,673*
Other Payables	7	13,522	33,785
Due To Unrelated Parties		*13,522*	*33,785*
Income Tax Payable	24	1,164,509	1,920,949
Short Term Provisions	12	3,193,414	3,375,947
Provisions For Employee Benefits	12	*195,134*	*95,570*
Other Short-Term Provisions	*12*	*2,998,280*	*3,280,377*
Other Short Term Liabilities	*15*	1,383,874	2,419,669
Long-Term Liabilities		**9,109,512**	**7,916,151**
Long Term Provisions		8,785,409	7,594,023
Provisions For Employee Benefits	14	*8,785,409*	*7,594,023*
Deferred Tax Liabilities	24	324,103	322,128
EQUITY		**139,533,514**	**148,278,348**
Paid-in Capital	16	24,534,143	24,534,143
Inflation Adjustment on Capital	16	25,856,460	25,856,460
Share Premium	16	1,092	1,092
Restricted Reserves	16	32,510,223	29,982,894
Items That Will Never Be Reclassified To Profit or Loss, Other Comprehensive Income		(1,005,942)	(1,679,990)
Retained Earnings		38,876,430	43,841,965
Net Profit For The Period		18,761,108	25,741,784
TOTAL LIABILITIES		**234,932,340**	**206,276,307**

*See note 2,2

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement of Comprehensive Income for the Nine-Month Period Ended 30 September 2013

Amounts expressed in TL unless otherwise stated. Other currencies other than TL ("Turkish Lira") are expressed in full unless otherwise stated.

		Reviewed	Unaudited	Restated	Restated
		1 January-	**1July-**	**1 January-**	**1 July-**
		30 September 2013	**30 September 2013**	**30 September 2012(*)**	**30 September 2012(*)**
Revenues	17	248,167,303	85,311,059	222,468,540	76,174,720
Cost of Sales (-)	17	(188,408,717)	(66,866,282)	(166,772,048)	(56,706,268)
GROSS PROFIT		**59,758,586**	**18,444,777**	**55,696,492**	**19,468,452**
Selling, Marketing and Distribution Expenses (-)	18	(28,510,253)	(9,492,616)	(26,824,938)	(8,851,771)
Administrative Expenses (-)	19	(8,577,585)	(2,293,624)	(8,598,766)	(3,306,095)
Other Operating Income	21	3,732,211	1,426,553	4,262,910	1,656,949
Other Operating Expense (-)	21	(105,586)	(78,795)	(1,484,084)	(472,305)
OPERATING PROFIT		**26,297,373**	**8,006,295**	**23,051,614**	**8,495,230**
OPERATING PROFIT BEFORE FINANCE EXPENSE		**26,297,373**	**8,006,295**	**23,051,614**	**8,495,230**
Finance Income	22	18,990	5,512	246,223	5,699
Finance Expense	23	(2,817,924)	(1,181,468)	(2,525,760)	(1,143,977)
OPERATING PROFIT BEFORE TAX		**23,498,439**	**6,830,339**	**20,772,077**	**7,356,952**
Operating Tax Expenses		**(4,737,331)**	**(1,375,015)**	**(4,189,187)**	**(1,086,895)**
Income Tax Expense	24	(4,483,870)	(1,298,327)	(3,742,205)	(410,598)
Deferred Tax Benefit	24	(253,461)	(76,688)	(446,982)	(676,297)
OPERATING PROFIT FOR THE PERIOD		**18,761,108**	**5,455,324**	**16,582,890**	**6,270,057**
NET PROFIT FOR THE PERIOD		**18,761,108**	**5,455,324**	**16,582,890**	**6,270,057**
Earnings Per Share From Continuing Operations	25	0,0076	0,0022	0,0068	0,0026
Diluted Earnings Per Share From Continuing Operations	25	0,0076	0,0022	0,0068	0,0026
Other Comprehensive Income Items that will never be classified to profit or loss:					
Remeasurements of Defined Benefit		(1,257,428)	(658,587)	(930,065)	(489,782)
Tax effect of Remeasurements of Defined Benefit		251,486	131,718	186,013	97,956
Other Comprehensive Income For The Period, Net of Tax		**17,755,166**	**4,928,455**	**(744,052)**	**(391,826)**
TOTAL COMPREHENSIVE INCOME		**17,755,166**	**4,928,455**	**15,838,838**	**5,878,231**

*See note 2,2

Interim Statement of Changes in Equity for the Nine-Month Period Ended 30 September 2013

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

					Items that will never be reclassified to profit or loss	**Restricted Reserves**			
	Notes	**Capital**	**Inflation adjustment on capital**	**Share premium**	**Restatement effect of defined benefit plans**	**Legal reserves**	**Retained earnings**	**Net profit for the year**	**Total**
Balances at 1 January 2012		**24,534,143**	**25,856,460**	**1,092**	**--**	**27,105,519**	**42,094,853**	**34,624,441**	**154,216,554**
Total comprehensive income									
Net profit for the year	16	--	--	--	--	--	--	16,582,890	16,582,890
Total comprehensive income		--	--	--		**2,877,329**	**31,747,112**	**16,582,890**	**16,582,890**
Transfer to reserves	16	--	--	--		2,877,329	31,747,112	(34,624,441)	--
Dividend payment	16	--	--	--		--	(30,000,000)	--	(30,000,000)
Restatement effect of defined benefit plans		--	--	--	(744,052)	--	--	--	(744,052)
Balances at 30 September 2012		**24,534,143**	**25,856,460**	**1,092**	**(744,052)**	**29,982,894**	**43,841,965**	**16,582,890**	**140,055,392**
Balances at 1 January 2013		**24,534,143**	**25,856,460**	**1,092**	**--**	**29,982,894**	**42,161,975**	**25,741,784**	**148.278.348**
Total comprehensive income									
Net profit for the year	16	--	--	--		--	--	18,761,108	18.761.108
Total comprehensive income		--	--	--		**--**	**--**	**18,761,108**	**18.761.108**
Transfer to reserves	16	--	--	--		2,527,329	23,214,455	(25,741,784)	--
Dividend payment	16	--	--	--		--	(26,500,000)	--	(26,500,000)
Restatement effect of defined benefit plans		--	--	--	(1,005,942)	--	--	--	(1,005,942)
Balances at 30 September 2013		**24,534,143**	**25,856,460**	**1,092**	**(1,005,942)**	**32,510,223**	**38,876,430**	**18,761,108**	**139,533,514**

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İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Cash Flows for the Nine-Month Period Ended 30 September 2013

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

	Note	Reviewed Current Period 30 September 2013	Restated Prior Period 30 September 2012 (*)
Cash flows from operating activities			
Net profit for the period		18,761,108	16.582.890
Adjustments to:			
Depreciation and amortization	10,11	8,348,457	7,756,927
Current tax expense	24	4,483,870	3,742,205
Deferred tax expense	24	1,975	260,969
Provision for employee severance indemnity	14	687,422	500,070
Provision for vacation pay liability	14	879,761	403,169
Finance income	22	(2,527,193)	(3,757,864)
Finance cost	23	2,288,428	1,623,105
Gain (losses) on sale of tangible assets-net		(405,698)	(87,652)
Allowance for bad debt receivables	6	80,277	62,441
Other non-monetary provisions		2,495,608	6,524,651
Operating profit before changes in working capital		**35,094,015**	**33,610,911**
Change in trade receivables		(9,991,042)	(10,399,505)
Change in due from related parties		1,306,707	(2,804,845)
Change in blockage amount		444,604	(684,349)
Change in inventories		(13,425,439)	(10,439,366)
Change in other current assets		(2,269,969)	(7,531,940)
Change in trade payables		11,337,846	5,427,254
Change in other non current assets		(1,092)	1,318
Change in due to related parties		32,952	(81,643)
Change in other payables		(20,263)	5,888
Change in other liabilities		(1,035,795)	(2,224,922)
Taxes paid		(5,240,310)	(6,083,353)
Interest paid	23	(1,964,251)	(1,378,809)
Employee severance indemnity paid	14	(1,275,102)	(991,165)
Provisions paid	12	(3,108,955)	(6,251,048)
Net cash from operating activities		**9,883,906**	**(9,825,574**
Cash flows used in investing activities			
Acquisition of property, plant and equipment	10	(12,086,792)	(22,365,379)
Acquisition of intangible assets	11	--	(5,755)
Proceeds from sales of property, plant and equipment		2,324,175	270,835
Advances given for tangible assets		1,610,920	(1,513,211)
Investing activities		**(8,151,696)**	**(23,613,510)**
Financing activities			
Increase in bank borrowings and other financial liabilities		26,821,810	32,537,876
Dividend paid	16	(26,490,071)	(29,988,604)
Interest received, net		2,527,194	3,798,800
Cash flows used in financing activities		**2,858,933**	**6,348,072**
Change in cash and cash equivalents, net		4,591,142	(27,091,012)
Cash and cash equivalents at the beginning of the period		**1,572,971**	**28,877,690**
Cash and cash equivalents at the end of the period	**4**	**6,164,113**	**1,786,678**

*See note 2,2

1 ORGANIZATION AND NATURE OF BUSINESS

İzocam Ticaret ve Sanayi Anonim Şirketi ("İzocam Holding" or the "Company") was established in 1965. The Company operates in production, import and export of glasswool, stonewool, mineral wool, glass fiber, expanded and extruded polystyrenes, elastomeric rubber, polyethylene, insulated and noninsulated roof and front panels, partition and mezzanine.

