

(Convenience translation of financial statements originally issued in Turkish)

# **İzocam Ticaret ve Sanayi A.Ş.**

Interim condensed financial statements  
As of and for the period ended March 31, 2016

## İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

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# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## INTERIM STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2016

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

		Audited	Audited
	Note	Current period March 31, 2016	Prior Period December 31, 2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	28.844.735	8.550.175
Trade Receivables	7	97.540.251	105.577.024
<i>Due From Related Parties</i>	4	187.489	594.290
<i>Due From Third Parties</i>		97.352.762	104.982.734
Inventories	9	48.149.298	34.301.646
Prepaid Expenses		2.636.099	3.363.799
Other Current Assets		5.446.646	1.434.689
<b>TOTAL CURRENT ASSETS</b>		<b>182.617.029</b>	<b>153.227.333</b>
<b>Non-Current Assets</b>			
Other Receivables		13.302	13.022
<i>Due From Third Parties</i>		13.302	13.022
Property, Plant and Equipment, net	10	88.844.726	87.572.797
Intangible Assets, net	10	291.420	111.958
<i>Other Intangible Assets</i>		291.420	111.958
Prepaid Expenses		10.472.561	7.553.729
Deferred Tax Assets	15	118.430	-
Other Non-Current Assets		14.612	14.612
<b>TOTAL NON-CURRENT ASSETS</b>		<b>99.755.051</b>	<b>95.266.118</b>
<b>TOTAL ASSETS</b>		<b>282.372.080</b>	<b>248.493.451</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	6	78.536.119	20.558.313
Trade Payables	7	30.975.472	39.970.785
<i>Due To Related Parties</i>	4	1.338.589	527.205
<i>Third Party Payables</i>		29.636.883	39.443.580
Employee Benefit Obligations		1.208.764	5.286.288
Other Payables		18.889	19.613
<i>Third Party Payables</i>		18.889	19.613
Deferred Income	8	11.039.400	15.793.819
Current Tax Liability	15	1.298.802	1.536.588
Short Term Provisions		1.290.581	166.967
<i>Provision For Short Term Employee Benefits</i>		963.484	-
<i>Other Short-Term Provisions</i>		327.097	166.967
Other Current Liabilities		534.184	553.174
<b>TOTAL CURRENT LIABILITIES</b>		<b>124.902.211</b>	<b>83.885.547</b>
<b>Non-Current Liabilities</b>			
Long Term Provisions		12.136.174	9.145.537
<i>Provision For Long Term Employee Benefits</i>		12.136.174	9.145.537
Deferred Tax Liabilities	15	-	409.005
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12.136.174</b>	<b>9.554.542</b>
<b>EQUITY</b>			
Paid-in Capital	12	24.534.143	24.534.143
Adjustment on Capital	12	25.856.460	25.856.460
Share Premiums		1.092	1.092
Other Comprehensive Income / Expense Not to be Reclassified to Profit or Losses			
<i>Revaluation and Remeasurement Profit /(Losses)</i>		(3.746.959)	(2.325.609)
Restricted Reserves On Retained Earnings		42.711.791	41.544.510
Retained Earnings		51.375.485	37.820.235
Net Profit For The Period		4.601.683	27.622.531
<b>TOTAL EQUITY</b>		<b>145.333.695</b>	<b>155.053.362</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## INTERIM STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2016

