

**İzocam Ticaret ve Sanayi
Anonim Şirketi**

Covenience Translation to English of
Condensed Financial Statements
For the Three Months Period Ended
31 March 2017
(Originally issued in Turkish)

This report is 20 pages.
27 April 2017

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İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Financial Position 31 March 2017

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

		Unaudited	Audited
	Notes	31 March 2017	31 December 2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	18.413.492	29.372.628
Trade Receivables	7	95.203.735	108.828.843
<i>From Related Parties</i>	4	170.926	131.702
<i>From Non-Related Parties</i>		95.032.809	108.697.141
Other Receivables		1.033.475	1.365.363
<i>From Non-Related Parties</i>		1.033.475	1.365.363
Inventories	9	47.978.796	35.540.461
Prepaid Expenses		4.026.930	1.088.398
Other Current Assets		6.513.537	2.646.047
TOTAL CURRENT ASSETS		173.169.965	178.841.740
Non-Current Assets			
Other Receivables		13.302	13.302
<i>From Non-Related Parties</i>		13.302	13.302
Property and Equipment	10	110.960.422	104.854.530
Intangible Assets	10	555.399	597.109
-Other		555.399	597.109
Prepaid Expenses		10.639.644	10.197.330
Other Non-Current Assets		17.522	17.523
TOTAL NON-CURRENT ASSETS		122.186.289	115.679.794
TOTAL ASSETS		295.356.254	294.521.534

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Financial Position 31 March 2017 (Continued)

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

		Unaudited	Audited
	Notes	31 March 2017	31 December 2016
LIABILITIES			
Short-Term Liabilities			
Short-Term Loans and Borrowings	6	52.810.457	46.049.226
Trade Payables	7	34.637.737	49.400.919
<i>To Related Parties</i>	4	991.688	993.308
<i>To Non-Related Parties</i>		33.646.049	48.407.611
Payables Related to Employee Benefits		2.725.644	6.440.087
Other Payables		18.916	26.988
<i>To Non-Related Parties</i>		18.916	26.988
Deferred Income	8	28.051.138	17.002.406
Current Tax Liability	15	291.770	1.282.127
Short-term Provisions		400.028	141.084
<i>Other</i>		400.028	141.084
Other Short-Term Liabilities		1.044.075	488.330
TOTAL SHORT-TERM LIABILITIES		119.979.765	120.831.167
Long-Term Liabilities			
Long-term Provisions		12.598.648	12.110.624
<i>For Employee Benefits</i>		12.598.648	12.110.624
Deferred Tax Liability	15	314.408	229.418
TOTAL LONG-TERM LIABILITIES		12.913.056	12.340.042
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		(4.538.929)	(4.071.201)
<i>Actuarial Losses from Defined Pension Plans</i>		(4.538.929)	(4.071.201)
Restricted Profit Reserves		42.711.837	42.711.837
Retained Earnings		72.317.994	51.375.439
Net Profit for the Period		1.580.836	20.942.555
TOTAL EQUITY		162.463.433	161.350.325
TOTAL LIABILITIES		295.356.254	294.521.534

İzocam Ticaret ve Sanayi Anonim Şirketi
Condensed Profit or Loss and Other Comprehensive Income
For The Three Months Period Ended 31 March 2017

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

		Unaudited	Unaudited
	Notes	1 January 2017 - 31 March 2017	1 January 2016 - 31 March 2016
PROFIT OR LOSS			
Revenue	13	84.322.668	90.487.499
Cost of Sales (-)	13	(65.401.055)	(70.811.168)
GROSS PROFIT		18.921.613	19.676.331
General Administrative Expenses (-)	14	(4.673.939)	(2.564.737)
Marketing, Sales and Distribution Expenses (-)	14	(11.333.794)	(10.696.364)
Other Operating Income		1.431.195	2.462.719
Other Operating Expenses (-)		(412.568)	(142.287)
OPERATING PROFIT		3.932.507	8.735.662
Finance Income		73.161	48.520
Finance Expenses (-)		(1.923.955)	(3.048.591)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		2.081.713	5.735.591
Tax Benefit Expense of Continuing Operations		(500.877)	(1.133.908)
Current Tax Expense	15	(298.955)	(1.305.275)
Deferred Tax (Expense)/ Benefit	15	(201.922)	171.367
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		1.580.836	4.601.683
PROFIT FOR THE PERIOD		1.580.836	4.601.683
<i>Earnings Per Share</i>			
Earnings Per Share From Continuing Operations	16	0,001	0,002
<i>Diluted Earnings Per Share</i>			
Diluted Earnings Per Share From Continuing Operations	16	0,001	0,002
OTHER COMPREHENSIVE INCOME			
Items Not to Be Classified To Profit Or Loss			
Remeasurement Of Defined Benefit Plans		(584.660)	(1.776.688)
Deferred Tax Effect Of Remeasurement Of Defined Benefit	15	116.932	355.338
OTHER COMPREHENSIVE INCOME		(467.728)	(1.421.350)
TOTAL COMPREHENSIVE INCOME		1.113.108	3.180.333

