İzocam Ticaret ve Sanayi Anonim Şirketi

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

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali
Müşavirlik Anonim Şirketi
7 August 2013
This report is 51 pages

Convenience Translation of the Independent Auditor's Review Report As at 30 June 2013 Originally Prepared and Issued in Turkish (See Note 2.1.1)

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

Introduction

We have reviewed the accompanying balance sheet of İzocam Ticaret ve Sanayi Anonim Şirketi ("the Company") as at 30 June 2013 and the comprehensive income statement, statement of changes in shareholders' equity, statement of cash flows for the six month period ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and the fair presentation of these interim financial statements in accordance with the financial reporting standards of Capital Market Board of Turkey. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the auditing standards promulgated by Capital Market Board of Turkey. A review of interim financial statements consists of making inquiries. primarily of persons responsible for financial and accounting matters. and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards promulgated by Capital Market Board of Turkey and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly. we do not express an audit opinion.

Conclusion

Based on our review. nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of İzocam Ticaret ve Sanayi Anonim Şirketi as at 30 June 2013. and of its financial performance and its cash flows for the six month period then ended in accordance with the financial reporting standards of Capital Market Board of Turkey (See Note 2).

Additional paragraph for convenience translation to English

As explained in note 2.1. the accompanying financial statements are not intended to present the financial position and financial performance in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

İstanbul, 7 August 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hakkı Özgür Sıvacı, Partner
İstanbul, Türkiye

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Interim Financial Position as at 30 June 2013

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

		Reviewed	Audited
		Current period	Restated Prior Period
		30 June 2013	31 December 2012(*)
ASSETS			
Current Assets		**128.177.119**	**115.303.906**
Cash and Cash Equivalents	4	8.134.908	4.581.135
Trade Receivables	6	90.538.916	83.494.505
Due From Related Parties	*26*	*604.998*	*1.541.548*
Other Trade Receivables		*89.933.918*	*81.952.957*
Inventories	8	24.977.519	22.392.199
Other Current Assets	15	2.395.036	4.836.067
Asset held for sale	9	2.130.740	--
Non-Current Assets		**91.382.106**	**90.972.401**
Other Receivables	7	3.955	3.955
Other Receivables From Third Parties		*3.955*	*3.955*
Property. Plant and Equipment	10	91.341.322	90.916.947
Intangible Assets	11	34.841	50.626
Other Intangible Assets		*34.841*	*50.626*
Other Non-current Assets		1.988	873
TOTAL ASSETS		**219.559.225**	**206.276.307**
LIABILITIES			
Short-Term Liabilities		**76.536.723**	**50.081.808**
Bank Borrowings		42.060.158	14.476.383
Trade Payables	5	29.600.711	27.855.075
Due To Related Parties	6	*550.608*	*390.402*
Due To Unrelated Parties	26	*29.050.103*	*27.464.673*
Other Payables	*6*	8.839	33.785
Due To Unrelated Parties	7	*8.839*	*33.785*
Income Tax Payable		1.592.056	1.920.949
Short Term Provisions	24	1.653.489	3.375.947
Provisions For Employee Benefits	12	*106.695*	*95.570*
Other Short-Term Provisions	*12*	*1.546.794*	23.280.377
Other Short Term Liabilities	*12*	1.621.470	2.419.669
Long-Term Liabilities	15	**8.299.254**	**7.916.151**
Long Term Provisions		8.038.310	7.594.023
Provisions For Employee Benefits		*8.038.310*	*7.594.023*
Deferred Tax Liabilities	14	379.133	322.128
EQUITY	*14*	**134.605.059**	**148.278.348**
Paid-in Capital	24	24.534.143	24.534.143
Inflation Adjustment on Capital		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		(479.073)	(1.679.990)
Retained Earnings	16	38.876.430	43.841.965
Net Profit For The Period	16	13.305.784	25.741.784
TOTAL LIABILITIES		**219.559.225**	**206.276.307**