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

<b>TOTAL LIABILITIES AND EQUITY</b>		<b>282.372.080</b>	<b>248.493.451</b>
			<b>Audited</b>
	<b>Note</b>	<b>Current period January 1 - March 31, 2016</b>	<b>Prior Period January 1 - March 31, 2015</b>
Revenues	13	90.487.499	79.441.026
Cost of Sales (-)	13	(70.811.168)	(61.508.147)
<b>GROSS PROFIT</b>		<b>19.676.331</b>	<b>17.932.879</b>
Marketing, Sales And Distribution Expenses (-)	14	(10.696.364)	(9.263.882)
Administrative Expenses (-)	14	(2.564.737)	(4.273.970)
Other Operating Income		2.462.719	2.255.162
Other Operating Expense (-)		(142.287)	(280.988)
<b>OPERATING PROFIT</b>		<b>8.735.662</b>	<b>6.369.201</b>
<b>OPERATING PROFIT BEFORE FINANCE COSTS</b>		<b>8.735.662</b>	<b>6.369.201</b>
Finance Income		48.520	615.023
Finance Costs (-)		(3.048.591)	(719.043)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>5.735.591</b>	<b>6.265.181</b>
<b>Tax Income/(Expense) From Continuing Operations</b>		<b>(1.133.908)</b>	<b>(1.321.438)</b>
Current Tax Income/(Expense)	15	(1.305.275)	(1.626.838)
Deferred Tax Income/(Expense)	15	171.367	305.400
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>4.601.683</b>	<b>4.943.743</b>
<b>NET PROFIT FOR THE PERIOD</b>		<b>4.601.683</b>	<b>4.943.743</b>
<b>Earnings Per Share</b>			
Earnings Per Share From Continuing Operations	16	0,00190	0,00202
<b>Diluted Earnings Per Share</b>			
Diluted Earnings Per Share From Continuing Operations	16	0,00190	0,00202
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items Not to Be Classified To Profit Or Loss</b>			
Remeasurement Of Defined Benefit Plans		(1.776.688)	548.761
Deferred Tax Effect Of Remeasurement Of Defined Benefit	15	355.338	(109.752)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(1.421.350)</b>	<b>439.009</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3.180.333</b>	<b>5.382.752</b>

İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2016

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

	Note	Paid-in Capital	Adjustment on Capital	Share premiums	Items not to be reclassified to profit or loss	Restricted Reserves	Retained Earnings		Total Equity
					Revaluation and remeasurement gains/(losses)		Retained earnings	Net profit for period	
<b>January 1, 2015</b>		<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(3.311.111)</b>	<b>35.730.705</b>	<b>35.293.660</b>	<b>67.705.125</b>	<b>185.810.074</b>
Transfers		-	-	-	-	5.813.805	61.891.320	(67.705.125)	-
Dividends		-	-	-	-	-	(59.364.745)	-	(59.364.745)
<b>Total comprehensive income</b>		-	-	-	439.009	-	-	4.943.743	5.382.752
<i>Other comprehensive income</i>		-	-	-	439.009	-	-	-	439.009
<i>Net Profit for the period</i>		-	-	-	-	-	-	4.943.743	4.943.743
<b>March 31, 2015</b>		<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(2.872.102)</b>	<b>41.544.510</b>	<b>37.820.235</b>	<b>4.943.743</b>	<b>131.828.081</b>
<b>January 1, 2016</b>		<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(2.325.609)</b>	<b>41.544.510</b>	<b>37.820.235</b>	<b>27.622.531</b>	<b>155.053.362</b>
Transfers		-	-	-	-	1.167.281	26.455.250	(27.622.531)	-
Dividends	11	-	-	-	-	-	(12.900.000)	-	(12.900.000)
<b>Total comprehensive income</b>		-	-	-	(1.421.350)	-	-	4.601.683	3.180.333
<i>Other comprehensive income</i>		-	-	-	(1.421.350)	-	-	-	(1.421.350)
<i>Net Profit for the period</i>		-	-	-	-	-	-	4.601.683	4.601.683
<b>March 31, 2016</b>		<b>24.534.143</b>	<b>25.856.460</b>	<b>1.092</b>	<b>(3.746.959)</b>	<b>42.711.791</b>	<b>51.375.485</b>	<b>4.601.683</b>	<b>145.333.695</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## INTERIM STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2016

(Amount expressed in TL unless otherwise stated.)

