

**İzocam Ticaret ve Sanayi
Anonim Şirketi**

Convenience Translation into English of
Condensed Interim Financial Statements
As at and For the Six Months Period Ended
30 June 2019 and Independent Auditor's
Review Report
(Originally issued in Turkish)

This report is 24 pages.
1 August 2019

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İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Statement of Financial Position As at 30 June 2019

All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.

		Reviewed	Audited
	Notes	30 June 2019	31 December 2018
ASSETS			
Current assets			
Cash and cash equivalents	5	33.667.020	23.344.895
Trade receivables	7	108.651.197	121.556.980
<i>From related parties</i>	4	1.197.930	612.490
<i>From third parties</i>		107.453.267	120.944.490
Inventories	9	73.188.524	68.591.596
Prepaid expenses		4.822.468	3.757.326
Current tax assets	15	155.483	110.512
Other current assets		14.367.825	9.463.001
Total current assets		234.852.517	226.824.310
Non-current assets			
Other receivables		4.663	6.063
<i>From third parties</i>		4.663	6.063
Property, plant and equipment	10	152.779.501	142.195.664
Intangible assets		155.104	261.213
<i>Other</i>	10	155.104	261.213
Prepaid expenses		1.230.662	1.516.413
Other non-current assets		59.248	45.248
Deferred tax assets	15	5.536.365	2.113.410
Total non-current assets		159.765.543	146.138.011
TOTAL ASSETS		394.618.060	372.962.321

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Statement of Financial Position As at 30 June 2019 (*continued*)

All amounts are expressed in TL unless otherwise stated.

1		Reviewed	Audited
	Notes	30 June 2019	31 December 2018
LIABILITIES			
Short-term liabilities			
Short-term loans and borrowings	6	71.539.535	52.805.401
Derivative financial instruments		2.373.065	1.623.295
Trade payables	7	78.168.277	84.340.724
<i>To related parties</i>	4	1.583.318	2.242.184
<i>To third parties</i>		76.584.959	82.098.539
Payables related to employee benefits		5.389.878	4.713.791
Other payables		--	5.292
<i>To third parties</i>		--	5.292
Deferred income	8	28.320.629	11.555.329
Short-term provisions		2.898.755	4.152.294
<i>Other</i>		2.898.755	4.152.294
Other short-term liabilities		685.440	653.863
Total short-term liabilities		189.375.579	159.849.988
Long-term liabilities			
Long-term borrowings	6	6.067.748	4.104.643
Long-term provisions		17.938.225	15.725.166
<i>For employee benefits</i>		17.938.225	15.725.166
Other payables		16.972	16.972
<i>To third parties</i>		16.972	16.972
Total long-term liabilities		24.022.945	19.846.781
Total liabilities		213.398.524	179.696.769
EQUITY			
Paid-in capital	12	24.534.143	24.534.143
Adjustment to share capital	12	25.856.460	25.856.460
Share premiums		1.092	1.092
Items that will never be reclassified to profit or loss		(7.307.371)	(5.850.632)
<i>Actuarial losses from defined pension plans</i>		(7.307.371)	(5.850.632)
Restricted profit reserves		42.711.791	42.711.791
Retained earnings		106.012.698	90.213.645
Net (loss) profit for the period		(10.589.277)	15.799.053
Total equity		181.219.536	193.265.552
TOTAL LIABILITIES		394.618.060	372.962.321

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Statement of Profit or Loss and Other Comprehensive Income

For The Six Month Period Ended 30 June 2019

All amounts are expressed in TL unless otherwise stated.

		Reviewed	Not Reviewed	Reviewed	Not Reviewed
	Notes	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
PROFIT OR LOSS					
Revenue	13	223.002.846	121.468.480	262.603.888	131.510.727
Cost of sales (-)	13	(195.595.843)	(103.482.104)	(209.725.972)	(106.824.190)
Gross profit		27.407.003	17.986.376	52.877.916	24.686.537
General administrative expenses (-)	14	(15.124.518)	(7.896.897)	(10.617.989)	(5.366.719)
Marketing, selling and distribution expenses (-)	14	(23.703.314)	(11.724.870)	(28.133.807)	(13.865.574)
Impairment (loss) gain on trade and other receivables		(70.082)	(108.871)	(41.967)	39.822
Other operating income		8.955.765	2.831.814	9.360.897	5.543.033
Other operating expenses (-)		(1.845.786)	(969.199)	(3.757.808)	(1.438.702)
Operating (loss) profit		(4.380.932)	118.353	19.687.242	9.598.397
Expense from investing activities (-)		--	--	(14.651)	(14.651)
Income from investing activities		3.649	3.649	--	--
Operating (loss) profit before finance expense		(4.377.283)	122.002	19.672.591	9.583.746
Finance income		444.228	117.093	206.255	18.171
Finance expenses (-)		(9.714.992)	(4.258.492)	(7.427.079)	(3.826.449)
(Loss) profit before tax from continuing operations		(13.648.047)	(4.019.397)	12.451.767	5.775.468
Tax expense of continuing operations		3.058.770	994.756	(3.428.172)	(1.549.653)
Current tax expense	15	--	--	(3.406.934)	(1.699.579)
Deferred tax benefit (expense)	15	3.058.770	994.756	(21.238)	149.926
(Loss) profit for the period from continuing operations		(10.589.277)	(3.024.641)	9.023.595	4.225.815
(Loss) profit for the period		(10.589.277)	(3.024.641)	9.023.595	4.225.815
Earnings per share					
Earnings per share from continuing operations	16	(0,004)	(0,001)	0,004	0,001
Diluted earnings per share					
Diluted earnings per share from continuing operations	16	(0,004)	(0,001)	0,004	0,001
Other comprehensive income					
Items not to be classified to profit or loss					
Remeasurement of defined benefit plans		(1.820.924)	697.251	(833.902)	107.814
Deferred tax effect of remeasurement of defined benefit	15	364.185	(139.450)	166.780	(21.563)
Other comprehensive income		(1.456.739)	557.801	(667.122)	86.251
TOTAL COMPREHENSIVE INCOME		(12.046.016)	(2.466.840)	8.356.473	4.312.066

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Statement of Changes in Equity

For The Six Month Period Ended 30 June 2019

All amounts are expressed in TL unless otherwise stated.