İzocam Ticaret ve Sanayi Anonim Şirketi
Condensed Changes in Equity
For The Three Months Period Ended 31 March 2017

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

	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Items not to be reclassified to profit or loss	Restricted Profit Reserves	Retained Earnings		Total Equity
				Revaluation and remeasurement gains/(losses)		Net profit for period	Net profit for period	
Balance as at 1 January 2016	24.534.143	25.856.460	1.092	(2.325.609)	41.544.510	37.820.235	27.622.531	155.053.362
Transfers	--	--	--	--	1.167.327	26.455.204	(27.622.531)	--
Dividends	--	--	--	--	--	(12.900.000)	--	(12.900.000)
Total Comprehensive Income	--	--	--	(1.421.350)	--	--	4.601.683	3.180.333
<i>Other Comprehensive Income</i>	--	--	--	<i>(1.421.350)</i>	--	--	--	<i>(1.421.350)</i>
<i>Net Profit for The Period</i>	--	--	--	--	--	--	<i>4.601.683</i>	<i>4.601.683</i>
Balance as at 31 March 2016	24.534.143	25.856.460	1.092	(3.746.959)	42.711.837	51.375.439	4.601.683	145.333.695
Balance as at 1 January 2017	24.534.143	25.856.460	1.092	(4.071.201)	42.711.837	51.375.439	20.942.555	161.350.325
Transfers	--	--	--	--	--	20.942.555	(20.942.555)	--
Total Comprehensive Income	--	--	--	(467.728)	--	--	1.580.836	1.113.108
<i>Other Comprehensive Income</i>	--	--	--	<i>(467.728)</i>	--	--	--	<i>(467.728)</i>
<i>Net Profit for The Period</i>	--	--	--	--	--	--	<i>1.580.836</i>	<i>1.580.836</i>
Balance as at 31 March 2017	24.534.143	25.856.460	1.092	(4.538.929)	42.711.837	72.317.994	1.580.836	162.463.433

İzocam Ticaret ve Sanayi Anonim Şirketi

Condensed Cash Flows

For The Three Months Period Ended 31 March 2017

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

	Not	Unaudited 1 January – 31 March 2017	Unaudited 1 January – 31 March 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		(10.579.672)	(19.564.547)
Net Profit For The Period		1.580.836	4.601.683
Adjustments for reconciliation of profit for the period		1.624.091	6.918.937
Adjustment for depreciation and amortization	10	2.149.560	2.228.305
Adjustment for provision for employee termination benefits		248.139	195.186
Adjustment for provision for unused vacation pay liability		(108.243)	484.480
Adjustment for provision of doubtful receivables, net	7	5.613	(20.403)
Adjustment for provisions		258.944	1.123.614
Adjustment for interest and foreign exchange expense		2.147.599	3.054.584
Adjustment for interest and foreign exchange income		(1.392.749)	(1.347.418)
Adjustment for increase on blockage accounts		(2.215.721)	62.277
Adjustment for tax expense	15	500.877	1.133.908
Adjustment for sale of property, plant and equipment		30.072	4.404
Changes in working capital		(12.035.111)	(29.376.815)
Adjustments for increase in inventory		(11.856.939)	(13.383.652)
Adjustments for decrease in trade and other receivables		13.951.383	8.056.896
Adjustments for decrease in trade and other payables		(14.771.254)	(8.996.037)
Adjustments for increase/ (decrease) in deferred revenue		11.048.732	(4.754.419)
Adjustments for increase in prepaid expenses		(3.380.846)	(2.191.132)
Adjustments for increase in payables related to employee benefits		(3.714.443)	(4.077.524)
Adjustments for increase/ decrease in other current and non-current assets and liabilities		(3.311.744)	(4.030.947)
Taxes paid		(1.289.312)	(1.543.791)
Employee benefit indemnity paid		(460.176)	(164.561)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(8.825.210)	(4.148.100)
Purchase of property and equipment	10	(8.825.210)	(4.213.336)
Proceeds from sale of property and equipment		--	65.236
C. CASH FLOWS FROM FINANCING ACTIVITIES		6.231.145	44.066.755
Increase/(decrease) in bank borrowings and other financial liabilities, net		6.761.231	57.977.806
Interest paid		(1.923.955)	(2.355.740)
Dividends paid		--	(12.900.000)
Interest received		1.393.869	1.344.689
Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)		(13.173.737)	20.354.108
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	5	20.186.459	829.002
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)	5	7.012.722	21.183.110