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

		Current Period January 1 – March 31, 2016	Prior Period January 1 – March 31, 2015
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(19.568.951)</b>	<b>102.711</b>
Net Profit		4.601.683	4.943.743
<b>Adjustments for reconciliation of profit for the period</b>		<b>6.810.699</b>	<b>3.778.048</b>
- Adjustment for depreciation and amortization	10	2.228.305	2.293.773
- Adjustment for provision for employee termination benefits		195.186	252.075
- Adjustment for provision for unused vacation pay liability		484.480	141.971
- Adjustment for provision of doubtful receivables, net		(20.403)	20.352
- Adjustment for provisions		1.019.780	632.118
- Adjustment for interest and foreign exchange expense		3.054.584	417.678
- Adjustment for interest and foreign exchange income		(1.347.418)	(2.306.941)
- Adjustment for increase on blockage accounts		62.277	1.005.584
- Adjustment for tax expense	15	1.133.908	1.321.438
<b>Changes in working capital</b>		<b>(26.586.296)</b>	<b>(8.619.080)</b>
- Adjustment for increase on stocks		(13.383.652)	(11.514.638)
- Adjustment for increase on trade receivables		8.057.176	7.603.588
- Adjustment for increase/(decrease) on trade payables		(8.995.313)	1.519.529
- Adjustment for increase on prepaid expenses		(4.754.419)	2.725.785
- Adjustment for other (increase)/decrease in working capital		(7.510.088)	(3.182.179)
Tax payments	15	(1.543.791)	(1.424.004)
Provisions paid		(2.686.685)	(4.153.107)
Employee severance indemnity paid		(164.561)	(194.054)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(4.143.696)</b>	<b>(277.016)</b>
Cash outflows from the purchase of property, plant and equipment and intangible assets	10	(4.213.336)	(901.564)
Cash inflows from the sale of property, plant and equipment and intangible assets		69.640	82.268
Interest received		-	542.280
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>44.066.755</b>	<b>(18.615.487)</b>
Increase/(decrease) in bank borrowings and other financial liabilities		57.977.806	41.468.301
Interest paid		(2.355.740)	(719.043)
Dividends paid	12	(12.900.000)	(59.364.745)
Interest received		1.344.689	-
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>20.354.108</b>	<b>(18.789.792)</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>5</b>	<b>829.002</b>	<b>33.710.608</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)</b>	<b>5</b>	<b>21.183.110</b>	<b>14.920.816</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

(Amount expressed in TL unless otherwise stated.)

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

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### NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

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 noninsulated roof and front panels, partition and mezzanine.

As at March 31, 2016, 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 March 31, 2016, 4.93 percent of the shares are publicly traded at BİST (December 31, 2015: 4.93%).

As of March 31, 2016, total number of employees of the Company is an average basis 447 (December 31, 2015: 458) including 215 white collar employees (December 31, 2015: 218) and 232 blue collar employees (December 31, 2015: 240).

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

Altayçeşme Mahallesi Öz Sokak  
No: 19 Kat:3, 5, 6  
34843 Maltepe / İstanbul

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

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.

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

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

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

For the period ended March 31, 2016, the Company prepared its 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 December 31, 2015.

Company's statement of financial position as at March 31, 2016 and statement of profit or loss and other comprehensive income for period ended was authorized for issue by the Board of Directors of the Company on April 26, 2016.

#### Additional paragraph for convenience translation to English

The effect of differences between the Financial Reporting Standards published by the Capital Market Board in Turkey and accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the consolidated financial statements. The differences with IFRS related to the application of inflation accounting which was ceased one year later in IFRS, and the presentation of the basic financial statements and the notes to them. Accordingly, the financial statements are not intended to present the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in such countries and IFRS.

#### 2.3 New and amended standards and interpretations

The accounting policies adopted in preparation of the interim condensed financial statements as at March 31, 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2016. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

##### i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows:

#### TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Company.

#### TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38 have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Company.



# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.)

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

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

#### TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
  - In accordance with IFRS 9,
- Or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

#### TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

#### TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

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

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the interim condensed financial statements of the Company.

#### Annual Improvements to TFRSs - 2012-2014 Cycle

POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendment did not have any impact on the financial position or performance of the Company.

#### ii) 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 interim condensed financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

#### TFRS 9 Financial Instruments – Classification and measurement

As amended in is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.)

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

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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (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 by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

#### **Annual Improvements – 2010–2012 Cycle**

##### *IFRS 13 Fair Value Measurement*

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

#### **Annual Improvements – 2011–2013 Cycle**

##### **IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

##### **Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)**

IASB has published final clarifications to IFRS 15 in April 2016. The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual reporting periods beginning on or after January 1, 2018. 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.