*See note 2.2

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement of Comprehensive Income for the Six-Month Period Ended 30 June 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-	1 April-	1 January-	1 April-
		30 June 2013	30 June 2013	30 June 2012(*)	30 June 2012(*)
Revenues	17	162.856.244	87.953.328	146.293.820	77.633.771
Cost of Sales (-)	17	(121.542.435)	(65.780.072)	(110.065.780)	(59.402.110)
GROSS PROFIT		**41.313.809**	**22.173.256**	**36.228.040**	**18.231.661**
Selling. Marketing and Distribution Expenses (-)	18	(19.017.637)	(9.914.115)	(17.973.167)	(9.573.415)
Administrative Expenses (-)	19	(6.283.961)	(3.141.005)	(5.782.453)	(2.763.768)
Other Operating Income	21	2.305.659	1.046.177	2.605.961	1.338.958
Other Operating Expense (-)	21	(26.792)	(7.752)	(1.011.779)	(994.881)
OPERATING PROFIT		**18.291.078**	**10.156.561**	**14.066.602**	**6.238.555**
OPERATING PROFIT BEFORE FINANCE EXPENSE		**18.291.078**	**10.156.561**	**14.066.602**	**6.238.555**
Finance Income	22	13.478	5.354	240.524	22.827
Finance Expense	23	(1.636.456)	(1.053.665)	(1.381.783)	(840.698)
OPERATING PROFIT BEFORE TAX		**16.668.100**	**9.108.250**	**12.925.343**	**5.420.684**
Operating Tax Expenses		**(3.362.316)**	**(1.845.581)**	**(2.612.510)**	**(1.105.626)**
Income Tax Expense	24	(3.185.543)	(1.634.772)	(3.131.699)	(1.306.875)
Deferred Tax Benefit	24	(176.773)	(210.809)	519.189	201.249
OPERATING PROFIT FOR THE PERIOD		**13.305.784**	**7.262.669**	**10.312.833**	**4.315.058**
NET PROFIT FOR THE PERIOD		**13.305.784**	**7.262.669**	**10.312.833**	**4.315.058**
Earnings Per Share From Continuing Operations	25	0.0054	0.0028	0.0041	0.0018
Diluted Earnings Per Share From Continuing Operations	25	0.0054	0.0028	0.0041	0.0018
Other Comprehensive Income Items that will never be classified to profit or loss:					
Remeasurements of Defined Benefit		(598.841)	(526.341)	(440.283)	91.296
Tax effect of Remeasurements of Defined Benefit		119.768	105.268	88.057	(18.259)
Other Comprehensive Income For The Period, Net of Tax		**12.826.711**	**6.841.596**	**(352.226)**	**73.037**
TOTAL COMPREHENSIVE INCOME		**12.826.711**	**6.841.596**	**9.960.607**	**4.388.095**

*See note 2.2

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Changes in Equity for the Six-Month Period Ended 30 June 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**	**--**	**27.105.565**	**42.094.853**	**34.624.441**	**154.216.554**
Total comprehensive income									
Net profit for the year	**16**	--	--	--	--	--	--	10.312.833	10.312.833
Total comprehensive income		--	--	--		--	**--**	**10.312.833**	**10.312.833**
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		--	--	--	(352.226)	--	--	--	(352.226)
Balances at 30 June 2012		**24.534.143**	**25.856.460**	**1.092**	**(352.226)**	**29.982.894**	**43.841.965**	**10.312.833**	**134.177.161**
Balances at 31 December 2012		**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**	--	--	--		--	--	13.305.784	13.305.784
Total comprehensive income		--	--	--			**--**	**13.305.784**	**13.305.784**
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		--	--	--	(479.073)	--	--	--	(479.073)
Balances at 30 June 2013		**24.534.143**	**25.856.460**	**1.092**	**(479.073)**	**32.510.223**	**38.876.430**	**13.305.784**	**134.605.059**

İzocam Ticaret ve Sanayi Anonim Şirketi

Interim Statement of Cash Flows for the Six-Month Period Ended 30 June 2013

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

		Reviewed	
	Note	Current Period 30 June 2013	Restated Prior Period 30 June 2012 (*)
Cash flows from operating activities			
Net profit for the period		13.305.784	10.312.833
Adjustments to:			
Depreciation and amortization	10.11	5.459.309	5.298.397
Current tax expense	24	3.185.543	3.131.699
Deferred tax expense	24	57.005	(607.246)
Provision for employee severance indemnity	14	857.629	653.183
Provision for vacation pay liability	14	357.859	401.759
Finance income	22	(1.592.713)	(2.589.650)
Finance cost	23	1.424.766	796.611
Gain (losses) on sale of tangible assets-net		18.441	56.771
Allowance for bad debt receivables	6	13.779	5.774
Other non-monetary provisions		874.584	3.336.266
Operating profit before changes in working capital		**23.961.986**	**20.796.397**
Change in trade receivables		(8.057.824)	3.058.278
Change in due from related parties		936.550	(1.460.394)
Change in blockage amount		1.493.377	(245.632)
Change in inventories		(2.585.320)	(2.194.877)
Change in other current assets		465.049	(1.991.680)
Change in trade payables		1.584.962	(21.732.553)
Change in other non current assets		(1.115)	1.778
Change in due to related parties		150.276	9.800.513
Change in other payables		(25.947)	6.158
Change in other liabilities		(798.199)	(2.136.660)
Taxes paid		(3.514.436)	(4.768.319)
Interest paid	23	(1.211.278)	(636.007)
Employee severance indemnity paid	14	(888.299)	(379.675)
Provisions paid	12	(3.108.955)	(4.583.373)
Net cash from operating activities		**8.400.827**	**(6.466.046)**
Cash flows used in investing activities			
Acquisition of property. plant and equipment	10	(8.017.080)	(7.803.854)
Acquisition of intangible assets	11	--	(1.423)
Proceeds from sales of property. plant and equipment		--	31.836
Advances given for tangible assets		1.976.985	(9.853.338)
Investing activities		**(6.040.095)**	**(17.626.779)**
Financing activities			
Increase in bank borrowings and other financial liabilities		27.583.776	27.021.954
Dividend paid	16	(26.490.071)	(29.988.517)
Interest received. net		1.592.512	2.629.181
Cash flows used in financing activities		**2.686.217**	**(337.382)**
Change in cash and cash equivalents. net		5.046.949	(24.430.207)
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**	**6.619.920**	**4.447.483**

*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 June 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 June 2012. 38.84 percent of the shares of Izocam are publicly traded at ISE.

