



Only the ones that have experienced the comfort for 52 years will understand...

With its innovative vision, Izocam has developed the Multi-Comfort System that offers custom insulation solutions regarding your needs and turns your investments into profit and comfort. By using the latest technology, Izocam's Multi-Comfort System keeps the cold, heat, humidity, noise and polluted air insulated in residential and commercial buildings. By doing so it also increases your comfort of living. It protects your economic comfort by decreasing the heating-cooling costs of your living space and minimising your building maintenance due to corrosion. It helps you to decrease the carbon level you release into the environment by using less energy throughout the year. With Izocam's Multi-Comfort System that offers perfect insulation, you can invest in your living areas too.

İzocam at a Glance

Izocam, leading insulation company, of its sector.

BRIEF HISTORY

İzocam, keeps its leading position in insulation industry since its establishment in 1965.

The first factory of İzocam A.Ş, Turkey's insulation industry leader, has entered into service in 1967 by producing glass wool. In 1986 a second glass wool factory was founded at Tarsus and in 1992 its capacity was doubled. Due to the increase in glass wool capacity of Tarsus plant, production at Gebze was switched to stone wool in 1993.

Currently, our total mineral wool capacity is 130.000 ton/year with 55.000 ton/year of glass wool production and 75.000 ton/year stone wool production. İzocam produces glass wool under Saint-Gobain Isover France License and with TEL process and stone wool under Saint-Gobain Isover G+H AG Germany License and with Sillan process.

İzocam begin to produce expanded polystyrene (EPS) under the brand name of İzopor in its facility founded at Gebze in 1982. Total capacity is 6.000 ton/year.

İzocam started its Extruded polystyrene (XPS) production on 1995 in Gebze plant with 90.000 m³ annual capacity. With the new investment in 2011, total capacity has been reached to 720.000 m³/year.

Production of elastomeric rubber foam; İzocamflex that was started with a 500 ton/year of capacity in Eskişehir Plant

on April 2000 today capacity has been reached to 4.000 ton/year. The annual capacity of polyethylene foam, which is produced as of 2005 at Eskişehir İzocam Plants under the brand of "İzocam Peflex", is 700 ton/year.

Tekiz Sandwich Panel Plants founded within the body of Koç Group in 1966 and included into İzocam in 2005, Mineral Wool Panel, Trapezium and Polyurethane Panel insulated roof and facing sheets and Cold Storage Panel products are manufactured under the name of İzocam Tekiz with various features, required color and dye type. Tekiz Plant has annual 4.000.000 m² panel and 3.000.000 m² cast manufacturing capacity.

İzocam, has gathered its XPS, EPS and Tekiz productions in Gebkim Plant which were all put into operation in 2011.

İzocam produces high technology products in line with international standards and provides foreign exchange inflows to our country by exporting these products to 46 countries, Balkans, Commonwealth of Independent States, Turkish Republics, Middle East and Africa being in the first place. Today, İzocam is the leader of insulation sector with its technical consulting services and wide range of products providing protection against heat, cold, sound, fire and water. İzocam that meets the customer demands and expectations in a timely manner and environmentalist approach in accordance with the standards of globalizing world, applies ISO 9001 Quality Assurance System, ISO 14001 Environmental Management System, OHSAS



İzocam produces high technology products in line with international standards and provides foreign exchange inflows to our country by exporting these products to 46 countries, Balkans, Commonwealth of Independent States, Turkish Republics, Middle East and Africa being in the first place.

18001 Occupational Health and Safety System and ISO 50001 Energy Management System in its plants. İzocam products are offered to the market with CE mark which means “material allowing the product to meet the basic requirements stated in regulation” according to the article 6 of International Construction Materials Directive. Besides, mineral wools; stone wool and glass wool products of İzocam have EUCEB Certificate that is given only to bio-products.

İzocam products are manufactured in compliance with the standards of TSE as well.

Our controlling shareholder İzocam Holding A.Ş., which is recorded in İstanbul Trade Registry with number 6055864 and resident in Ahular Sokak No.15 Etiler – İstanbul, has been founded on 14 November 2006 and its capital amounting to 401.874.000,- TL has been equally distributed between Alghanim İzolasyon Yatırım A.Ş. and Saint Gobain Weber Yapı Kimyasalları San. ve Tic. A.Ş.

İzocam Holding AŞ has various investments in Turkey. The activity field of the company has been stated as “To participate in capital management of companies founded by itself or other investors or the ones to be founded and thereby to offer solutions for the investment, finance, organization and management matters of them within the framework of modern management rules and within a body” in the purpose and scope article of its Articles of Association.

Capital And Share Holding Structure

We use our energy efficiently with the synergy we create.

The registered capital ceiling of our Company is 60 Million TL and its issued capital is 24.534.143,35 TL. There has not been any change in the issued capital of our company within the period.

Within 2016, İzocam stock has resembled a parallel performance versus BIST 100 (Istanbul Stock Exchange).

Dividend amounts distributed within the past three years are as follows:

- 123,14% over the paid capital in 2014
- 241,96% over the paid capital in 2015
- 52,58% over the paid capital in 2016

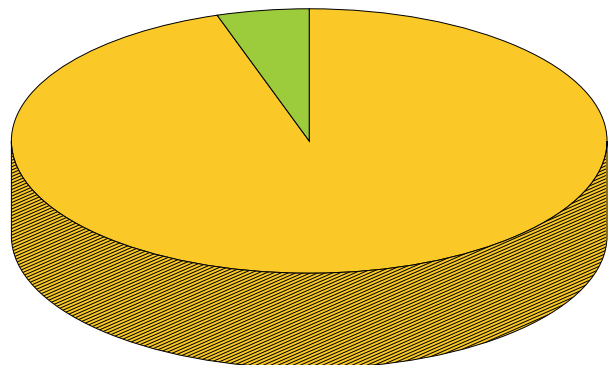
The dividend policy of our company is based on maximum profit distribution.

Issued capital of the Company is TL 24.534.143,35 and it has been fully paid and covered. Issued capital has been divided into 2.453.414.335 shares each with a par value of kr 1(one kuruş) and they are all registered shares. Every share has one right to vote and we have nearly four thousand partners, majority of which is real person, in public part of our capital.

As of 31 December 2016, the partnership structure of our company has not changed; currently controlling shareholder İzocam Holding Incorporated Company's share in our capital is 95,07 percent, together with 831.117.304 shares corresponding to 33,91 percent of the capital of our

company and which is traded on Istanbul Stock Exchange and acquired from Istanbul Stock Exchange until 10 July 2007 and plus 1.501.330.396 shares corresponding to 61.16 % of the capital of our company and which is not traded on Istanbul Stock Exchange and acquired from Koç Group on 29 November 2006. İzocam Holding Incorporated Company is a partnership that is subject to joint management which Compagnie de Saint Gobain Group and Alghanim Group has established together and the share rates of both party are fifty percent each.

Capital and Share Holding Structure



İZOCAM Holding A.Ş.
23.324.476,84
95,07%

Free Float
1.209.666,51
4,93%

KEEP YOUR LIVING SPACE AT ROOM TEMPERATURE ALL YEAR EFFORTLESSLY WITH MULTI-COMFORT.

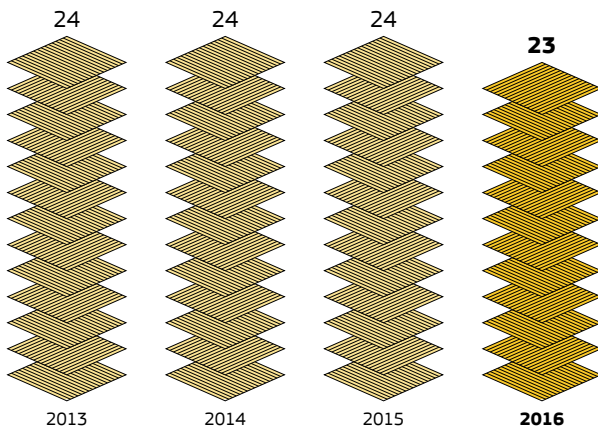


Meet Multi-Comfort's perfect insulation which provides a complete seal by keeping cold, heat, humidity, noise and polluted air out protect your comfort of living.

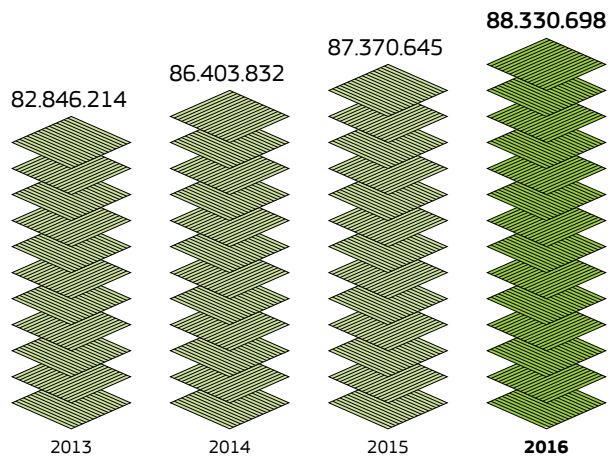
Key Indicators

We have increased our sales by 4,14% in 2016.

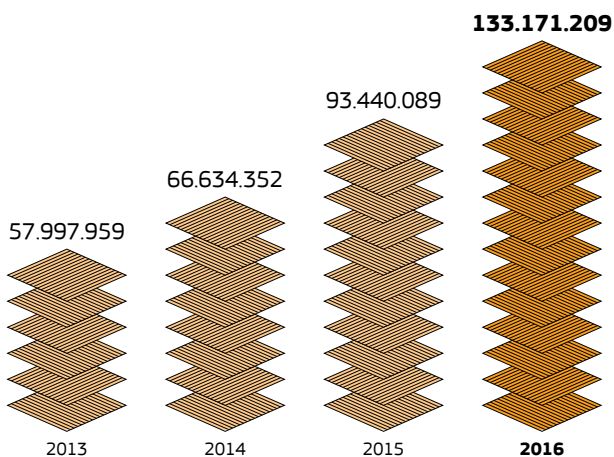
Gross Margin (%)



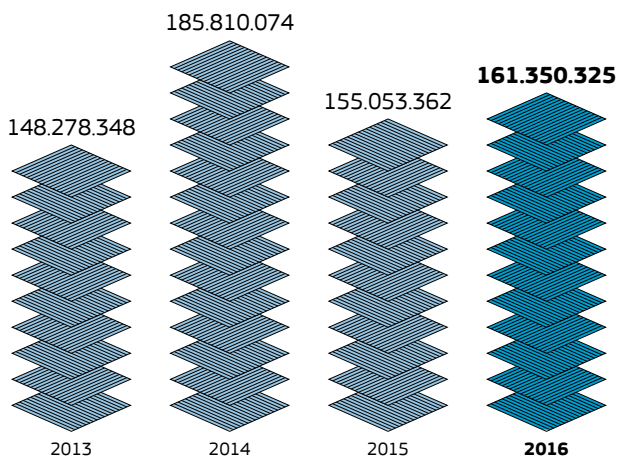
Gross Profit (TL)

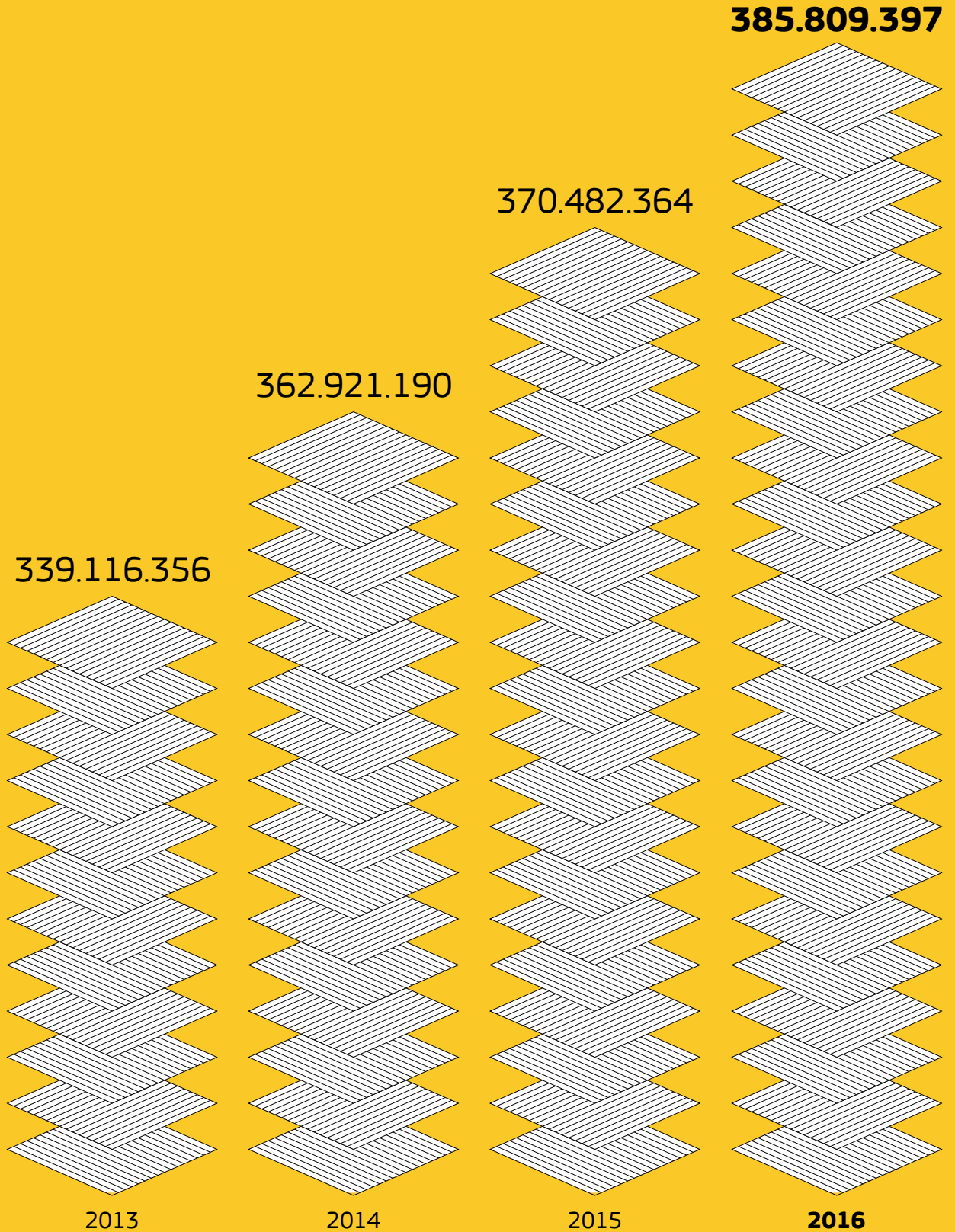


Liability (TL)



Equity (TL)



Net Sales (TL)

Milestones of İzocam

Half a century of experience in accomplishing the first.



1960'S

1965

Izocam founded in Karaköy, Istanbul for the production of glass wool.

1966

Tek-Iz founded.

1967

First glass wool furnace enters into operation.

1968

Izocam becomes one of the first companies of Koç Group to export.

1969

First technical consultancy offices opened in Ankara and Adana.



1970'S

1974

Izocam becomes completely owned by Koç Group when 15% of its shares are repurchased from its Austrian shareholder.

1975

First TV advertisement of İzocam, "Thank You, İzocam", broadcast.

1976

First demountable, modular wall application in Turkey.



1980'S

1982

Gebze EPS (expanded polystyrene) facility enters into operation.

1985

1st, 2nd and 3rd Regional Sales Offices opened in Istanbul, Ankara and Adana.

1986

Tarsus Glass Wool facility enters into operation.



1990'S

1990

Beylikdüzü EPS Block facility enters into operation.

1991

Izocam's 4th Regional Sales Office opened in Izmir.

1993

Stonewool production begins at the Gebze facility.

1995

XPS (extruded polystyrene) facility enters into operation in Gebze.

1998

Bolu EPS Block facility enters into operation.

Turkey's first independent Insulation Training Center opens.



2000'S

2000

Eskişehir Elastomeric Rubber Foam Facility enters into operation.

2001

Turkey's first insulation competition between universities held.

2005

Tek-lz Panels and Izocam merge under Izocam.

2006

Polyethylene foam production begins in Eskişehir facility.

Koç Holding period comes to an end.

EPS Block production facilities in Russia, Beylikdüzü and Bolu assigned to Arçelik.

2007

Company's transfer to Saint-Gobain (Isover) and Alghanim completed.

2010

Bursa Sales Office turns into 5th Regional Sales Office.

Separate Tekiz Panel Sales Team established.