##### **IFRS 9 Financial Instruments - Final standard (2014)**

The IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

#### IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

#### IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company applies this relief, it shall disclose that fact. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

#### IAS 7 'Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

### NOTE 3 – SEASONAL CHANGE IN THE OPERATIONS

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

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

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

### NOTE 4 – RELATED PARTIES

#### a) Due from related parties

As of March 31, 2016 and December 31, 2015 due from related parties comprised the following:

	March 31, 2016	December 31, 2015
Saint Gobain Recherche (*)	70.990	70.315
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret A.Ş. (*)	60.259	135.183
Saint-Gobain Adfors CZ S.R.O. (*)	40.879	20.695
Saint-Gobain Ppc Italia S.P.A.	9.544	35.044
Saint-Gobain Isover CRIR (*)	3.093	309.389
Saint Gobain İnovatif Malz. ve Aşındırıcı Sanayi ve Ticaret A.Ş. (*)	2.724	3.190
Kuwait Insulating Material MFG CO. (*)	-	20.474
	<b>187.489</b>	<b>594.290</b>

#### b) Due to related parties

As at March 31, 2016 and December 31, 2015 due to related parties comprised the following:

	March 31, 2016	December 31, 2015
Grunzweig Hartman AG (*)	452.947	160.003
Saint Gobain Isover SA (*)	400.962	177.811
Saint Gobain Adfors CZ Glass Mat S.R.O.	193.250	107.416
Saint Gobain Velimat Polska	173.508	-
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	117.922	81.975
	<b>1.338.589</b>	<b>527.205</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 4 – RELATED PARTIES (continued)

#### c) Sales to related parties

For the period ended March 31, 2016 and March 31, 2015 significant sales transactions to related parties comprised the following:

	January 1 - March 31, 2016	January 1 - March 31, 2015
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	35.882	29.751
Saint Gobain Weber Yapı Kimyasalları San.ve Tic. A.Ş. (*)	31.008	169.576
Saint-Gobain Ppc Italia S.P.A.	9.544	-
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı San.Tic.A.Ş. (*)	317	36
	<b>76.751</b>	<b>199.363</b>

(\*) Companies controlled by the venturers of the immediate parent

#### d) Purchases from related parties

For the period ended March 31, 2016 and March 31, 2015 purchases from related parties comprised the following:

	January 1 - March 31, 2016	January 1 - March 31, 2015
Grunzweig Hartman AG (*)	426.504	416.956
Saint Gobain Isover SA (*)	381.636	469.226
Saint Gobain Adfors CZ Glass Mat S.R.O.	312.364	-
Saint Gobain Rigips Alçı Sanayi Ve Ticaret A.Ş. (*)	136.937	106.434
Saint Gobain Ppc İtalia S.P.A.	29.698	-
Kuwait Insulating Material Mfg. Co. (**)	17.351	-
Saint Gobain Recherche	15.484	-
	<b>1.319.974</b>	<b>992.616</b>

(\*) Companies controlled by the venturers of the immediate parent

#### e) Remunerations to the top management

For the period ended March 31, 2016 and March 31, 2015, remunerations to the top management are comprised the following:

	January 1 - March 31, 2016	January 1 - March 31, 2015
<b>Short term benefits</b> (Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	656.507	595.325
<b>Long term benefits</b> (Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	896.358	768.074
<b>TOTAL</b>	<b>1.552.865</b>	<b>1.363.399</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 5 – CASH AND CASH EQUIVALENTS

As at March 31, 2016 and December 31, 2015 cash and cash equivalents comprised the following:

	March 31, 2016	December 31, 2015
Banks	19.573.616	624.994
-Demand deposits	270.132	11.542
-Time deposits	19.303.484	613.452
Cash at blockage (*)	7.658.894	7.721.171
Cheques at collection (**)	1.612.225	204.010
	<b>28.844.735</b>	<b>8.550.175</b>

(\*) As of March 31, 2016, cash and cash equivalents consist of cash at blockage amounting to TL 7.658.894 (December 31, 2015: TL 7.721.171). TL 2.443.824 portion of cash at blockage consist of Direct Borrowing System ("DBS") (December 31, 2015: TL 2.691.563). 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 March 31, 2016 TL 5.215.070 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (December 31, 2015: TL 5.029.608).