As at 30 June 2013, the average number of employees of the Company is 425 (31 December 2012: 437) in which 186 (31 December 2012: 191) is comprised white collar employees and 239 (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 June 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 June 2012. Some new standards, amendments to standards and interpretations which are not effective as at 30 June 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 June 2013 and 31 December 2012. cash and cash equivalents comprised the following:

	30 June 2013	31 December 2012
Banks		
Time deposit	*1.493.263*	--
Demand deposit	*248.002*	*891.811*
Cheques at collection*	3.602.142	681.160
Cash at blockage**	1.514.787	3.008.164
Other cash equivalents***	1.276.714	--
	8.134.908	**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 June 2013, cash and cash equivalents consist of cash at blockage amounting to TL 1.514.787. 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 June 2013, the amounts mainly comprised of the POS receivables.

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

	30 June 2013	31 December 2012
TL	144.974	555.547
USD	1.593	336.264
Euro	101.435	--
	248.002	**891.811**

At 30 June 2013 and 31 December 2012, time deposits comprised the following currencies:

	30 June 2013	31 December 2012
TL	843.062	--
USD	650.201	--
Euro	--	--
	1.493.263	**--**

At 30 June 2013, time deposits are denominated in TL and USD and weighted average interest rates are 5.00 percent and 0.50 percent and which their maturity date are 1 July 2013 (31 December 2012: None).

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 June are comprised the followings:

	2013	**2012**
Banks		
Time deposit	*1.493.263*	*3.224.005*
Demand deposit	*248.002*	*774.768*
Cheques at collection	3.602.142	448.940
Other cash equivalents	2.791.501	1.496.149
Less: Interest accruals	(201)	(1.405)
Less: Cash at blockage	(1.514.787)	(1.494.974)
	6.619.920	**4.447.483**

5 BANK BORROWINGS

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

	30 June 2013	**31 December 2012**
Factoring loans	**6.689.358**	**4.686.619**
USD	*5.820.125*	*3.876.092*
Euro	*869.233*	*810.527*
Bank borrowings	***35.370.800***	**9.789.764**
TL	*35.370.800*	*9.789.764*
	42.060.158	**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 June 2013 and 31 December 2012. short-term accounts receivables comprised the followings:

	30 June 2013	**31 December 2012**
Accounts receivable	80.310.803	70.020.074
Cheques receivable	10.228.113	13.474.431
Doubtful receivables	777.385	895.847
Less: Allowance for doubtful receivables	(777.385)	(895.847)
	90.538.916	**83.494.505**

At 30 June 2013, TL 604.998 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 88.7 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 June 2013 and 31 December 2012, maturity profiles cheques and notes receivables are as follows:

	30 June 2013	31 December 2012
	Cheques	
0 - 30 days	718.875	5.668.807
31 - 60 days	2.842.048	4.412.908
61- 90 days	2.155.251	2.406.167
91 days and over	4.511.939	986.549
Total	**10.228.113**	**13.474.431**

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

	30 June 2013	31 December 2012
Beginning balance	895.847	1.126.452
Provision for the year	13.779	125.523
Write offs	(132.241)	(356.128)
Period end	**777.385**	**895.847**

6.2 Short-Term Accounts Payable

At 30 June 2013, short-term accounts payable amounts to TL 29.050.105 (31 December 2012: TL 27.464.673) arising from payable to various suppliers and the average payment period of trade payables is 31.5 (31 December 2012: 29.4 days).

At 30 June 2013, TL 550.608 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 June 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 June 2013, short-term other payables amounting to TL 8.839 (31 December 2012: TL 33.785) comprised the other personnel payables.

8 INVENTORIES

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

	30 June 2013	31 December 2012
Raw materials and supplies	14.550.024	14.422.199
Finished goods	9.599.709	7.039.673
Trading goods	819.773	930.327
Other Stocks	8.013	--
	24.977.519	**22.392.199**

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

	30 June 2013	31 December 2012
Tangible Assets (*)	2,130,740	--
	2,130,740	**--**

(*)As of June 30.2013, non-current assets held for sale, 237,103 TL building and land, 66,806 TL, ground water and land improvements,1,691,513 TL buildings, 130,025 TL land, property and equipment 5,293 TL and include fixtures.

10 PROPERTY PLANT AND EQUPMENT

At 30 June 2013 movement in the property. plant and equipment comprised the following:

Cost	1 January 2013	Transfer	Additions	Dipsosals	Assets held for sale(*)	30 June2013
Land	6.241.411	--	--	--	(237.103)	6.004.308
Land improvements	4.627.353	--	--	--	(156.703)	4.470.650
Buildings	59.768.672	--	--	(70.024)	(6.502.728)	53.195.920
Machinery and equipment	194.060.888	1.622.751	158.062	--	(11.267.049)	184.574.652
Furniture and fixtures	7.171.296	192.150	13.885	(53.981)	(704.723)	6.618.627
Leasehold improvements	72.875	--	--	--	--	72.875
Construction in progress	2.809.129	(1.814.901)	7.845.133	--	--	8.839.361
	274.751.624	**--**	**8.017.080**	**(124.005)**	**(18.868.306)**	**263.776.393**