GEBKIM land purchased and new XPS investments made.

2011

GEBKIM Facility enters into operation.

2012

Capacity of the Stonewool facility increases and a 3rd production line is established in Gebze.

2014

Tekiz site in Ümraniye, Istanbul sold for \$21.1 million.

2015

Izocam recognized as the "Company with the Highest Increase in Corporate Management Index Rating in the Recent Year".

2016

First robotic palletizer system established.

Izocam develops its own rubber formulation, and a production line at the Eskişehir facility is renovated for production.

Mission, Vision and Core Values

With our vision we have claimed to be at the top of the insulation sector.

İZOCAM VISION STATEMENT

Being the reliable leader in Turkey and neighbourhood countries, our main objective is to achieve a healthy growth in the sector, to establish insulation and energy saving awareness, to maximize the benefit from insulation in favour of people and consequently, to preserve the environment.

İZOCAM MISSION STATEMENT

Izocam undertakes the mission to;

- be the leader in Turkey in the whole insulation sector,
- keep the "Insulation means Izocam" image,
- utilize the advance technologies,
- be market driven and focused on customer delight,
- produce world class products in environmentally friendly and safe plants,
- improve its human resource base,
- differentiate its products and services in parallel with the growing insulation awareness.

INDISPENSIBLE VALUES

Our company, active in the insulation sector as a dependable leader both in our country and in neighbor countries since 1965, has always adopted growing and being a model company in every field by being engaged in activities which are beneficial for its country and for the environment as a principle.

While realizing these purposes, we have arranged the principles leading us in our working life in order to determine, implement and protect the below values in line with our corporate structure to enhance the recognition and reliability of the brand Izocam both among the workers and in relations of our company with the third persons.

Principles of Action

Respect for the Law, Caring for the Environment, Worker Health and Safety, Employee Rights

Principles of Conduct

Professional Commitment, Respect for Others, Integrity, Honesty, Solidarity

Achievements and Awards

The most basic indicator of the future is our success in the past.



2012

Mediacat

The 10th Most Awarded Client at The Cat Report

Central Anatolian Exporters' Association (OAİB) Successful Exporters Awards

Plumbing Systems and Equipments
2011 Largest Exporters Category "First Prize"



2015

İSİB

"Successful Exporters of 2014" Awards,
Insulating Materials Category Awards

Isover DIRUS (Plant Managers) Meeting

Work Safety "Best Safety Improver
2014" Award

Kocaeli Chamber of Industry "The Sectoral Performance Evaluation Awards"

Large Scale Enterprises Category,
Sector Award



2016

İSİB

"Successful Exporters of 2015" Awards,
Insulating Materials Category Awards

Harvard Business Review

CEO of İzocam A. Nuri Bulut "Best
Performing CEO" Award

Corporate Governance Award Ceremony

The Company that Increased Its Rating
The Most at Corporate Governance
Index

Dünya Newspaper Stars of Exportation Encouragement Awards

"Exporter to Find a Solution for
Sustainability Special" Award

Message From The Chairman Of The Board

We are the icon of sustainable success.

In the past year, our sales revenue reached 385.8 million TL, indicating an increase of 4.2% compared to the previous reporting period. Meanwhile, 63 million TL of our sales in 2016 have come from export markets.

We left behind our 52nd year being the first and leading company of the insulation sector in Turkey. As we move forward, and in order to maintain our leadership position in the sector, we are going to continue devoting our best efforts and exercising due diligence together with all of our employees through the generating of differentiators across all our activities, and fulfilling our responsibilities in line with our vision.

2016 was a year where we were subject to the negative effects of global economic developments, as well as the regional sociopolitical conditions. Despite these economic risks and uncertainties, we at Izocam persevered and achieved our objectives in 2016. In the past year, our sales revenue reached 385.8 million TL, indicating an increase of 4.2% compared to the previous reporting period. Meanwhile, 63 million TL of our sales in 2016 have come from export markets.

We aim to continue our success and try to generate more value to our country, our environment and our stakeholders in 2017.

In addition to the positive results of our activities, Izocam maintained its performance in the Corporate Governance Rating Index, annually organized by the Corporate Governance Association of Turkey, in 2016 and increased its corporate governance rating to 9.28. This success is an indicator that we worked diligently and undauntedly throughout a challenging year. In an environment where corporate governance becomes more important in the global arena and plays a significant role in the sustainability of a business, we as Izocam will continue undertaking necessary actions to further improve our compliance with corporate governance and fulfill all requirements with due diligence in the upcoming period. Additionally, we will continue to strengthen our corporate governance by complying with legislations and regulations, increasing our operational productivity, and sustaining our reliability among our stakeholders.

Our aim for 2017 and onwards is perpetuating sustainable growth that we have successfully maintained to this day, and improving our financial and operational results with new projects and investments. I would like to extend my endless thanks to all of our stakeholders who contributed to the realization of our dreams, and who have made Izocam the leading company of its sector.



Samir Kasem
Chairman



Message Of General Manager

With our investments, we move into the future with confidence.

Following our award, as being the company that increased its rating the most in the corporate governance index in 2015, we improved our corporate rate also in 2016 and we increased it from 9.16 in 2015 to 9.28 in 2016.

Dear Stakeholders,

2016 was a year with significant difficulties around the world and in our country. Despite all these difficulties, we have fulfilled our 51st year in the sector and in Turkey. Despite a year with significant slowdown in industrial production and when a negative GDP growth which was experienced for the first time after 6 years, we have managed increasing our net sales to 385.8 million TL with 4.2% increase compared to 2015.

Although it has not come at first sight with profitability and the sales figures, we realized an investment spending of 31.1 million TL within 2016 and we have to a great extend renewed our production technology in our plants. In addition to the investments on the part of technology and capacity, we have further investments for the development our human resource quality. We organized trainings and personal development programs for our employees within the year. Within this framework, the training hour per person was realized as 48,8 in 2016.

In 2016, we were awarded with "ISO 27001 Information Security Management" certificate as a result of our activities/efforts in the way to increase corporate governance of our company in order to ensure sustainability. Following our award, as being the company that increased its rating the most in the corporate governance index in 2015, we improved our corporate rate also in 2016 and we increased it from 9.16 in 2015 to 9.28 in 2016.

As Izocam, we move on with the vision to become the leading manufacturer/supplier company of Turkey in the fields of developing sustainable energy-saving buildings, energy efficiency and multi-comfort buildings. In order to realize this vision, we continuously provided our technical support in products and all building projects in 2016 with our expertized teams all around Turkey and in our export markets. In this context, we are going to continue our investments and activities, also in the upcoming years.

It is difficult to envisage from today what 2017 will bring. However, despite all difficulties, we will try to continue maintaining our growth by generating value together with all of our stakeholders by means of increasing our contribution to our country, partners, customers, suppliers and employees as a whole.

In this regards, I would like to express my thanks to all of our stakeholders having share and contribution to our company's successes, and I wish and hope that 2017 will be a year when we all together spend our efforts for new accomplishments.



A. Nuri Bulut
General Manager



Sectoral Developments

We have continued to grow even though there were tough challenges in 2016.

In a year where Turkish Lira has been depreciated by 21% against U.S. Dollar and 17% against Euro and economical development has been lower than expectations, have increased 5% in domestic market compared to 2015. As a result, our total gross sales have been realized 406.6 Millions TL.

OVERVIEW OF ECONOMY IN 2016

2016 will be remembered as a year with very low global economical development. 2016 was, a year where global exports have contracted, low levels of commodity prices has been preserved. As a result of this, GDP growth has slowed down on those countries that are dependent on commodity exports on the other hand developed economies signaled strong growth while reporting low inflation figures.

While, a number of developing countries including Turkey took advantage from low oil prices, currencies of developing countries have been devalued due to declining exports and shrinking global liquidity.

When, we take the economy of Turkey into consideration, it is more appropriate evaluating 2016 in two separate terms. The first 6 half of the year, where Turkey took advantage of positive global economic conjuncture strong reporting of positive global economic conjuncture strong reporting high growth, low inflation. On contrary, the second 6 half

of 2016 where there has been a serious decline in number of incoming tourists, the 15th July Coup Attempt has happened and economy of the country has shrunk 1.8% for the first time after 27 quarters.

Despite all these negative developments, 2.2% development has been reported in the third quarter of the year.

4% YTD house sales growth has been reported in the reporting year compared to 2015 and the highest number of dwelling sales in Turkish history has been experienced within 2016 where 1.341.453 houses were sold. On the other hand; construction sector growth by the end of third quarter of 2016 has been realized as 1.4%.

Our overall sales, in a year where Turkish Lira has been depreciated by 21% against U.S. Dollar and 17% against Euro and economical development has been lower than expectations, have increased 5% in domestic market compared versus 2015. 2016 has been a year where problems in our export markets have continued. Our exports sales in TL have declined by 1.2% compared to the previous year. As a result, our total gross sales have been realized 406.6 Millions TL.

SECTORAL LEGISLATIVE DEVELOPMENTS IN 2016

During the year, there has not been any change in the regulations related with our activity field of activity which might influence our operations significantly.

KEEP YOUR HVAC AND BUILDING MAINTENANCE EXPENSES AT MINIMUM WITH MULTI-COMFORT



Meet Multi-Comfort's perfect insulation which provides a complete seal by keeping cold, heat, humidity, noise and polluted air out protect your comfort of living.

Production and Products

We continue to be the pioneer of our industry.

PRODUCTION

Our Company maintains the distinguished lead position in the insulation sector in our country that it has held since its establishment, and further improves the sector with the addition of new products to its range of products.

The glass wool produced in Tarsus constitutes a significant proportion of our Company's manufacturing and total sales revenues, while the stonewool produced at our facility in the Dilovası Organized Industrial Zone is manufactured in various types, forms and compositions for thermal insulation and soundproofing applications. Our products are used in a wide range of applications in industrial and agricultural facilities, energy installations and the housing sector.

Expenditures aimed at thermal insulation and energy conservation in buildings are recognized as immediately expensed costs. Furthermore, Law no. 6728 allows expenditures for thermal insulation and energy conservation, which increase the economic value of the real estate held by a company, to be directly recognized as immediately expensed costs.

The other product groups that we manufacture include expanded and extruded polystyrene, which are produced in the Gebkim-Dilovası Organized Industrial Zone and at our facilities in Tarsus. These products have a wide

range of uses, particularly in wet and cold-type insulation applications.

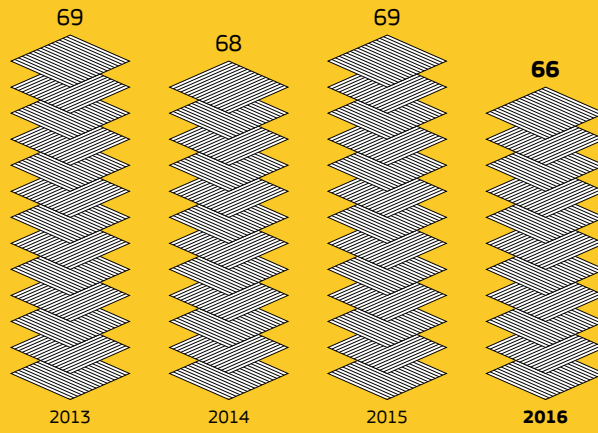
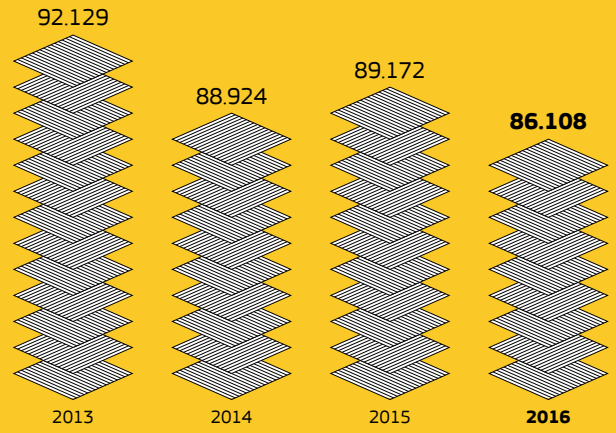
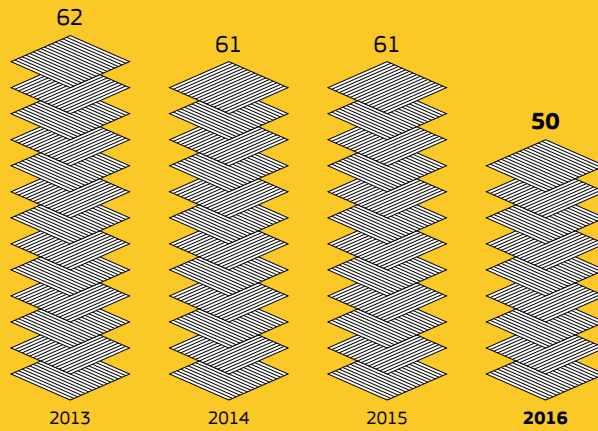
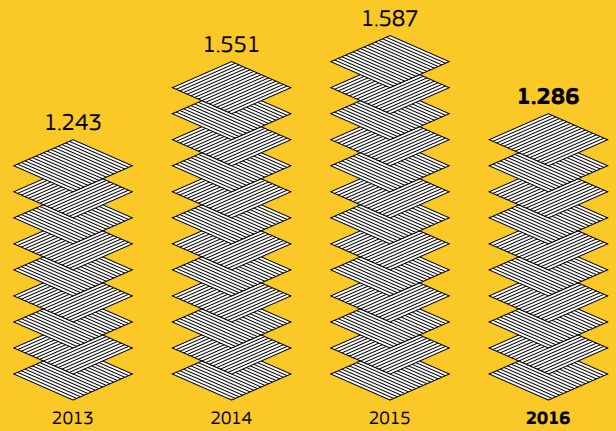
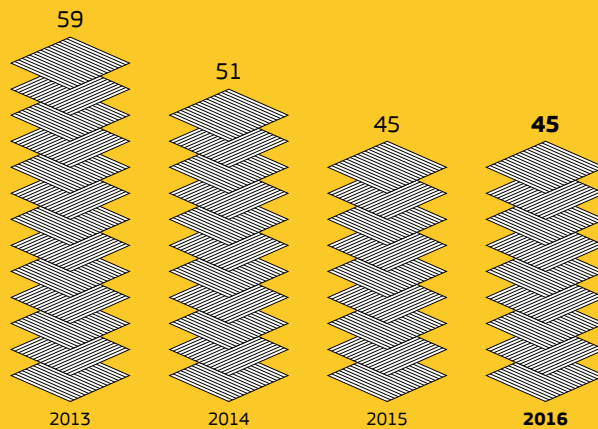
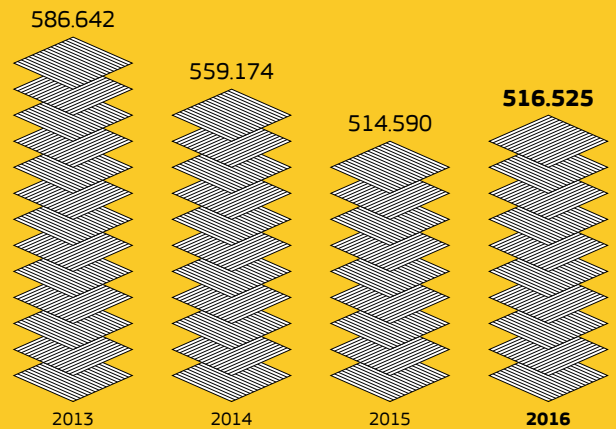
We produce roofing and wall panels (both insulated and uninsulated) at our Tekiz Panel Production Facility in the Gebkim-Dilovası Organized Industrial Zone.

The elastomeric rubber and polyethylene produced at our facilities in the Eskişehir Organized Industrial Zone are used predominantly for the insulation of pipes, tanks and similar cold-type installations.

PRODUCTS

İzocam, kurulduğu günden bu yana ürünlerinin kalite standardından ve sürdürülebilir üretim sistemlerinden ödün vermeden yerel ve uluslararası piyasalara rekabetçi ürünler geliştirmeye ve üretmeye devam etmektedir.

Yenilikçi ürün çeşitliliği, dünya standartlarındaki üretim hatları ve düzenli satış kanallarıyla sektörünün güven veren lideri konumunu korumaktadır.

CAPACITY USAGE RATE**Mineral Wools (%)****PRODUCTION****Mineral Wools (Tons)****Panel Products (%)****Panel Products (Thousand m²)****Plastics (%)****Plastics (m³)**

Production and Products

We provide insulation solutions suitable for all structures.



GLASSWOOL

Uncoated glass wool products are classified as class A1 “non-combustible materials”, according to TS EN 13162 and TS 14303.

