ACTIVITY REPORT OF THE BOARD OF DIRECTOR PREPARED AS OF 30.09.2016 BASED ON COMMUNIQUE NO.II-14.1

27 October 2016

Esteemed Shareholders,

We submit our briefing prepared according to the Communiqué No. II-14.1 on Principles for Financial Reporting at the Capital Market" of the Capital Market Board for your information.

Compared to the same period of last year, in the first half of 2016, Izocam domestic sales were 2.7% over last year. On the other hand, in terms of TL Izocam export sales realized 0.3% over the same period of last year. However in terms of USD, company exports were behind last year due to problems in our export markets. Hence, our YTD total sales remained 2.3% over the same period of 2016.

Continuance of the devaluation trend in local currency in the third quarter on the top of the depreciation of TL in the first half of the year, political uncertainties and contraction in construction sector are the main reasons behind this.

As a result, in this reporting period, operating profit have decreased by 9.8% compared to the same period of 2015.

Our finished goods sales compared to the same period of 2015 are tabulated below:

NET SALES		
(TL)	1st January -30st September	
	2016	2015
Local	229.466.270	223.482.863
Export	48.354.448	48.219.900
Other	10.337.249	9.959.325
Total Gross Sales	**288.157.967**	**281.662.088**
Discounts and Returns	(14.100.764)	(14.968.198)
Net Sales	**274.057.203**	**266.693.890**

Best regards,

Samir Mamdouh Kasem
Chairman