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Financial Statements

For The Three-Months Period Ended 31 March 2017

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

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

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

As at 31 March 2017, İzocam Holding Anonim Şirketi’s (“İzocam Holding”) share in the Company is to 95,07 percent through acquisition of 1.501.330.396 shares not listed in Borsa İstanbul Anonim Şirketi (“BİST”) from Koç Group on 29 November 2006 and on 10 July 2007 representing 61,16 percent of paid-in capital of İzocam together with the collection of 831.117.304 shares traded on BİST which represents 33,91 percent of paid-in capital of İzocam. İzocam Holding is a joint venture of Compagnie de Saint Gobain Group and Alghanim Group by with an equal ownership of 50 percent by both parties.

The Company conducts a portion of its operations with related parties of Saint Gobain Group and Alghanim Group companies. The Company has related parties acting as both customers and suppliers (Note 4). The Company is registered at Capital Market Board of Turkey (“CMB”) and its shares are listed in BİST since 15 April 1981. As at 31 March 2017, 38,84percent of the shares are publicly traded at BİST (31 December 2016: 38,84 %).

As of 31 March 2017, total number of employees of the Company is an average basis 445 (31 December 2016: 445) including 208 white collar employees (31 December 2016: 212) and 237 blue collar employees (31 December 2016: 233).

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation of Financial Statements

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

For the three months period ended 31 March 2017, 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 2016.

The Company’s statement of financial position as at 31 March 2017 and statement of profit or loss and other comprehensive income for the three months period ended was authorized for issue by the Board of Directors of the Company on 27 April 2017.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Financial Statements

For The Three-Months Period Ended 31 March 2017

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Presentation (continued)

2.1.1 Preparation of Financial Statements (continued)

Functional and Reporting Currency

These 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.

Adjustment of Financial Statements in Hyperinflationary Periods

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

2.2 Standards and interpretations issued but not yet effective as at 31 March 2017

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 9 Financial Instruments (2017 version)

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

TFRS 15 Revenue from Contracts with Customers

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

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes to The Condensed Financial Statements

For The Three-Months Period Ended 31 March 2017

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Standards and interpretations issued but not yet effective as at 31 March 2017 (continued)

Standards issued but not yet effective and not early adopted (continued)

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendments clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

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

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

İzocam Ticaret ve Sanayi Anonim Şirketi
Notes to The Condensed Financial Statements
For The Three-Months Period Ended 31 March 2017

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Standards and interpretations issued but not yet effective as at 31 March 2017 (continued)

Standards issued but not yet effective and not early adopted (continued)

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

IAS 40 – Transfers of Investment Property

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

Improvements to IFRSs

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

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 1 “First Time Adoption of International Financial Reporting Standards”

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

IFRS 12 “Disclosure of Interests in Other Entities”

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

IAS 28 “Investments in Associates and Joint Ventures”

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

İzocam Ticaret ve Sanayi Anonim Şirketi
Notes to The Condensed Financial Statements
For The Three-Months Period Ended 31 March 2017

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

3 SEASONAL CHANGE IN THE OPERATIONS

The operations of the Company do not significantly change according to seasons.

4 RELATED PARTIES

Due from related parties

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

	31 March 2017	31 December 2016
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret Anonim Şirketi ("Saint-Gobain Weber") (*)	72.176	78.873
Saint-Gobain Adfors CZ S.R.O. (*)	40.119	31.728
Kuwait Insulating Material MFG CO. (*)	23.570	--
Saint-Gobain Isover Iberica S.L. (*)	15.706	15.706
Saint-Gobain Ppc Italia S.P.A.(*)	13.673	--
Saint-Gobain Isover SA	5.682	5.395
	170.926	131.702

(*) Companies controlled by the ventures of İzocam Holding.