Our glass wool products are manufactured by melting locally procured inorganic raw materials at a temperature of 1200-1250°C and transforming them into a fiber. This product can be produced in different sizes, with different technical specifications and in different forms, including mattresses, sheets and pipes with different coating materials, depending on the requirements of the intended area of use.

STONEWOOL

Produced under license from Saint-Gobain Isover Grünzweig+Hartmann Germany Sillan.

Our stonewool products are manufactured by melting locally procured inorganic raw materials to a temperature of 1350-1400°C and transforming them into fiber. Stonewool can be produced in different sizes, with different technical specifications, and in the form of mattresses, sheets, pipes and in bulk form with different coating materials, depending on the requirements of the intended area of use. In addition to heat insulation, soundproofing and acoustic correction, it also provides fire safety.





EXTRUDED POLYSTYRENE (XPS) FOAMBOARD

Izocam Foamboard products are subject to TS EN 13164.

XPS Foamboard is produced from polystyrene by extrusion. It can be produced in sheets with different edge and surface patterns, in different sizes and with different compression strengths, according to the intended area of use. It can also be used for thermal insulation.

EXPANDED POLYSTYRENE (EPS) IZOPOR AND IZOPOR PLUS

Izocam Izopor products, subject to TS EN 13163, are entitled to bear the CE marking in accordance with the Construction Products Regulation.

The EPS production process involves the expansion and adhesion of raw material granules through the injection of pentane gas when the polystyrene raw material is in contact with water vapor. It can be produced in sheet forms of different sizes and technical specifications, as required by the intended area of use. It can be used for thermal insulation.



RUBBER FOAM – IZOCAMFLEX

Izocamflex products, subject to TS EN 14304, are entitled to bear the CE marking in accordance with the Construction Products Regulation.

Izocamflex is an elastomeric rubber-based thermal insulation material with closed pores and a uniform cell structure. It can be produced in different sizes and technical specifications in both sheet and pipe forms with different coating materials, as required by the intended area of use. It is used for thermal insulation and condensation control.

Production and Products

Solutions that provide heat, sound and acoustic insulation together.



POLYETHYLENE FOAM – PEFLEX

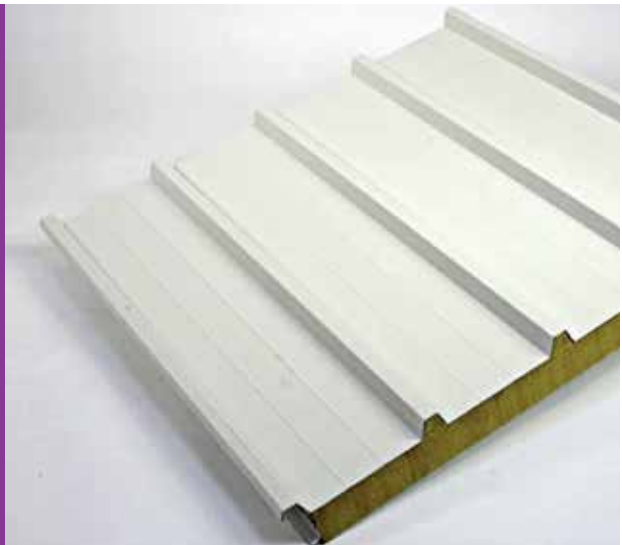
PEflex products, subject to TS EN 14313, are entitled to bear the CE marking in accordance with the Construction Products Regulation.

PEflex is a flexible thermal insulation material with a cellular structure containing closed pores. It can be produced in different sizes and technical specifications, and in the form of sheet, pipe and cord with different coating materials, depending on the requirements of the intended area of use. It is used for thermal insulation and condensation control.

INSULATED SANDWICH PANEL

Insulated panels are materials with an insulated core, sandwiched between two formed metal sheets, or between a formed metal sheet and a waterproofing membrane.

Insulated panels are materials with an insulated core, sandwiched between two formed metal sheets, or between a formed metal sheet and a waterproofing membrane. Their light and durable structure reduces installation time, and they can provide thermal insulation, soundproofing, water proofing and fire safety, depending on their insulation structure.





TRAPEZOIDAL PLATE

Trapezoidal plates come in a wide range of forms and colors, and are reliable roof and wall coating products that offer alternative solutions with a high load-bearing capacity.

Trapezoidal plates come in a wide range of forms and colors, and are reliable roof and wall coating products that offer alternative solutions with a high load-bearing capacity. Thanks to their functional designs, they can be used either without insulation or with various insulation materials.



PLYWOOD

Film-coated plywood is a sheet material comprising three or more polish layers that are stuck to each other and coated with a film.

Film-coated plywood is a sheet material comprising three or more polish layers that are stuck to each other and coated with a film. The multilayered and mutually perpendicular structure of the fibers on adjacent layers ensures endurance in both directions and form stability, giving plywood a distinct advantage over other timber products.

Information on Financial Structure

It has been a year which we have increased our sales and our profitability.

Our balance sheet dated 31.12.2016 and statements about balance sheet items prepared by our external auditing company in accordance with the Notifications of the Capital Market Board are submitted for your information in ANNEX-1. In addition, income statement is also submitted for your analysis in ANNEX-2 together with its statements.

The funds created by our company within the year were allocated to investments, operating capital increases, tax payments, dividend payments and the paybacks of short-term loans (Statement of Changes in Equity Capital is given in ANNEX -3 and Cash Flow Statement in ANNEX – 4).

As of 31.12.2016, our balance sheet and its footnotes that was audited by an independent firm and approved by Audit Committee was examined by the Board of Directors and submitted to the approval of General Assembly after being accepted with our decision dated 15th February 2017 and number 774.

We would like to state that the financial statements, their footnotes and periodical activity reports that were drawn up and announced at interim periods and at the end of the first half of 2016 are exactly reflecting the financial status of our Company and that they exactly comply with the legislations and that we are responsible for all the information included in these reports.

As per the policies of the Company, the total amount of guarantees given is 14.950.898 TL (31 December 2015: 16.879.261,-TL) and these guarantees consists of letters of guarantee and notes submitted to customs houses, domestic suppliers, banks and tax offices.

NET SALES AND PROFITABILITY EVOLUTION

(Calculated According to the notifications of Capital Market Board)

In comparison with 2015, amounts belonging to our production sales are given in below table.

BOARD OF DIRECTORS' ASSESSMENT THAT THE COMPANY IS NOT RUNNING INTO DEPT.

As can be understand from the survey of our Balance Sheet and Income Statements, situations like running into debt or having unreciprocated capital is out of the question.

SALES, PROFITABILITY, DEBT AND SHAREHOLDERS' EQUITY (COMPARATIVE PRESENTATION)

In order to improve current financial structure of the company, Eximbank loans with export commitment offering low interest and has been used in 2016 for operating capital requirement and the useage mobile POS devices for receivable collection has been increased compared to the previous year. In 2016, all internal development software related for virtual POS to be used in collection of receivables have been completed and virtual POS system began to be used during the year.

(TL)	2016	2015	%
Domestic	328.525.377	313.547.700	4,78
Other Domestic	15.530.937	13.960.748	11,25
Export	62.529.776	63.297.817	-1,22
Total Gross Sales	406.586.090	390.806.265	4,04
Discount and Returns	-20.776.693	-20.323.901	2,2
Net Sales	385.809.397	370.482.364	4,14

FINANCIAL INDICATORS

	2012	2013	2014	2015	2016
Sales (TL)	318.292.485	339.116.356	362.921.190	370.482.364	385.809.397
Gross Profit (TL)	79.115.997	82.846.214	86.403.832	87.370.645	88.330.698
EBIT (TL)	33.551.123	37.220.123	86.890.704	40.013.079	36.526.499
EBITDA (TL)	43.862.387	48.488.197	98.169.392	50.936.344	47.182.661
Gross Margin (%)	25	24	24	24	23
EBIT Margin (%)	11	11	24	11	9
EBITDA Margin (%)	14	14	27	14	12

FINANCIAL INDICATORS

	2012	2013	2014	2015	2016
Liability (TL)	57.997.959	66.750.947	66.634.352	93.440.089	133.171.209
Equity (TL)	148.278.348	148.280.237	185.810.074	155.053.362	161.350.325
Financial Debt (TL)	14.476.383	22.022.085	16.870.466	20.558.313	46.049.226
Net Profit Margin (%)	8	8	19	8	5
Equity / Total Assets (%)	72	69	74	62	55
Total Debt / Equity (%)	39	45	36	60	83
Fin. Debt /Tot.Assets (%)	7	10	7	8	16
Finan. Debt / Equity (%)	10	15	9	13	29

Strategy and Investments

We have invested 31.1 million TL in 2016.

INVESTMENT DETAILS IN THE REPORTING PERIOD

In 2016, Multipack and Palletization investments have been completed in our stonewool facilities, new rubber furnace and local batch investment for our rubber facilities, new warehouse in our Gebkim facilities and various safety and security related investments for have been performed.

During the year, our total tangible and intangible asset purchases have been realized as 22.048.150 TRY (in 2015: 9.092.352 TRY).

INTERNAL CONTROL SYSTEM

An internal control system has been designed to ensure the effectivity and productivity of operations, reliability of financial reporting system and their compliance with the laws and to provide a reasonable assurance. Essential objective for designing the internal control system is to prevent the adverse outcomes like financial and asset losses, erroneous decisions, occurrence of misuses, revenue loss and company's being unable to reach its targets. For this reason, the continuance of the system's operability in a effective and productive way is ensured by performing tests for evaluating the risks in business process and the controls designed to avoid these risks.

Izocam Internal Control system is composed of five basic standards connected with each other. These are respectively (1) Control Environment Standards, (to reach the company's targets on the basis of unit and activity targets) (2) Risk Assessment Standards, (to guide for the right management of risks) (3) Control Activities Standards, (to effective and timely evaluation of data and information received) (4) Information and Communication Standards and (5) Monitoring Standards to evaluate the internal control system and risk management, which involves whole of the organization.

Within the scope of the importance and necessity for the Company of internal controls, Izocam Reference Book of Internal Control System has been prepared and issued both in written and on intranet pages with the aim of enhancing the awareness within the Company and guiding the users. Efficiency of the internal control system is tested through the internal audits conducted, and risky points and fields of improvement are periodically reported to the managers of the relevant units and to the senior management.

In 2016, awareness has been heightened by providing trainings under the title of Izocam Corporate Structure and Internal Control Systems for the employees. It is aimed to provide the employees with updated information also on innovations and advances in this field by making the trainings perpetual.

The company did not acquire its own shares within the year and was not audited by either private or public institutions within the same period. There is not any subsidiary in Company's portfolio.



In 2016, no administrative sanction and punishment were imposed on the company and Board of Director and there is no important case opened against the company. Our Company does not have any substantial incompatibility with public or private institutions.

DECISIONS OF THE GENERAL ASSEMBLY

In 2016, the General Assembly has met been arranged for only one time, ordinarily in 22nd March 2016 and meeting and decision quorum have been ensured for the sessions. The detailed information regarding the meetings has been included in the "Compliance Report for Corporate Governance Principles". All issues included in the agenda of the General Assembly and decided by the General Assembly have been fulfilled during the year.

The information on expenses performed by the company in the context of donations, aids and corporate social responsibility and beneficiaries of such expenses,

Our Company has granted in total 100.320,57.-TRY donation of which 20.000.-TRY to Mehmetcik (Soldiers) Foundation, 10.000.-TRY to the Paraplegia Foundation of Turkey, 2.500.-TRY to Clean Sea Foundation, 20.000.-TRY to Losev - the Children with Leukemia Foundation, 4.080.-TRY to Turkish Education Foundation, 15.325,69.-TRY to Religious Higher Education Center of Kocaeli, 19.542,22.-TRY to Ege University, 8.872,66.-TRY to other foundations and other social institutions within 2016.

Information about previous period targets and their status of implementation

Financial, customer, employee, technology and corporate based targets which were determined by the Board of Directors, constituting the basis for evaluating performance of senior executives have significantly been implemented as of the end of 2016.

Precautions taken for preventing conflict of interest related with investment consultancy and rating companies

There has not been any conflict of interest during the year between our company and the institutions providing investment consultancy and rating services. In order to prevent possible conflict of interests, before such services purchases, texts which will prevent possible conflict of interests as well as confidentiality clauses are added to the contracts and protocols to be concluded and confidentiality agreements are signed.

Information on investments, status of using incentives and information on fixed assets

Our investment policy is undertaking necessary investments which will enhance to continue our leadership claim in the market or undertake those investments which will carry us to leadership status.

During the year, we have performed investments targeting the improving occupational health and safety in all our existing facilities as well as increasing miscellaneous capacity, productivity and quality of these facilities.

No Investment Incentive has been benefited from in 2016.

Human Resources, R&D and Environment

Energy-efficient production processes...

We have obtained the approval of the Ministry of Environment and Urbanization for the use of cullet as alternative raw material in our facilities. Our glass wool and stonewool facilities play an active role in the recovery of cullet.

We, as Izocam, operate in accordance with the principle of occupational safety. In order to raise awareness on Occupational Safety, we have provided more than 7,500 hours of occupational safety training to Izocam employees and subcontractors, and carried out 3,198 single point occupational health and safety inspections in 2016. Besides occupational safety, we also focus on environmental protection with our environment-friendly products and our efforts during production.

In addition to our ISO 14001 Environmental Management System Certificate, our Environmental Product Declarations and our Greenhouse Gases Monitoring Plans have been approved by the Ministry of Environment and Urbanization, and our aim is to be certified by a competent authority in accordance with the ISO 14064 Greenhouse Gas Accounting and Verification Management System in 2017. The feasibility report for the use of cullet, a waste product of the sector, as an alternative raw material in our facilities was provided by Boğaziçi University Institute of Environmental Sciences.



Furthermore, we have obtained the approval of the Ministry of Environment and Urbanization for the use of cullet as alternative raw material in our facilities. Our glass wool and stonewool facilities play an active role in the recovery of cullet.

We passed successfully the second ISO 50001 Energy Management Systems Interim Inspection. With the energy reduction projects carried out under our Energy Management Systems, we have managed to reduce our energy consumption and greenhouse gas emissions during production from the previous year.

BY CONSUMING LESS ENERGY LEAD THE WAY TO A CLEANER FUTURE WITH MULTI COMFORT.



Meet Multi-Comfort's perfect insulation which provides full sealing. Increase your comfort of living by using less energy and wipe out the footprints of carbon you have left on the environment.

Human Resources Management

We provide equal opportunities to all our employees.

Our company which always sets sight on being the pioneer, innovative and the leader firm in its fields of activities for more than 51 years and determinedly progresses towards this direction, also adopts its principles to become a strong, reliable and preferred employer brand for its employees.

We have continued to undertake necessary investments required for our employees who are the followers of our corporate culture and values and play a very important role in achieving successful business results. We have continued to present them a reliable, healthy, fair, transparent and legal working conditions in 2016.

The most significant characteristics of our human resources policy are to meet the qualified, open to learning and innovative human resources requirements of our company, being conscious about universal principles and all legal responsibilities so that ensuring employees work with high motivation by providing contribution to personal and professional development of specialized and qualified staff.

Our average number of employees in 2016 has been 445 (the average number of employees for the previous year was 448). 212 of our current staff are white-collar while 233 of them are blue-collar. As of the 31st December 2016, total number of staff working in our company is 446 (this was 451 as of the 31st December 2015).

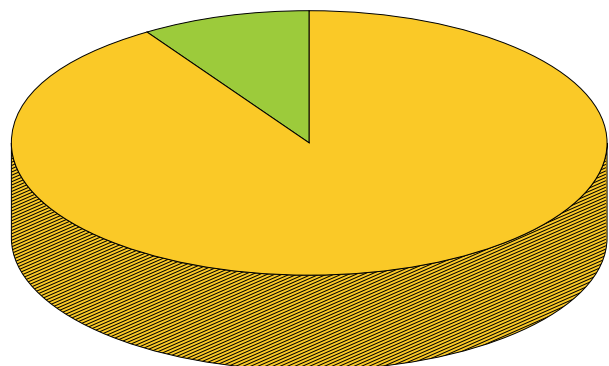
9% of our employees are women while 91% of them are men and our average age is 37 while seniority average is 10 years. 49% of our employees have either Doctorate, Post-Graduate or graduate level education.

We consider the employment of woman important for our company both for white-collar and blue-collar personnel. We have 2 women executives one as first level executive and one for medium level executive within the executive level of our white-collar staff. We are against gender discrimination in our promotion and employment policies and we support our female employees especially during their adaptation process following maternity.

PERFORMANCE AND COMPETENCE MANAGEMENT

Performance Evaluation System is used in our company which is measurable within the scope of annual goals.