As at 30 September 2013, by collection of shares traded on İstanbul Stock Exchange ("ISE") and collected shares of İzocam Holding Anonim Şirketi ("İzocam Holding") in İzocam Holding have reached to 95,07 percent, Together with 1,501,330,396 shares representing 61,16 percent of paid-in capital of İzocam not traded on ISE (which İzocam Holding purchased from Koç Group on 29 November 2006) and on 10 July 2007, 831,117,304 shares being traded on ISE which represents 33,91 percent of paid-in capital of İzocam, the shares of İzocam Holding in İzocam is 95,07 percent. İzocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by 50 percent each.

The Company conducts some of its operations with the related party namely Saint Gobain Group and Alghanim Group of companies. The Company has several related parties as their customers and suppliers (Note 25). The Company is registered at Capital Market Board of Turkey ("CMB") and its shares are listed in ISE since 15 April 1981, As at 30 September 2012, 38,84 percent of the shares of Izocam are publicly traded at ISE.

As at 30 September 2013, the average number of employees of the Company is 425 (31 December 2012: 437) in which 188 (31 December 2012: 246) is comprised white collar employees and 237 (31 December 2012: 246) is comprised blue collar employees.

The address of the registered office of the Company is as follows:
Organize Sanayi Bölgesi
3, Cadde No,4 Yukarı Dudullu
34775 Ümraniye İSTANBUL

The head office address of the Company is as follows:

Dilovası Organize Sanayi Bölgesi

1,Kısım Dicle Caddesi No:8

Dilovası / KOCAELİ

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of compliance

The Company maintains its book of accounts and prepares its statutory financial statements in Turkish Lira (“TL”) in accordance with the Turkish Uniform Chart of Accounts. Turkish Commercial Code and Turkish Tax Code.

The accompanying interim financial statements are prepared in accordance with to CMB’s ‘’Principles of Financial Reporting in Capital Market’’ which is dated 13 June 2013 and published in the Oficcial Gazette numbered 28676 Series II. No.14.1.

Companies which are reporting according to 5 notification of CMB Regulations applied the Turkish Accounting Standards/Turkish Financial Reporting Standards which is published by Public Oversight of Accounting and Auditing Standards Board.

The accompanying financial statements of the Company have been approved by the board of directors of the Company on 7 August 2013, The general assembly and legal authorities are competent to change the accompanying financial statements.

Additional paragraph for convenience translation to English:

The accompanying financial statements are not intended to present the financial position and results of its operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

2.1.2 Basis of presentation of financial statements

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

The equity items including paid-in capital, share premium, legal reserves and special reserves are presented in accordance with the Turkish Commercial Code basis amounts and the effects of inflation over those equity items as at 31 December 2004 are reflected in retained earnings.

The financial statements are prepared in TL based on the historical cost conversions.

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

2,1 Basis of Presentation (Continued)

2.1.3 Functional and presentation currency

These financial statements are presented in 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.

2.1.4 Comparative information

The accompanying financial statements are prepared comparatively to present the tendency in the financial position, financial performance and cash flows of the Company. If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassed and related differences are explained in related notes.

2.2 Changes in Accounting Policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in the financial statements. The Company consistently recognizes measures and presents the transactions, other events and situations with the same nature. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements.

2.3 Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates affecting current period (if any) is recognized in the current period; effect of changes in accounting estimates affecting current and future periods is recognized in the current and also in future periods.

2.4 Changes in IFRS

2,4,1 *New standards and interpretations adopted in 2013 that have no effect on the Company's financials*

The International Accounting Standards Board (IASB) has issued amendments to *IAS 12* "*Income Taxes"* as at 31 December 2010. The amendments set out in Deferred Tax: Recovery of Underlying Assets, result from proposals published for public comment in an exposure draft in September.

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale, It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 "*Investment Property*". The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be through sale.

As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn, The amendment is effective for annual periods beginning on or after 1 January 2012 and it is not expected to have any impact on the financial statements. *IFRS 10 "Consolidated Financial Statements"* standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

2.5 Changes in IFRS

2,4,1 *New standards and interpretations adopted in 2013 that have no effect on the Company's financials (continued)*

IFRS 10 "Consolidated Financial Statements" standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The Company does not expect that this standard will have a significant impact on the financial position or performance of the Company.

IAS 27 (2011) replaces IAS 27 and is effective for annual periods after 1 January 2013.

IFRS 11 "Joint Arrangements" standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 "*Consolidated Financial Statements*" and IFRS 12 "*Disclosure of Interests in Other Entities*" should be also adopted early. The standard describes the accounting for joint ventures and joint operations with joint control, Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The Company does not expect that this standard will have a significant impact on the financial position or performance of the Company.

IFRS 12 "Disclosure of Interests in Other Entities" standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 "*Consolidated and Separate Financial Statements*" related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 "*Interests in Joint Ventures*" and IAS 28 "*Investment in Associates*". These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities, Under the new standard it is expected that more comprehensive disclosures will be given for interests in other entities.

Revised *IFRS 13 "Fair Value Measurement"* provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements, IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively, Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

Amended *IAS 19 "Employee Benefits"* standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required, Numerous changes or clarifications are made under the amended standard. Among there numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

The amendments to *IAS 1 "Presentation of Financial Statements"* are effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified.

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

2,4 Changes in IFRS

2.4.2 N*ew Standards and Interpretations Not Yet Adopted as at 30 September 2013*

The Company has applied all the standards issued by IASB and all the interpretations issued by IASB's International Financial Reporting Interpretation Committee ("IFRIC") which are effective as at 30 September 2012. Some new standards, amendments to standards and interpretations which are not effective as at 30 September 2012 have not been applied during the preparation of the accompanying financial statements.

The amendment in IFRS 7 "Financial Instruments" allows the users of financial statements to improve the general understanding of risks associated with the transfer of financial assets (for example, securitisations) and risks for transferring entity. Additional disclosures are required if a disproportionate transfer transactions exists the end of a reporting period. The amendment is effective for interim periods beginning on or after 1 July 2011 and it is not expected to have any impact on the financial statements.

IFRS 9 "Financial Instruments" was issued on November 2009, by the IASB as the first step in its project to replace IAS 39 "*Financial Instruments: Recognition and Measurement"*.

With this project, financial reporting for financial assets was designated to be principle-based and less complex. With IFRS 9, which represents the first phase of the project, formation of principles regarding the reporting of financial assets, providing of relevant and useful information for readers of financial statements in order to conduct analyses on the determination of any uncertainities, timing and amounts for the estimated future cash flows is targeted. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The amendment will allow classification and measurement of financial assets and is effective for annual periods beginning on or after 1 January 2015. The Company is not planning to early adopt this guidance and did not valuate potential impact for the adoption of this statement.

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

2.5 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements, and have been applied consistently by Company.

As explained in note 2,4,1, some items are reclassified for being consistent with the current period.

Significant accounting policies applied during the preparation of the financial statements are summarized as follows.

2,5,1 Foreign currency

Transactions in foreign currencies have been translated to TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the reporting dates.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates of transaction. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the profit or loss.

2.5.2 Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and the receivables on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets: loans and receivables.

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

2.5 Significant Accounting Policies (Continued)

2.5.2 Financial instruments (Continued)

Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognises financial liabilities on the date that they are originated.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

2.5.3 Property, plant and equipment

The costs of tangible assets purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 31 December 2004 are carried at cost less accumulated depreciation and impairment losses (Note 10).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes the following items:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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

2.5 Significant Accounting Policies (Continued*)*

2.5.3 ***Property, plant and equipment*** *(Continued)*

Gains or losses on disposals of property plant and equipment are included in the relevant income and expense accounts and the cost and accumulated depreciation of property, plant and equipment has been derecognized from the relevant accounts as appropriate. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and land improvements	5-50 years
Machinery and equipment	4-25 years
Leasehold improvements	5-6 years
Furniture and fixtures	4-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

2.5 Significant Accounting Policies (Continued*)*

2.5.4 Intangible assets

Intangible assets are comprised acquired software rights. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 31 December 2004 are carried at cost less accumulated amortization and impairment losses. The carrying amount of an intangible asset is reduced to its recoverable amount if there is impairment (Note 10).

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortization

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Rights	3-6 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.5.5 Leases

Assets held by the Group under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

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

2.5 Significant Accounting Policies (Continued)

2.5.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The cost of inventories is determined on the moving monthly average basis.

2.5.7 Impairment of assets

Financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

2,5 Significant Accounting Policies (Continued*)*

*2,5.7 **Impairment of assets** (Continued)*

Non-financial assets

The carrying amounts of the Company's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

2.5.8 Employee benefits

According to the enacted laws, the Company is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labour laws. Such payments are computed according to the severance indemnity ceiling valid at the balance sheet date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Company.