Due to related parties

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

	31 March 2017	31 December 2016
Saint Gobain Isover SA (*)	423.922	195.043
Grunzweig Hartman AG (*)	412.377	216.186
Saint Gobain Adfors CZ Glass Mat S.R.O.(*)	119.172	375.533
Saint Gobain Rigips Alçı Sanayi ve Ticaret Anonim Şirketi ("Saint Gobain Rigips ") (*)	36.217	206.546
	991.688	993.308

(*) Companies controlled by the ventures of İzocam Holding.

İzocam Ticaret ve Sanayi Anonim Şirketi
Notes to The Condensed Financial Statements
For The Three-Months Period Ended 31 March 2017

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

4 RELATED PARTIES (CONTINUED)

Sales to related parties

For the three- months period ended 31 March 2017 and 2016 significant sales transactions to related parties comprised the following:

	1 January – 31 March 2017	1 January – 31 March 2016
Saint-Gobain Weber (*)	51.076	31.008
Saint Gobain Rigips (*)	43.632	35.882
Kuwait Insulating Material MFG CO. (*)	23.570	--
Saint-Gobain Ppc Italia S.P.A.	13.673	9.544
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret Anonim Şirketi (*)	--	317
	131.951	76.751

(*) Companies controlled by the ventures of İzocam Holding.

Purchases from related parties

For the three- months period ended 31 March 2017 and 2016 significant purchase transactions to related parties comprised the following:

	1 January – 31 March 2017	1 January – 31 March 2016
Saint Gobain Adfors CZ Glass Mat S.R.O.	652.254	312.364
Saint Gobain İsover SA (*)	471.025	381.636
Grunzweig Hartman AG (*)	458.196	426.504
Saint-Gobain Rigips (*)	97.905	136.937
Saint Gobain Glass (Romania)	18.613	--
Saint-Gobain Weber (*)	10.588	--
Saint Gobain Ppc İtalia S.P.A.	--	29.698
Kuwait Insulating Material Mfg. Co. (**)	--	17.351
Saint Gobain Recherche	--	15.484
	1.708.581	1.319.974

(*) Companies controlled by the ventures of İzocam Holding.

Remunerations to the top management

For the three- months period ended 31 March 2017 and 2016 remunerations to the top management comprised the following:

	1 January – 31 March 2017	1 January – 31 March 2016
Short Term Benefits (Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	1.050.030	656.507
Long term benefits (Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	454.501	896.358
Total	1.504.531	1.552.865

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5 CASH AND CASH EQUIVALENTS

As at 31 March 2017 and 31 December 2016 cash and cash equivalents comprised the following:

	31 March 2017	31 December 2016
Banks	6.720.484	19.697.146
-Demand Deposits	897.061	145.827
-Time Deposits	5.823.423	19.551.319
Cash at blockage (*)	11.397.086	9.181.365
Cheques at collection (**)	295.922	494.117
	18.413.492	29.372.628

(*) As of 31 March 2017, cash and cash equivalents consist of cash at blockage amounting to TL 11.397.086 (31 December, 2016: TL 9.181.365). TL 3.207.364 portion of cash at blockage consist of Direct Borrowing System (“DBS”) (31 December, 2016: TL 1.390.337). At March 17 2010, the Company has started to use Direct Borrowing System (“DBS”), a new method of collection of receivables. In accordance with the arrangements made with various banks, instead of the Company, banks set a credit limit to customers and the collection is performed by the bank. Following the collection, the bank retains the payments received at blockage for one day. As at 31 March, 2017 TL 8.189.722 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (31 December 2016: TL 7.791.028).

(**) Cheques in collection are composed of the cheques which have not been transferred to the company’s bank deposits accounts as at 31 March, 2017 with a maturity date less than 1 day or before 31 March 2017.