Gender Distribution



Male
91%

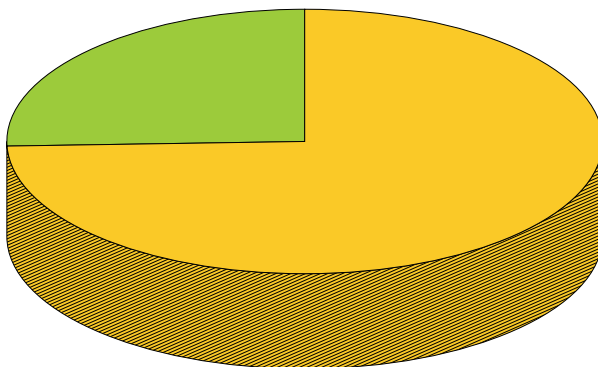
Female
9%



The results of the Performance Evaluation System are used, systematically since 2005, which especially supports individual goals of white-collar staff and these results are used as a basis in the process of determining wage increases, the process of determining executive potentials.

Furthermore, 360 Degree Competence Evaluation System where an employee is evaluated by his/her superior, horizontal colleagues, subordinates (if, any) and by himself/herself has been used by our company since 2005. An evaluation system where corporate competences are taken into consideration is an important tool where employees are evaluated from various aspects so that related

Personal and Professional Training Distribution



■ Internal Trainings
67%

■ External Trainings
23%

feedbacks can be provided. Beyond singlsided feedback, 360 degrees feedback management allows a larger group observing performance, attitudes and behaviours of employees can provide feedbacks for them. The results of these competence evaluation are used in the process of determining individual development requirements of employees, the process of evaluating communication roles and the process of determining managerial potential.

PERSONAL AND PROFESSIONAL TRAINING

Izocam considers training and development of human resources as a priority for achieving its goals. Thereby, allocates necessary resources for development of its employees and allow its employees to plan their personal development through receiving feedbacks from their superiors and workmates by means of 360 degrees competence evaluation sysmtem. The avarage number of training hour per employee has been realized as 48.8 hours in 2016. 67% of these trainings have been provided as internal trainings while 23% of these were external trainings. The percentage of trainings provided through electronic environment has been realized 10%. We will continue to provide technical and professional training and development activities for all our employees in the light of the laws and professional development of our staff.

INTERNAL COMMUNICATION

In 2016, we have accelerated the sharing of information between the employees and the company.

Human Resources Management

Our efforts to increase commitment are continuously ongoing

The average number of training hour per employee has been realized as 48.8 hours in 2016. 67% of these trainings have been provided as internal trainings while 23% of these were external trainings.

In New Year speech of the General Manager, the business results and new term targets of the company have been shared with the employees.

The Employees Nights where retirement, seniority and outstanding success awards have been bestowed were held respectively in Istanbul and Mersin with theme of "Success is in Your Hands".

The Environment and Occupational Health and Safety Day (from hereinafter will be shortly referred to as the "EHS day") has been celebrated throughout the company, the messages on environmental awareness and occupational health and safety have been extended to the employees in that day and the interest has been kept at high levels through organizing trainings and various contests.

Also, celebratory and commemoration messages, on the Handicapped Day, Human Rights Day and etc. special days, have been shared during the year through social media and within the company.

At the end of the year, İzocam General Manager has conducted an evaluation on the previous year activities and shared the targets and expectations for the following year.

SOCIAL RIGHTS

With the aim of intensifying the motivation and deepening the commitment of the employees, our company supports the intra and extra company activities and promotes the participation of its employees. The activities supported by our Company:

- Company Financial support is provided as a contribution to individual to Pension System is equal to the amount paid by the employee who discretionally joined to the Individual Pension System.
- Financial support, increasing according to the term of employment in the company, is provided for insurance premium payments of the personnel who took out a Private Health Insurance.
- Our employees are sharing their ideas related with the development of the company through our Suggestion Award System. Gifts and plaques are given, within the scope of suggestion rating system, to our fellow workers who developed a project, generated an idea for the benefit, profit of our Company.
- Food aid package on every holiday together with detergent and towel packages on year ends are given to our employees.
- Circumcision Feasts are organized for the children of our employees in Dilovası, Tarsus and Eskişehir.
- İzocam Table Tennis Team participates in intercompany tournaments.
- Merry holiday and New Year celebrations are made.
- Discretionary influenza vaccine is provided.
- Participation in theater, movie, exhibition, concert activities etc. is ensured.

Quality Management Systems

World-class, proven quality management systems.



Izocam carries out production in accordance with national and international product standards. Suggestions that enhance quality and research and development activities are encouraged. We target continuous improvement, and results are reviewed on a continuous basis through our quality system. All legal requirements to which we are subject in quality-related matters are complied with.

Our personnel undergo training in order to raise and maintain awareness on quality. We have a ISO 9001:2008 Quality Management Systems certificate, issued by Bureau Veritas, and our Head Office and facilities are inspected by the BV Company each year. The standard has been revised and switched to its 2015 version, and it is our intention to renew our certificate by the end of 2017.

Board of Directors and Committees

BOARD OF DIRECTORS



Samir Kasem

Chairman

The first year in the Board of Directors: 2010

Committees Charged in: -

The first year in the Committee: -

Duties Outside the partnership: Alghanim Industries, President



François - Xavier Moser

Vice Chairman of the Board

The first year in the Board of Directors: 2016

Committees Charged in: Corporate Governance, Committee Member

The first year in the Committee: -

Duties Outside the partnership: Saint Gobain Group, Delagation Chief



Robert Etman

Member

The first year in the Board of Directors: 2013

Committees Charged in: Corporate Governance Committee Member / Early Detection of Risk Committee Member

The first year in the Committee: 2013

Duties Outside the partnership: Alghanim Industries, CFO



Hady Nassif

Member

The first year in the Board of Directors: 2016

Committees Charged in: Early Detection of Risk, Committee Member

The first year in the Committee: -

Duties Outside the partnership: Saint Gobain Group Middle East, Delagation Chief



Arif Nuri Bulut
Member – General Manager

The first year in the Board of Directors: 2002

Committees Charged in: -

The first year in the Committee: -

Duties Outside the partnership: Board Member of “Tat Konserve San. A.Ş”
“Saint Gobain İnovatif Malz.ve Aşındırıcı San. Tic A.Ş” and “Atlas Zımpara
San. ve Tic. A.Ş”



Pol Zazadze
Member

The first year in the Board of Directors: 2012

Committees Charged in: Audit Committee President. Corporate Governance
Committee President. Early Detection of Risk Committee President

The first year in the Committee: 2012

Duties Outside the partnership: PersonnaTıraş Ürünleri ve Kozmetik San.
Tic. Ltd.Şti General Manager



Gülsüm Azeri
Member

The first year in the Board of Directors: 2012

Committees Charged in: Audit Committee Member

The first year in the Committee: 2012

Duties Outside the partnership: OMV Petrol Ofisi AŞ - OMV Gaz ve Enerji Holding
AŞ CEO- Board Member

(*) r. François-Xavier Moser has been appointed as Deputy Chairman of Board of Directors in place of Mr. Emmanuel Henri Marie Normant who left his position in 21.06.2016. Mr. Hady Nassif has been assigned to the non-independent member of the board of director position which was empty.

Board of Directors and Committees

Information Related With The Members That Take Charge in Management and Audit Boards

Administration and representation of the Company shall be executed by the Board of Directors consisting of not at least 5 members elected within the framework of the Turkish Commercial Code, Capital Markets Board regulations and relevant legislation provisions.

Board of Directors shall be established and shall operate within the following principles:

- 1) Number of Board members shall be determined by the General Assembly in a way to enable board members to undertake efficient and productive efforts, to take fast and rational decisions, to establish committees and to organize their works effectively on condition that there are at least 5 members in any situation.
- 2) The number and attributes of independent board members shall be in compliance with the Capital Markets Board Corporate Governance Regulations. The majority of members of Board of Directors is composed of such individuals who do not have any administrative position in the company other than board of directors membership and who do not intervene in the daily businesses and ordinary activities of the company.
- 3) The execution and operating principles of Board of Directors together with its structure and meeting format and thereby the relevant structure of committees to be established within Board of Directors shall be in compliance with the Capital Markets Board Corporate Governance Regulations. Board of Directors governs the Company and represents it against courts and third parties. Excluding the Article 408 of Turkish Commercial Code and the regulations in Clause 1 of Article 23 of Capital Markets Law, Board of Directors has the absolute authority to perform all kinds of proceedings and actions, related with the company's field of activity together with the administration and possession of all kinds of estates and assets belonging to the company.

To take customizable decisions in all issues that are not subject to the resolutions of General Assembly, to determine the authorities of the General Director, Vice General Directors and managers, to prepare regulations/circulars for the internal management of the Company and to approve the budgets and strategic plans are among the duties of Board of Directors. Board of Directors performs the duties assigned or will be assigned to itself under this Master Agreement and General Assembly resolutions based on the applicable laws, and exercises its authority in this context.

- 4) Duties and authorities of the General Director are determined by the Board of Directors. The Chairman of Board and the General Director cannot be the same person.

The Board Chairman determines the meeting agenda. In case of necessity, meeting agenda can be determined by Board of Directors' decision too. At the end of each meeting, meeting notes are typed and meeting minutes are signed by all members. Every member carries only a single right of vote. He/she personally uses this right. The votes in the Board of Directors meeting are casted as 'yes' or 'no'. In case, a member objects the decisions taken in the meeting, this is noted to the meeting minutes.

Prior to any Board of Directors' Meeting, the Board Chairman submits the documents and data related with the agenda items to an examination of all the members, on the purpose of providing equal information to every member of the board. Turkish Commercial Code, Capital Market Law and regulations of Capital Market Board related with corporate governance and other relevant legislations are applied to determine the term of office of the Board of Directors members and Independent Board of Directors members.

Pursuant to articles 395 and 396 of Turkish Commercial Code, Board of Directors members declares that in 2016 they did not perform the duties that are within the scope of company's operation field personally or on behalf of others basing on the permission given by the General Assembly.

The duties of the Board of Directors members outside the company, information about their profile and the Independency Declarations of Independent Board of Directors members are available in our "Corporate Governance Principles Compliance Report".

Information About the Committees Created by The Board of Directors and Participation to Committee Meetings

Board members who were selected at the General Assembly Meeting held on 22 March 2016, convened on 23 March 2016 and shared tasks. Independent board members Gülsüm Azeri and Pol Zazadze (President) were assigned to Audit Committee

members; independent board member Pol Zazadze (President) and board members Robert Theodoor Gijsbert Etman, François Xavier Moser and the Manager of Investor Relations Unit Doruk Özcan who works as the Assistant General Manager responsible for Finance and Administrative Affairs and who is the holder of Capital Market Activities Advanced Level License and Corporate Management Rating Surveyor License were assigned as Corporate Governance Committee members; Pol Zazadze (President), François Xavier Moser and Robert Theodoor Gijsbert Etman were assigned to Early detection of Risk Committee.

Considering the current structure of the Board of Directors; it was resolved that the duties of Nomination Committee and Wage Committee shall be fulfilled by Corporate Governance Committee. The working principles of the committees are published on the internet page of the company.

The Committee in charge of Audit convened eight times within the year and submitted the financial reports and other assessments within the framework of their working principles to the Board of Directors. The Corporate Governance Committee convened two times within the year and submitted its suggestions and minutes to the Board of Directors. The Early Risk Detection Committee convened six times within the year and submitted the company assessment report to the Board of Directors.

The evaluations of the Board of Directors related with the efficiency of the systems in the fields of internal control and risk management are given below.

Financial Rights Provided to Board Members and Senior Managers

You can examine the “Wage Policy for Board Members and Senior Executives” principles involving the bases of all kinds of rights, interest and wages provided for Board Members and senior executives and also the wage system principle and criteria used to determine them besides the information about Board Members served in 2016 in our “Corporate Governance Principles Compliance Report” attached to this report.

“Pricing Codes Related With The Board Of Directors’ Members And Senior Executives” of our Company, which contains all kinds of rights, benefits and wages provided for the Board of Directors’ members and senior executives, and also the criteria and pricing principles used for determining them, is updated and put into practice after it is approved in our Ordinary General Assembly dated 23.03.2015.

As it is decided at Regular General Assembly, no fees are paid to the Board of Directors members who are not independent and monthly gross salary 12.765,00 TL is paid to each independent Board of Directors members.

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

	1st January - 31st December 2016	1st January - 31st December 2015
Short term benefits		
(Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	4.608.926	4.146.135
Long term benefits		
(Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	809.561	719.415
	5.418.487	4.865.550

Board of Directors observes that the internal control and risk management systems are working effectively. Board of Directors has convened three times within the year and every member was present in these meetings.

Senior Management

İZOCAM MANAGEMENT



Nabi Akpınaroğlu
Company's Assistant
General Manager
(Technical)

Nabi Akpınaroğlu started his work life in İzocam in 1990, has taken charge in various administrative levels and was assigned as the Assistant General Manager in 2014.

Arif Nuri Bulut
Company's General
Manager

Arif Nuri Bulut started his work life in İzocam in 1981, has taken charge in various administrative levels, worked as Assistant General Manager (Technical) between 1996 and 2002 and was assigned as the General Manager on 01.04.2002

Doruk Özcan
Company's Assistant
General Manager
(Finance-Administration)

Doruk Özcan started his work life in İzocam in 2007 as Corporate Account Manager and was appointed Assistant General Manager as of 1st January 2015.

Fatih Öktem
Company's Assistant
General Manager
(Marketing)

Fatih Öktem, started his work life in İzocam in 1986, has taken charge in various administrative levels and was assigned as the Assistant General Manager in 1997.

OUR MANAGERS WHO ARE STILL IN CHARGE ARE LISTED BELOW

Name - Surname	Duty
Arif Nuri Bulut	General Manager
Fatih Öktem	Assistant General Mng. Marketing
Nabi Akpınaroğlu	Assistant General Manager Technical
Doruk Özcan	Asst. General Mng. Fin. & Administration
Vuslat Gökçe	Administrative Affairs Coordinator
Öner Torun	Corporate Accounting Manager
Dilek Pehlevan	Budget and Financing Manager
Nejdet Avcı	Information Systems Manager
Gözdehan Çaycı	Human Resources And Ind. Rel. Mng.
Umut Ayhan	Audit And Control Manager
Eşref Bingöl	Research And Development Manager
Mustafa Selçuk	Prod. Planning And Logistic Manager
Halil Sıtkı Ergün	Engineering Manager
Kemal Gani Bayraktar	Technical Marketing Manager
Demir Ahmet Demirtaş	Export Manager
Mustafa Rüştü Uz	1. District Sales Manager
Bülent Yıldız	2. District Sales Manager
Serhat Serkan	3. District Sales Manager
Nihat Köşger	4. District Sales Manager
Hakan Özşanlı	5. District Sales Manager
Ahmet Uysal	Tekiz Sales Manager
Feza Mahmut Hakkacı	Facade Systems Sales Manager
İlhan Göksun	WCM Manager

Dilovası Stone Wool Production Facility

Ömer Mehmet Arun	Facility Manager
Olçay Yultay	Operating Manager (Stone Wool)
Gökhan Serin	Quality Assurance Manager
Hüseyin Koyak	Maintenance And Auxilary Op. Mng.