Less: Accumulated depreciation	1 January 2013	Transfer	Additions	Dipsosals	Assets held for sale(*)	30 June2013
Land improvements	(2.968.346)	--	(63.866)	--	89.897	(2.942.315)
Buildings	(21.892.222)	--	(735.870)	51.583	4.811.215	(17.765.294)
Machinery and equipment	(152.503.556)	--	(4.497.311)	--	11.137.024	(145.863.843)
Furniture and fixtures	(6.412.243)	--	(143.133)	53.981	699.430	(5.801.965)
Leasehold improvements	(58.310)	--	(3.344)	--	--	(61.654)
Total accumulated depreciation	**(183.834.677)**		**(5.443.524)**	**105.564**	**16.737.566**	**(172.435.071)**
Net book value	**90.916.947**				**(2.130.740)**	**91.341.322**

For the period ended 30 June 2013, depreciation expenses amounting to TL 4.334.979 (30 June 2012: TL : 4.809.330) has been recognized under cost of sales. TL 77.273 (30 June 2012: TL 79.017) has been included under administrative expenses and TL 1.031.272 (30 June 2012: TL 386.720) has been capitalized on stocks.

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

For the period ended 30 June 2013 and year ended 31 December 2012, the Company utilizes tangible assets which have nil net book value on its accounts. (30 June 2013 Cost: TL 141.182.448 Accumulated Depreciation: TL 134.613.626; 31 December 2012 Cost: TL 140.996.393 Accumulated Depreciation: TL 140.996.393).

10 PROPERTY. PLANT AND EQUIPMENT *(CONTINUED)*

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

Cost	1 January 2012	Transfer	Additions	Disposals	30 June 2012
Land	6.241.411	--	--	--	6.241.411
Land improvements	4.627.353	--	--	--	4.627.353
Buildings	42.516.607	--	1.300	--	42.517.907
Machinery and equipment	179.102.053	186.554	128.185	(4.360.728)	175.056.064
Furniture and fixtures	6.774.325	--	80.622	(89.971)	6.764.976
Leasehold improvements	72.875	--	--	--	72.875
Construction in progress	12.852.819	(186.554)	7.593.747	(4.340)	20.255.672
	252.187.443	**--**	**7.803.854**	**(4.455.039)**	**255.536.258**

Less: Accumulated depreciation	1 January 2012	Transfer	Charge for the period	Disposals	30 June 2012
Land improvements	(2.839.473)	--	(64.488)	--	(2.903.961)
Buildings	(20.781.729)	--	(521.198)	--	(21.302.927)
Machinery and equipment	(147.988.791)	--	(4.575.204)	4.277.692	(148.286.303)
Furniture and fixtures	(6.296.418)	--	(110.836)	88.740	(6.318.514)
Leasehold improvements	(51.629)	--	(3.341)	--	(54.970)
Total accumulated depreciation	**(177.958.040)**		**(5.275.067)**	**4.366.432**	**(178.866.675)**
Net book value	**74.229.403**				**76.669.583**

11 INTANGIBLE ASSETS

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

Cost	1 January 2013	Additions	30 June 2013
Software rights	798.212	--	798.212
	798.212	**--**	**798.212**

Less: Accumulated amortization	1 January 2013	Charge for the period	30 June 2013
Software rights	(747.586)	(15.785)	(763.371)
Total accumulated amortization	**(747.586)**	**(15.785)**	**(763.371)**
Net book value	**50.626**		**34.841**

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

Cost	1 January 2012	Additions	30 June 2012
Software rights	792.457	1.423	793.880
	792.457	**1.423**	**793.880**

Less: Accumulated amortization	1 January 2011	Charge for the period	30 June 2011
Software rights	(705.695)	(23.330)	(729.025)
Total accumulated amortization	**(705.695)**	**(23.330)**	**(729.025)**
Net book value	**86.762**		**64.855**

11 INTANGIBLE ASSETS *(CONTINUED)*

At 30 June 2013, amortization expenses amounting to TL 15.785 (30 June 2012: TL 23.330) have been included in administrative expenses.

At 30 June 2013 and year ended 31 December 2012, the Company utilizes intangible assets which have nil net book value on its accounts (30 June 2013 Cost: TL 702.373. Amortization: TL 702.373; 31 December 2012 Cost: TL 696.241. Amortization: TL 696.241).

12 SHORT TERM LIABILITIES

Provision for employee benefits

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

	30 June 2013	**31 December 2012**
Short term portion of the unused vacation pay liability	106.695	95.570
	106.695	**95.570**

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

	30 June 2013	**31 December 2012**
Provisions for personnel premium (*)	1.422.358	2.199.286
Other administrative expense accruals (**)	66.417	223.394
Miscellaneous provisions for expenses	32.147	831.825
Provisions for litigations	25.872	25.872
	1.546.794	**3.280.377**

For period ended 30 June 2013. the movement of provisions is as follows:

	1 January 2013	***Additions***	***Payments***	***Reversal***	**30 June *2013***
Provisions for personnel premium(*)	2.199.286	1.422.358	(2.199.286)	--	1.422.358
Other administrative expense accruals (**)	831.825	32.147	(831.825)	--	32.147
Miscellaneous provisions for expenses(***)	223.394	--	(77.844)	(79.133)	66.417
Provisions for litigations	25.872	--	--	--	25.872
	3.280.377	**1.454.505**	**(3.108.955)**	**(79.133)**	**1.546.794**