	Paid-in capital	Adjustment to share capital	Share premiums	Items that will never be reclassified to profit or loss	Restricted profit reserves	Accumulated profits		Total equity
				Defined benefit rereasurement losses		Retained earnings	Net profit for the period	
Balance as at 1 January 2018	24.534.143	25.856.460	1.092	(4.816.365)	42.711.837	72.317.994	17.982.724	178.587.885
Adjustment on initial application of TFRS 9	--	--	--	--	--	(87.119)	--	(87.119)
Adjusted balance as at 1 January 2018	24.534.143	25.856.460	1.092	(4.816.365)	42.711.837	72.230.875	17.982.724	178.500.766
Transfers	--	--	--	--	--	17.982.724	(17.982.724)	--
Total comprehensive income	--	--	--	(667.122)	--	--	9.023.595	8.356.473
<i>Other comprehensive income</i>	--	--	--	<i>(667.122)</i>	--	--	--	<i>(667.122)</i>
<i>Net profit for the period</i>	--	--	--	--	--	--	<i>9.023.595</i>	<i>9.023.595</i>
Balance as at 30 June 2018	24.534.143	25.856.460	1.092	(5.483.487)	42.711.837	90.213.599	9.023.595	186.857.239
Balance as at 1 January 2019	24.534.143	25.856.460	1.092	(5.850.632)	42.711.791	90.213.645	15.799.053	193.265.552
Transfers	--	--	--	--	--	15.799.053	(15.799.053)	--
Total comprehensive income	--	--	--	(1.456.739)	--	--	(10.589.277)	(12.046.016)
<i>Other comprehensive income</i>	--	--	--	<i>(1.456.739)</i>	--	--	--	<i>(1.456.739)</i>
<i>Net loss for the period</i>	--	--	--	--	--	--	<i>(10.589.277)</i>	<i>(10.589.277)</i>
Balance as at 30 June 2019	24.534.143	25.856.460	1.092	(7.307.371)	42.711.791	106.012.698	(10.589.277)	181.219.536

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Statement of Cash Flows

For The Six Month Period Ended 30 June 2019

All amounts are expressed in TL unless otherwise stated.

		Reviewed	
	Note	1 January- 30 June 2019	1 January 30 June 2018
A. Cash flow from operating activities		17.345.549	(30.094.072)
Net (loss) profit for the period		(10.589.277)	9.023.595
Adjustments for reconciliation of profit for the period		9.177.300	11.455.542
Adjustment for depreciation and amortisation	10	9.104.883	7.040.384
Adjustment for provision for employee termination benefits		1.116.440	792.560
Adjustment for provision for unused vacation pay liability		850.145	796.359
Adjustment for provision of doubtful receivables, net	7	70.082	41.967
Adjustment for provisions		(1.253.539)	(740.984)
Adjustment for interest expense		9.403.940	7.413.532
Adjustment for interest income		(7.052.232)	(7.331.099)
Adjustment for tax expense	15	(3.058.770)	3.428.172
Loss of (gain from) sale of property, plant and equipment		(3.649)	14.651
Changes in working capital		20.376.947	(46.459.974)
Adjustments for increase in inventory		(3.787.745)	(15.407.383)
Adjustments for decrease/ (increase) in trade and other receivables		19.445.105	(11.905.968)
Adjustments for decrease in trade and other payables		(6.177.739)	(7.862.530)
Adjustments for increase/ (decrease) in deferred revenue		16.765.300	(729.654)
Adjustments for increase in prepaid expenses		(779.390)	(7.688.277)
Adjustments for increase/ (decrease) in payables related to employee benefits		676.087	(453.791)
Adjustments for increase in other current and non-current assets and liabilities		(5.764.671)	(2.412.371)
Taxes paid		(44.971)	(3.255.175)
Employee benefits indemnity paid		(1.574.450)	(858.060)
B. Cash flows used in investing activities		(14.124.277)	(3.828.785)
Purchase of property and equipment	10	(14.184.391)	(3.830.139)
Proceeds from sale of property and equipment		60.114	1.354
C. Cash flows from financing activities		5.746.452	32.936.329
Proceeds from bank borrowings	6	188.694.919	349.955.885
Repayment of borrowings	6	(175.007.419)	(309.822.400)
Interest paid		(7.030.875)	(3.487.213)
Interest received		443.924	206.213
Blockage accounts		(1.354.097)	(3.916.157)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		8.967.724	(986.528)
D. Cash and cash equivalents at the beginning of period	5	2.489.406	4.451.570
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)	5	11.457.130	3.465.042

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Six Month Period Ended 30 June 2019

All amounts are expressed in TL unless otherwise stated.

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

İzocam Ticaret ve Sanayi Anonim Şirketi (“İzocam” or the “Company”) was established in 1965 in order to operate in production, importation and exportation of glasswool, stonewool, mineral wool, glass fiber, expanded and extruded polystyrenes, elastomeric rubber, polyethylene, insulated and non-insulated roof and front panels, partition and mezzanine.

As at 30 June 2019, İzocam Holding Anonim Şirketi’s (“İzocam Holding”) share in the Company is to 95,07 percent through acquisition of 1.501.330.396 shares not listed in Borsa İstanbul Anonim Şirketi (“BİST”) from Koç Group on 29 November 2006 and on 10 July 2007 representing 61,16 percent of paid-in capital of İzocam together with the collection of 831.117.304 shares traded on BİST which represents 33,91 percent of paid-in capital of İzocam. İzocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by with an equal ownership of 50 percent by both parties.