Senior Management

Dilovası Gebkim İzopor, Foamboard and Tekiz Panel Production Facilities

Mehmet Bezzazoğlu	Facility Manager
İlhan Karaağaç	Foamboard Production Manager
Özgür Öktem	İzopor Facility Production Manager
Ali Gökçe Alkan	Tekiz Production Manager
Talat Kırçak	Quality Assurance Manager
Sinan Köse	Maint. And Auxilary Op. Manager
Hakan İmren	Human Resources And Adm. Affairs Manager (Gebkim ve Dilovası)

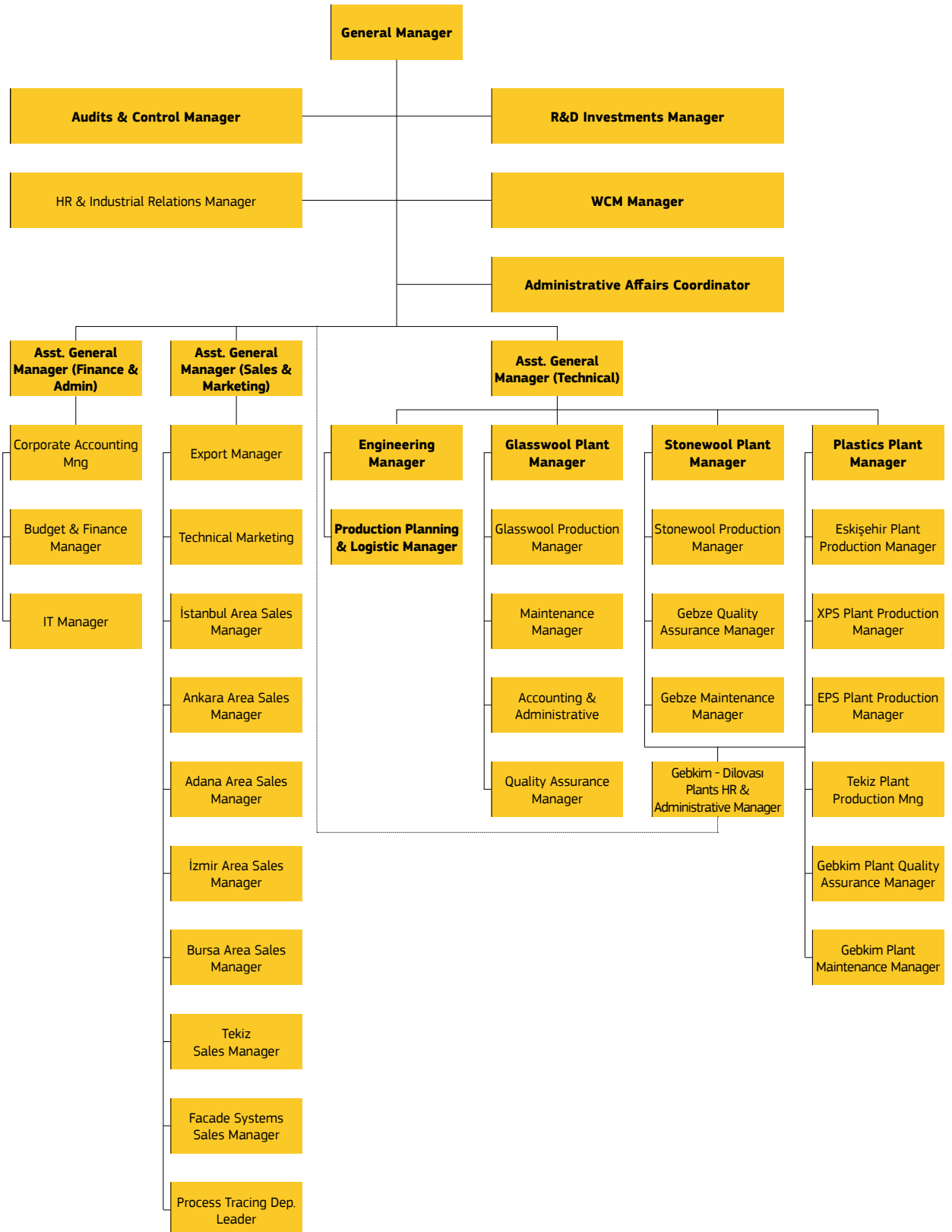
Tarsus Glass Wool And Extruded Polysytrene Production Facilities

Ramazan Tok	Facility Manager
Timur Aras	Accounting And Adm. Affairs Manager
Tefik Yıldız	Glass Wool Production Manager
Evrin Yıldız	Quality Assurance Manager
Yusuf Oğuz Olcaytu	Maintenance And Auxilary Op. Manager

Eskişehir Rubber And Polyethylene Production Facility

Sait Taşçı	Production Manager
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Organization Structure



Corporate Governance Compliance Report

SECTION I –DECLARATION FOR COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our company has been continuing to apply the equality, transparency, accountability, responsibility and consistency criteria in the activity period which ended in 31.12.2016 in compliance with corporate governance principles within the scope of the II-17.1 Numbered Corporate Management Directives of the Capital Market Board which have been published in the Official Gazette with 03.01.2014 date and 28871 number. In accordance with the explanation of the Capital Market Board in the Bulletin with 13.01.2015 date and 2015/1 number, our Company is among "BIST 3rd Group Companies" and has been observed to comply with the Directives substantially as a result of analysis of 399 criteria defined in the methodology prepared by a corporate governance compliance rating company, Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.

The Corporate Governance Rating of our Company which was 8.76 in 30.12.2014, has increased to 9.16 as of 29.12.2015 and to 9.28 as of 23.12.2016 as a result of continuous improvement activities performed by our Company. Since 31.12.2014, Izocam is included in the Corporate Management Index of BIST.

The score of our Company given in accordance with the Compliance Rating for Corporate Management Principles as of 23.12.2016 are shown below considering subheadings.

MAIN HEADINGS	WEIGHT	2016 SCORE
Shareholders	25%	93,85
Public Disclosure and Transparency	25%	95,67
Stakeholders	15%	91,93
The Board of Directors	35%	90,38

This result is an indicator that the risks which might arise for our Company have been substantially detected and these risks can be taken under control and the rights and interests of shareholders and stakeholders are maintained fairly by the company. In addition to this, our company has reached up to an upper level in the fields of public disclosure and transparency activities and this subheading is among the headings where the company's score has been increased the most.

Our company aims to implement the improvements as soon as possible concerning Board of Directors category where the lowest score was reported.

You can access our Corporate Governance Rating Report from the website of our company and www.kap.gov.tr link.

There is not any conflict of interest between Izocam and the companies which provide investment consultancy and rating services. The company carries out its activities in the context of internal regulations and the criteria determined by the ethical principles and it is paid great attention not to cause any conflict.

Generally, although our Company fully complies with the principles which are obligatory within the scope of the Directives, it complies with majority of the non-obligatory principles and continues its activities for further improving its corporate governance practices. There is not any conflict of interest instead of the already applied principles and arising from the following issues summarized below and which have not been implemented, yet.

There is a female member in the Board of Directors of our company. The Article 14-1 of the Articles of Incorporation of our Company has been amended in the Extraordinary Shareholders' Assembly Meeting held in 16th June 2015 and compliance with the

recommended female member of the board of directors directive has been complied. According to this amended article, "The Company takes care of increasing the number of female members in the board of directors having sufficient knowledge and experience among the persons to be shown as candidates in the General Assembly for selecting the Board of Directors". Furthermore, in addition to this regulation, the policies for reaching the target rate for female members' ratio which is minimum 25% and the related duration to achieve these targets are currently under development.

In accordance with the Article 4.5.6 of the Corporate Governance Principles, the wages and all other benefits provided to the Members of the Board of Directors and the Directors with executive responsibilities are collectively disclosed to public by means of Annual Activity Report.

Our willingness and decisive approach generate solutions in the areas where there is a need to meet the requirements related with compliance/legislative amendments and provide improvement by interiorizing corporate government principles will continue in the upcoming period just like we did in 2016.



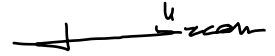
Pol ZAZADZE
The Chairman of the
Corporate Governance
Committee



François- Xavier MOSER
The Member of the
Corporate Governance
Committee



Robert ETMAN
The Member of the
Corporate Governance
Committee



Doruk ÖZCAN
The Member of the
Corporate Governance
Committee

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SECTION II – SHARE HOLDERS

2.1. Investor Relations Unit

Investor Relations are been performed by a department that is reporting to AGM of Finance and Administration in İzocam Ticaret ve Sanayi A.Ş. The activities conducted by the unit are as below:

Investor Relations Unit has prepared two reports; covering its semi-annual and annual activities of 2016 where the report submitted it to the Board of Directors and Corporate Governance Committee of the Company.

- Correspondences between the investors and partnership also keeping records related with other documents and data has been kept in a confidential, secure and updated manner.
- There were no written questions submitted to our unit from shareholders within this period.
- All relevant documentation has been prepared and submitted for the information and review of shareholders concerning the General Assembly meeting. Conducting the ordinary and extraordinary general assembly meetings in accordance with the relevant legislation, prime contract of the Company and other intra partnership regulations has been ensured.
- Obligations arising from Capital Market Legislation has been followed and fulfilled, including all the issues related with corporate governance and public disclosure.
- Within the scope of information policy, relations with shareholders have been maintained regularly; trustable and regular information access related with the company has been provided. It was ensured to inform the shareholders by quickly and completely updating the information like activity report, profit announcements on company's internet site.
- Internet site that is obligatory within the scope of TCC has been created on e-company portal and put into service.
- 17 Necessary Material Disclosures in 2016 have been announced through Public Disclosure Platform taking into consideration the communiques and laws of Capital Markets.
- Changes in Capital Markets Law and relevant legislation has been followed and presented to the attention of relevant units of the company.
- Information requests of undergraduates, postgraduates and faculty members making research about our company and the sector have been satisfied.

Manager of Investor Relations Unit, Doruk Özcan, continues his full time duty as Assistant General Manager Finance and Administrative Affairs. Doruk Özcan is the holder of Capital Market Activities Advanced Level License and Corporate Governance Rating Certificate License.

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2.2. Exercising the Right to Inform by Shareholders

In İzocam Ticaret ve Sanayi A.Ş., besides the partnership organs, the Investor Relations Unit plays an effective role in facilitating the use of share ownership rights, particularly the rights to demand and review information.

With the aim of expanding “the right to inform” of shareholders, all kinds of information and statements that might affect the use of shareholders’ rights have been submitted to the usage of investors on the corporate internet site of the Company (www.izocam.com.tr).

Although there is no regulation related with the demand of assigning a special auditor in Articles of Association, the company management avoids from actions that makes special audits difficult. Nevertheless, pursuant to article 438-439 of Turkish Commercial Code, even if it is not on the agenda, every share holder might ask from general assembly to elucidate special events by a special

audit if it is necessary to use his/her share ownership rights and if he/she didn't use his/her right to demand and review previously. Up until now, the shareholders did not express a demand in this direction. Besides, the activities of the company are periodically audited by an independent auditor elected in General Assembly.

During the reporting period, the activities of the company have been periodically audited by Independent External Auditor (Güney Bağımsız Denetim ve Serbest Muhasebe Mali Müşavirlik A.Ş. – Ernst Young) which is assigned by General Assembly and the comments related with this issues are displayed on the internet site of the company.

2.3. General Assembly Meetings

Within 2016, Izocam General Assembly has been conveyed ordinarily in 22nd March 2016 and meeting and decision quorum has been ensured during the session. All shareholders and stakeholders as well as media have been invited to our General Assembly meeting.

The decisions taken in the Ordinary General Assembly Meeting where the activities of 2015 were discussed have been registered by the Commercial Registry Office of Istanbul on 07.04.2016 and were declared in Commercial Registry Gazette of Turkey 13.04.2016 dated 9053 numbered issue.(pages 716-719)

The invitations to General Assembly Meetings has been made by the Board of Directors of the Company in accordance with the provisions of the Turkish Commercial Code (TCC), the Capital Market Law and the Articles of Association of the Company. The required calls and explanations are made through KAP when a decision is taken by the Board of Directors for holding a General Assembly and since 2013, the calls and invitations as well as attendance and voting related with the shareholders' assemblies have been done via the Electronic Shareholders' Assembly System (ESAS) which is within the structure of Central Registration Agency. The declarations of the meetings are published on the Commercial Registry Gazette of Turkey, KAP, ESAS and website of the company in accordance with the Directives of the Capital Market. The address where the financial statements subject to independent audit can be reviewed is disclosed in these declarations.

Besides the "information about total number of shares and right to vote which reflect structure of the partnership, management and activity revisions which realized in previous fiscal periods or planned may affect significantly the partnership activities as of the explanation date and reasons of these changes; about information if there is any dismissal, change or election of the board of directors on the agenda of the general assembly meeting, reasons of the dismissal and change, CVs of the candidates informed to the partnership, tasks executed in recent ten years by them and their dismissal reasons, the relation qualification between partnership and related parties of the partnership and its importance level, whether they are independent or not and in case of such persons being elected as Board Members, information about similar matters may affect the partnership activities; demands of the shareholders of the partnership forwarded in written to the Investor Relations Department for putting an item to the agenda, if the Board of Directors does not accept the shareholders' suggestions about the agenda, the not accepted suggestions and refusal reasons, in case there is any amendment of the articles of association on the agenda, former and new texts of amendments of the articles of association with the related board of directors resolution" the documents to be kept available to examination of the shareholders within the framework of article 437 of the Turkish Commercial Code and, obligatory notifications and statements that has to be done pursuant to relevant legislation is announced to the investors arrestingly on the website www.izocam.com.tr and the Public Disclosure Platform three weeks in advance and together with the General Assembly Meeting Announcement.

Each shareholder who wishes to speak at the General Assembly meetings can rise opinion about the company activities and ask questions to the company management and request information. The required answers and explanations are given to them during the meeting.

The three of Board Members and Assistance of General Manager Finance and Administration, Corporate Account Manager, Finance Manager, and Auditor who are responsible for preparing of financial statements attended to the meetings.

The General Assembly minutes are published on our website. Additionally, these minutes are open to examination of our shareholders in the head office and a copy of these are provided upon the request of our shareholders.

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On choice of meeting venue of the General Assembly, it is taken note to organize a place where the shareholders can reach easily and with low-cost.

The dividend policy, Share Buyback Policy and Donation and Aid policy has been submitted for the information and approval of the shareholders.

The Company informs the shareholders by means of a separate meeting item for these about donation and aids at ordinary general assembly meetings.

Attendants are informed that; the Shareholders with a management control, Board Members, Senior Managers and their spouses, relatives up to second degree and relatives by marriage, did not perform any transactions that may create conflict of interest with the Company or its affiliated companies.

2.4. Rights to Vote and Minority Rights

All practices complicating the right to vote are avoided in our Company. There is no any privilege about this subject in the Articles of Association. The legal entities which are our affiliates and reciprocal shareholding companies do not taken part among our shareholders.

There is not any member representing the minority at the management of the Company.

2.5. Rights to Profit Share

The Company submits the profit distribution policy at the Ordinary General Assembly meeting with a separate agenda item for the Shareholders' information and announces this in its activity report in company website.

Our Company's dividend policy that was approved at the Ordinary General Assembly held on March 22, 2016 is as below.

The profit distribution policy of our company;

Our Company distributes dividend to the shareholders provided that it is not less than the calculated distributable profit according to communiqués of the Capital Market Law in consideration of its long-term strategies, investment and finance plans and profitability the business. The dividend payment can be distributed in cash or bonus share (by supplying from the Company resources) as well it may be partly in cash and partly bonus share.

The dividend distribution date to the shareholders shall be determined by the General Assembly upon proposal of the Board of Directors.

The profit distribution is realized within the legal terms in accordance with the Turkish Commercial Code and the Capital Market Law. The Company submits the profit distribution policy at the Ordinary General Assembly meeting with a separate agenda for the Shareholders' information and announces to the stakeholders with the activity report and in its website. If the profit distribution is not done, the Board of Directors shall give information to the General Assembly about why it is not distributed and where it is used.

According to the Main Agreement; there is no privilege about involvement to profit of the company. Dividends are distributed equally to all current shares regardless of their issuance and acquisition dates.

The Company may distribute dividend advance to its shareholders in frame of regulation in the Capital Market Law.

"The Profit Distribution Policy" is determined below as stated by the Capital Market Law, the Turkish Commercial Code, tax laws and related legislation provisions and the Main Agreement of the Company.

Net profit of the Company reported in the balance sheet to remain after deduction of general expenses and depreciation which should be paid and set aside by the company as well as all taxes payable by the company as a legal entity and losses to previous years (if any) from the income amount calculated at the end of the accounting period is distributed in the following order.

Primary Legal Reserve

a) 5% (Five Percent) of the Annual Profit shall be allocated as legal reserve until reaching 20% (Twenty Percent) of the Paid Capital.

First Dividend

b) First dividend shall be reserved from the rate and amount determined from the remaining amount by the Capital Market Board.

Second Dividend

c) The amount of net profit to remain after deduction of the amounts mentioned above may be distributed partially or wholly as second dividend or set aside as extraordinary reserve with the decision of General Assembly.

Secondary Legal Reserve

d) 10% (Ten Percent) of the amount calculated after deducting the profit share at a rate of 5% out of the paid capital from the amount decided to be distributed to shareholders and other persons participating in the profit shall be allocated as secondary legal reserve according to the Turkish Commercial Code. Secondary legal reserve shall not be allocated in the event that the profit share and excess reserves are distributed as share certificates by increasing the capital.

e) No decision can be made to set aside any other reserve, to carry over profits to the next year or to distribute profit share to preferred stock holders or owners of participation, founder or common dividend shares or board members an official workers and servers of the Company unless the reserves set forth in applicable legislation are set aside and first dividend is distributed to the shareholders as mentioned in the Main Agreement in cash and/or in the form of share certificates.