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

	1 January 2012	***Additions***	***Payments***	***Reversal***	**ı 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 June 2012 and 31 December 2011 commitments given are as follows:

	30 June 2013	31 December 2012
A Commitments given in the name of own legal Entity	12.428.815	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	**12.428.815**	**15.191.195**

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

	30 June 2013	31 December 2012
1. year	282.037	219.534
2. year	564.074	--
3.year	564.074	--
4.year	76.731	--
	1.486.916	**219.534**

As at 30 June 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 June **2013 and 31 December 2012**, employee benefits comprised the followings:

	30 June 2013	31 December 2012
Provision for employee severance indemnity	6.242.614	6.059.796
Long term portion of vacation pay liability	1.795.696	1.534.227
	8.038.310	**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 June 2013 the ceiling amount has been limited to TL 3,129.25 (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 June 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 June 2013	30 June 2012
Opening balance	6.059.796	4.120.567
Interest cost	213.488	160.604
Cost of services	258.788	212.900
Payments made during the period	(888.299)	(379.675)
Actuarial difference	598.841	440.283
Ending balance	**6.242.614**	**4.554.679**

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 June 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 June is as follows:

	30 June 2013	**30 June 2012**
Opening balance	1.629.797	1.423.760
Additions during the period	357.859	401.759
Reversal	(85.265)	(88.372)
	1.902.391	**1.737.147**

15) OTHER ASSETS AND LIABILITIES

15.1 Other Current Assets

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

	30 June 2013	**31 December 2012**
Advances given for fixed asset (*)	916,755	2,893,740
Prepaid expenses	839,635	545,762
VAT for export receivables	213,597	205,380
Job advances	48,419	5,281
Advances given for inventory	23,461	79,858
Advances given to personnel	3,444	14,705
Deductible Value Added Tax (“VAT”)	--	872,611
Other	349,725	218,730
	2,395,036	**4,836,067**

(*) At 30 June 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 June 2013 and 31 December 2012, other short-term liabilities comprised the following:

	30 June 2013	**31 December 2012**
Social security premium payable	936.094	450.436
Withholding taxes and duties	299.378	1.617.183
VAT payable	288.813	253.388
Retirement pension plan payables	89.893	90.768
Other	7.292	7.894
	1.621.470	**2.419.669**

16 EQUITY

16.1 Paid-in Capital / Inflation Adjustment on Capital

At 30 June 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 June 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 June 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 June 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 June **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 June 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	15.011.069	19.976.604
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	13.305.784	25.741.784
	135.084.132	**149.958.338**

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 June 2013, TL 26.500.000 of TL 26.490.071 total dividend has been paid.

17 SALES AND COST OF SALES

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Domestic sales	142.929.356	76.762.825	125.403.852	67.501.714
Export sales	29.265.083	16.139.785	29.781.314	14.950.452
Other	258.351	156.694	193.343	129.957
Gross sales	**172.452.790**	**93.059.304**	**155.378.509**	**82.582.123**
Less: Sales returns and discounts	(9.596.546)	(5.105.976)	(9.084.689)	(4.948.352)
Net sales	162.856.244	87.953.328	146.293.820	77.633.771
Less: Cost of sales(*)	(121.542.435)	(65.780.022)	(110.065.780)	(59.402.110)
Gross profit	**41.313.809**	**22.173.256**	**36.228.040**	**18.231.661**

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Raw materials consumables used	111.211.807	56.904.168	98.303.721	52.631.525
Personnel expenses	8.545.946	4.292.957	7.923.839	3.914.719
Depreciation	4.334.979	2.632.616	4.809.330	2.264.427
Changes in inventories	(2.550.297)	1.950.331	(971.110)	855.449
Cost of Sales	**121.542.435**	**65.780.072**	**110.065.780**	**59.402.110**

18 SELLING, MARKETING AND DISTRIBUTION EXPENSES

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

	Ending 30 June 2013		**Ending 30 June 2012**	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Freight insurance expense	9.264.041	5.105.450	8.775.788	4.902.135
Wages and salaries	3.297.173	1.677.587	2.988.361	1.508.273
License expense	1.701.392	721.281	1.732.055	764.429
Advertisement expense	1.374.120	687.060	1.293.900	646.950
Storage expense	1.038.636	555.707	745.051	405.198
Dealer expenses	600.852	300.576	566.000	283.000
Sales commissions	349.078	148.880	426.849	219.134
Transportation expenses	382.945	178.441	395.998	224.870
Travel expenses	166.811	98.890	225.176	152.019
Guarantee letter expenses	244.898	116.044	194.944	153.045
Exhibition and fair expense	191.220	95.610	180.000	90.000
Public relation expenses	60.251	30.000	86.371	57.871
Rent expenses	85.539	45.820	84.349	40.181
Other	260.681	152.769	278.325	126.310
	19.017.637	**9.914.115**	**17.973.167**	**9.573.415**