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

	Time Deposits		Demand deposit	
	31 March 2017	31 December 2016	31 March 2017	31 Aralık 2016
US Dollars (“USD”)	1.475.489	1.640.043	15.087	--
European Union Currency (“EUR”)	119.287	371.472	--	--
TL	4.228.647	17.539.804	881.974	145.827
	5.823.423	19.551.319	897.061	145.827

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 period ended 31 March 2017 and 31 March 2016 are comprised the followings:

	1 January – 31 March 2017	1 January – 31 March 2016
Cash and cash equivalents	18.413.492	28.844.735
Less: Blockage	(11.397.086)	(7.658.894)
Less: Interest accrual	(3.684)	(2.731)
	7.012.722	21.183.110

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6 FINANCIAL LIABILITIES

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

	31 March 2017	31 December 2016
Bank Borrowings (*)	47.136.881	41.122.201
<i>TL</i>	47.136.881	41.122.201
Factoring Loans (**)	5.673.576	4.927.025
<i>USD</i>	5.673.576	4.927.025
	52.810.457	46.049.226

(*) Factoring loan agreements are performed as revocable by which the Company undertakes the collection risk and related receivables are shown in gross on the statement of financial condition.

7 TRADE RECEIVABLES AND PAYABLE

Trade receivables

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

	31 March 2017	31 December 2016
Accounts receivable	83.407.214	94.919.174
Notes receivable	11.796.521	13.909.669
Doubtful receivables	1.765.421	1.759.808
Less: Allowance for doubtful receivables	(1.765.421)	(1.759.808)
	95.203.735	108.828.843

As at 31 March 2017, TL 170.926 of accounts receivable comprised due from related parties (31 December 2016: TL 131.702) which disclosed in Note 4 in detail.

Average collection period of trade receivables is 98 days (December 31, 2016: 100 days) which may change according to the type of the product and the terms of the agreement with the customer.

For the period ended, 31 March 2017 and 2016 the movement of allowance for doubtful receivables comprised the followings:

	1 January – 31 March 2017	1 January – 31 March 2016
January 1, opening balance	1.759.808	1.526.181
Provision for the year	5.613	--
Write offs	--	(20.403)
March 31, closing balance	1.765.421	1.505.778

Trade Payables

As at 31 March 2017, trade payables amount to TL 34.637.737 (31 December 2016: TL 49.400.919) arising from accounts payable to various suppliers and average payment term is 67 days (December 31, 2016: 54 days).

As at 31 March 2017, TL 991.688 of trade payables comprised due to related parties (31 December 2016: TL 993.308) which disclosed in Note 4 in detail.

8 DEFERRED INCOME

As of 31 March 2017, current deferred income amounting to TL 28.051.138 consists of advances taken (31 December 2016: TL 17.002.406).

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9 INVENTORIES

As at 31 March 2017, and 31 December 2016 inventories comprised the following:

	31 March 2017	31 December 2016
Raw materials and supplies	33.180.372	24.289.805
Finished goods	14.347.103	10.828.042
Trading goods	451.321	422.614
	47.978.796	35.540.461

Inventories are accounted at cost. As at 31 March 2017 and 31 December 2016, there is no allowance for impairment on inventories since the cost of inventories are lower than their net realizable value.

10 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the period ended 31 March 2017 is TL 8.825.210 (31 March 2016 – TL 4.213.336).

The amount of tangible and intangible assets sold during the period ended 31 March 2017 is TL 30.072 (31 March 2016 – TL 4.404).

For the period ended 31 March 2017, depreciation expenses amounting to TL 2.014.773 (31 March 2016: TL 2.128.880) has been recognized under cost of sales, TL 134.787 (31 March 2016: TL 99.425) has been included under administrative expenses, TL 581.396 (31 March 2016: TL 464.000) has been capitalized on stocks.

As at 31 March 2017, the amount of tangible and intangible assets with zero net book value which are still in use and kept in the accounting records is TL 164.800.441 (31 December 2016: TL 155.711.285).

As of 31 March 2017 and 31 December 2016, there are no assets pledged as collateral.

11 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

According to the decision of CMB on 9 September 2009 related to the commitments of publicly owned companies given to the guarantee 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 Public Disclosure Platform, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments have already been given it will be reduced to until December 31, 2016.

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11 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

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

	31 March 2017	31 December 2016
A. Commitments given in the name of own legal Entity	12.688.558	14.950.898
B. Commitments given in favor of full consolidated Subsidiaries	--	--
C. Commitments given to guarantee the debts of third parties to continue their operations	--	--
D. Other commitments given;	--	--
- in favor of parent company	--	--
- in favor of group companies other than mentioned in bullets B and C	--	--
- in favor of third parties other than mentioned in bullets C	--	--
Total	12.688.558	14.950.898

As of 31 March 2017 and 31 December 2016 the Company has letter of guarantees obtained from banks and given to Custom Offices, foreign and domestic suppliers and to banks and notes given as collaterals.