The date and method distribution of profit including the first dividend is determined by the General Assembly upon proposal of the Board of Directors in accordance with the communiqués of the Capital Market Board.

2.6. Transfer of Shares

Provisions restricting the transfer of shares or practices complicating the free transfer of shares do not exist in our Articles of Association.

SECTION III – PUBLIC DISCLOSURE AND TRANSPERANCY

3.1. Corporate Internet Site and its Content

On the purpose of maintaining the investor relations efficiently and quickly thereby communicating with the shareholders continuously, our Company publishes the financial statements submitted to the Capital Market Board and explanations are made both through the Public Disclosure Platform and on its official website www.izocam.com.tr in English and Turkish. The following issues stated in Corporate Governance Principles are displayed in the Company website both in English and Turkish.

“Information Society Services, Trade Registry information, partnership and management structure of the Company, the Articles of Association of the Company as well as numbers and dates of Turkish Trade Registry Gazette where the amendments are published, Material Disclosures, financial reports, activity reports, all other public disclosure documents, invitations for the General Assembly meetings, their agenda, form of voting by proxy, explanations about the agenda, list of attendants, meeting minutes, the Corporate Management applications and compliance report, Corporate Governance Rating Reports, periodical financial statements and independent audit reports, the information policy, the profit distribution policy, the code of conducts, share buyback policy of the company, donation and aids policy, pricing and indemnity policy, corporate social responsibility policy, human resources policy, senior managers wage policy, frequently asked questions, information about members of the Audit Committee, the Corporate Management Committee and the Early Determination of Risk Committee and working principles of these Committees, information about the board members and the top executives, organization structure”.

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The information to be disclosed to public is submitted to usage of the public through “the Public Disclosure Platform” (www.kap.gov.tr) and on the website (www.izocam.com.tr) of our Company in a way that ensures on time, accurate, completely, understandable, interpretable and low-cost access, in order to help the decision making of persons and corporations which will benefit from these explanations.

The General Management and Deputy General Management in charge of Financial and Administrative Affairs are the responsible departments for the public disclosure, announcements and information that are announced to the public via all kind of communication instruments including e-communication as well as methods prescribed in the legislation with required frequencies in order to provide accessing to as much as possible shareholders in consideration of minimum periods determined in provisions of Turkish Commercial Code, the Capital Market Law and other relevant legislation.

On the purpose of maintaining the investor relations efficiently and quickly and communicating with the shareholders continuously, our Company publishes the financial statements submitted to the Capital Market Board and explanations made through the Public Disclosure Platform on its official website www.izocam.com.tr both in English and Turkish.

3.2. Activity Report

The Board of Directors has prepared activity report in detail for ensuring easy access of the public to full and correct information about activities of the Company. The activity report is prepared in accordance with the corporate management principles.

SECTION IV – STAKEHOLDERS

4.1. Informing the Stakeholders:

In case the interest of stakeholders are not protected by relevant legislation and mutual contracts against operations and activities, interests of the stakeholders are protected by the company within the framework of good faith rules and within the bounds of possibility.

Customers, shareholders, employees, suppliers, state and social circle which that are the stakeholders of Izocam, are being informed about the issues concerning them. Information about the material disclosures on PDC, minutes of General Assembly Meetings, independent auditor reports and financial statements, presentations made for individual and institutional investors and reports about the company prepared by the third parties is communicated through publication on the printed and visual media channels and on our internet site.

Company's entire financial statements and information that are open to public are being shared with the public in an accurate, complete, fair, valid and intelligible way by Izocam Investor Relations Unit.

The Company has announced its indemnity policy for the employees on www.izocam.com.tr. The stakeholders related with the Company are informed by inviting to meetings or using telecommunication instruments on matters related to them, if necessary.

4.2. Codetermination of the Stakeholders

Our prior and indispensable target is generating the customer satisfaction in marketing and sales of all goods and services. The customer satisfaction is reported and followed regularly and policies are changed when necessary.

Shareholders: Codetermination of the shareholders and protection of their rights is provided by considering relevant laws and legislation.

Employees: Platforms are created where employees can share their demands, suggestions and views on the intranet environment, besides being included into the decision-making procedures within the framework of their powers and responsibilities. In line with the System of Suggestions and Awards, the views of our participant employees are evaluated and awarded by the competent bodies.

Vendors and Customers: Our Company has 118 vendors at home and 15 abroad. An independent company is regularly conducting vendor satisfaction surveys and the results are presented to the managers through contract meetings. Necessary updates are performed after the views of the vendors and customers obtained through the surveys are evaluated by the authorized departments.

In addition, the vendors are informed about the strategies and plans of the Company at the events arranged within the year. In parallel with a more efficient, productive and higher quality service concept, conducting meetings with stakeholders, which plays an active role in the formation of Company policies and decisions, and taking action by assessing the results is an important part of the accession period. Our partners other than the controlling shareholders participating in the management directly are participating in the management through the General Assemblies conducted.

As of March 17, 2010, our Company has started to use DBS that offers a different and new collateral structure for collecting the debts. The banks contracted under this system determine credit limit for the vendors of the Company instead of the Company itself, make the collection and keep the collected amounts in the blocked account for one day before transferring into the corporate account. All of the domestic vendors have preferred collecting through DBS as of 31.12.2016.

The orders are received and followed up through the "Izocam24 Portal" link specially designed for the vendors on the internet. 110 domestic vendors and some customers are executing their orders through "Izocam24 Portal". Process Monitoring Unit created under the marketing department follows-up the processes by providing the necessary guidance for the design of the processes needed and also the analyses related with the requirements of the company, and performs studies to set up a substructure necessary for the reorganization of the fields in need of improvement.

4.3. Human Resources Policy

Company's Human Resources Policy is approved by Board of Directors Resolution on 17th February 2015 as below.

The goal of our Human Resources policy is to plan, recruit, assign in service units, develop the human resource that will ensure the performance of the work in an effective and productive way; to make, implement plans for meeting the training needs after determining them, to specify competences, to carry out the performance management, career planning studies in accordance with scientific methods.

Within the scope of this policy, criteria related with recruitment and promotion of staff and relevant mechanisms are specified in written format where our goal in Human Resources is to develop the competency of our human power continuously and maintain our lasting superiority in global competition environment by remaining loyal to;

- Right man for right job
- Equal pay for equal work
- Merit based on success
- Equal opportunity for everybody

The operation of human resources systems determined with this purpose in view is defined by procedures and announced to all personnel.

Both job definition and allocation of responsibility along with the performance and awarding criteria are all disclosed to all employees. Productivity is taken into consideration for determining the wages and other benefits of workers. Language, religion, gender, race etc. discrimination during recruitment and between employees is exactly disallowed. The rights of employee are granted justly.

Financial results of the company together with the subjects related with career, wage, training, health are all informed to employees through informative meetings. On the purpose of ensuring the participation of workers in management, benefiting from their views and reinforcing healthy communication methods like;

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- Suggestion system assessment meeting,
- Open door meetings,
- Announcements and circulars,
- Communication boards,
- Intranet

Training policies are created to improve the information, skill and conveyances of workers. Training programs are determined and implemented annually.

With reference to one of the most important principles our company has adopted namely, “value attached to worker”, we are encouraging putting into effect planned and systematic studies within the scope of Occupational Health and Safety TS 18001 by creating coherence between the legal regulations and business processes.

Indemnity policies for the Company employees have been established and announced to the public on corporate internet site.

Training and Development of the Employees

Our company prepares training plans every year in order to implement and achieve the expectations and targets of the company.

The details of the trainings provided in 2016 are given below as reference;

- External Trainings: 7.397 hours.
- Internal Trainings: 11.573 hours
- E-Trainings: 2.746 hours
- Total Training Hours: 21.716 hours
- Training hours per employee: 48,8 hours (as of the end of December 2016; average number of employees provided training: 445)

Intercommunication and Social Activities

The “Communication Plan and Procedure” which has been prepared in order to ensure efficient flow of information between the employees and the company, has been implemented in 2016 and various communication activities have been carried out throughout the year.

- General Manager - New Year Informative on Speech
- EHS Day (Environment and Occupational Health and Safety Day)
- Information Security Policy
- Clean Desk and Clean Screen Policy
- Personnel Night (participation of the company personnel with their spouses arranged in Mersin and Istanbul)
- Open Door Meetings in all facilities

The following sight benefits and activities have been provided in 2016 in order to increase the motivation and loyalty of employees:

- Private Pension
- Private Health Insurance
- Personal Development Trainings
- Theatre, Movie, Exhibition and Trip activities
- Personnel Night Celebrations
- Circumcision Ceremony for the Children of Employees
- Exchange of festival greetings and new year celebrations
- Birthday celebrations

4.4 Relations With Other Stakeholders (Sector representatives, professionals and students)

4.4.1 Insulation Master Trainings

Since 2004, the experienced and specialized training staff of Izocam consisting of architects, engineers and technicians organizes trainings in Izocam Workshops located at the Training Worksite of Turkey under supervision of the specialized instructors assigned by the Ministry of Education.

Izocam has organized free trainings for its employees to get “CPC Certificate of Professional Competence” which has become mandatory for the masters working in the construction and installation works which was put into effect by a new legal regulation enacted in 2016. The trainings for 2017 CPC Thermal Insulation Masters have been provided in 18-22 January, 15-19 February, 14-18 March, 11-15 April, 24-28 October, 21-25 November and 19-23 December.

The trainings have been provided by the experienced and specialized training staff of Izocam consisting of architects, engineers and technicians under the supervision of specialized instructors assigned by the Ministry of Education. The Thermal Insulation Expert, Professional Competence master's trainings provided in accordance with the regulations of the Occupational Competence Institution (OCI) for the masters working in thermal insulation works in worksites to develop their professional qualifications which consist of the following sub-units: Work Organization in Thermal Insulation, Occupational Health and Safety, Thermal Insulation of Foundations, Floorings and Ceilings, Thermal Insulation of Walls (Plastered Exterior Insulation Systems-Jacketing and Internal Insulation Systems for Exteriors) and Thermal Insulation Practices for Roofs.

In the Thermal Insulation Master's Trainings that is implemented in two phases as theoretical and practical trainings at the Izocam Workshops of Training Worksite of Turkey, correct details and proper practices as well as material cognizance are instructed to masters and it is ensured that wrong applications are corrected and correct details are provided to the sector. In addition to these, the information on understanding projects and performing quality takeoffs are provided to the participants of these trainings and self-development of attendees are supported.

After trainings, tests are held by the Accredited Certification Centers for certification of masters. In the assessment and evaluation test consisting of two phases as theoretical and mainly practical, the qualifications of masters for deserving to get the Certificate of Professional Competence are assessed.

After, the Master's Training for Professional Competence of Thermal Insulation Masters, the PCC Certificates of Professional Competence for Thermal Insulation are presented to the masters who become successful as a result of the assessment and evaluation conducted by the accredited test center. The PCC Certificate of Professional Competence is considered as an accredited certificate with National and International validity.

The ones who desire to get the PCC Certificate of Professional Competence which will replace the Certificate of Mastership in the frame of National Professional Standards can perform their applications to Izocam.

It is possible to take the PCC Certificate of Professional Competence by participating in the aforementioned trainings or the masters can take the test by directly applying the accredited institutions for the subjects they consider themselves sufficient and confident. Taking the test by participating in the trainings is also important for succeeding in it and benefiting from trainings.

As of the end of December 2016; Ministry of National Education approved certificates have been granted to 1.900 masters who have become successful in our master's trainings provided in Plastered Exterior Insulation Systems (Jacketing), Insulation of Industrial Structures and Roofs and Insulation of Insulated Gypsum Board Walls and Suspension Systems (Interior Insulation) subjects.

In all our trainings, we aim to improve qualifications of employees who in work in insulation, sector, thereby we provide necessary knowledge, skills and behaviors for the new workforce demanded for the sector and the profession, so as to put an end to the usage of wrong and unnecessary materials and practices and protect consumer rights as well as developing the economy of our country. Furthermore, the participants of all these trainings are provided information on expanding the insulation and energy saving awareness,

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providing maximum benefit from insulation comfort and protecting environment by means of using insulation.

4.4.2. İzodemi Trainings

Since 2012, İzocam organizes İzodemi trainings every year for its dealers and customers. Trainings are organized each year with a different theme.

In 2016, trainings have been provided on "Wining Negotiation". Useful information under the titles such as "Brief clues for customer relations", "Ideas on negotiation", "5 negotiation strategies", "Negotiation Tactics" and "Behavioral patterns" have been included within this training.

More than 250 sector professionals have participated in the trainings which have been held in Antalya in 29th September, Bursa in 11th October, İzmir in 26th October, İstanbul in 27th October, Denizli in 3rd November, Ankara in 9th November, Konya in 10th November, Erzurum in 17th November, Adana in 23rd November and Eskisehir in 30th November. 148 trainings have been provided and approximately 3.000 professionals have been reached within the scope of the İzodemi trainings.

4.4.3 İzocam Insulation Training Center (İYEM)

İYEM that was founded with the purpose of extending the insulation awareness and providing trainings about good insulation in our country maintains the activities, which it carried out with an understanding of social responsibility since 19 years.

İzocam Insulation Education Center - İYEM whose purpose is to spread the insulation consciousness, to ensure the adequate application of heat, sound, fire and water insulation and to convey the latest information and practices of the sector, gives services to all segments interested in insulation.

İYEM that undertakes a very important mission in our country's construction, instalment and insulation sector prioritizes the requirement of education of sector workers related with the practices of heat, sound, fire and water insulation and relevant regulations on every occasion.

A misapplication during the insulation causes enormous energy dissipations in buildings. To raise the awareness of public opinion about insulation is one of the main subjects that İYEM places too much stress. Especially, the heat insulation becomes prominent because of its contribution to both domestic and country economies and its eco-friendly features. Research conducted so far shows that, the insulation applications performed according to the standards provide savings up to %30-80, when compared with the buildings uninsulated or wrongly insulated buildings. Correct heat insulation creates an evenly decrease in energy bill. Besides, sound insulation and fire safety is provided. Correct insulation practices that will be ensured by increasing the number of qualified technical personnel within sector would minimize the dissipation of energy.

43 thousand days of education is provided to 20 thousand people within the context of trainings offered by İYEM for 18 years from November 1998 to 31 December 2016. (20.270 days, 44.932 people as of 31 December 2016). Trainings given at İYEM by 43 experts and academicians continues year around as two periods. "Insulation Specialist Certificate" is awarded to trainees that accomplish all the free of charge trainings of İYEM.

4.5. Corporate Social Responsibility Policy

İzocam regards as its corporate social responsibility to use its reasonable efforts on any issue regarding its shareholders.

As stated in Corporate Management Compliance Reports" of İzocam, we approach every "shareholder" within the scope of corporate social responsibility. On the purpose of evaluating the corporate management practices within the framework of especially the "shareholders", "public disclosure and transparency", "beneficiaries" and "Board of Directors", in a way including the activities of our company in this direction, the Company procures "Corporate Management Rating" and issues the report containing also the Corporate Management Rating Note in question on Public Disclosure Platform and on our website.

Our company that is quoted to BIST (ISE) Corporate Management Index continues its regular revisions to maximize its trustworthiness in the eye of its shareholders, to ensure compliance with legislation and to further strengthen its structure.

Izocam works with the desire to be a friendly brand for its customer and develops projects for the requirements of society.

Izocam runs corporate social responsibility projects in the field of education, health, environment, culture and art and acts according to the principle of sustainability and real effectuality of the projects.

4.5.1. Social Responsibility Projects

Izocam Student Competition

Izocam has been organizing an “Insulation Contest for University Students” every year since 1999 in order to develop insulation awareness among university students and ensure interdisciplinary cooperation and skill development. Izocam has been taking part in the International Student Contest organized by Isover and by this means has supplemented an international dimension to its contest since 2009. In the light of the theme of the contest, the students with the first three degrees win the right to represent our country in the international contest and compete with other students from various countries. Thereby, they have the opportunity to meet with other students and academics from other countries and have the opportunity to see the architectural structure, geography and historical artifacts of these countries.

The name of insulation contest has been changed as “Izocam Student Contest” in the end of 2015. All processes of the competition presented for participation of the graduate and post-graduate students continuing their education at universities are executed through www.izocamogrenciyarismasi.com.

Izocam Student Competition which was organized for the 16th time in 2016 received 300 applications. 41 teams presented their projects. The students, who designed a scenario with the topic of “Sustainable and Reproducible Settlement within Social and Climatic Sense” and made it to the finals, presented their projects to the jury. The review by jury was made in the Structure-Industry Center on 23rd April 2016. The first three projects ranked at the top as a result of the jury's evaluation have represented our country in the international finals organized in Minsk between 25 to-28 May.