19 ADMINISTRATIVE EXPENSES

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Personnel expenses	4.452.962	2.187.115	3.659.996	1.863.598
IT Expenses	237.251	131.794	229.765	112.021
Transportation expenses	218.305	111.408	192.524	97.246
Consultancy expense	136.806	46.380	122.318	45.660
Repair. maintenance and energy	86.475	39.624	115.318	52.651
Duties. taxes and levies	82.255	56.310	108.934	71.668
Depreciation and amortization (Note 9 and 10)	93.058	46.313	102.347	49.901
Communication expense	116.532	56.850	101.889	55.622
Litigation costs	40.222	29.036	99.345	72.989
Representation expenses	69.005	30.682	86.943	69.264
Subscription fees	95.348	58.257	72.608	20.365
Travel expense	40.498	27.563	71.133	43.127
General assembly expenses	77.673	12.581	51.181	25.031
Insurance expense	64.269	38.347	45.863	12.475
Stationary expenses	44.884	21.033	31.693	21.693
Donations	20.596	10.196	20.000	2.338
Other	407.822	237.516	690.576	193.779
	6.283.961	**3.141.005**	**5.782.453**	**2.763.768**

20 EXPENSES BY NATURE

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six Months Period	**Three Months Period**	**Six Months Period**	**Three Months Period**
Additions to salaries	8.737.903	4.360.167	7.753.093	3.969.004
Salaries	6.907.566	3.387.006	6.460.380	3.145.955
Severence indemnities	650.612	410.486	358.723	171.631
	16.296.081	**8.157.659**	**14.572.196**	**7.286.590**

21 OTHER OPERATING INCOME/EXPENSE

21.1 Other Operating Income

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Interest income on sales on credit terms	1.579.235	851.649	2.349.126	1.121.645
Other operating income	713.961	182.065	69.265	30.529
Collections from insurance contracts	12.463	12.463	5.998	5.212
Other provisions no longer required	--	--	181.572	181.572
	2.305.659	**1.046.177**	**2.605.961**	**1.338.958**

21.2 Other Operating Expense

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Provision for doubtful receivables	13,779	6,540	5,774	--
Non-operating expenses	--	--	731,278	731,278
Loss on sale of property. plant and equipment	--	--	56,771	56,698
Other (*)	13,013	1,212	217,956	206,905
	26,792	**7,752**	**1,011,799**	**994,881**

(*) 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 June 2013, the amount of donations given to associations and charitable foundations is amounting to TL 20.956 and (30 June 2012: TL 20.000).

22 FINANCE INCOME

For the periods ended 30 June. finance income comprised the following:

	Ending 30 June 2013		**Ending 30 June 2012**	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Interest income on time deposits	13.478	5.354	240.524	22.827
	13.478	**5.354**	**240.524**	**22.827**

23 FINANCE EXPENSE

For the periods ended 30 June. finance expense comprised the following:

	Ending 30 June 2013		**Ending 30 June 2012**	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Interest expense on borrowings	1.211.278	832.799	636.007	460.018
Foreign exchange losses	211.690	112.796	585.172	266.329
Actuarial interest cost	213.488	108.070	160.604	114.351
	1.636.456	**1.053.665**	**1.381.783**	**840.698**

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 17th 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 June, total tax liability comprised the following:

	30 June 2013	**31 December 2012**
Corporate tax provision	3.185.543	5.936.077
Prepaid tax	(1.593.487)	(4.015.128)
Total	1.592.056	1.920.949
Deferred tax asset	379.133	322.128
	1.971.189	**2.243.077**

24 TAX ASSETS AND LIABILITIES *(CONTINUED)*

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

	Ending 30 June 2013		**Ending 30 June 2012**	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Current tax	(3.185.543)	(1.634.772)	(3.131.699)	(1.306.875)
Deferred tax credit	(176.773)	(210.809)	519.189	201.249
	(3.362.316)	**(1.845.581)**	**(2.612.510)**	**(1.105.626)**

The reported taxation charge for the periods ended 30 June 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	16.668.100		12.925.343	
Tax rate	20.00		20.00	
Taxes on reported profit per statutory tax rate	(3.333.620)	(20.00)	(2.585.069)	(20.00)
Disallowable expenses	(47.865)	(0.30)	(27.775)	(0.22)
Other	19.169	0.12	334	0.00
Tax provision	**(3.362.316)**	**(20.17)**	**(2.612.510)**	**(20.22)**

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 June 2013 and 31 December 2012 were attributable to the items detailed in the table below:

	2013		2012	
	Deferred tax		Deferred tax	
	assets	liabilities	assets	liabilities
Employee severance indemnity	1.248.523	--	1.211.959	--
Vacation pay liability	380.478	--	325.959	--
Unrecognized interest expense	62.539	--	52.439	--
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	--	(1.869.593)	--	(1.755.677)
Amortisation over inventories	--		--	--
Other	--	(201.080)	30.407	(187.215)
	1.691.540	(2.070.673)	**1.620.764**	**(1.942.892)**
Offsetting	(1.691.540)	1.691.540	**(1.620.764)**	**1.620.764**
	--	**(379.133)**	--	**(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 June 2013
Employee severance indemnity	824.113	419.998	(32.152)	1.211.959	119.768	(83.204)	1.248.523
Vacation pay liability	284.752	--	41.207	325.959	--	54.519	380.478
Unrecognized interest expense	96.110	--	(43.671)	52.439	--	10.100	62.539
Pro-rata basis depreciation expense and capitalization of borrowing costs for tangibles and intangibles	(1.039.004)	--	(716.673)	(1.755.677)	--	(113.916)	(1.869.593)
Other	(131.845)	--	(24.963)	(156.808)	--	(44.272)	(201.080)
	34.126	**419.998**	**(776.252)**	**(322.128)**	**119.768**	**(176.773)**	**(379.133)**