The Company makes compulsory premium payments to the Social Security Institution and does not have any other liabilities. These premium payments are accrued at the financials as they incur,

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

2.5 Significant Accounting Policies *(Continued)*

2.5.9 Provisions, contingent liabilities and contingent assets

A provision is recognized in the accompanying financial statements if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities is disclosed in the notes to the financial statements (Note 13).

If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and profit or loss effect has been recognized in the financial statements at the relevant period that income change effect occurs.

2.5.10 Revenue

Revenue based on the fair value of the consideration taken from the sale of goods and services is recognized on an accrual basis when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue is measured reliably, and recovery of the consideration and the inflow of economic benefits related with the transaction are probable. Net revenues represent the invoiced value of goods shipped less sales returns and sales discounts.

When the sales arrangement effectively constitutes a financing cost, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on accrual basis (Note 22).

2.5.11 Government grants

Government grants including the non-cash government grants are recognized in the financial statements when there is a reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grants.

Government grants are presented on the financial statements even when they comprise cash or a deduction of liabilities to the government.

2.5.12 Finance income and expenses

Finance income is comprised interest income on time deposit, interest income from credit sales and foreign currency gains. Foreign exchange gain and losses are presented as a net basis. Finance expenses are comprised interest expenses of loans, factoring expenses and letter of guarantee commissions.

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

2.5 Significant Accounting Policies (Continued)

2.5.13 Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax liability is recorded at the profit or loss disregarding the tax effects of accounts directly recorded in the equity or in the other comprehensive income.

Current tax liability includes the tax payable on the taxable income for the period, using tax rates enacted at the reporting date (Note 24).

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates based on the laws that have enacted by the reporting date. Temporary differences mainly arise from the timing differences of income and expenses accounted for reporting purposes and taxation purposes and depreciation method differences over tangible and intangible assets.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets when they are related to the income taxes levied by the same tax authority on the same taxable entity that intend to settle current tax liabilities and assets on a net basis or tax assets and liabilities will be realized simultaneously (Note 24).

2.5.14 Earnings per share

Earnings per share disclosed in the profit or loss are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned (Note 25).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2.5.15 Subsequent events

Subsequent events represent the events that occur against or on behalf of the Company between the balance sheet date and the date when balance sheet was authorized for the issue. At the report date, if the evidence with respect to such events or such events has occurred after the balance sheet date and such events require restating the financial statements; accordingly the Company restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

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

2.5 Significant Accounting Policies (Continued)

2.5.16 Expenses

Expenses are accounted for on an accrual basis. Operating expenses are recognized as they incur.

2.5.17 Paid-in capital and dividends

Ordinary shares are classified as paid-in capital (Note 16). Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

2.5.18 Related Parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties according to IAS 24 – Related party disclosures (Note 26).

2.5.19 Cash flow statement

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows generated from operating activities. The Company presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (capital expenditures).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

For purposes of the statement of cash flows, cash and cash equivalents include cash in hand, cheques in collection, bank deposits and other cash and cash equivalents less interest income accruals.

2.6 Use of Estimates and Judgments

The preparation of financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the financial statements, the significant estimates and judgments used by the Company are included in the following notes:

Note 28 – Determination of fair values
Note 24 – Tax assets and liabilities
Note 14 – Employee benefits
Note 2.5.3 and 2.5.4 – Useful lives of property, plant and equipment and intangible assets
Note 6.1 – Impairment losses on accounts receivable
Note 8 – Impairment losses on inventories
Note 12 – Accrued liabilities

3 SEGMENT REPORTING

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

4 CASH AND CASH EQUIVALENTS

At 30 September 2013 and 31 December 2012, cash and cash equivalents comprised the following:

	30 September 2013	**31 December 2012**
Banks		
Demand deposit	*138,863*	*891,811*
Cheques at collection*	3,992,531	681,160
Cash at blockage**	2,563,560	3,008,164
Other cash equivalents***	2,032,719	--
	8,727,673	**4,581,135**

* Cheques in collection are composed of the cheques which have not been transferred to the company’s accounts as of 30th of June, with a maturity date on or before 30th of June. They have been recognized as cheques in collection because they have been collected 1 or 2 days later than their maturity dates.

** As at 30 September 2013, cash and cash equivalents consist of cash at blockage amounting to TL 2,563,560. At 17 March 2010, the Company has started to use Direct Borrowing System (“DBS”) which reduces the collection risk and guarantee letter expenses. In accordance with the arrangaments made with various banks, instead of the Company, the bank sets a credit limit to customers and the collection is performed by the bank. After the collection, the bank keeps the payments received at blockage.

***As at 30 September 2013, the amounts mainly comprised of the POS receivables.

At 30 September 2013 and 31 December 2012, demand deposits comprised the following currencies (TL equivalents);

	30 September 2013	**31 December 2012**
TL	138.863	555,547
USD	--	336,264
	138.863	**891,811**

4 CASH AND CASH EQUIVALENTS *(CONTINUED)*

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 three months.

Cash and cash equivalents included in the statement of cash flows for the periods ended 30 September are comprised the followings:

	2013	**2012**
Banks		
Demand deposit	*138,863*	*437,484*
Cheques at collection	3,992,531	1,348,031
Other cash equivalents	4,596,279	1,934,854
Less: Interest accruals		--
Less: Cash at blockage	(2,563,560)	(1,933,691)
	6,164,113	**1,786,678**

5 BANK BORROWINGS

At 30 September 2013 and 31 December 2012, bank borrowings comprised the followings:

	30 September 2013	**31 December 2012**
Factoring loans	**6,458,749**	**4,686,619**
USD	*5,413,502*	*3,876,092*
Euro	*1,045,247*	*810,527*
Bank borrowings	**34,839,443**	**9,789,764**
TL	*34,839,443*	*9,789,764*
	41,298,192	**14,476,383**

The factoring loan agreements are performed as revocable by which the Company undertakes the collection risk. As a result, the receivables and related factoring loans are kept at financials up to maturity.

6 ACCOUNTS RECEIVABLE AND PAYABLE

6.1 Short-Term Accounts Receivable

At 30 September 2013 and 31 December 2012, short-term accounts receivables comprised the followings:

	30 September 2013	**31 December 2012**
Accounts receivable	80,170,951	70,020,074
Cheques receivable	11,927,612	13,474,431
Doubtful receivables	780,799	895,847
Less: Allowance for doubtful receivables	(780,799)	(895,847)
	92,098,563	**83,494,505**

At 30 September 2013, TL 234,841 of accounts receivable comprised due from related parties (At 31 December 2012: TL 1,541,548) in which detailed presentation is disclosed in Note 26.

The average collection period of trade receivables is 86,8 days (31 December 2012: 92,7 days) which can change according to the type of the product and the provisions of the agreement with the customer.

6 ACCOUNTS RECEIVABLE AND PAYABLE *(CONTINUED)*

6.1 Short-Term Accounts Receivable *(Continued)*

At 30 September 2013 and 31 December 2012, maturity profiles cheques and notes receivables are as follows:

	30 September 2013	31 December 2012
	Cheques	
0 - 30 days	1,695,295	5,668,807
31 - 60 days	4,396,326	4,412,908
61- 90 days	3,647,430	2,406,167
91 days and over	2,188,561	986,549
Total	**11,927,612**	**13,474,431**

At 30 September 2013 and 31 December 2012, **the movement of allowance for doubtful receivables comprised the followings**:

	30 September 2013	31 December 2012
Beginning balance	895,847	1,126,452
Provision for the year	80,277	125,523
Write offs	(195,325)	(356,128)
Period end	**780,799**	**895,847**

6.2 Short-Term Accounts Payable

At 30 September 2013, short-term accounts payable amounts to TL 39,235,803 (31 December 2012: TL 27,855,075) arising from payable to various suppliers and the average payment period of trade payables is 32,8 (31 December 2012: 29,4 days).

At 30 September 2013, TL 433,284 of accounts payable comprised due to related parties (31 December 2012: TL 390,402) in which detailed presentation is disclosed in Note 26.

7 OTHER RECEIVABLES AND PAYABLES

7.1 Long-Term Other Receivables

At 30 September 2013, long-term receivables comprised deposits and collaterals amounting to TL 3,955 (31 December 2012: TL 3,955).

7.2 Short-Term Other Payables

At 30 September 2013, short-term other payables amounting to TL 13,522 (31 December 2012: TL 33,785) comprised the other personnel payables.

8 INVENTORIES

As at 30 September 2013 and 31 December 2012, **inventories comprised the following**:

	30 September 2013	31 December 2012
Raw materials and supplies	23,969,101	14,422,199
Finished goods	11,294,787	7,039,673
Trading goods	546,151	930,327
Other Stocks	7,599	--
	35,817,638	**22,392,199**

As at 30 September 2013 and 31 December 2012, **inventories are accounted at cost and none of the inventories recognized at its net realizable value.**

9 ASSETS HELD FOR SALE

The Company Management received valuation report for factory building, administrative building and land.The accompanying financial statements are presented as non-current assets classified as held for sale.

As of September 30, 2013 and December 31, 2012, the non-current assets classified as held for sale are as follows:

	30 September 2013	**31 December 2012**
Tangible Assets (*)	1.995.422	--
	1,995,422	**--**

(*)As of September 30,2013, non-current assets held for sale,TL 237,103 building and land, TL 66,806 , ground water and land improvements, TL 1,691,513 buildings.