(\*\*) Cheques in collection are composed of the cheques which have not been transferred to the company's bank deposits accounts as at March 31, 2016 with a maturity date less than 1 day or before March 31, 2016.

As at March 31, 2016 and December 31 2015, demand deposits comprised the following currencies;

	Time Deposit		Demand deposit	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
US Dollars ("USD")	6.519.920	350.234	-	-
European Union Currency ("EURO")	10.580.833	263.218	-	1.740
TL	2.202.731	-	270.132	9.802
	<b>19.303.484</b>	<b>613.452</b>	<b>270.132</b>	<b>11.542</b>

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 March 31, 2016 and March 31, 2015 are comprised the followings:

	January 1 – March 31, 2016	January 1 – March 31, 2015
Cash and cash equivalents	28.844.735	18.952.817
Less: Blockage	(7.658.894)	(4.032.001)
Less: Interest accrual	(2.731)	-
	<b>21.183.110</b>	<b>14.920.816</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 6 – FINANCIAL LIABILITIES

As at March 31, 2016 and December 31, 2015 bank borrowings comprised the followings:

	March 31, 2016	December 31, 2015
<b>Bank borrowings (*)</b>	<b>72.474.393</b>	<b>14.169.440</b>
TL	72.474.393	14.169.440
<b>Factoring loans (**)</b>	<b>6.061.726</b>	<b>6.388.873</b>
USD	5.454.878	5.641.480
Euro	606.848	747.393
	<b>78.536.119</b>	<b>20.558.313</b>

(\*) 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.

### NOTE 7 – ACCOUNTS RECEIVABLE AND PAYABLE

#### a) Trade receivables

As at March 31, 2016, and December 31, 2015 short-term trade receivables comprised the followings:

	March 31, 2016	December 31, 2015
Accounts receivable	87.791.421	84.128.856
Notes receivable	9.748.830	21.448.168
Doubtful receivables	1.505.778	1.526.181
Less: Allowance for doubtful receivables	(1.505.778)	(1.526.181)
	<b>97.540.251</b>	<b>105.577.024</b>

As at March 31, 2016, TL 187.489 of accounts receivable comprised due from related parties (December 31, 2015: TL 594.290) which disclosed in Note 4 in detail.

Average collection period of trade receivables is 89 days (December 31, 2015: 87 days) which may change according to the type of the product and the terms of the agreement with the customer.

For the period ended, March 31, 2016 and 2015 the movement of allowance for doubtful receivables comprised the followings:

	2016	2015
January 1, opening balance	1.526.181	1.455.078
Provision for the year	-	20.352
Write offs	(20.403)	-
<b>March 31, closing balance</b>	<b>1.505.778</b>	<b>1.475.430</b>



# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 7 – ACCOUNTS RECEIVABLE AND PAYABLE (continued)

#### b) Trade Payable

As at March 31, 2016, trade payables amount to TL 30.975.472 (December 31, 2015: TL 39.970.785) arising from accounts payable to various suppliers and average payment term is 45 days (December 31, 2015: 35 days).

As at March 31, 2016, TL 1.338.589 of trade payables comprised due to related parties (December 31, 2015: TL 527.205) which disclosed in Note 4 in detail.

### NOTE 8 – DEFERRED INCOME

As of March 31, 2016, current deferred income amounting to TL 11.039.400 consists of advances taken (December 31, 2015: TL 15.793.819).

### NOTE 9 – INVENTORIES

As at March 31 2016, and December 31, 2015 inventories comprised the following:

	March 31, 2016	December 31, 2015
Raw materials and supplies	33.986.563	24.746.091
Finished goods	13.647.260	9.036.587
Trading goods	515.475	518.968
	<b>48.149.298</b>	<b>34.301.646</b>

Inventories are accounted at cost. As at March 31, 2016 and December 31, 2015, there is no allowance for impairment on inventories since the cost of inventories are lower than their net realizable value.

### NOTE 10 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the period ended March 31, 2016 is TL 4.213.336 (March 31, 2015 – TL 901.564).

The amount of tangible and intangible assets sold during the period ended March 31, 2016 is TL 4.404 (March 31, 2015 – TL 262).