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

	31 March 2017	31 December 2016
1. year	564.765	714.794
2. year	564.765	536.095
Total	1.129.530	1.250.889

12 EQUITY

Paid-in-Capital / Inflation Adjustment on Capital

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

	31 March 2017		31 December 2016	
	Ownership Interest	Shares (%)	Ownership Interest	Shares (%)
İzocam Holding	15.004.304	61,16	15.004.304	61,16
İzocam Holding (Publicly traded)	8.320.173	33,91	8.320.173	33,91
Other (Publicly traded)	1.209.666	4,93	1.209.666	4,93
	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 December 31, 2004.

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13 REVENUE AND COST OF SALES

For the periods ended March 31, revenue and cost of sales comprised the following :

	1 January -31 March 2017	1 January -31 March 2016
Domestic sales	65.564.238	75.873.810
Export sales	21.141.103	16.387.611
Other	3.397.764	3.054.039
Gross sales	90.103.105	95.315.460
Less: Sales returns and discounts	(5.780.437)	(4.827.961)
Net sales	84.322.668	90.487.499
Less: Cost of sales	(65.401.055)	(70.811.168)
Gross profit	18.921.613	19.676.331

For the periods ended 31 March, the nature of the cost of sales comprised the following:

	1 January -31 March 2017	1 January -31 March 2016
Raw materials and consumables	61.621.409	67.500.446
Personnel	5.312.641	5.789.023
Depreciation	2.014.773	2.128.880
Changes in inventory	(3.547.768)	(4.607.181)
Cost of Sales	65.401.055	70.811.168

14 EXPENSES BY NATURE

a) Marketing, sales and distribution expenses

For the periods ended 31 March, marketing expenses comprised the following:

	1 January -31 March 2017	1 January -31 March 2016
Freight and insurance	3.911.330	3.715.459
Personnel	2.586.777	2.132.011
Storage	1.355.953	1.554.427
Licenses	929.221	948.788
Dealers and meeting expenditures	765.000	717.000
Advertisement	433.200	372.048
Rent	247.093	209.643
Sales Commission	186.133	235.125
Transportation	188.091	167.776
Other	730.996	644.087
	11.333.794	10.696.364

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14 EXPENSES BY NATURE (CONTINUED)

b) Administrative expense

For the periods ended 31 March administrative expenses comprised the following :

	1 January -31 March 2017	1 January -31 March 2016
Personnel	3.144.288	1.255.352
Rent	274.439	205.611
Information technologies	161.186	112.064
Transportation	143.222	127.837
Dues	134.968	93.365
Depreciation and amortization	134.787	99.425
Legal	58.311	39.739
Consultancy	55.583	82.098
Duties, taxes and levies	50.303	96.628
Representation	41.398	30.407
Travel	39.914	51.283
Office supplies	36.343	39.759
Other	399.197	331.169
	4.673.939	2.564.737

15 INCOME TAX

As at 31 March 2017 and 31 December 2016 total tax liability comprised the following :

	31 March 2017	31 December 2016
Corporate tax provision	298.955	5.124.537
Prepaid taxes	(7.185)	(3.842.410)
Current tax liability	291.770	1.282.127

Deferred tax asset and liability movements as of 31 March 2017 and 2016 are as follows:

	1 January -31 March 2017	1 January -31 March 2016
January 1, opening balance	(229.418)	(409.005)
Deferred tax in other comprehensive income	116.932	355.338
Deferred tax (income)/expense	(201.922)	171.367
March 31, closing balance	(314.408)	117.700

For the periods ended 31 March 2017 and 2016, taxation charge in the profit or loss comprised the following:

	1 January -31 March 2017	1 January -31 31 Mart 2016
Current tax expense	(298.955)	(1.305.275)
Deferred tax expense	(201.922)	171.367
	(500.877)	(1.133.908)

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15 INCOME TAX (CONTINUED)

Taxes recognized in other comprehensive income:

	1 January – 31 March 2017	1 January – 31 March 2016
Tax effect of re-measurement loss on defined benefit plans	116.932	355.338
Tax income recognized in other comprehensive income	116.932	355.338

16 EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended 31 March 2017 amounting to; TL 1.580.836 (31 March 2016: TL 4.601.683) to the weighted average of the shares during these periods.