10 PROPERTY PLANT AND EQUPMENT

At 30 September 2013 movement in the property, plant and equipment comprised the following:

Cost	***1 January 2013***	***Transfer***	***Additions***	***Dipsosals***	***Assets held for sale(*)***	***30 September2013***
Land	6,241,411	--	--	--	(237,103)	6,004,308
Land improvements	4,627,353	--	--	--	(156,703)	4,470,650
Buildings	59,768,672	253,597	--	(70,024)	(6,502,728)	53,449,516
Machinery and equipment	194,060,888	9,691,133	158,062	(11,267,051)	--	192,643,033
Furniture and fixtures	7,171,296	234,045	16,771	(760,961)	--	6,661,151
Leasehold improvements	72,875	--	--		--	72,875
Construction in progress	2,809,129	(10,178,775)	11,911,959	(1,764,719)	--	2,777,594
	274,751,624	**--**	**12,086,792**	**(13,862,755)**	**(6,896,534)**	**266,079,127**

Less: Accumulated depreciation	***1 January 2013***	***Transfer***	***Additions***	***Dipsosals***	***Assets held for sale(*)***	***30 September2013***
Land improvements	(2,968,346)	--	(94,204)	--	--	(2,972,653)
Buildings	(21,892,22)	--	(1,059,951)	51,586	89,897	(18,089,372)
Machinery and equipment	(152,503,556)	--	(6,945,073)	11,137,024	4,811,215	(148,311,605)
Furniture and fixtures	(6,412,243)	--	(220,968)	755,668	--	(5,877,543)
Leasehold improvements	(58,310)	--	(5,011)	--	--	(63,321)
Total accumulated depreciation	**(183,834,677)**		**(8,325,207)**	**11,944,278**	**4,901,112**	**(175,314,494)**
Net book value	**90,916,947**				**1,995,422**	**90,764,633**

For the period ended 30 September 2013, depreciation expenses amounting to TL 7,049,473 (30 September 2012: TL : 6,165,694) has been recognized under cost of sales, TL 115,842 (30 September 2012: TL 118,600) has been included under administrative expenses and TL 1,159,892 (30 September 2012: TL 815,651) has been capitalized on stocks.

As at 30 September 2013 and 31 December 2012, there has been no pledge on property, plant and equipment.

For the period ended 30 September 2013 and year ended 31 December 2012, the Company utilizes tangible assets which have nil net book value on its accounts, (30 September 2013 Cost: TL 127,562,217 Accumulated Depreciation: TL 127,562,217; 31 December 2012 Cost: TL 140,996,393 Accumulated Depreciation: TL 140,996,393).

10 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

At 30 September 2012, movement in the property, plant and equipment comprised the following:

Cost	***1 January 2012***	***Transfer***	***Additions***	***Disposals***	***30 September 2012***
Land	6,241,411	--	--	--	6,241,411
Land improvements	4,627,353	--	--	--	4,627,353
Buildings	42,516,607	611,966	1,300	--	43,129,873
Machinery and equipment	179,102,053	17,668,476	140,249	(4,360,728)	192,550,050
Furniture and fixtures	6,774,325	4,642	93,313	(101,132)	6,771,148
Leasehold improvements	72,875	--	--	--	72,875
Construction in progress	12,852,819	(18,285,084)	22,130,517	(94,758)	16,603,494
	252,187,443	--	**22,365,379**	**(4,556,618)**	**269,996,204**

Less: Accumulated depreciation	***1 January 2012***	***Transfer***	***Charge for the period***	***Disposals***	***30 September 2012***
Land improvements	(2,839,473)	--	(96,732)	--	(2,936,205)
Buildings	(20,781,729)	--	(784,873)	--	(21,566,602)
Machinery and equipment	(147,988,791)	--	(6,673,236)	4,277,692	(150,384,335)
Furniture and fixtures	(6,296,418)	--	(163,538)	95,743	(6,364,213)
Leasehold improvements	(51,629)	--	(5,011)	--	(56,640)
Total accumulated depreciation	**(177,958,040)**	--	**(7,723,390)**	**4,373,435**	**(181,307,995)**
Net book value	**74,229,403**				**88,688,209**

11 INTANGIBLE ASSETS

At 30 September 2013, movement in the intangible assets comprised the following:

Cost	***1 January 2013***	***Additions***	***30 September 2013***
Software rights	798,212	--	798,212
	798,212	--	**798,212**

Less: Accumulated amortization	***1 January 2013***	***Charge for the period***	***30 September 2013***
Software rights	(747,586)	(23,250)	(770,836)
Total accumulated amortization	**(747,586)**	**(23,250)**	**(23,250)**
Net book value	**50,626**		**27,376**

At 30 September 2012, movement in the intangible assets comprised the following:

Cost	***1 January 2012***	***Additions***	***30 September 2012***
Software rights	792,457	5,755	798,212
	792,457	**5,755**	**798,212**

Less: Accumulated amortization	***1 January 2012***	***Charge for the period***	***30 September 2012***
Software rights	(705,695)	(33,537)	(739,232)
Total accumulated amortization	**(705,695)**	**(33,537)**	**(739,232)**
Net book value	**86,762**		**58,980**

11 INTANGIBLE ASSETS *(CONTINUED)*

At 30 September 2013, amortization expenses amounting to TL 23,250 (30 September 2012: TL 33,537) have been included in administrative expenses,

At 30 September 2013 and year ended 31 December 2012, the Company utilizes intangible assets which have nil net book value on its accounts (30 September 2013 Cost: TL 708,674, Amortization: TL 708,674; 31 December 2012 Cost: TL 677,017, Amortization: TL 677,017),

12 SHORT TERM LIABILITIES

Provision for employee benefits

At 30 September 2013 and 31 December 2012, short-term provisions are comprised the following:

	30 September 2013	31 December 2012
Short term portion of the unused vacation pay liability	195,134	95,570
	195,134	**95,570**

At 30 September 2013 and 31 December 2012, short-term provisions are comprised the following:

	30 September 2013	31 December 2012
Provisions for personnel premium (*)	2,777,083	2,199,286
Miscellaneous provisions for expenses	128,907	831,825
Other administrative expense accruals (**)	66,418	223,394
Provisions for litigations	25,872	25,872
	2,998,280	**3,280,377**

For period ended 30 September 2013, the movement of provisions is as follows:

	1 January 2013	*Additions*	*Payments*	*Reversal*	**30 September** *2013*
Provisions for personnel premium(*)	2,199,286	2,375,652	(2,199,286)	--	2,777,083
Other administrative expense accruals (**)	831,825	128,907	(831,825)	--	128,907
Miscellaneous provisions for expenses(***)	223,394	401,431	(77,844)	(79,131)	66,418
Provisions for litigations	25,872	--	--	--	25,872
	3,280,377	**2,905,990**	**(3,108,955)**	**(79,131)**	**2,998,280**

For year ended 31 December 2012, the movement of provisions is as follows:

	1 January 2012	*Additions*	*Payments*	*Reversal*	**December** *2012*
Provisions for personnel premium(*)	2,210,334	2,199,286	(2,210,334)	--	2,199,286
Other administrative expense accruals (**)	645,099	831,825	(645,099)	--	831,825
Miscellaneous provisions for expenses(***)	112,735	11,548,799	(8,059,834)	(3,378,306)	223,394
Provisions for litigations	30,947	--	(5,075)	--	25,872
	2,999,115	**14,579,910**	**(10,920,342)**	**(3,378,306)**	**3,280,377**

(*) Provisions for personnel premium are the amount that determined according to performance criteria by İzocam's Board of Directors.

(**) Other administrative expense accruals are comprised natural gas expense accrual, provision for various general administrative expenses, advertising expenses and discount provisions**.**
(***) Miscellaneous provisions are comprised of reversals of DBS and turnover premium accruals and provisions for sales and administrative expenses, Miscellaneous provisions also include reversals of provisions related to turnover premiums for January, February, April and May as a result of payments made at the end of quarter.

13 COMMITMENTS

According to the decision of CMB on 29 September 2009 related to the commitments of publicly owned companies given to the guarantee 3rd party's debts,

The commitments given;

For companies other than publicly owned associations and financial institutions;

i) For their own corporate identities

ii) In favor of fully consolidated associations

iii) In favor of 3rd parties to continue their operations will not be limited.

After the decision is published at the Platform of Public Enlightenment, 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 nil until 31 December 2014.

At 30 September 2012 and 31 December 2011 commitments given are as follows:

	30 September 2013	**31 December 2012**
A Commitments given in the name of own legal Entity	10,972,129	15,191,195
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 group companies other than mentioned in bullets B and C	--	--
Total	**10,972,129**	**15,191,195**

At 30 September 2013 and 31 December 2012, 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.

At 30 September 2013 and 31 December 2012, non-cancellable operating lease rentals are payable as follows:

	30 September 2013	**31 December 2012**
1, year	154,185	219,534
2, year	616,741	--
3,year	616,741	--
4,year	83,895	--
	1,471,562	**219,534**

As at 30 September 2013, loan limits and terms to maturities have been determined by associate banks to the customers who have been included in DBS system. The Company has accepted that it has right to recall the loans which have been granted to customers that who have not been performing regular loan repayment and customers who have been regularly making payment at a level of credit limit for the 30 days period.