The project of Mr. Ferhat Bulduk from the Building Survey and Planning Department of Yıldız Teknik University and Ms. Ayca Yazici from the Architectural Design Department of İstanbul Teknik University have been bestowed “the Jury's Special Award” as a result of the international jury evaluation on 26th of May. Thus, our country has deserved to get the Jury's Special Award for the third time.

4.5.2 Social Media Campaigns

4.5.2.1. Twitter Wall Campaign

Our first campaign through <https://twitter.com/izocamofficial> account has been rolled out between 26th to -29th January 2016. Questions related with Sound Insulation have been asked before noon in between 10:30 to 11:30 and 4 choices have been provided for answering them. It has been requested to answer these questions by using #hangisidogru hashtag in accordance with the format. 386 people have participated in the competition by this hashtag and 1.418 tweets have been received.

Our 1st, 5th, 10th, 15th, 20th, 25th, 30th, 35th, 40th and 50th followers who have replied these easy, informing and entertaining questions correctly have been presented power banks with Izocam logo.

Due to the impact of this campaign, 36.587 people have viewed our Twitter page between 26-29 January.

4.5.2.2. Exterior Thermal Insulation Composite System (ETICS) Advertising Campaign

The advertising campaign of the end of 1970s, which has stuck in our minds “Thank You Izocam” has brought to our age and a new campaign, has been prepared where Izocam brand and advantages of insulation are reminded. The campaign has started at the end of April and completed by the end of May. In the advertisement film, where ETICS was determined as the main message and the add was prepared as an animation with, the janitor theme of Izocam. By means of this campaign, ETICS products and the importance of

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ETICS have been emphasized and consequently it has been targeted to raise awareness on thermal insulation.

The advertisement has begun in digital channels mainly in YouTube, Facebook and video websites and also published in national newspapers and sectorial magazines. It is broadcasted in local and national radio stations and shown in the movies of Istanbul, Ankara, Izmir, Adana and Bursa provinces where our 5 regional sales offices are located. In the campaign, 7 million and 500 thousands of people have been accessed by printed press, 400 people have been accessed by movies and 8 million and 750 thousands of people have been reached by radio stations. The number of views of the advertising film shown in digital media has increased up to 39 million and 66 thousands in between March and May. In April, Izocam Facebook page has reached to 12 million of views. The campaign has been completed successfully by accessing 58 million and 71 thousand of people by means of printed press, digital media, radio stations and movies.

During this campaign, performance of our video broadcasts has been over average. The ratings due to the impact of the teaser video with "Thank You Izocam" catchword as the first step of the campaign have been higher than expected. If, the CTR (click through) rates of our video broadcasts in May are taken into consideration, they have been 5 times higher than the average CTR rates for Turkey as 5-6% for that term declared by Sizmek Turkey. CTR of our campaign video during April-May 2016 term has approximately approached 32%.

Within 2016, www.izocammanto.com website has also been renewed. Traffic directed to the website has been 115.329 in April while 110.324 in May. The number of new sessions has been at 95%. Average CTR (click through) rate of our banner uses has been realized as 0.47% where this rate is 6.5 times higher than 0.07 average CTR rate of Sizmek Turkey benchmark.

As a result of the campaign, in April we have obtained 12 millions of views while we aimed to get 6 million reviews through Facebook. Our CTR rate has been 0.91%.

While, izocammanto.com website was getting 2.293 monthly individual visitors and the website has been entered for 12.816 times before the campaign; after the campaign the number of individual visitors of the website has increased to 150,871 individual visitors and the website has been entered for 209.127 times. Our new session rate has become 95%.

4.6 Codes of Conduct

Our Company makes the required operations and regulations for ensuring the compliance of employees and representatives with codes of conduct on their activities and implementation of these codes of conducts. It is complied with generally accepted rules of conduct in the light of the legislation and regulation for this matter. Besides, within scope of the Corporate Management Principles, "The Working and Conduct Principles Constituting the Ethic Values of Izocam" has been put in writing as of 14 February 2012 and published on the website and disclosed to public. Training was given to the personnel by the top management about our principles and also training of employees about the subject on internet via "e-learning" method has been provided and the trainings were recorded. Within this scope, an Ethic Committee has been established within the Company for implementing and protecting these values.

The Company complies with rules related to environment, consumers, and public health. It takes all kind of measures to increase customer satisfaction related with marketing and sale of the goods and services, meets the demands of customers as soon as possible. Our products have ISO 9001- 2008 quality certificate and it is taken care to protect this quality standards. The Company organizes pools which measures the vendor satisfaction. The company is attentive to the confidentiality of the information about the customers and suppliers that is considered as secret.

SECTION V- BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

The Board of Directors of our Company is structured in accordance with provisions of article 11 of our Articles of Association. Mr. Arif Nuri Bulut, General Manager works as a executive member at the Board of Directors. The Board of Directors of our Company

consists of 7 Board Members including 2 independent members. Following the General Assembly meetings where Board Members were elected, by means of resolution for task distribution, the Chairman and the Vice-Chairman were determined and the Committee in charge of Audit, the Corporate Management Committee and The Early Risk Detection Committee were appointed. In case of termination of Board Membership in the period, provisions of article 363 of the Turkish Commercial Code are applied.

Curriculum Vitae of the Board Members selected at the General Assembly meeting dated 22 March 2016 and continuing to their tasks within the period is submitted below:

Mr. Samir Mamdouh Kasem

Samir Kasem has an MBA from the Ivey School of Business, University of Western Ontario, Canada and a Bachelor's degree in Electrical Engineering from the GMI Engineering & Management Institute, Kettering University, Michigan, USA. He is also a graduate of the Advanced Management Program (AMP), Harvard Business School.

Samir Kasem has been working since 2008 as President, Commercial & Industrial with Alghanim Industries. He has been a Board member of İzocam Tic. ve San. A.Ş. since 2010.

Prior to joining Alghanim Industries, Samir Kasem was with General Motors of Canada Limited, where he served in several management and technical positions related to design engineering, sales engineering, manufacturing and quality control. His career with Alghanim spans over 10 years, where he managed multiple and diverse groups within the organization including Automotive, Engineering, Retail and FMCG.

Samir Kasem has no executive duty. He is a Board Member of İzocam Holding A.Ş., which is a Saint Gobain/Alghanim partnership. Samir Kasem is not an independent member and currently Chairman of our Company.

Mr. François – Xavier Moser

Mr. François – Xavier Moser was born on March 1959, Pforzheim in Germany. He is graduated from Ecole Polytechnique in 1977 and a graduate of Ponts et Chausees in 1982.

Since October 2012 he runs General Delegate of Compagnie de Saint –Gobain for Poland, Romania, Bulgaria and Turkey.

Mr. Moser was General Manager of Saint-Gobain Glass Solutions, sector of Compagnie de Saint-Gobain, specialized in the processing and distribution of flat glass to the building industry in Europe (250 precessing sites, turnover of 2050M€, 13,000 employees) From January 2008 to October 2012.

Between 2000 - 2008 he was General Manager of Saint-Gobain Glass France, subsidiary of Compagnie de Saint-Gobain, specialized both in the production of glass basic products, (3 float lines,60 million sq.m.p.a.) and in the processing and distribution of flat glass for the building industry in France (65 processing sites, 3,500 employees)

Mr. François – Xavier Moser has no executive duty. He is not an independent member and still works as our company's Vice Chairman.

Mr. Robert Etman

Robert Etman was graduated from Technical University, Delft, Netherlands– Physical and Computer Science Department. He has England Chartered Institute of Management Accountants – Public Accountant Certificate.

He is responsible for Interior Audit, Treasury, Financial Planning and Analysis, Corporate Management, Capital Planning, Company Merger and Purchasing and Investor Relations activities as CFO of Alghanim Industries Kuwait which has miscellaneous industry investments in Middle East, India and Southeast Asia and he is in the Board of Directors of İzocam Tic. ve San. A.Ş.

Robert Etman has extensive experience about financial control and management and purchasing and merging operations, business

Corporate Governance Compliance Report

models based on tax and business systems development, strategy development and treasury, He speaks English and Dutch.

Robert Etman has not a performance task, is Board Member of Izocam Holding A.Ş. which is a Saint Gobain/Alghanim Partnership and he is not an independent member and currently is continuing his task as a Board Member of our Company.

Mr. Hady Nassif

Hady Nassif is a holder of Bachelor's degree and MBA from the American University of Beirut. He also attended a number of executive programs at INSEAD Business School at Fontainebleau.

After starting his career in the steel industry, he joined Sodamco Group in 1998 where he first launched operations in Dubai - UAE, before being appointed as General Manager for Lebanon in 2000.

He became Executive Director and shareholder of the Group in 2005, and lead the fast development of Sodamco Industrial mortars and concrete admixtures activities in 8 countries of the Middle East.

Following the acquisition of Sodamco Group by Saint-Gobain Weber in 2012, Hady Nassif was appointed Regional CEO for Saint-Gobain Construction Products Sector for the Middle East Region in 2014.

On 1st January 2016, he was appointed General Delegate for Saint-Gobain Group in the Middle East.

He is not an independent member and works as our company's Board Member.

Mr. Arif Nuri Bulut

A. Nuri Bulut who is currently the General Manager of Izocam was born in Ankara in 1953. He is married and is the father of one son, where he is fluent in both French and English.

A. Nuri Bulut completed his graduate education in Saint Joseph French High School. His undergraduate degree is from Istanbul Technical University in 1979, where he holds M.Sc. degree in Mechanical Engineering. He also holds an executive MBA degree from Koç University gained in the period 1994 to 1995.

He began his career by working as Production Chief in Gebze Plant of Izocam in 1981. He has gained Production Manager title in 1984 and fulfilled this position in the company between the years 1984 to 1986. Later on, within the years 1986 to 1994, he worked as Project Manager in Head Office and as Engineering Manager during 1994-1996. He became Technical Assistant General Director in 1996 and worked in this position until 2002, finally becoming the General Manager of the company in 01.04.2002.

According to CMB's Corporate Governance Principles, A. Nuri Bulut has an executive duty. He is not an independent member. Duties he has assumed in recent years are listed above. He is still an independent Board Member of Tat Konserve A.Ş.

Mrs. Gülsüm Azeri

Gülsüm Azeri is a graduate of Boğaziçi University, Department of Chemical Engineering with an MS Degree in Industrial Engineering also from the same university. She speaks German and English fluently due to her education at Austrian High School and Robert College High School. Azeri is married and mother of two sons.

During an important part of her career, Gülsüm Azeri has been one of the top executives of Şişecam. She was Şişecam Chemicals Group President between 1994-1998, Şişecam Glassware Group President between 1999-2007 and Şişecam Flat Glass Group President between 2007-2011. She held the position of Executive Committee membership of Şişecam between 1994 and 2011. Presently Mrs. Gülsüm Azeri is CEO and Board Member of OMV Petrol Ofisi A.Ş. and OMV GazveEnerji Holding A.Ş., as well as chairperson of OMV Petrol Ofisi Holding A.Ş.

Between 2004-2008, she was the Chairperson of the “European Glass Federation Glassware Committee”, and between 2009-2011 was a member of the Board of Directors of “Glass for Europe” which is the European Flat Glass Manufacturers’ Association.

Gülsüm Azeri has been a member of the Board of Directors at “Istanbul Chamber of Industry” (ISO), Executive Committee Member of “Turkish Exporters Assembly” (TIM), a member of the Board of Directors and Board of Director of “Foreign Economic Relations Board of The Union of Chambers and Commodity Exchanges of Turkey” (DEIK). Between the years 2005-2011, she also represented the private sector in the Board of Ethic Council of the Prime Ministry of Turkey. Gülsüm Azeri has been working in İzocam Tic. ve San. A.Ş. as an Independent Board Member since 2012.

Azeri has no executive duty. She is an independent member according to CMB’s Corporate Governance Principles. Basic duties assumed by Azeri during the last decade are listed above. During the last five-year period, she had no relations with İzocam Tic. ve San. A.Ş. or its related parties.

Mr. Pol Zazadze

Born in 1970 in Istanbul, Pol Zazadze works as the General Manager of Personna Tıraş Ürünleri ve Kozmetik San. Tic. Ltd. Şti. He completed his high school education at Robert College (1987), went to The American University of Washington DC for higher education (1991) and completed his MBA degree at Harvard Business School (1998). He was honored by Georgia’s Akaki Tsereteli University with the title of honorary PhD (2007).

Beginning his career as a Marketing Officer in Zaza Companies Group in 1991, Zazadze worked at various levels. Leaving USA-based Colgate Palmolive company at his own choice after working there as a Brand Manager between the years 1997 and 1999, Zazadze has been serving since 2000 as a Board Member in various companies of Zaza Companies Group. He has been also working since 2009 as the General Manager of Personna Tıraş Ürünleri ve Kozmetik San. Tic. Şti.

He left Paladin Gayrimenkul Geliştirme İnşaat Ltd. Şti. where he had worked between 2007 and 2009 as the company was closed down. Zazadze has been serving in İzocam Tic. ve San. A.Ş. as an independent Board Member since 2012.

Pol Zazadze has no executive duty. He is an independent member according to CMB’s Corporate Governance Principles. Basic duties assumed by Zazadze during the last decade are listed above. During the last five-year period, he had no relations with İzocam Tic. ve San. A.Ş. or its related parties.

Independency Statements Of Independent Board Member Candidates;

Mrs. Gülsüm Azeri and Mr. Pol Zazadze have signed the following statements and submitted to our Company.

I am a candidate for functioning as “the independent member” at the Board of Directors of İzocam Ticaretve San. A.Ş. (the Company) under criteria determined by the legislation, the Articles of Association and the Capital Market Board and within this scope, I declare that;

- There is no employment relation in management position that requires taking on important responsibilities and tasks between the Company, partnerships that the Company have management control or important effect on, partners that have management control or important effect on the Company and legal persons on which the partners have management control on and me, my spouse, my relatives up to second degree and relatives by marriage during last 5 years; I do not own more than 5 % of the capital or vote rights or privileged shares alone or jointly; or I didn’t enter into critical commercial relation,
- During the last five years, I did not worked in management position that requires taking on important responsibilities and tasks, did not served as Board of Directors member, I am not a partner (more than %5) in companies which audited, (including tax audit, legal audit, internal audit) rated and consulted to the Company and also companies that the Company sell products or buy products from in a considerable extend within the framework of agreements, during the periods when products and services are sold and buy,
- As seen from my background enclosed, I have professional education, knowledge and experience to perform my duties due to the independent Board Membership,
- I do not work as full-time at public institutions and corporations as of the current situation,

Corporate Governance Compliance Report

- e. I am deemed a resident in Turkey according to the Income Tax Law,
- f. I can contribute positively to the Company activities, will keep my objectivity for conflict of interest between the shareholders, I have the strong ethic standards, occupational reputation and experience to decide freely in consideration of rights of the stakeholders.
- g. I will spare time for the Company that is needed to follow the company activities, and to fulfill the requirements of the position I have taken.
- h. During the past ten years, I did not serve as a member of the board of directors of the company more than six years.
- i. I do not serve as independent board of member in more than three of the companies that the Company or the partners having management control of the Company has management control on and in more than five of the publicly traded companies
- j. I am not registered and announced in the name of İzocam Ticaret ve Sanayi Anonim Şirketi legal entity.

Pursuant to articles 395 and 396 of Turkish Commercial Code, approval is obtained from the General Assembly in order that the Chairman and Board Members can perform the activities entering to subjects of the Company personally or on behalf of other persons and become partners to the companies performing such activities.

5.2. Activity Principles of the Board of Directors

Authorities and responsibilities of the Board Members are specified clearly in the Articles of Association. The authorities are specified in detail in specimen signature of the Company and all kind of decisions are valid with minimum two authorized signatories.

The Chairman and General Director are not same persons.

Agenda of the Board of Directors meetings are determined based on the information transmitted to the Company senior management and Board of Directors members by the relevant units about the matters that the Articles of Association commands to be resolved by the Board of Directors. Apart from this, the meeting agenda is determined also upon the information transmitted to Company senior management by any of the Board members about a specific subject to be resolved.

The subjects demanded to be discussed in the Board of Directors meetings are gathered at department of Vice General Directorate of Financial and Administrative Affairs and the agenda is set after consolidating them.

The Vice Director of Financial and Administrative Affairs is appointed to determine the agenda of Board of Directors meetings of İzocam Ticaret ve Sanayi A.Ş., to prepare decision of the Board of Directors taken in accordance with provision of article of 390/4 of the Turkish Commercial Code, to inform the Board Members and to provide the communication.