For the period ended March 31, 2016, depreciation expenses amounting to TL 2.128.880 (March 31, 2015: TL 2.219.779) has been recognized under cost of sales, TL 89,187 (March 31, 2015: TL 73.994) has been included under administrative expenses, TL 464.000 (March 31, 2015: TL 787.491) has been capitalized on stocks and TL 10.238 (March 31, 2015: TL 0 TL) has been capitalized on rights.

As at March 31, 2016, 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 155.711.285 (December 31, 2015: TL 155.865.310).

As of March 31, 2016 and December 31, 2015, there are no assets pledged as collateral.

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

As at March 31, 2016 and December 31, 2015, guarantees, pledges or mortgages (GPM) given are as follows:

	March 31, 2016	December 31, 2015
A. Commitments given in the name of own legal Entity	12.091.794	16.879.261
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	-	-
<b>Total</b>	<b>12.091.794</b>	<b>16.879.261</b>

As of March 31, 2016 and December 31, 2015 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 March 31, 2016 and December 31, 2015 non-cancellable operating lease rentals payable are as follows:

	March 31, 2016	December 31, 2015
1 <sup>st</sup> year	463.583	550.557
2 <sup>nd</sup> year	618.112	538.260
3 <sup>rd</sup> year	463.583	403.695
<b>Total</b>	<b>1.545.278</b>	<b>1.492.512</b>

As at March 31, 2016, loan limits and terms to maturities have been determined by associate banks to the customers who have been included in DBS system. The Company has accepted that it has right to recall the loans which have been granted to customers that who have not been performing regular loan repayment and customers who have been regularly making payment at a level of credit limit for the 30 days period. The Company has accepted that if the loans in question are not closed within the specified period, the Company accepted that the Banks have right to engage legal proceedings for related customer.

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 12 – EQUITY

#### a) Paid-in Capital / Inflation Adjustment on Capital

As at March 31, 2016, the paid-in capital of the Company comprises of 2.453.414.335 shares issued (December 31, 2015: 2.453.414.335 shares) of kr 1 each (December 31, 2015: kr 1), There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	March 31, 2016		December 31, 2015	
	Shares	Ownership interest %	Shares	Ownership interest %
İzocam Holding	15.004.304	61,16	15.004.304	61,16
İzocam Holding (Publicly traded)	8.320.173	33,91	8.320.173	33,91
Other (Publicly traded)	1.209.666	4,93	1.209.666	4,93
	<b>24.534.143</b>	<b>100,00</b>	<b>24.534.143</b>	<b>100,00</b>
Adjustment on Capital	25.856.460		25.856.460	
	<b>50.390.603</b>		<b>50.390.603</b>	

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.

#### b) Dividend Distribution

In the ordinary general assembly held on March 22, 2016, it has been decided to distribute dividend amounting to TL 28.743.575,91 through statutory net profit for the year ended December 31, 2015 amounting to TL 12.900.000 as cash dividends, TL 1.167.329,28 is transferred as legal reserve

### NOTE 13 – REVENUE AND COST OF SALES

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

	January 1, - March 31, 2016	January 1, - March 31, 2015
Domestic sales	75.873.810	65.862.950
Export sales	16.387.611	15.435.426
Other	3.054.039	3.077.113
<b>Gross sales</b>	<b>95.315.460</b>	<b>84.375.489</b>
Less: Sales returns and discounts	(4.827.961)	(4.934.463)
<b>Net sales</b>	<b>90.487.499</b>	<b>79.441.026</b>
Less: Cost of sales	(70.811.168)	(61.508.147)
<b>Gross profit</b>	<b>19.676.331</b>	<b>17.932.879</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 13 – REVENUE AND COST OF SALES (continued)

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

	January 1, - March 31, 2016	January 1, - March 31, 2015
Raw materials and consumables	67.500.446	56.067.426
Personnel	5.789.023	5.276.507
Depreciation	2.128.880	2.219.779
Changes in inventory	(4.607.181)	(2.055.565)
<b>Cost of Sales</b>	<b>70.811.168</b>	<b>61.508.147</b>