The Company has accepted that if the loans in question are not closed within the specified period, the Company accepted that the Banks have right to engage legal proceedings for related customer.

14 EMPLOYEE BENEFITS

At 30 September 2013 **and 31 December 2012**, employee benefits comprised the followings:

	30 September 2013	**31 December 2012**
Provision for employee severance indemnity	6,802,234	6,059,796
Long term portion of vacation pay liability	1,983,175	1,534,227
	8,785,409	**7,594,023**

Provision for employee severance indemnity has been set as follows:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to the length of service prior to retirement.

The severance pay is calculated as one month gross salary for every employment year and as at 30 September 2013 the ceiling amount has been limited to TL 3,254,44 (31 December 2012: TL 3,033,98).The liability is not funded, as there is no funding requirement.The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The Company's accounting policies requires the Company to use various statistical methods to determine the employee severance indemnity, The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees and reflected in the financial statements. Accordingly, the following statistical assumptions were used in the calculation of the total liability:

	30 September 2013	**31 December 2012**
Discount rate %	2,38	2,38
Turnover rate to estimate the probability of retirement %		
Age range 18 - 24	12	12
Age range 25 – 29	8	7
Age range 30 – 39	3	3
Age range 40 – 44	1	1
Age range 45 – 49	1	1
Age range 50 – 69	1	1

The principal assumption is that the maximum liability for each year of service will increase in line with inflation, Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The movement of employee severance indemnity is as follows:

	30 September 2013	**30 September 2012**
Opening balance	6,059,796	4,120,567
Interest cost	324,177	244,296
Cost of services	435,935	314,057
Payments made during the period	(1,275,102)	(991,165)
Actuarial difference	1,257,428	930,065
Ending balance	**6,802,234**	**4,617,820**

14 EMPLOYEE BENEFITS *(CONTINUED)*

Actuarial difference arises from the changes in interest rates and changes in expectations about the salary increases, In addition to that, the number of employees that receive their indemnity before retirement increased the difference, Actuarial differences are recorded as incurred, As at 30 September 2013, interest cost portion is recorded as finance expense where as cost of services and actuarial difference portions are recorded as general administrative expenses.

The movement of vacation pay liability for the years as at 30 September is as follows:

	30 September 2013	30 September 2012
Opening balance	1,629,797	1,423,759
Additions during the period	879,761	403,169
Reversal	(331,249)	(337,604)
	2,178,309	**1,489,324**

15 OTHER ASSETS AND LIABILITIES

15.1 Other Current Assets

At 30 September 2013 **and 31 December 2012**, other current assets comprised the following:

	30 September 2013	31 December 2012
Deductible Value Added Tax ("VAT")	1,565,980	872,611
Advances given for inventory	1,509,263	79,858
Advances given for fixed asset (*)	1,282,819	2,893,740
Prepaid expenses	520,689	545,762
VAT for export receivables	292,512	205,380
Job Advances	38,689	5,281
Advances given to personnel	1,512	14,705
Other	283,651	218,730
	5,495,115	**4,836,067**

(*) At 30 September 2013, advances given for fixed asset represents the advance amount that has been given for fixed assets related with the new factory that will be built in ‘‘Kocaeli-Gebze V (Kimya) Organize Sanayi Bölgesi’’ and for the new factory building that will be built in Tarsus.

15.2 Other Short-Term Liabilities

At 30 September 2013 and 31 December 2012, other short-term liabilities comprised the following:

	30 September 2013	31 December 2012
Withholding taxes and duties	518,772	1,617,183
Social security premium payable	487,153	450,436
VAT payable	259,039	253,388
Retirement pension plan payables	89,893	90,768
Other	29,017	7,894
	1,383,874	**2,419,669**

16 EQUITY

16.1 Paid-in Capital / Inflation Adjustment on Capital

At 30 September 2013, the paid-in capital of the Company comprises of 2,453,414,335 shares issued (31 December 2012: 2,453,414,335 shares of kr 1 each) of kr 1 each, There are no privileges given to different groups or shareholders, The shareholder structure of the Company is as follows:

	30 September 2013		31 December 2012	
	Shares	**Ownership interest %**	**Shares**	**Ownership interest %**
İzocam Holding	15,004,304	61,16	15,004,304	61,16
İzocam Holding (Publicly traded)	8,320,173	33,91	8,320,173	33,91
Other (Publicly traded)	1,209,666	4,93	1,209,666	4,93
	24,534,143	**100,00**	**24,534,143**	**100,00**
Inflation Adjustment on Capital	25,856,460		25,856,460	
	50,390,603		**50,390,603**	

Inflation 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.

16.2 Other Equity Items

In accordance with the Communiqué No: XI-29 issued on 9 April 2008 in the Official Gazette; equity items of paid-in capital, share premiums, and legal reserves and special reserves under restricted reserves should be presented at their nominal amounts, Accordingly the inflation adjustments provided for within the framework of TFRS, for paid-in capital has been presented under inflation adjustment on capital, whereas for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings, Other equity items have been presented at TFRS values.

Equity items are presented at their nominal values in the financial statements, The inflation effect on those equity items are as follows:

30 September 2013	**Nominal value**	**Inflation adjustment**	**Restated values**
Share premiums	1,092	223,408	224,500
Restricted reserves	32,510,223	23,641,953	56,152,176
Legal reserves	*32,510,177*	*18,710,928*	*54,221,105*
Special reserves(*)	*46*	*4,931,025*	*4,931,071*
Extraordinary reserves	16,507,941	(1,496,872)	15,011,069
	49,019,256	**22,368,489**	**71,387,745**
31 December 2012			
Share premiums	1,092	223,408	224,500
Restricted reserves	29,982,894	23,641,953	53,624,847
Legal reserves	*29,982,848*	*18,710,928*	*48,693,776*
Special reserves(*)	*46*	*4,931,025*	*4,931,071*
Extraordinary reserves	21,263,482	(1,496,872)	19,766,610
	51,247,468	**22,368,489**	**73,615,957**

(*) The Company used investment allowance before the year 1980 and according to a legal obligation recorded this amount as special reserves,

16 EQUITY *(CONTINUED)*

16.2 Other Equity Items *(Continued)*

Extraordinary reserves have been presented under retained earnings in accordance with Communiqué No: XI-29.

Share premiums represent the cash inflows generated from the sale of shares at their market values, Those premiums are followed under equity and can not be distributed, However, those premiums can be used in share capital increases in the forthcoming years.

16.3 Dividend Distribution

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised first and legal reserves, The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital, If the dividend distribution is made in accordance with Communiqué XI-29, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves, If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves, Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital, At 30 September 2013, legal reserves of the Company amount to TL 32,510,177 (31 December 2012: TL 29,982,848).

According to the decision of CMB on 25 February 2009 numbered 7/242 the net amount of distributable profit that is calculated per CMB's minimum profit distribution requirements will be wholly distributed if met by the net distributable profit of statutory records, if the amount per CMB is not met by statutory records, the amount to be distributed will be limited to the amount at the statutory records, If losses are incurred in either of CMB or statutory financial statements, no profit will be distributed.

In chapter 1 of 2010/4 weekly bulletin of CMB, to determine the principles of dividend obtained from 2008 operations of corporations coated to stock exchange market, it is stated that;

*For corporations traded at stock exchange market, there is not a determined minimum portion of distribution; in this aspect the profit to be distributed will be determined in line with the announcements of CMB Serial IV, Number 27, the articles of the incorporation and will be in accordance with the declarations made to public.

*For corporations that is obliged to issue consolidated financial statements, as long as met from the statutory profit; it is permitted to calculate the net distributable profit in line with the CMB's Serial XI, Number 29 "Bases for Financial Reporting at Capital Markets" announcement which is also the profit declared at the consolidated financial statements.

*The Corporation shall disclosure that statutory current year profit after previous year losses deducted and total amount of other resources made object of dividend in financial statements prepared in accordance with CMB Communiqué serial: XI Number: 29.

* For corporations traded at stock exchange market, when it is decided to distribute profits at the board of directors meeting and will be proposed to the general assembly of the company, or when profit distribution is decided at the general assembly of the direct partnerships; correspondent to that decision in accordance with the announcement of CMB's Serial VIII, Number 54 "Bases for the Declaration of Special Situations", in the appendix of special situation announcement, the profit distribution tables of the Profit Distribution Preparation Guideline will also be declared.

16 EQUITY *(CONTINUED)*

16.3 Dividend Distribution *(Continued)*

As at 30 September 2013 **and 31 December 2012**, according to the matters above the equity accounts of the Company per CMB's announcement Serial XI, Number 29 are:

	30 September 2013	**31 December 2012**
Paid-in capital	24,534,143	24,534,143
Inflation adjustment on capital	25,856,460	25,856,460
Restricted reserves		
Legal reserves	32,510,177	29,982,848
Special reserves	46	46
Inflation adjustment on legal reserves	18,710,928	18,710,928
Extraordinary reserves	14,005,127	18,296,614
Special reserves	4,931,025	4,931,025
Inflation adjustment on share premium	223,408	223,408
Share premium	1,092	1,092
Net Profit	18,761,108	25,741,784
	139,533,514	**148,278,348**

In the ordinary general assembly held on 25 March 2013, it has been decided that TL 24,061,794 of the Company's net profit as at 31 December 2012 amounting to TL 26,500,000 would be distributed as cash dividend, TL 4,965,535 is transferred from extraordinary reserves and paid as dividend, Additionally, TL 2,527,329 will be transferred to second legal reserves, At 30 September 2013, TL 26,500,000 of TL 9,929 was sent to Investor Compensation Center.