The Company conducts a portion of its operations with related parties of Saint Gobain Group and Alghanim Group companies. The Company has related parties acting as both customers and suppliers (Note 4).

38,84 percent of the shares of the Company are traded on the BİST since 15 April 1981. As at 30 June 2019, the Company's actual outstanding shares ratio at BİST is 4,93 percent (31 December 2018: 4,93 percent).

As at 30 June 2019, total number of employees of the Company is an average basis 462 (31 December 2018: 467) including 198 white collar employees (31 December 2018: 209) and 266 blue collar employees (31 December 2018: 258).

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

Altayçeşme Mahallesi Çamlı Sokak No: 21 Kat: 4, 5 34843 Maltepe/ İstanbul

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation of Financial Statements

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards Accounting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) together with the provisions of accordance with to Capital Market Board of Turkey (“CMB”)’s “Principles of Financial Reporting in Capital Market” dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TFRS consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations.

The accompanying financial statements are presented in accordance with the TAS Taxonomy issued by POA and announcement regarding with formats of financial statements and notes issued by CMB.

For the six months period ended 30 June 2019, the Company prepared its condensed financial statements in accordance with the Turkish Accounting Standard No.34 “Interim Financial Reporting”. Interim condensed financial statements of the Company do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Company’s annual financial statements as of 31 December 2018.

The Company’s statement of financial position as at 30 June 2019 and statement of profit or loss and other comprehensive income for the six months period ended was authorized for issue by the Board of Directors of the Company on 1 August 2019.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Interim Financial Statements

As at and For The Six Month Period Ended 30 June 2019

All amounts are expressed in TL unless otherwise stated.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)

2.1.1 Preparation of Financial Statements (continued)

Functional and Reporting Currency

These financial statements are presented in Turkish Lira (“TL”), which is the Company’s functional currency. All financial information presented in TL unless otherwise stated.

Adjustment of Financial Statements in Hyperinflationary Periods

As per the 17 March 2005 dated, 11/367 numbered decree of CMB, companies engaged in Turkey and those of which prepare their financial statements in accordance with the CMB Accounting Standards (including IAS/IFRS exercisers), use of inflationary accounting standards have been discontinued effective from 1 January 2005. Accordingly, “Financial Reporting Standards in Hyperinflationary Economies”, (“IAS 29”) was no longer applied henceforward.

Comparative information

The accompanying financial statements are prepared comparatively with the prior period in order to determine the Company's financial position, performance and trends in cash flow. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and related differences are disclosed in the related notes.

The reclassifications in the statement of profit or loss and other comprehensive income for the period ended at 30 June 2018 are as follows: Sales commissions amounting to TL 13.547 has been reclassified from marketing, selling and distribution expenses to finance expenses.

The reclassifications in the statement of profit or loss and other comprehensive income for the period ended at 30 June 2018 are as follows: Interest cost amounting to TL 833.902 has been reclassified from finance expenses.to administrative expenses.

2.2 Standards and interpretations issued but not yet effective as at 30 June 2019

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRSs. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

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Notes to The Condensed Interim Financial Statements
As at and For The Six Month Period Ended 30 June 2019
All amounts are expressed in TL unless otherwise stated.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Standards and interpretations issued but not yet effective as at 30 June 2018 (continued)

Amendments to TAS 1 and TAS 8 - Definition of Material

In June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amended “definition of material” was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information.

In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Company does not expect that application of these amendments to TAS 1 and TAS 8 will have significant impact on its financial statements.

Amendments to TFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. In May 2019, POA has also published the Definition of Business (Amendments to TFRS 3). With this amendments confirmed that a business shall include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Company does not expect that application of these amendments to TFRS 3 will have significant impact on its financial statements.

2.3 Changes in significant accounting policies

Except as described below, the accounting policies applied in these condensed financial statements are the same as those applied in the last annual financial statements. The changes in accounting policies are also expected to be reflected in the Company’s financial statements as at and for the year ending 31 December 2019. The Company has initially adopted TFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company’s financial statements.

2.3.1 TFRS 16 Leases

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Company has applied TFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under TAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

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Notes to The Condensed Interim Financial Statements

As at and For The Six Month Period Ended 30 June 2019

All amounts are expressed in TL unless otherwise stated.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in significant accounting policies (continued)

2.3.1 TFRS 16 Leases (continued)

a Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under TFRSI 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to TFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRSI 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

b. As a lessee

The Company leases properties and production equipment. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under TFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has no right-of-use assets that meet the definition of investment property are presented within investment property.

The carrying amounts of right-of-use assets are as below:

	Property, plant and equipment			
<i>TL</i>	Property	Production equipment	Vehicles	Total
Balance at 1 January 2019	3.539.097	2.724.771	6.066.496	12.330.364
Balance at 30 June 2019	3.055.050	1.935.567	5.752.752	10.743.369

The Company presents lease liabilities in 'loans and borrowings' in the statement of financial position.

i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

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Notes to The Condensed Interim Financial Statements

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All amounts are expressed in TL unless otherwise stated.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in significant accounting policies (continued)

2.3.1 TFRS 16 Leases (continued)

i. Significant accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b. As a lessee (continued)

ii. Transition

Previously, the Company classified property leases as operating leases under TAS 17. These include warehouse and factory facilities. The leases typically run for a period of 5 years. Some leases include an option to renew the lease for an additional 2 years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices. At transition, for leases classified as operating leases under TAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if TFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all other leases.
- The Company used the following practical expedients when applying TFRS 16 to leases previously classified as operating leases under TAS 17.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company leases a number of items of production equipment. These leases were classified as finance leases under TAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under TAS 17 immediately before that date.