25 EARNINGS PER SHARE

Earnings per share is computed by dividing the net profit for the year ended 30 June 2013 amounting to TL 13.305.784 (30 June 2012: TL 10.312.833) to the weighted average of the shares during these periods.

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	Three months period	Six months period	Three months period
Net Profit	13.305.784	7.262.669	10.312.833	4.315.058
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)	0.0054	0.0029	0.0042	0.0018

26 RELATED PARTIES

26.1 Due from Related Parties

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

	30 June 2013	31 December2012
Saint-Gobain Weber Yapı Kimyasalları San. ve Tic. A.Ş. ("Saint-Gobain Weber")	411.755	1.428.016
Saint-Gobain Isover CRIR	98.517	37.523
Saint-Gobain Gradevınskı Proızvodı d.o.o.	29.901	--
Saint Gobain Recherche ("SG Recherche")	22.100	42.277
Isover Ireland	23.406	
Saint- Gobain Inovatif Malzemeleri ve Aşındırıcı San. Tic. A.Ş.	19.319	--
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
	604.998	**1.541.548**

As at 30 June 2013 there is no collateral taken from related parties (31 December 2012: TL 7.761).

26.2 Due to Related Parties

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

	30 June 2013	31 December 2012
Saint- Gobain-İsover	364.879	144.538
Grunzweig Hartman AG ("Grunzweig")	172.857	146.505
Saint-Gobain Rigips Alçı San. ve Tic.A.Ş.	12.872	--
Other	--	99.359
	550.608	**390.402**

26.3 Sales to Related Parties

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	Three months period	Six months period	Three months period
Saint-Gobain Weber Markem	636.580	35.143	3.263.537	2.436.132
Saint-Gobain Gradevinski Proizvodi D.O.O.	98.549	29.901	59.985	59.985
Isover Ireland	23.176			
SG Ripigs.	14.131			
KIMCO	5.816	--	186.260	179.266
Saint-Gobain Isover Italia S.P.A.	--	--	44.206	--
Saint-Gobain Glass Italia S.P.A.	--	--	1.502	--
	778.252	**65.044**	**3.555.490**	**2.675.383**

26 RELATED PARTIES *(CONTINUED)*

26.4 Purchases from Related Parties

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

	Ending 30 June 2013		Ending 30 June 2012	
	Six months period	**Three months period**	**Six months period**	**Three months period**
Saint-Gobain Isover Fransa	781.977	405.421	726.469	386.365
Grunzweig	590.360	192.064	566.767	158.202
Saint-Gobain Weber	96.501	150	1.272.277	865.900
SG Rigips	36.482	30.424	13.180	13.180
Saint-Gobain Isover SA	3.960	3.960	720	720
Saint Gobain Isover Almanya	--	--	347.918	--
SG Recherche	--	--	11.007	11.007
Saint-Gobain Glass Italia	--	--	1.524	--
KIMCO	--	--	57.354	57.354
	1.509.280	**632.019**	**2.997.216**	**1.492.278**

26.5 Other Transaction with Related Parties

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

	30 June 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 June remunerations to the top management are comprised the following:

	Ending 30 June 2013		Ending 30 June 2012	
Short term benefits:	**Six months period**	**Three months period**	**Six months period**	**Three months period**
(Salaries. premiums. housing. company cars. social securities. health insurance. vacation payments and etc.)	824.276	414.756	770.512	392.050
Other long term benefits:				
(Indemnity provisions. long term portion of vacation pay liability. long term premium plans and etc.)	332.540	--	279.885	2.379
TOTAL	**1.156.816**	**414.756**	**1.050.397**	**394.429**

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 6.601.189 (30 June 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 June 2013 the Company has guaranteed the receivables amounting to TL 115.780.150 via Direct Borrowing System aiming to avoid liquidity risk. The Company has also obtained factoring loans amounting to TL 6.689.358 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 June 2013**	**31 December 2012**
Cash and cash equivalents	Note 4	1.493.263	--
Bank borrowings	Note 5	42.060.158	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 June 2012 and 31 December 2011 are as follow:

	30 June 2013	**31 December 2012**
1. and 5th District Office (Marmara, West Black Sea Regions)	42.929.368	38.247.970
2. District Office (Central Anatolia. Middle Black Sea Regions)	15.084.808	15.545.022
4. District Office (Aegean and Mediterranean Sea Regions)	13.738.817	11.859.854
3. District Office (South East Anatolia. East Anatolia, East Black Sea Regions)	9.459.907	11.233.532
Middle East. Balkans. Africa and Others	8.721.018	5.066.579
	89.933.918	**81.952.957**