17 SALES AND COST OF SALES

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

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Domestic sales	216,587,490	73,658,134	192,923,918	67,520,066
Export sales	45,660,125	16,395,042	42,937,773	13,156,459
Other	451,774	193,423	288,826	95,483
Gross sales	**262,699,389**	**90,246,599**	**236,150,517**	**80,772,008**
Less: Sales returns and discounts	(14,532,086)	(4,935,540)	(13,681,977)	(4,597,288)
Net sales	**248,167,303**	**85,311,059**	**222,468,540**	**76,174,720**
Less: Cost of sales(*)	(188,408,717)	(66,866,282)	(166,772,048)	(56,706,268)
Gross profit	**59,758,586**	**18,444,777**	**55,696,492**	**19,468,452**

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

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Raw materials consumables used	172,264,141	61,052,334	152,398,275	54,358,564
Personnel expenses	12,966,041	4,420,095	11,931,673	4,007,834
Depreciation	7,049,473	2,714,494	6,165,694	1,627,670
Changes in inventories	(3,870,938)	(1,320,641)	(3,723,594)	(3,287,800)
Cost of Sales	**188,408,717**	**66,866,282**	**166,772,048**	**56,706,268**

18 SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Freight insurance expense	14,086,025	4,821,984	13,716,117	4,940,329
Wages and salaries	5,143,431	1,846,258	4,500,675	1,512,314
License expense	2,201,843	500,451	2,143,876	411,821
Advertisement expense	2,061,180	687,060	1,690,850	396,950
Storage expense	1,630,285	591,649	1,206,072	461,021
Dealer expenses	901,728	300,876	849,000	283,000
Transportation expenses	540,329	157,384	572,746	176,748
Sales commissions	466,933	117,855	622,796	195,947
Collateral expenses	388,217	143,319	393,182	198,238
Exhibition and fair expense	286,830	95,610	270,000	90,000
Travel expenses	208,306	41,495	252,555	27,379
Rent expenses	125,881	40,342	120,254	35,905
Public relation expenses	90,251	30,000	114,871	28,500
Other	379,014	118,333	371,944	93,619
	28,510,253	**9,492,616**	**26,824,938**	**8,851,771**

19 ADMINISTRATIVE EXPENSES

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

	Ending 30 September 2013		**Ending 30 September 2012**	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Personnel expenses	5,737,237	1,284,275	5,885,000	2,734,766
IT Expenses	363,236	125,985	335,941	106,176
Transportation expenses	314,003	95,698	280,650	88,126
Consultancy expense	211,273	74,467	187,744	65,426
Repair, maintenance and energy	145,475	59,270	217,377	102,059
Duties, taxes and levies	201,157	118,902	120,795	11,861
Depreciation and amortization (Note 9 and 10)	139,092	46,035	152,137	49,790
Communication expense	170,925	54,393	150,989	49,100
Litigation costs	90,395	50,173	113,747	14,402
Representation expenses	119,527	50,522	116,218	29,275
Subscription fees	137,517	42,169	135,858	63,250
Travel expense	57,438	16,940	65,792	(5,341)
General assembly expenses	78,148	475	51,181	--
Insurance expense	81,739	17,470	58,384	12,521
Stationary expenses	63,435	18,551	46,444	14,751
Donations	32,307	11,441	30,000	10,000
Other	634,681	226,858	650,509	(40,067)
	8,577,585	**2,293,624**	**8,598,766**	**3,306,095**

20 EXPENSES BY NATURE

For the periods ended 30 September, nature of expenses are disclosed in Notes 10,11, 17, 18, 19, 21, 22 and 23.

21 OTHER OPERATING INCOME/EXPENSE

21.1 Other Operating Income

For the periods ended 30 September, other operating income comprised the following:

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Interest income on sales on credit terms	2,508,203	928,968	3,511,641	1,162,515
Other operating income	747,232	33,271	440,779	371,514
Profit from Sales of Fixed Assets	448,509	448,509	--	--
Collections from insurance contracts	24,039	11,576	9,576	3,578
Other provisions no longer required	4,228	4,228	300,914	119,342
	3,732,211	**1,426,552**	**4,262,910**	**1,656,949**

21.2 Other Operating Expense

For the periods ended 30 September, other operating expense comprised the following:

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Loss on sale of property, plant and equipment	42,811	42,811	87,652	30,881
Provision for doubtful receivables	41,660	27,881	64,666	58,892
Non-operating expenses	--	--	972,261	240,983
Other (*)	21,114	8,103	359,505	141,549
	105,586	**78,795**	**1,484,084**	**472,305**

(*) Other consists of expenses related to certificates of insolvency during previous periods; late charges and expenses related to sales and commission accruals that were not fully accured.

For the period ended 30 September 2013, the amount of donations given to associations and charitable foundations is amounting to TL 32,307 and (30 September 2012: TL 30,000).

22 FINANCE INCOME

For the periods ended 30 September, finance income comprised the following:

	Ending 30 September 2013		**Ending 30 September 2012**	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Interest income on time deposits	18,990	5,512	246,223	5,699
	18,990	**5,512**	**246,223**	**5.699**

23 FINANCE EXPENSE

For the periods ended 30 September, finance expense comprised the following:

	Ending 30 September 2013		**Ending 30 September 2012**	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Interest expense on borrowings	1,964,251	752,973	1,378,809	742,802
Foreign exchange losses	529,496	317,806	902,655	317,483
Actuarial interest cost	324,177	110,689	244,296	83,692
	2,817,924	**1,181,468**	**2,525,760**	**1,143,977**

24 TAX ASSETS AND LIABILITIES

In accordance with Article No, 32 of the new Corporate Tax Law No, 5520 published in the Official Gazette No, 26205 dated 21 June 2006, corporate tax rate is reduced from 30 percent to 20 percent, Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20 percent,

As per the decision no,2006/10731 of the Council of Ministers published in the Official Gazette no,26237 dated 23 July 2006, certain duty rates included in the articles no,15 and 30 of the new Corporate Tax Law no,5520 are revised, Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased from 10 percent to 15 percent,

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing, The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007,

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing, Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax,

Corporations are required to pay advance corporation tax quarterly at the rate of 20 percent on their corporate income, Advance tax is declared by the 10th of the second month following each calendar quarter end and is payable by the 17^{th} of the second month following each calendar quarter end, Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year, The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government,

In Turkey, there is no procedure for a final and definitive agreement on tax assessments, Companies file their tax returns on the fifteenth date of the four months following the close of the accounting year to which they relate, Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings,

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years, Tax losses cannot be carried back to offset profits from previous periods,

At 30 September, total tax liability comprised the following:

	30 September 2013	**31 December 2012**
Corporate tax provision	4,483,870	5,936,077
Prepaid tax	(3,319,361)	(4,015,128)
Total	1,164,509	1,920,949
Deferred tax asset	324,103	322,128
	1,488,612	**2,243,077**

24 TAX ASSETS AND LIABILITIES *(CONTINUED)*

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

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Current tax	(4,483,870)	(1,298,327)	(3,742,205)	(410,598)
Deferred tax credit	(253,461)	(76,688)	(446,982)	(676,297)
	(4,737,331)	**(1,375,015)**	**(4,189,187)**	**(1,086,895)**

The reported taxation charge for the periods ended 30 September is different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2013		2012	
		%		**%**
Profit before tax	23,498,439		20,772,077	
Tax rate	20		20	
Taxes on reported profit per statutory tax rate	(4,699,688)	(20,00)	(4,154,415)	(20,00)
Disallowable expenses	(37,643)	(0,16)	(35,107)	(0,15)
Other		0,00	335	0,00
Tax provision	**(4,737,331)**	**(20,16)**	**(4,189,187)**	**(20,15)**

24.1 Deferred Tax Assets and Liabilities

Deferred tax liabilities and assets are provided on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent years will be reversed,

The Company recognizes deferred tax assets in the financial statements by taking into consideration the factors such as the developments in the sector that the Company is operating, taxable income in the forthcoming years, Turkey's general economic and political situation, and/or global economic and political situations, The Company expects to generate taxable income in the forthcoming years and considers Turkey's economic and political situation shows clear positive developments, Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the forthcoming years under the balance sheet method using a principal tax rate of 20 percent (2012: 20 percent),

24 TAX ASSETS AND LIABILITIES *(CONTINUED)*

Deferred tax assets and deferred tax liabilities at 30 September 2013 and 31 December 2012 were attributable to the items detailed in the table below:

	2013 Deferred tax Assets	2013 Deferred tax Liabilities	2012 Deferred tax assets	2012 Deferred tax Liabilities
Employee severance indemnity	1,360,447	--	1,211,959	--
Vacation pay liability	435,662	--	325,959	--
Unrecognized interest expense	83,327	--	52,439	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(1,976,735)	--	(1,755,677)
Amortisation over inventories			--	--
Other	5,174	(231,978)	30,407	(187,215)
	1,884,610	**(2,208,713)**	**1,620,764**	**(1,942,892)**
Offsetting	**(1,884,610)**	**1,884,610**	**(1,620,764)**	**1,620,764**
		(324,103)	**--**	**(322,128)**

The movement of deferred tax liabilities is as follow:

	1 January 2012	Other comprehensive income	Profit or (loss)	31 December 2012	Other comprehensive income	Profit or (loss)	30 September 2013
Employee severance indemnity	824,113	419,998	(32,152)	1,211,959	251,486	(102,998)	1,360,447
Vacation pay liability	284,752	--	41,207	325,959	--	109,703	435,662
Unrecognized interest expense	96,110	--	(43,671)	52,439	--	30,888	83,327
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(1,039,004)	--	(716,673)	(1,755,677)	--	(221,058)	(1,976,735)
Other	(131,845)	--	(24,963)	(156,808)	--	(69,996)	(226,804)
	34,126	**419,998**	**(776,252)**	**(322,128)**	**251,486**	**(253,461)**	**(324,103)**

25 EARNINGS PER SHARE

Earnings per share is computed by dividing the net profit for the year ended 30 September 2013 amounting to TL 17,755,166 (30 September 2012: TL 15,838,838) to the weighted average of the shares during these periods,

	Ending 30 September 2013 Nine months period	Ending 30 September 2013 Three months period	Ending 30 September 2012 Nine months period	Ending 30 September 2012 Three months period
Net Profit	18,761,108	5,455,324	16,582,890	6,270,557
Number of weighted average of ordinary shares	2,453,414,335	2,453,414,335	2,453,414,335	2,453,414,335
Earnings per share (Kr per share)	0,0076	0,0022	0,0068	0,0026

26 RELATED PARTIES

26.1 Due from Related Parties

At September 2013 and 31 December 2012, due from related parties comprised the following:

	30 September 2013	31 December2012
Saint-Gobain Isover CRIR	107,938	37,523
Isover Ireland	47,918	--
Saint-Gobain Gradevınskı Proızvodı d.o.o.	30,815	--
Saint Gobain Recherche ("SG Recherche")	24,163	42,277
Saint- Gobain Inovatif Malzemeleri ve Aşındırıcı San, Tic. A.Ş.	22,352	--
Saint-Gobain Weber Yapı Kimyasalları San. ve Tic. A.Ş. ("Saint-Gobain Weber")	1,655	1,428,016
Saint-Gobain Rigips Alçı San, ve Tic .A.Ş. ("SG Ripigs")	--	15,707
Kuwait Insulating Material MFG CO,.("KIMCO")	--	3,574
Alghanim Industries Corporate Office	--	2,236
Saint-Gobain Isover Italia S.P.A.	--	12,215
	234,841	**1,541,548**

As at 30 September 2013 there is no collateral taken from related parties (31 December 2012: TL 7,761).

26.2 Due to Related Parties

At September 2013 and 31 December 2012, due to related parties comprised the following:

	30 September 2013	31 December 2012
Saint- Gobain-İsover	271,470	144,538
Grunzweig Hartman AG ("Grunzweig")	142,472	146,505
Saint-Gobain Rigips Alçı San, ve Tic,A,Ş,	14,689	--
Other	4,653	99,359
	433,284	**390,402**

26.3 Sales to Related Parties

For the periods ended 30 September, sales to related parties comprised the following:

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	Three months period	Nine months period	Three months period
Saint-Gobain Weber Markem	638,117	1,537	5,289,491	2,025,954
Saint-Gobain Gradevinski Proizvodi D.O.O.	129,364	30,815	164,542	104,557
Isover Ireland	47,688	24,512	--	--
SG Ripigs.	14,131	--	--	--
KIMCO	14,305	8,489	186,260	--
Saint-Gobain Isover Italia S.P.A.	--	--	44,206	--
Saint-Gobain Glass Italia S.P.A.	--	--	1,502	--
Saint Gobain Alci Sanayi ve Ticaret A.S.	--	--	333	333
	843,605	**65,353**	**5,686,334**	**2,310,844**

26 RELATED PARTIES *(CONTINUED)*

26.4 Purchases from Related Parties

For the periods ended 30 September, purchases from related parties comprised the following:

	Ending 30 September 2013		Ending 30 September 2012	
	Nine months period	**Three months period**	**Nine months period**	**Three months period**
Saint Gobain İsover	1,083,611	--	983,879	257,410
Grunzweig	748,662	158,302	673,495	106,728
Saint-Gobain Weber Markem	96,501	--	1,977,108	704,831
SG Rigips	48,930	12,448	13,180	--
Saint-Gobain Isover SA	3,960	--	--	--
Saint Gobain Isover Almanya	--	--	347,918	--
SG Recherche	--	--	11,007	--
Saint-Gobain Glass Italia	--	--	--	--
KIMCO	--	--	57,354	--
Diğer	--	--	7,001	4,757
	1,981,664	**170,750**	**4,070,942**	**1,073,726**

26.5 Other Transaction with Related Parties

For periods ended September 2013 and 31 December 2012, other transactions with related parties comprised the following:

	30 September 2013	**31 December 2012**
Dividends paid		
İzocam Holding	25,193,406	28,520,924
Central Record Institution ("CRI")	1,296,665	1,467,836
Other	9,929	11,240
	26,500,000	**30,000,000**

26.6 Remuneration to Top Management

For the periods ended 30 September remunerations to the top management are comprised the following:

	Ending 30 September 2013		Ending 30 September 2012	
Short term benefits:	**Nine months period**	**Three months period**	**Nine months period**	**Three months period**
(Salaries, premiums, housing, company cars, social securities, health insurance, vacation payments and etc,)	1,240,055	415,779	1,163,628	393,116
Other long term benefits:				
(Indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc,)	416,176	83,636	269,808	(10,077)
TOTAL	**1,656,231**	**499,415**	**1,433,436**	**383,039**

27 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

27.1 Financial Risk Management

The Company has exposure to the following risks from its operations:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk,

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour, Operational risks arise from all of the Company's operations.

27 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

27.1 Financial Risk Management

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

In this context, the following company procedures and internal control issues have been identified:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

27.1.1 Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party, These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party, The ownership of financial assets is campaigned by the risk that the other party does not fulfill the contract, The management of the Company covers these risks by limiting the average risk for other party (except related parties) in all contracts and receiving guarantees if necessary, The Company works thorough agency system within Turkey to a great extent, The Company minimizes the collection risk by the guarantee letters taken from agencies, liens and commitment notes received before the sale and controls the orders of agencies out of guarantee by comparing these guarantees received from the agencies with their receivables, Additionally, the Company guarantees its receivables through direct borrowing system by the agreements of various banks, The Company is exposed to credit risk amounting to TL 8,232,875 (30 September 2012: TL 8,828,689) which is not covered by colleterals and DBS guarantees, Provisions made for doubtful receivables are within reasonable borders based on the past experiences of the Company in collection of accounts receivable, Therefore, the management does not foresee any additional risk relating to accounts receivable more than provisions made.

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

27.1 Financial Risk Management *(Continued)*

27.1.2 Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by obtaining adequate funding lines from high quality lenders,

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation,

At 30 September 2013 the Company has guaranteed the receivables amounting to TL 122,135,150 via Direct Borrowing System aiming to avoid liquidity risk, The Company has also obtained factoring loans amounting to TL 6,458,748 and while making early collection; increases the liquidity position and avoids foreign exchange loss risk.

27.1.1 Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments, The Company is subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts, The Company manages this risk by means of balancing the interest-earning assets and interest-bearing liabilities as natural precautions, The Company places those interest earning assets at short-term investments.

Currency risk

The Company is exposed to currency risk due to its import transactions and borrowings in foreign currency, These transactions are held in USD, Euro and Great Britain Pound.

Interest Rate Risk

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

27.2 Risk Management Disclosures

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

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

27.2.1 Interest rate risk

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

Fixed interest rate financial instruments		**30 September 2013**	**31 December 2012**
Bank borrowings	Note 5	41,298,192	14,476,383

27.2.2 Credit risk

Credit risk is diversified since there are many counterparties in the customer database, The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, Approximately 9,03 percent of the Company's revenue is attributable to sales transactions with a single customer.

The geographical concentration of receivables excluding related parties exposed to the credit risk at September 2013 and 31 December 2012 are as follow:

	30 September 2013	**31 December 2012**
1, and 5th District Office (Marmara, West Black Sea Regions)	40,906,915	38,247,970
2, District Office (Central Anatolia, Middle Black Sea Regions)	18,345,185	15,545,022
4, District Office (Aegean and Mediterranean Sea Regions)	12,952,784	11,859,854
3, District Office (South East Anatolia, East Anatolia, East Black Sea Regions)	10,114,195	11,233,532
Middle East, Balkans, Africa and Others	9,544,643	5,066,579
	91,863,722	**81,952,957**

At 30 September 2013, the Company has a letter of guarantee amounting to TL 17,712,091 (31 December 2012: TL 10,810,675), mortgage amounting to TL 629,000 (31 December 2012: TL 729,000), Eximbank guarantee amounting to TL 15,537,372 (31December 2012: TL 13,213,744), collaterals received as notes amounting to TL 821,026 (31 December 2012: TL 831,874) and direct borrowing system guarantees amounting to TL 122,135,150 (31 December 2012: TL 101,133,150), The Company does not have collaterals received as cash at 30 September 2013 (31 December 2012: nil).