c. As a lessor

The accounting policies applicable to the Company as a lessor are not different from those under TAS 17. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Company is not required to make any adjustments on transition to TFRS 16 for leases in which it acts as a lessor. The Company sub-leases some of its properties. Under TAS 17, the head lease and sub-lease contracts were classified as operating leases.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in significant accounting policies (continued)

2.3.1 TFRS 16 Leases (continued)

c. As a lessor (continued)

On transition to TFRS 16, the right-of-use assets recognised from the head leases are presented in property, and measured at fair value on transition to TFRS 16. The sub-lease contracts are classified as operating leases under TFRS 16.

d. Impacts on financial statements

i. Impacts on transition

The impact on transition is summarised below:

<i>TL</i>		1 January 2019
Right-of-use assets presented in property, plant and equipment		6.263.868
Lease liabilities		(6.263.868)

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rates are applied as follows; 24,63 percent in TL, 5,40 percent in USD, 5,70 percent in EUR.

<i>TL</i>		1 January 2019
Operating lease commitment at 31 December 2018 as disclosed in the Company's financial statements		7.333.421
Discounted using the incremental borrowing rate at 1 January 2019		6.263.868
Finance lease liabilities recognised as at 31 December 2018		5.597.544
Lease liabilities recognised at 1 January 2019		11.861.412

ii. Impacts for the period

As a result of initially applying TFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised TL 6.263.868 of right-of-use assets (including investment property) and TL 6.464.525 of lease liabilities as at 30 June 2019.

Also in relation to those leases under TFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Company recognised TL 1.273.251 of depreciation charges and TL 514.101 of interest costs from these leases.

3 SEGMENT REPORTING

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

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4 RELATED PARTIES

Due from related parties

As at 30 June 2019 and 31 December 2018, due from related parties are as follows:

	30 June 2019	31 December 2018
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret Anonim Şirketi (“Saint-Gobain Weber”) (*)	470.300	210.105
Kuwait Insulating Material Mfg Co. (*)	277.532	175.411
Saint-Gobain Adfors CZ S.R.O. (*)	169.258	95.337
Saint-Gobain Rigips Alçı Sanayi ve Ticaret Anonim Şirketi (“Saint-Gobain Rigips”) (*)	119.841	19.925
Saint-Gobain Construction Products Albania (*)	81.469	--
Saint-Gobain Isover Iberica S.L. (*)	46.945	--
Saint-Gobain Isover SA (*)	19.621	110.377
Saint-Gobain Construction Products Romania (*)	12.816	--
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret Anonim Şirketi (“Saint Gobain İnovatif”) (*)	148	1.335
	1.197.930	612.490

(*) Companies are the group companies of the shareholders of İzocam Holding.

Due to related parties

As at 30 June 2019 and 31 December 2018, due to related parties are as follows:

	30 June 2019	31 December 2018
Saint-Gobain Isover SA (*)	810.834	788.841
Saint Gobain Recherche (*)	334.500	192.084
Saint-Gobain Adfors CZ Glass Mat S.R.O.(*)	304.048	630.598
Saint-Gobain Seva AG (*)	133.936	630.661
	1.583.318	2.242.184

(*) Companies are the group companies of the shareholders of İzocam Holding.

Sales to related parties

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

	1 January 30 June 2019	1 April – 30 June 2019	1 January 30 June 2018	1 April – 30 June 2018
Saint-Gobain Weber (*)	932.163	656.047	1.790.230	1.041.135
Kuwait Insulating Material MFG CO. (*)	438.404	276.265	90.025	--
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	335.748	168.432	143.975	54.186
Saint-Gobain Construction Products Albania (*)	214.934	81.470	--	--
Saint Gobain Rigips (*)	110.583	55.398	110.023	21.137
Saint-Gobain Isover Iberica S.L. (*)	46.945	46.945	38.233	38.233
Saint Gobain Cons. Products Romania (*)	12.816	12.816	--	--
Saint Gobain İnovatif (*)	148	148	309	309
	2.091.741	1.297.521	2.172.795	1.155.000

(*) Companies are the group companies of the shareholders of İzocam Holding.

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4 RELATED PARTIES (CONTINUED)

Purchases from related parties

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

	1 January 30 June 2019	1 April – 30 June 2019	1 January 30 June 2018	1 April – 30 June 2018
Saint-Gobain Seva (*)	1.721.220	224.721	2.425.204	427.536
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	988.483	523.980	957.454	628.561
Saint Gobain İsover (*)	941.392	148.982	2.417.194	1.013.375
Grunzweig Hartman AG (*)	633.134	176.970	956.712	303.149
Saint Gobain İsover SA (*)	216.782	216.782	37.734	--
Saint Gobain Rigips (*)	161.736	58.633	458.890	303.235
Saint Gobain Weber (*)	59.706	17.360	22.712	7.030
Saint Gobain Recherche (*)	17.415	--	--	--
Saint Gobain Construction (*)	--	--	145.960	18.741
	4.739.868	1.367.428	7.421.860	2.701.627

(*) Companies are the group companies of the shareholders of İzocam Holding.

Remunerations to the top management

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

	1 January 30 June 2019	1 April – 30 June 2019	1 January 30 June 2018	1 April – 30 June 2018
Short Term Benefits (Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	3.223.455	2.975.688	2.251.586	1.254.377
Long term benefits (Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	628.528	262.681	963.075	106.400
Total	3.851.982	3.238.368	3.214.661	1.360.777

5 CASH AND CASH EQUIVALENTS

As at 30 June 2019 and 31 December 2018 cash and cash equivalents comprised the following:

	30 June 2019	31 December 2018
Banks	9.972.062	2.398.668
-Demand deposits	1.391.615	77.206
-Time deposits	8.580.447	2.321.462
Cheques at collection (*)	1.486.834	92.200
Cash at blockage (**)	22.208.124	20.854.027
	33.667.020	23.344.895

(*) Cheques at collection are composed of the cheques which have not been transferred to the Company's bank deposits accounts as at 30 June 2019 with a maturity date less than 1 day.