	1 January – 31 March 2017	1 January – 31 March 2016
Earnings per share		
Net Profit	1.580.836	4.601.683
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335
Basic Earnings per share (Kr per share)	0,001	0,002
Diluted Earnings per share (Kr per share)	0,001	0,002

17 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Currency risk

The Company is exposed to currency risk due to its export transactions and borrowings in foreign currency. These transactions are held in USD, Euro. The Company began to utilize factoring transactions in order to hedge foreign currency risk on its exports since January 26, 2010. Thus, the Company collects foreign denominated receivables in TL prior to maturity.

Foreign currency risk is the risk arisen from the value change of any financial instrument based on currency. The Company is exposed to the currency risk due to its net assets, export sales and borrowings in foreign currency. For the exchange rate risk, the management of the Company strictly follows up stabilizing foreign exchange position. The main currencies used are USD and Euro. As at 31 March 2017 and 2016, net position of the Company is resulted from foreign currency assets and liabilities:

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

Currency risk (continued)

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

	Currency Position					
	31 March 2017			31 December 2016		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	12.862.071	2.949.716	544.798	8.796.314	2.014.103	460.466
2a. Monetary financial assets	6.193.563	1.662.331	37.102	2.011.511	466.027	100.129
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
4. Current Assets (1+2+3)	19.055.634	4.612.047	581.900	10.807.825	2.480.130	560.595
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)	19.055.634	4.612.047	581.900	10.807.825	2.480.130	560.595
10. Trade payables	8.038.020	1.543.470	619.694	8.928.391	1.818.975	681.165
11. Financial liabilities	5.673.574	1.559.274	--	4.927.024	1.400.041	--
12a. Monetary financial liabilities	18.193	5.000	--	18.550	--	5.000
12b. Non-monetary financial liabilities	--	--	--	--	--	--
13. Short Term Liabilities (10+11+12)	13.729.787	3.107.744	619.694	13.873.965	3.219.016	686.165
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	--	--	--	--	--	--
16a. Monetary financial liabilities	1.903.281	522.364	668	--	--	--
16b. Non-monetary financial liabilities	--	--	--	--	--	--
17. Long Term Liabilities (14+15+16)	1.903.281	522.364	668	-	--	--
18. Total Liabilities (13+17)	15.633.071	3.630.108	620.362	13.873.965	3.219.016	686.165
19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)	--	--	--	--	--	--
19a. Off-balance sheet foreign currency derivative assets	--	--	--	--	--	--
19b. Off-balance sheet foreign currency derivative liabilities	--	--	--	--	--	--
20. Net foreign currency asset (liability) position (9-18+19)	3.422.563	981.939	(38.462)	(3.066.140)	(738.886)	(125.570)
21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	3.422.563	981.939	(38.462)	(3.066.140)	(738.886)	(125.570)
22. Total fair value of financial instruments used for currency swap	--	--	--	--	--	--
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 31 March 2017 and 31 December 2016 currency sensitivity analysis is as follows:

	Foreign Currency Sensitivity Analysis Table			
	31 March 2017		31 December 2016	
	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)	357.288	(357.288)	(260.029)	260.029
2- Part of hedged from US Dollar risk (-)	--	--	--	--
3- Net US Dollar effect (1+2)	357.288	(357.288)	(260.029)	260.029
	Assumption of devaluation/appreciation by 10% of EUR against TL			
4- Net EUR asset / (liability)	(15.032)	15.032	(46.585)	46.585
5- Part of hedged from EUR risk (-)	--	--	--	--
6- Net EUR effect (4+5)	(15.032)	15.032	(46.585)	46.585
	Assumption of devaluation/appreciation by 10% of other currencies against TL			
7- Other currency net asset/liability	--	--	--	--
8- Part of hedged from other currency (-)	--	--	--	--
9- Net other currency effect (7+8)	--	--	--	--
TOTAL (3+6+9)	342.256	(342.256)	(306.614)	306.614

For the periods ended 31 March 2017 and 2016, total import and export of the Company comprised the following:

	31 March 2017	31 March 2016
Total Exports	21.141.103	16.387.611
Total Imports	22.334.379	27.661.958

18 SUBSEQUENT EVENTS

None.