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

27.2 Risk Management Disclosures *(Continued)*

27.2.2 Credit risk (continued)

	Receivables			
	Trade Receivables			
30 September 2013	**Related Party**	**Others**	**Deposits on Banks**	**Other (Commitments given)**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**234,841**	**91,863,722**	**138,863**	**10,972,129**
A, Net carrying value of financial assets which are neither impaired nor overdue	234,841	--	--	--
B, Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--
C, Net carrying value of financial assets which are overdue but not impaired	--	7,433,221	--	--
-The portion covered by any guarantee	--	6,185,927	--	--
D, Net carrying value of impaired assets	--	--	--	--
-Past due (gross book value)	--	780,799	--	--
-Impairment (-)	--	(780,799)	--	--
-Covered portion of net book value (with letter of guarantee etc,)	--	--	--	--
E, Off balance sheet items with credit risks	--	--	--	--

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

The Company works with most of its customers since its foundation and there has not been any loss due to receivables from these customers, In order to monitor credit risks, customers are regrouped according to their credit character and customer types, Most of the accounts receivable consist of the receivables from agencies,

The Company sets up provisions for its doubtful receivables after a problem arises in collection from the related customer and when the lawyer of the customer is informed for the legal action,

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

27.2 Risk Management Disclosures (Continued)

27.2.2 Credit Risk (Continued)

For the period ended 30 September 2013 past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables	
30 September 2013	**Trade Receivables**	**Trade Receivables**
Past due 1-30 days	3,227,321	--
Past due 1-3 months	3,341,788	--
Past due 3-12 months	702,406	--
Past due 1-5 years	161,706	--
More than 5 years	--	--
The portion secured by guarantee**	6,185,927	--

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

	Receivables			
	Trade Receivables			
31 December 2012	**Related Party**	**Other Parties**	**Deposits on Banks**	**Other (Commitments given)**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**1,541,548**	**81,952,957**	**891,811**	**15,191,195**
A, Net carrying value of financial assets which are neither impaired nor overdue	1,541,548	75,042,519	891,811	--
B, Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--
C, Net carrying value of financial assets which are overdue but not impaired	--	6,910,438	--	--
-The portion covered by any guarantee	--	6,278,621	--	--
D, Net carrying value of impaired assets	--		--	--
-Over due (gross book value)	--	895,847	--	--
-Impairment (-)	--	(895,847)	--	--
-Covered portion of net book value (with letter of guarantee etc,)	--	--	--	--
E, Off balance sheet items with credit risks	--	--	--	15,191,195

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

27.2 Risk Management Disclosures *(Continued)*

27.2.2 Credit risk *(continued)*

For the year ended 31 December 2012, past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables	
31 December 2012	**Trade Receivables**	**Trade Receivables**
Past due 1-30 days	3,871,916	--
Past due 1-2 months	793,934	--
Past due 3-6 months	1,606,161	--
More than 6 months	638,427	--
The portion secured by guarantee**	6,278,621	--

** At 30 September 2013, the Company has guaranteed its receivables by letter of guarantee amounting to TL 245,581 (31 December 2012: TL 297,043), direct debit system guarantees amounting to TL 4,754,503 (31 December 2012: TL 4,201,550), mortgage amounting to TL 74,231 (31 December 2012: TL 15,508), Eximbank guarantee amounting to TL 1,111,612 (31 December 2012: TL 1,764,519). As at 30 September 2013, the Company does not have any cheque for guarantee (31 December 2012: None). As at 30 September 2013, the Company does not have notes for guarantee (31 December 2012: None). For the period ended June 2013 and 31 December 2012 the Company has not utilized all these guarantees by means of collecting its receivable balances in cash terms.

27.1.3 Guarantees

In accordance with the Company policy, total guarantees given amounting to TL 10,972,129 (31 December 2012: TL 15,191,195) are given to custom offices, domestic supplier, banks and tax offices.

27.2.4 Currency risk

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

As at September 2013 and 31 December 2012, net position of the Company is resulted from foreign currency assets and liabilities:

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

27,2 Risk Management Disclosures *(Continued)*

27,2,4 Currency risk (continued)

FOREIGN CURRENCY POSITION						
	30 September 2013			31 December 2012		
	TL (Functional Currency)	USD	Euro	TL (Functional Currency)	USD	Euro
1,Trade receivables	9,682,495	4,013,361	552,508	14,299,744	7,239,837	592,767
2, Monetary financial assets	11,869,450	5,834,948	--	462,628	235,808	17,977
3,Current Assets	**21,551,945**	**9,848,309**	**552,508**	**14,762,372**	**7,475,645**	**610,744**
4,Total Assets	**21,551,945**	**9,848,309**	**552,508**	**14,762,372**	**7,475,645**	**610,744**
5,Trade payables	(2,237,076)	(727,464)	(275,531)	(4,453,556)	(1,253,405)	(943,673)
6,Financial liabilities	(6,458,748)	(2,661,243)	(380,311)	(4,686,620)	(2,174,404)	(344,656)
7,Short-term Liabilities	**(8,695,824)**	**(3,388,707)**	**(655,842)**	**(9,140,176)**	**(3,427,809)**	**(1,288,329)**
8,Total Liabilities	**(8,695,824)**	**(3,388,707)**	**(655,842)**	**(9,140,176)**	**(3,427,809)**	**(1,288,329)**
Total	**12,856,121**	**6,459,602**	**(103,334)**	**5,622,196**	**4,047,836**	**677,585**

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

27.2 Risk Management Disclosures *(Continued)*

27.2.4 Currency risk (continued)

Currency Sensitivity Analysis		
30 September 2013		
USD: 2,0342		
Avro: 2,7484		
	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	1,314,012	(1,314,012)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	**1,314,012**	**(1,314,012)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	(28,400)	28,400
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	**(28,400)**	**28,400**
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	--	--
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	--	--
Total(3+6+9)	**1,285,612**	**(1,285,612)**

Currency Sensitivity Analysis		
31 December 2012		
USD: 1,7826		
Avro: 2,3517		
	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	721,567	(721,567)
2-USD risk averse portion (-)	--	--
3-Net USD Effect (1+2)	**721,567**	**(721,567)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	(159,348)	159,348
5-Euro risk averse portion (-)	--	--
6- Net Euro Effect (4+5)	**(159,348)**	**159,348**
Assumption of devaluation/appreciation by 10% of other currencies against TL		
7-Other currency net asset/liability	--	--
8-Other currency risk averse portion (-)	--	--
9-Net other currency effect (7+8)	--	--
Total(3+6+9)	**562,219**	**(562,219)**

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

27.2 Risk Management Disclosures *(Continued)*

27.2.4 Currency risk (continued)

For the periods ended 30 September 2013 and 30 September 2012, total import and export of the Company comprised the following:

	30 September 2013	30 September 2012
Total exports	45,660,125	42,937,773
Total imports	52,250,908	56,597,304

27.2.5 Liquidity risk

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

The below tables show the monetary liabilities of the Company according to their remaining maturities at 30 September 2013 and 31 December 2012:

	30 September 2013					
	Book Value	**Total contractual cash outflows**	**0-3 Months**	**3-12 Months**	**1-5 Years**	**5 years And more**
MONETARY LIABILITIES						
Bank borrowings	41,298,192	41,298,192	41,298,192	--	--	--
Trade and other payables	38,802,519	38,802,519	38,802,519	--	--	--
Due to related parties	433,284	433,284	--	433,284	--	--
Accrued liabilities	2,998,280	2,998,280	2,998,280	--	--	--
Other liabilities	118,909	118,909	118,909	--	--	--
Total monetary liabilities	**83,651,184**	**83,651,184**	**83,217,900**	**433,284**	**--**	**--**

	31 December 2012					
MONETARY LIABILITIES						
Bank borrowings	14,476,383	14,476,383	14,476,383	--	--	--
Trade and other payables	27,464,673	27,464,673	27,464,673	--	--	--
Due to related parties	390,402	390,402	--	390,402	--	--
Accrued liabilities	--	--	--	--	--	--
Other liabilities	98,662	98,662	98,662	--	--	--
Total monetary liabilities	**42,430,210**	**42,430,210**	**42,039,718**	**390,042**	--	--

28 FINANCIAL INSTRUMENTS

Determination of Fair Values

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

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

Accounts receivable and payables

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

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

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

Fair values of financial liabilities

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

Other

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

29 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

The Company will transfer its head-quarters to My Office Gold / Altay Çeşme Mah, Öz Sok, No, 19, Maltepe-Istanbul location within 2013. Monthly rent fee is 46,882 USD plus VAT and the rental contract will is signed for a period of 10 years.