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5 CASH AND CASH EQUIVALENTS (CONTINUED)

(**) As at 30 June 2019, cash and cash equivalents consist of cash at blockage amounting to TL 22.208.124 (31 December 2018: TL 20.854.027). TL 1.397.732 portion of cash at blockage consist of Direct Borrowing System (“DBS”) (31 December 2018: TL 1.786.264). On 17 March 2010, the Company has started to use Direct Borrowing System (“DBS”), a method of collection of receivables. In accordance with the arrangements made with various banks, instead of the Company, banks set a credit limit to customers and the collection is performed by the bank. Following the collection, the bank retains the payments received at blockage for one day. As at 30 June 2019 TL 20.810.392 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (31 December 2018: TL 19.067.763).

As at 30 June 2019 and 31 December 2018, demand deposits comprised the following currencies;

	Time Deposits		Demand deposit	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
US Dollars (“USD”)	8.580.447	--	322.545	29.724
TL	--	2.321.462	1.003.563	47.482
European Union Currency (“EUR”)	--	--	65.507	--
	8.580.447	2.321.462	1.391.615	77.206

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 six months period ended 30 June are comprised the followings:

	1 January- 30 June 2019	1 January- 30 June 2018
Cash and cash equivalents	33.667.020	24.984.520
Less: Blockage	(22.208.124)	(21.519.436)
Less: Interest accrual	(1.766)	(42)
	11.457.130	3.465.042

6 FINANCIAL LIABILITIES

As at 30 June 2019 and 31 December 2018 financial liabilities comprised the followings:

	2019	2018
Short term unsecured bank borrowings (*)	67.373.065	51.312.500
Short term portion of long term lease liabilities	4.166.470	1.492.901
Short term financial liabilities	71.539.535	52.805.401
Long term lease liabilities	6.067.748	4.104.643
Long term financial liabilities	6.067.748	4.104.643
Total financial liabilities	77.607.283	56.910.044

(*) As at 30 June 2018, all of the outstanding bank borrowings are denominated in TL and the effective interest rate of bank borrowings is 19,58 percent (2018: 25 percent).

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6 FINANCIAL LIABILITIES (CONTINUED)

For the six month period ended 30 June 2019, cash flows from financial operations comprised the followings:

	1 January 2019	Cash flows	Non-cash transactions	30 June 2019
Bank borrowings	51.312.500	13.687.500	2.373.065	67.373.065
	51.312.500	13.687.500	2.373.065	67.373.065

For the six month period ended 30 June 2018, cash flows from financial operations comprised the followings:

	1 January 2018	Cash flows	Non-cash transactions	30 June 2018
Bank borrowings	49.866.593	40.133.485	3.926.320	93.926.398
	49.866.593	40.133.485	3.926.320	93.926.398

7 TRADE RECEIVABLES AND PAYABLE

Trade receivables

As at 30 June 2019 and 31 December 2018 short-term trade receivables comprised the followings:

	30 June 2019	31 December 2018
Accounts receivable	85.481.711	105.420.533
Cheques receivable	23.169.486	16.136.447
Doubtful receivables	2.177.823	2.107.741
Less: Allowance for doubtful receivables	(2.177.823)	(2.107.741)
	108.651.197	121.556.980

As at 30 June 2019, TL 1.197.930 of accounts receivable comprised of receivable from related parties (31 December 2018: TL 612.490) which disclosed in Note 4 in detail.

Average collection period of trade receivables is 76 days (31 December 2018: 91 days) which may change according to the type of the product and the terms of the agreement with the customer.

As at 30 June 2019 and 31 December 2018 maturity profiles of cheques and cheques receivables are as follows:

	30 June 2019	31 December 2018
0 -30 days	1.601.553	4.597.053
31 -60 days	11.876.889	4.476.221
61 -90 days	4.754.556	2.803.903
91 days and over	4.936.488	4.259.270
	23.169.486	16.136.447

For the six months period ended, 30 June the movement of allowance for doubtful receivables comprised the followings:

	1 January- 30 June 2019	1 January- 30 June 2018
Balance as at 1 January	2.107.741	1.816.440
Provision for the year	70.082	71.696
Adjustment on initial application of TFRS 9 (*)	--	111.691
Write offs	--	(29.729)
Closing balance as at 30 June	2.177.823	1.970.098

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7 TRADE RECEIVABLES AND PAYABLE (CONTINUED)

(*) The Company has initially applied TFRS 9 at 1 January 2018 under the transition method chosen, comparative information is not restated.

Trade Payables

As at 30 June 2019, trade payables amount to TL 78.168.277 (31 December 2018: TL 84.340.724) arising from accounts payable to various suppliers and average payment term is 90 days (31 December 2018: 82 days).

As at 30 June 2019, TL 1.583.318 of trade payables comprised due to related parties (31 December 2018: TL 2.242.184) which disclosed in Note 4 in detail.

8 DEFERRED INCOME

As at 30 June 2019 and 31 December 2018, deferred income comprised the following:

	30 June 2019	31 December 2018
Advances received from customers	28.320.629	11.555.329
	28.320.629	11.555.329

9 INVENTORIES

As at 30 June 2019 and 31 December 2018, inventories comprised the following:

	30 June 2019	31 December 2018
Raw materials and supplies	49.075.839	44.053.389
Finished goods	23.885.413	24.298.137
Trading goods	227.272	240.070
	73.188.524	68.591.596

Inventories are accounted at cost. As at 30 June 2019 and 31 December 2018, there is no allowance for impairment on inventories since the cost of inventories are lower than their net realizable value.