### NOTE 14 – EXPENSES BY NATURE

#### a) Marketing, sales and distribution expenses

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

	January 1, - March 31, 2016	January 1, - March 31, 2015
Freight and insurance	(3.715.459)	(3.600.104)
Personnel	(2.132.011)	(1.945.478)
Storage	(1.554.427)	(695.166)
Licenses	(948.788)	(921.760)
Dealers and meeting expenditures	(717.000)	(383.224)
Advertisement	(372.048)	(678.501)
Sales commissions	(235.125)	(136.985)
Rent	(209.643)	(165.803)
Transportation	(167.776)	(169.230)
Exhibition and fair	(132.249)	(123.750)
Collateral	(123.103)	(145.775)
Travel	(73.755)	(57.633)
Public relations and events	(37.749)	(32.190)
Information technology	(31.452)	-
Other	(245.779)	(208.283)
	<b>(10.696.364)</b>	<b>(9.263.882)</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 14 – EXPENSE BY NATURE (continued)

#### b) Administrative expenses

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

	January 1, - March 31, 2016	January 1, - March 31, 2015
Personnel	(2.786.045)	(2.346.381)
Retirement payment liability	(944.839)	(143.038)
Interest cost for retirement payment liability	698.844	252.430
Actuarial loss / gain	1.776.688	(548.761)
Rent	(205.611)	(166.461)
Transportation	(127.837)	(112.380)
Information technology	(112.064)	(181.622)
Depreciation and amortization	(99.425)	(73.994)
Duties, taxes and levies	(96.628)	(84.545)
Subscription and contribution expenses	(93.365)	(107.024)
Consultancy	(82.098)	(67.789)
Insurance expenses	(60.348)	(24.587)
Travel	(51.283)	(31.694)
Representation	(30.407)	(88.321)
Repair, maintenance and energy	(46.822)	(40.110)
Stationary Expenses	(39.759)	(26.504)
Legal	(39.739)	(49.169)
Telecommunication	(36.254)	(53.681)
General Assembly	(27.570)	(29.684)
Donations	(12.249)	(12.000)
Other	(147.926)	(338.655)
	<b>(2.564.737)</b>	<b>(4.273.970)</b>

### NOTE 15 – INCOME TAX

As at March 31, 2016 and December 31, 2015 total tax liability comprised the following:

	March 31, 2016	December 31, 2015
Corporate tax provision	1.306.005	7.687.689
Prepaid taxes	(7.203)	(6.151.101)
<b>Current tax liability</b>	<b>1.298.802</b>	<b>1.536.588</b>

Deferred tax asset and liability movements as of March 31, 2016 and 2015 are as follows;

	2016	2015
January 1, opening balance	409.005	734.774
Deferred tax in other comprehensive income	(355.338)	109.752
Deferred tax (income)/expense	(171.367)	(305.400)
<b>March 31, closing balance</b>	<b>(117.700)</b>	<b>539.126</b>

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 15 – INCOME TAX (continued)

For the periods ended March 31, 2016 and 2015, taxation charge in the profit or loss comprised the following:

	January 1, - March 31, 2016	January 1, - March 31, 2015
Current tax expense	(1.305.275)	(1.626.838)
Deferred tax expense	171.367	305.400
	<b>(1.133.908)</b>	<b>(1.321.438)</b>

### Taxes recognized in other comprehensive income

	January 1, - March 31, 2016	January 1, - March 31, 2015
Tax effect of re-measurement loss on defined benefit plans	355.338	(109.752)
<b>Tax income recognized in other comprehensive income</b>	<b>355.338</b>	<b>(109.752)</b>

### NOTE 16 – EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the period ended March 31, 2016 amounting to TL 4.601.547 (March 31, 2015: TL 4.943.743) to the weighted average of the shares during these periods,

	January 1 – March 31, 2016	January 1 - December 31, 2015
<b>Earnings per share</b>		
Net Profit	4.601.547	4.943.743
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335
<b>Basic Earnings per share (Kr per share)</b>	<b>0,00190</b>	<b>0,00202</b>
<b>Diluted Earnings per share (Kr per share)</b>	<b>0,00190</b>	<b>0,00202</b>

### NOTE 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

# İZOCAM TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.)

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

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.