At 30 June 2013, the Company has a letter of guarantee amounting to TL 12.689.258 (31 December 2012: TL 10.810.675), mortgage amounting to TL 629.000 (31 December 2012: TL 729.000). Eximbank guarantee amounting to TL 14.894.246 (31 December 2012: TL 13.213.744), collaterals received as notes amounting to TL 865.756 (31 December 2012: TL 831.874) and direct borrowing system guarantees amounting to TL 115.780.150 (31 December 2012: TL 101.133.150). The Company does not have collaterals received as cash at 30 June 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 June 2013	**Related Party**	**Others**	**Deposits on Banks**	**Other (Commitments given)**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**604.998**	**89.933.918**	**1.741.265**	**12.428.815**
A. Net carrying value of financial assets which are neither impaired nor overdue	604.998	89.933.918	1.741.265	
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	--	9.144.242	--	--
-The portion covered by any guarantee	--	7.609.083	--	--
D. Net carrying value of impaired assets	--		--	--
-Past due (gross book value)	--	777.385	--	--
-Impairment (-)	--	(777.385)	--	--
-Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	12.428.815

* 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 June 2013 past due but not impaired accounts receivables (except due from related parties) are as follows:

	Receivables	
30 June 2013	**Trade Receivables**	**Trade Receivables**
Past due 1-30 days	4.194.217	--
Past due 1-3 months	2.547.691	--
Past due 3-12 months	867.175	--
Past due 1-5 years	--	--
More than 5 years	--	--
The portion secured by guarantee**	--	--

* * 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 June 2013, the Company has guaranteed its receivables by letter of guarantee amounting to TL 302.211 (31 December 2012: TL 297.043), direct debit system guarantees amounting to TL 5.848.035 (31 December 2012: TL 4.201.550), mortgage amounting to TL 91.071 (31 December 2012: TL 15.508). Eximbank guarantee amounting to TL 1.367.766 (31 December 2012: TL 1.764.519). As at 30 June 2013, the Company does not have any cheque for guarantee (31 December 2012: None). As at 30 June 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 12.428.815 (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 June 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 June 2013				31 December 2012			
	TL (Functional Currency)	**USD**	**Euro**	**GBP**	**TL (Functional Currency)**	**USD**	**Euro**	**GBP**
1.Trade receivables	9.083.251	3.891.910	633.370	--	14.299.744	7.239.837	592.767	--
2. Monetary financial assets	11.704.433	6.012.836	52.085	--	462.628	235.808	17.977	--
3.Current Assets	**20.787.684**	**9.904.746**	**685.455**	**--**	**14.762.372**	**7.475.645**	**610.744**	**--**
4.Total Assets	**20.787.684**	**9.904.746**	**685.455**	**--**	**14.762.372**	**7.475.645**	**610.744**	**--**
5.Trade payables	(2.926.962)	(1.160.938)	(275.446)	--	(4.453.556)	(1.253.405)	(943.673)	--
6.Financial liabilities	(6.689.356)	(3.023.755)	(345.798)	--	(4.686.620)	(2.174.404)	(344.656)	--
7.Short-term Liabilities	**(9.616.318)**	**(4.184.693)**	**(621.244)**	**--**	**(9.140.176)**	**(3.427.809)**	**(1.288.329)**	**--**
8.Total Liabilities	**(9.616.318)**	**(4.184.693)**	**(621.244)**	**--**	**(9.140.176)**	**(3.427.809)**	**(1.288.329)**	**--**
Total	**11.171.366**	**5.720.053**	**64.211**	**--**	**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 June 2013		
USD: 1.9248		
Avro: 2.5137		
	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1-Net USD asset/liability	**1.100.996**	**(1.100.996)**
2-USD risk averse portion (-)		
3-Net USD Effect (1+2)	**1.100.996**	**(1.100.996)**
Assumption of devaluation/appreciation by 10% of Euro against TL		
4-Net Euro asset/liability	**16.141**	**(16.141)**
5-Euro risk averse portion (-)		
6- Net Euro Effect (4+5)	**16.141**	**(16.141)**
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)	**1.117.136**	**(1.117.136)**

Currency Sensitivity Analysis		
31 December 2012		
USD: 1.7826		
Avro: 2.3517		
GBP: 2.8707		
	Profit/Loss	
	Appreciation of foreign currency	Appreciation 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 June 2013 and 30 June 2012, total import and export of the Company comprised the following:

	30 June 2013	30 June 2012
Total exports	29.265.083	29.788.967
Total imports	29.781.314	35.476.811

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 June 2013 and 31 December 2012:

	30 June 2013					
	Book Value	Total contractual cash outflows	0-3 Months	3-12 Months	1-5 years	5 years And more
MONETARY LIABILITIES						
Bank borrowings	42.060.158	42.060.158	42.060.158	--	--	--
Trade and other payables	29.058.078	29.058.078	29.058.078	--	--	--
Due to related parties	550.608	550.608	--	550.608	--	--
Accrued liabilities	1.546.794	1.546.794	1.546.794	--	--	--
Other liabilities	97.185	97.185	97.185	--	--	--
Total monetary liabilities	**73.312.823**	**73.312.823**	**72.762.215**	**550.608**	--	--

	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.