10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of property, plant and equipment and intangible assets purchased during the six months period ended 30 June 2019 is TL 14.184.391 (30 June 2018: TL 3.830.139), and right of use asset is amounting to TL 6.263.868 (30 June 2018: None).

During the current period, transfer amount to property, plant and equipment from construction in progress is amounting to TL 26.697.264 (30 June 2018 :TL 5.570.059).

The amount of property, plant and equipment and intangible assets sold during the six month period ended 30 June 2019 is TL 56.465 (30 June 2018: TL 16.005).

For the six month period ended 30 June 2018, depreciation and amortisation expenses amounting to TL 6.872.856 (30 June 2018: TL 6.619.264) has been recognised under cost of sales, TL 2.232.027 (30 June 2018: TL 421.120) has been recognised under administrative expenses, TL 809.183 (30 June 2018: TL 440.041) has been capitalised on stocks.

As at 30 June 2019, property and equipment were insured amounting to TL 579.406.302 against earthquake, fire, flood and similar disasters (31 December 2018: TL 551.801.218).

As at 30 June 2019 and 31 December 2018, there are no assets pledged as collateral.

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11 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2019 and 31 December 2018, guarantees, pledges or mortgages (GPM) given are as follows:

	30 June 2019	31 December 2018
A. Commitments given in the name of own legal Entity	19.666.820	16.552.191
B. Commitments given in favor of full consolidated Subsidiaries	--	--
C. Commitments given to guarantee the debts of third parties to continue their operations	--	--
D. Other commitments given;	--	--
- in favor of parent company	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
- in favor of third parties other than mentioned in bullets C	--	--
Total	19.666.820	16.552.191

As at 30 June 2019 and 31 December 2018, the Company has letter of guarantees obtained from banks and given to Custom Offices, foreign and domestic suppliers and to banks and notes given as collaterals. As at 30 June 2019, the ratio of other GPM's given by the Company to the Company's own funds is 0 percent (31 December 2018: 0 percent).

12 EQUITY

Paid-in-Capital / Inflation Adjustment on Capital

As at 30 June 2019, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (31 December 2018: 2.453.414.335 shares) of kr 1 each (31 December 2018: kr 1). There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	30 June 2019		31 December 2018	
	Ownership Interest	Shares (%)	Ownership Interest	Shares (%)
İzocam Holding	15.004.304	61,16	15.004.304	61,16
İzocam Holding (Publicly traded)	8.320.173	33,91	8.320.173	33,91
Other (Publicly traded)	1.209.666	4,93	1.209.666	4,93
	24.534.143	100,00	24.534.143	100,00
Adjustment on capital	25.856.460		25.856.460	
	50.390.603		50.390.603	

Adjustment represents the impact of cash additions into paid-in capital due to the change in the purchasing power of TL compared to 31 December 2004. As at 30 June 2019, adjustment on capital amounting to TL 25.856.460 consist of capital adjustment differences arising from the restatement of the Company's capital amount and which have not been offset against the accumulated losses or have not been included in the capital (31 December 2018: TL 25.856.460). The Company acknowledged registered capital system under the provisions of Law No. 6362 and adopted the system with the permit of CMB dated 28 September 1984 numbered 291. Authorized capital of the Company is TL 60.000.000 TL and comprises of 6.000.000.000 shares issued of kr 1 each. As at 30 June 2019, the Company does not have any unpaid share capital.

According to the General Assembly Meeting held on 13 June 2019, it was decided by majority of votes to delist the Company shares from the stock market. In this respect, İzocam Holding, the main shareholder, applied on 18 June 2019 in order to request the approval of the information form for the compulsory share purchase offer of 120.966.651 publicly traded shares, corresponding to the remaining 4.93 percent of İzocam's capital and nominal value of TL 1.209.667.

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13 REVENUE AND COST OF SALES

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

	1 January– 30 June 2019	1 April – 30 June 2019	1 January – 30 June 2018	1 April – 30 June 2018
Domestic sales	178.699.619	96.439.058	215.916.923	111.245.005
Export sales	51.164.075	28.246.628	51.586.673	22.824.824
Other	8.159.332	4.162.265	12.237.150	5.755.068
Gross sales	238.023.026	128.847.951	279.740.746	139.824.897
Less: Sales returns and discounts	(15.020.180)	(7.379.471)	(17.136.858)	(8.314.170)
Net sales	223.002.846	121.468.480	262.603.888	131.510.727
Less: Cost of sales	(195.595.843)	(103.482.104)	(209.725.972)	(106.824.190)
Gross profit	27.407.003	17.986.376	52.877.916	24.686.537

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

	1 January– 30 June 2019	1 April – 30 June 2019	1 January– 30 June 2018	1 April – 30 June 2018
Raw materials and consumables	172.391.235	95.466.543	188.481.388	95.003.889
Personnel	16.757.274	9.919.220	16.042.513	8.319.810
Depreciation and amortisation	6.872.856	3.984.611	6.619.264	3.673.393
Changes in inventory	(425.522)	(5.888.270)	(1.417.193)	(172.902)
	195.595.843	103.482.104	209.725.972	106.824.190

14 EXPENSES BY NATURE

a) Marketing, selling and distribution expenses

For the six months periods ended 30 June, marketing expenses comprised the following:

	1 January– 30 June 2019	1 April – 30 June 2019	1 January – 30 June 2018	1 April – 30 June 2018
Freight and insurance	9.312.247	4.702.197	13.763.774	6.588.086
Personnel	6.287.208	2.983.243	5.546.347	2.975.138
Storage	2.541.889	1.273.208	2.251.033	1.154.355
Licenses	2.232.174	1.108.323	2.347.440	1.002.687
Dealers and meeting expenditures	1.143.000	571.500	1.500.000	750.000
Advertisement	708.000	353.691	795.475	414.475
Transportation	460.556	224.171	469.036	256.205
Rent	--	--	336.961	186.071
Others	1.018.240	508.537	1.123.741	538.557
	23.703.314	11.724.870	28.133.807	13.865.574

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14 EXPENSES BY NATURE (CONTINUED)

b) Administrative expense

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

	1 January – 30 June 2019	1 April – 30 June 2019	1 January – 30 June 2018	1 April – 30 June 2018
Personnel	9.455.369	4.777.444	7.249.765	3.701.924
Depreciation and amortisation	2.232.027	1.270.106	421.120	214.281
Information technologies	658.304	356.466	381.810	199.208
Legal	413.456	197.016	202.456	101.447
Transportation	335.236	144.163	448.468	240.591
Dues	302.507	121.771	259.132	138.236
Consultancy	164.287	164.287	107.540	91.879
Duties, taxes and levies	156.981	90.551	61.560	15.877
Representation	87.618	33.338	102.012	42.056
Travel	80.425	40.159	211.825	130.055
Stationery	42.340	42.340	50.954	20.162
Rent	--	--	259.007	143.924
Other	1.195.968	659.256	862.340	327.079
	15.124.518	7.896.897	10.617.989	5.366.719

15 INCOME TAX

As at 30 June 2019 and 31 December 2018, total tax liability comprised the following:

	30 June 2019	31 December 2018
Prepaid taxes	(155.483)	(6.376.553)
Corporate tax provision	--	6.266.041
Current tax liability	(155.483)	(110.512)

Deferred tax asset and liability movements for six months period ended 30 June 2019 and 2018, are as follows:

	1 January – 30 June 2019	1 January – 30 June 2018
Opening balance as at 1 January	2.113.410	731.591
Adjustment on initial application of TFRS 9 (*)	--	24.572
Deferred tax in other comprehensive income	364.185	166.780
Deferred tax benefit (expense)	3.058.770	(21.238)
Closing balance as at 30 June	5.536.365	901.705

(*) The company has initially applied TFRS 9 at 1 January 2018 under the transition method chosen, comparative information is not restated.

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

	1 January – 30 June 2019	1 April – 30 June 2019	1 January – 30 June 2018	1 April – 30 June 2018
Deferred tax benefit (expense)	3.058.770	994.756	(21.238)	149.926
Current tax expense	--	--	(3.406.934)	(1.699.579)
	3.058.770	994.756	(3.428.172)	(1.549.653)

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15 INCOME TAX (CONTINUED)

Deferred tax assets and deferred tax liabilities as at 30 June 2019, were attributable to the items detailed in the table below:

	30 June 2019	
	Deferred Tax Assets/(Liabilities)	Deferred Tax Assets/(Liabilities)
Tax losses carried forward	14.174.022	3.118.285
Employee severance indemnity	14.457.847	2.891.569
Vacation pay liability	3.480.376	696.075
Interest expense accrual	1.711.802	376.596
Amortization and depreciation of tangible and intangible assets	(14.510.187)	(2.902.037)
Others	6.163.075	1.355.877
Deferred tax asset /(liability), net		5.536.365

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Accordingly, the expiration date of carry forward tax loss is 2023. The management of the Company considered that it is probable that there will be sufficient taxable profit in the future due to the expected operational performance in the following years. Than deferred tax asset amounting to TL 3.118.285 (31 December 2018: None) booked in the financial statements.

Expiration dates of carry forward tax losses as at 30 June 2019 is as follows:

	30 June 2019
2023	14.174.022
	14.174.022

Deferred tax assets and deferred tax liabilities as at 31 December 2018, were attributable to the items detailed in the table below:

	31 December 2018	
	Temporary Differences	Deferred Tax Assets/(Liabilities)
Employee severance indemnity	12.522.401	2.504.480
Vacation pay liability	3.202.765	640.553
Interest expense accrual	1.935.354	425.778
Amortization and depreciation of tangible and intangible assets	(14.577.863)	(2.915.573)
Others	6.628.054	1.458.172
Deferred tax asset/(liability), net		2.113.410

Taxes recognised in other comprehensive income:

	1 January – 30 June 2019	1 April – 30 June 2019	1 January – –30 June 2018	1 April – 30 June 2018
Tax effect of re-measurement loss on defined benefit plans	364.185	(139.450)	166.780	(21.563)
	364.185	(139.450)	166.780	(21.563)

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16 EARNING PER SHARE

(Loss)/ earnings per share is computed by dividing the net loss for the six month period ended 30 June 2019 amounting to TL 10.522.289 (30 June 2018: TL 9.023.595 net profit) to the weighted average of the shares during these periods.

	1 January– 30 June 2019	1 April – 30 June 2019	1 January – 30 June 2018	1 April – 30 June 2018
Earnings per share				
Net profit	(10.589.277)	(3.024.641)	9.023.595	4.225.815
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335	2.453.414.335	2.453.414.335
Basic Earnings per share (Kr per share)	<i>(0,004)</i>	<i>(0,001)</i>	<i>0,004</i>	<i>0,001</i>
Diluted Earnings per share (Kr per share)	<i>(0,004)</i>	<i>(0,001)</i>	<i>0,004</i>	<i>0,001</i>

17 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Currency risk

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

Foreign currency risk is the risk arisen from the value change of any financial instrument based on currency. For the exchange rate risk, the management of the Company strictly follows up stabilizing foreign exchange position. The main currencies used are USD and Euro.