### NOTE 17 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

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 March 31, 2016 and 2015, net position of the Company is resulted from foreign currency assets and liabilities:

As at March 31, 2015 and December 31, 2015, net position of the Company is resulted from foreign currency assets and liabilities:

	Currency Position					
	March 31, 2016			December 31, 2015		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	9.841.917	2.795.623	598.734	9.647.105	2.787.942	484.921
2a. Monetary financial assets	18.405.794	2.761.686	3.298.162	2.960.518	927.073	83.383
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	70.990	-	22.128	70.315	-	22.128
<b>4. Current Assets (1+2+3)</b>	<b>28.318.701</b>	<b>5.557.309</b>	<b>3.919.024</b>	<b>12.677.938</b>	<b>3.715.015</b>	<b>590.432</b>
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+9)</b>	<b>28.318.701</b>	<b>5.557.309</b>	<b>3.919.024</b>	<b>12.677.938</b>	<b>3.715.015</b>	<b>590.432</b>
10. Trade payables	(8.438.537)	(2.303.308)	(596.099)	(7.634.961)	(1.244.262)	(1.264.207)
11. Financial liabilities	(6.061.726)	(1.925.206)	(189.161)	(6.388.873)	(1.940.253)	(235.206)
12a. Monetary financial liabilities	(14.167)	(5.000)	-	(14.538)	(5.000)	-
12b. Non-monetary financial liabilities	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>(14.514.430)</b>	<b>(4.233.514)</b>	<b>(785.260)</b>	<b>(14.038.372)</b>	<b>(3.189.515)</b>	<b>(1.499.413)</b>
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Monetary financial liabilities	-	-	-	-	-	-
16b. Non-monetary financial liabilities	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>(14.514.430)</b>	<b>(4.233.514)</b>	<b>(785.260)</b>	<b>(14.038.372)</b>	<b>(3.189.515)</b>	<b>(1.499.413)</b>
<b>19. Off-Balance sheet financial derivative net asset (liability) position (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-	-
<b>20. Net foreign currency asset (liability) position (9-18+19)</b>	<b>13.804.271</b>	<b>1.323.795</b>	<b>3.133.764</b>	<b>(1.360.434)</b>	<b>525.500</b>	<b>(908.981)</b>
<b>21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>13.733.281</b>	<b>1.323.795</b>	<b>3.111.636</b>	<b>(1.430.749)</b>	<b>525.500</b>	<b>(931.109)</b>
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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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016 (CONTINUED)

(Amount expressed in TL unless otherwise stated.  
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### NOTE 17 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

As at March 31 2016 and December 31 2015 currency sensitivity analysis is as follow;

	Currency Sensitivity Analysis			
	March 31, 2016		December 31, 2015	
	Profit / (Loss)		Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Assumption of devaluation/appreciation by 10% of USD against TL</b>				
1- Net USD asset / (liability)	375.084	(375.084)	152.794	(152.794)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
<b>3- Net US Dollar effect (1+2)</b>	<b>375.084</b>	<b>(375.084)</b>	<b>152.794</b>	<b>(152.794)</b>
<b>Assumption of devaluation/appreciation by 10% of EUR against TL</b>				
4- Net EUR asset / (liability)	998.244	(998.244)	(295.869)	295.869
5- Part of hedged from EUR risk (-)	-	-	-	-
<b>6- Net EUR effect (4+5)</b>	<b>998.244</b>	<b>(998.244)</b>	<b>(295.869)</b>	<b>295.869</b>
<b>Assumption of devaluation/appreciation by 10% of other currencies against TL</b>				
7- Other currency net asset/liability	-	-	-	-
8- Part of hedged from other currency (-)	-	-	-	-
<b>9- Net other currency effect (7+8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+9)</b>	<b>1.373.328</b>	<b>(1.373.328)</b>	<b>(143.075)</b>	<b>143.075</b>

For the periods ended March 31, 2016 and 2015, total import and export of the Company comprised the following:

	March 31, 2016	March 31, 2015
Total exports	16.387.611	15.435.426
Total imports	27.661.958	22.280.950

### NOTE 18 – SUBSEQUENT EVENTS

None.