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

Currency risk (continued)

As at 30 June 2019 and 31 December 2018, net position of the Company is resulted from foreign currency assets and liabilities:

	Currency Position					
	30 June 2019			31 December 2018		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	45.201.435	7.214.317	562.126	35.105.941	6.070.184	526.096
2a. Monetary financial assets	9.172.480	1.582.418	10.000	29.724	5.650	--
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
4. Current Assets (1+2+3)	54.373.915	8.796.735	572.126	35.135.665	6.075.834	526.096
5. Trade receivables	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--
7. Other	--	--	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--	--	--
9. Total Assets (4+9)	54.373.915	8.796.735	572.126	35.135.665	6.075.834	526.096
10. Trade payables	41.280.925	6.009.186	1.022.404	39.263.089	4.820.073	2.306.763
11. Financial liabilities	--	--	--	--	--	--
12a. Monetary financial liabilities	763.115	72.326	52.952	351.904	66.716	152
12b. Non-monetary financial liabilities	--	--	--	--	--	--
13. Short Term Liabilities (10+11+12)	42.044.040	6.081.511	1.075.356	39.614.993	4.886.789	2.306.915
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	--	--	--	--	--	--
16a. Monetary financial liabilities	--	--	--	--	--	--
16b. Non-monetary financial liabilities	--	--	--	--	--	--
17. Long Term Liabilities (14+15+16)	--	--	--	--	--	--
18. Total Liabilities (13+17)	42.044.040	6.081.511	1.075.356	39.614.993	4.886.789	2.306.915
19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)	40.098.566	5.934.459	907.562	13.143.940	1.648.037	742.167
19a. Off-balance sheet foreign currency derivative assets	40.098.566	5.934.459	907.562	13.143.940	1.648.037	742.167
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--	--	--	--
20. Net foreign currency asset (liability) position (9-18+19)	52.428.441	8.649.682	404.332	8.664.612	2.837.082	(1.038.652)
21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	12.329.875	2.715.223	(503.230)	(4.479.328)	1.189.045	(1.780.819)
22. Total fair value of financial instruments used for currency swap	(2.373.065)	(409.838)	(2.199)	(1.623.295)	(261.700)	(41.157)
23. Hedged amount of foreign denominated assets	--	--	--	--	--	--
24. Hedged amount of foreign denominated liabilities	--	--	--	--	--	--

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

Currency risk (continued)

As at 30 June 2019 and 31 December 2018 currency sensitivity analysis is as follows:

	Foreign Currency Sensitivity Analysis Table			
	30 June 2019		31 December 2018	
	Profit / (Loss)		Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset / (liability)	4.977.978	(4.977.978)	1.492.561	(1.492.561)
2- Part of hedged from US Dollar risk (-)	--	--	--	--
3- Net US Dollar effect (1+2)	4.868.387	(4.977.978)	1.492.561	(1.492.561)
Assumption of devaluation/appreciation by 10% of EUR against TL				
4- Net EUR asset / (liability)	264.866	(264.866)	(626.100)	626.100
5- Part of hedged from EUR risk (-)	--	--	--	--
6- Net EUR effect (4+5)	264.866	(264.866)	(626.100)	626.100
TOTAL (3+6)	5.242.844	(5.242.844)	866.461	(866.461)

For the six month period ended 30 June, total import and export of the Company comprised the following:

	30 June 2019	30 June 2018
Total exports	50.664.688	51.586.673
Total imports	58.659.276	64.679.141

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 3,96 percent (31 December 2018: 4,7 percent) of the Company's revenue is attributable to sales transactions with a single customer. Largest balance of trade receivables is TL 9.517.635 for a single customer (31 December 2018: TL 10.803.888).

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for other customers as at 30 June 2019.

	Weighted-average loss rate %	Gross carrying amount	Loss allowance
Current (not past due)	0,20	88.362.594	178.274
1-60 days past due	0,10	9.912.819	9.864
61-90 days past due	0,13	2.076.077	2.624
91-120 days past due	1,02	2.212.728	22.556
121-150 days past due	0,00	3.894.693	5.960
151-180 days past due	1,81	2.192.286	39.695
		108.651.197	258.973

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

Fair value

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods. Fair values of financial assets and liabilities are estimated to approximate their carrying values since they have short term maturities.

	Financial asset measured at amortized cost	FVTPL Derivative financial instruments	Financial liabilities measured at amortized cost	Carrying amount	Fair value
30 June 2019					
Financial assets					
Cash and cash equivalents	33.667.020	--	--	33.667.020	33.667.020
Trade receivables from third parties	107.453.267	--	--	107.453.267	107.453.267
Trade receivables from related parties	1.197.930	--	--	1.197.930	1.197.930
Other receivables from third parties	4.663	--	--	4.663	4.663
Financial liabilities					
Financial liabilities	--	--	77.607.283	77.607.283	77.607.283
Trade payables to third parties	--	--	76.584.959	76.584.959	76.584.959
Trade payables to related parties	--	--	1.583.318	1.583.318	1.583.318
Other payables to third parties	--	--	16.972	16.972	16.972
Derivative financial liabilities	--	2.373.065	--	2.373.065	2.373.065
31 December 2018					
Financial assets					
Cash and cash equivalents	23.344.895	--	--	23.344.895	23.344.895
Trade receivables from third parties	120.944.490	--	--	120.944.490	120.944.490
Trade receivables from related parties	612.490	--	--	612.490	612.490
Other receivables from third parties	6.063	--	--	6.063	6.063
Financial liabilities					
Financial liabilities	--	--	56.910.044	56.910.044	56.910.044
Trade payables to third parties	--	--	82.098.539	82.098.539	82.098.540
Trade payables to related parties	--	--	2.242.184	2.242.184	2.242.184
Other payables to third parties	--	--	22.264	22.264	22.264
Derivative financial liabilities	--	1.623.295	--	1.623.295	1.623.295

18 SUBSEQUENT EVENTS

None.