The Board of Directors convenes when needed and decides by majority of attended Board Members, provisions of article 390/ 4 of the Turkish Commercial Code are reserved. Validity of Board of Directors decisions are subject to being written and signed.

Different opinions and negative vote reasons explained during the Board of Directors meetings are recorded to the resolution minutes. However, since such opposition or different opinion was not declared in recent times any explanation to the public has not been made.

The financial losses that might incur by the faults of Board Members during their duties are insured for a sum exceeding 25% of the company's capital.

The Board of Directors convened three times within the year, all Board Members attended to the said meetings.

5.3. Number, Structure and Independency of Committees created within the Board of Directors

Within the framework of Corporate Governance Principles of Capital Market and Company Board of Directors' Working Principles, current Board of Directors' comprises of the Corporate Governance Committee, Early Detection of Risk Committee and Audit Committee. Independent Board of Directors members preside at the committees in question and as required by legal regulation, all the members of the Audit Committee are Independent members. Presidents and members of the committees are stated below.

CORPORATE GOVERNANCE COMMITTEE

President	Member
Pol Zazadze	François - Xavier Moser
	Robert Theodoor Gijsbert Etman
	Doruk Özcan

EARLY DETECTION OF RISK COMMITTEE

President	Member
Pol Zazadze	Hady Nassif
	Robert Theodoor Gijsbert Etman

AUDIT COMMITTEE

President	Member
Pol Zazadze	Gülsüm Azeri

Board of Directors Members elected at the General Assembly Meeting held in 22 March 2016 convened in 22 April 2016 and shared the tasks. There were no changes in elected Board of Directors and Committee membership within the year.

In consideration of current structure of the Board of Directors, it is decided that the tasks of the Nomination Committee and the Wage Committee should be performed by the Corporate Governance Committee.

There is onewoman member in the Board of Directors and she constitutes 14 percent of the total members of the Board.

The Committee in charge of Audit convened eight times within the year and submitted the financial reports and other assessments under the working principles to the Board of Directors. The Corporate Governance Committee convened two times within the year and submitted the suggestions and minutes to the Board of Directors. The Early Risk Detection Committee convened six times and submitted the company assessment report to the Board of Directors.

Corporate Governance Compliance Report

5.4. Risk Management and Interior Control Mechanism

In order to keep the efficiency of internal control systems in a way to involve operational activities and information systems processes, the Board of Directors has formed an Early Risk Detection Committee on the purpose of minimizing the risks that might affect the stakeholders.

Early Detection of Risk Committee has claimed to follow a systematic process for mapping the operational activities, determining the risks of process and specifying the control activities in order to provide integration of the risk management and interior control systems with the corporate structure of the company and to manage possible risks effectively. Upon the request of the Committee, being in the first place the basic processes, the processes affected the company operations are determined; risk-control matrixes belonging to these processes are created and integrated with the internal control system. The completed processes were shared with the Early Risk Detection Committee, and the criteria about detection and management of the risks was submitted to opinion of the committee members.

Purpose of Izocam risk management model is to foresee possible problems that may arise if the risks are realized, to assess the current controls and to ensure management of risks effectively by means of additional controls, if necessary. The Company has formed the Risk Management Table in order to follow the risks. The analysis for critical processes was completed. In addition to that, with the aim of enhancing the awareness within the Company and guiding the users, Reference Book of Izocam Interior Control System, which also contains the interior control activities providing the efficiency of risk management process, has been prepared.

Efficiency of the interior control system is tested through the inter-corporate controls also. Directorate of interior control works under the General Manager and it is in direct contact with the Audit Committee and the Early Risk Detection Committee. Besides, a Working Group for Early Detection of Risk is formed within the company structure. This group holds regular meetings and makes plans to take the necessary actions by revising the existing and possible risks. The notes of the meetings are shared with the members of the Early Risk Detection Committee and recorded by separate meeting minutes.

Board of Directors' committees has continued their activities in compliance with regulations also in 2016. The Early Risk Detection Committee convened six times within the year and submitted their reports to the Board of Directors after evaluating the potential risks that the company may experience. Improvement activities belonging to the established potential risks are monitored in close connection with the senior management.

The Audit Committee of the Company convened eight times within the year. The financial reports are examined, interviews are made with independent auditing and tax firms, and the internal control system of the company is revised continuously by sharing the results of the audit.

Committees records the notes of the meetings by arranging separate meeting minutes with the signatures of the members and submits them to the opinion of the Board of Directors.

5.5. Strategic Targets of the Company

The Board of Directors of the Company determines the Company strategies by making long and short-term plans. In these plans, the markets assessment is performed necessary investments and other requirements within this scope are determined and the decisions are taken by discussion about resources to be allocated for realizing them.

The long-term plans of the Company are prepared within first six-months of each year in a way to involve three-year periods so as to include previous three-year trends.

The short-term plans are made for the year (budget), monitored monthly and revised four times within the year.

Budget targets of the Company serve an important role in determination of Company performance.

5.6. Financial Rights

It was submitted "Pricing Codes Related With The Board Of Directors Members And Senior Executives" consisting of all kind of rights, interest and wages provided to Board Members and top executives and criteria used to determine them and wage system principles to our shareholders on our website via "the Information Document" published before three weeks from the Ordinary General Assembly meeting dated 22.03.2016 and it was started to apply following the General Assembly meeting.

Total payments made in frame of the Wage Policy for the Board Members and the Top Executives are assessed every year by the Corporate Management Committee and Board of Directors. In our financial statements, the payments made to the Board Members and the Top Executives are disclosed to public in parallel with the general applications. There are no any operations causing to conflict of interest such as lending, making loan available, giving a guarantee in favor of the Board Members or managers by the Company,

"Expenses of the Board Members due to contributions to the Company (expenses such as transport, telephone, insurance, etc.) can be covered by the Company.

Pricing Codes Related With The Board of Directors Members and Senior Executives Goal and Scope

Pricing codes involves the members of the Board of Directors and senior executives. Its scope is to ensure the planning, execution and management of practices related with pricing, in compliance with the relevant legislation and the scope and structure, strategies, long-term goals and risk management structures of company activities.

Principles and Code of Practice

- Salaries of Board of Directors Members are determined by the general assembly upon the proposal of shareholders.
- The Board of Directors in accordance with this policy determines salaries of Senior Executives.
- It is observed to ensure that the salaries of independent board of directors' members shall be suitable to maintain the independency. Besides, plans based on the performance of the company, share of profit and share options are not used.
- "Pricing Codes Related with the Board of Directors Members and Senior Executives" is submitted for the information of the shareholders as a separate item in general assembly. Besides, it is kept on the website of the company. In case of there being a change in this regulation, same method is repeated.
- Company cannot advance money to any board of directors' member or senior executive, provide credit facilities, provide credit under the name of personal credit through the agency of a third party or cannot provide securities like bail in favor of.
- The salaries paid to the board of directors' members and senior executives and all other advantages offered to them are declared to the public through the annual activity report.

Authorized Committee

- Company corporate governance committee prepares a proposal related with pricing based on the performance of senior executives, by taking into consideration the long-term goals of the company and submits this proposal to the board of directors. While the Board of Directors determines the salaries of senior executives, the Pricing Codes of Board of Directors' Members is decided at the General Assembly as an agenda item. Execution of these processes by the corporate governance committee do not annihilates the responsibility of the board of directors or the auditor.
- Equal pay for equal performance principle is adopted. The salaries are balanced by taking into consideration the features like the importance, complexity and responsibility, risk of the task.
- When discharging its responsibility and fulfilling its task, committee examines all kinds of documents it needs related with the pricing.
- Besides the legislation, committee also takes into consideration the current financial position of the company, its targets and future revenues when deciding.

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Pricing

Fixed Fee Payments: It is the cash payment rendered regularly in fixed amounts every month independent of performance. Fixed Fee is determined by taking into consideration the experience and specifications required for each position, according to the extent of duties and responsibilities.

Salary Rises: General salary rises are given in a ratio determined by the Board of Directors by taking into consideration also the company performance and market conditions once a year in January. Based on the position changes/promotion and other grounds, changes in salary can be made apart from annual general salary rise by the decision of company management.

The amounts determined according to the above-mentioned principles and paid to the Board Members and the Top Executives within the year are reported in the activity report.

No debt was given to any Board Member within the year and no loan was extended on behalf of him/her or on behalf of a third person. There are not also any such transactions in the former years.

Corporate Governance Committee



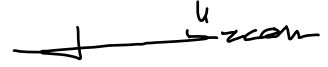
Pol Zazadze
Kurumsal Yönetim
Komite Başkanı



François - Xavier Moser
Kurumsal Yönetim
Komite Üyesi



Robert Theodoor Gijsbert Etman
Kurumsal Yönetim
Komite Üyesi



Doruk Özcan
Kurumsal Yönetim
Komite Üyesi

Information and Evaluations on Risk Management

Among its members, Board of Directors has established the Early Detection of Risk Committee among its members and on the condition that the president of the committee should be independent. On the purpose of minimizing the risk that might affect stakeholder, Early Detection of risk Committee conducts periodical meetings and submits its opinions to the Board of Managers in written.

Besides, Early Detection of Risk Committee Sub-Working Group that includes the operational processes within the company has been created with the aim of determining the threats that might be faced in order to reach the company targets, measuring the possible risks on the basis of determined criteria and guiding the managers in resolution process. İzocam Corporate Risk Management Model has been designed as being a guide in the activities and assessments of the working group.

In İzocam Corporate Risk Management Model, the activities of the Company has been divided into nine parts and information related with these processes are classified under the title of Operational, Strategic, Legislation, Financial and Misuse. Both scenario analysis and impact analysis are made for the determined risks and risk maps are created through the current control levels of the Company. While a part of the risks are managed and monitored within regulations and processes, key indicators are determined for the other part that are measurable and traceable with numeric data. Key indicators are composed of both operational and financial indicators. The agenda items of the meetings of Early Detection of Risk Committee Sub-Working Group are recorded as minutes and submitted for the information of Early Detection of Risk Committee.

The Audit and Control Department that works under the General Manager and reports to Audit Committee regularly, continues its studies for creating a more efficient internal control environment by performing the analyses of the company processes and reporting the issues considered as risky to the Senior Management. Besides, periodical audits are conducted by (Saint Gobain and Alghanim) and the Independent Auditing Firm, and the audit reports created in consequence of these audits are submitted to the Audit Committee too.

Auditor's Report Related with Early Detection Of Risk System And Committee

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

Introduction

We have audited the early detection of risk system and committee created by İzocam Ticaret ve Sanayi Anonim Şirketi.

Board of Directors' Responsibility

According to Clause 1 of Article 378 of Turkish Commercial code (TCC) number 6102, Board of Directors is responsible for creating a specialized committee, making the system work and improving it, with the aim of early determination of causes that endangers the existence, development and continuance of the company; management of the risk and application of required remedies and measure.

Independent Audit Company's Responsibility

Basing on the audit we conducted, our responsibility is to express an opinion about the early detection of risk system and committee. The independent audit we conducted has been carried out in accordance with ethical principles and with TCC and "Principles Related With Auditor Report On Early Detection of Risk System and Committee" issued by Public Oversight, Accounting and Auditing Standards Authority. These principles require us to determine whether an early detection of risk system and committee has been created by the company; if it is created, whether the system and committee operates within the framework of article 378 of TCC. The appropriateness of the remedies offered by the early detection of risk committee against the risks and the practices carried out by the management against risks lie behind the scope of our audit.

Information about the early detection of Risk System and Committee

The company created its early detection of risk system and committee on 3 April 2013 and the committee is composed of three members. Between its foundation date and report date, the committee has worked with the aim of early detection of causes that endangers the existence and development of the company, management of risk and taking necessary measures and remedies for this end. Committee convened six times in 2016 and submitted its reports to Board of Directors.

Result

In consequence of the audit we conducted we decided that the early detection of risk system and committee of İzocam Ticaret ve Sanayi Anonim Şirketi is qualified within the framework of article 378 of TCC in all its critical parts.

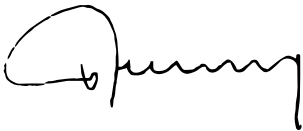
Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Ethem Kutucular, SMMM

Partner

15 February 2017 İstanbul, Turkey



Ethem Kutucular, SMMM

Sorumlu Denetçi

İstanbul, 15 Şubat 2017

Other Subjects

In 2016, General Manager of the company, Mr. Arif Nuri Bulut has been bestowed as "the CEO with the Highest Performance" award by Harvard Business Review.

Our company has been bestowed the award of the Company which has Increased its Grade the Most for the Last One Year in the 2016 Corporate Governance Index.

We have deserved to receive "The Special Prize of Exports as a Company Creating Solutions for Sustainability" in the Ceremony of "Stars of Export-Incentive Awards" organized in 2016 by Dunya Newspaper.

In 2016, Izocam TV advertisement has taken the 6th place in the list of best 14 advertisements of Marketing Turkey advertisement history.

In 2014, some of our blue-collar employees at our Tarsus Fiberglass Facilities and Gebze Stonewool Facilities have become the members of Kristal Is Labor Union and they have requested authority determination from the General Directorate of Labor of the Ministry of Labor and Social Security of Turkey. As a result of the inspection conducted by the Ministry, our company was notified that the majority required by the law has been provided by the aforementioned union Izocam objected to Court decision for the issue of authority determination issue. The case continues and we have gone for an appeal for motion to set aside judgment for the decision on the authorized court is the Istanbul Caglayan Courts, as Izocam headquarters is located in the Anatolian side of Istanbul. The decision of the Supreme Court is awaited.

Hereby, we respectfully salute our esteemed shareholders in the name of our Board of Directors by wishing that our company to continue its growth and success in the coming years. We provide our by special thanks to all our Personnel, Executives and all those who contributed to these successful results.

Commitment Report

In this report all the transactions between the parent company and affiliated companies covering the period 01/01/2016 - 31.12.2016 are assessed. The details of all legal transactions between the two companies together with all measures taken if any and all processes which is known by us under any circumstances in 2015 are explained in this report. With respect to fiscal year 2016, there is no loss as a result of the relations between the parent company and İzocam Tic. ve San.A.Ş. and there is not transaction undertaken to offset the loss of parent company.

We hereby declare that in 2016 operating year, İzocam Tic. ve San.A.Ş. has not been exposed to any loss as a result of the transactions performed in accordance with the Article 199 of Turkish Commercial Code No. 6102.



Samir Mamdouh Kasem
Chairman



François - Xavier Moser
Vice Of Chairman

52nd Ordinary General Assembly Meeting

Date : 22nd March 2017, Wednesday, at 10:00 a.m.

Address : Renaissance Polat Istanbul Hotel, Sahil Yolu Cad.

No: 2 Yesilyurt Istanbul, Turkey

Agenda

1. Opening ceremony and election of the Presidential Board,
2. Disclosure, discussion and approval of the Board of Directors Report,
3. Disclosure and discussion of the Independent Audit Report of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (E&Y).
4. Disclosure and approval of Financial Statement.
5. Separately releasing of the members of the Board of Directors and auditors pertaining to their activities in the reporting year 2016,
6. Informing of the shareholders about dividend distribution policy in accordance with the Corporate Governance Principles.
7. Approval, approval upon amendment or disapproval of the distribution of the dividends out of the profit of 2016 reporting year and of the proposed date for dividend distribution,
8. Determination of the total number of Board Members, the election of the Independent Board Members who are proposed by Corporate Governance Committee. The selection and amendments of other Board Members together with the determination of their duty periods. Enlightenment of shareholders about the tasks of board members outside the company and the related reasons.
9. Determination of remuneration to be paid to the Chairman and Board members,
10. Approval of Independent Audit Company selected by the Board of Directors,
11. Informing the shareholders about the wage policy for the board of directors and senior managers
12. Informing and approval of the Shareholders about the amount and beneficiaries of the donations and grants to the associations and foundations by the Company for social aid purposes in the year 2016 and determining an upper limit for the grants to take place in 2017 under the Capital Market Board.
13. Pursuant to the regulations of the Capital Market Board, giving information to the Shareholders about revenues or benefits achieved through warrant, lien, mortgage and bailments given by the Company and subsidiaries thereof for the 3rd persons in 2016,
14. Informing of the Shareholders about the Share Buy Back Policy.
15. Authorization of the Board members as per Articles 395 and 396 of the Turkish Commercial Code in order to enable them to perform activities that fall within the scope of the Company's business on their behalf or on behalf of third parties and to become shareholders to companies which perform such activities.
16. Informing General Assembly about whether there were important transactions in 2016 which may result in conflict of interest of shareholders who have management control, Board members, administrative managers and their spouses and relatives up to second degree or the subsidiaries.
17. Informing General Assembly about transactions with related parties in 2016.
18. Sign off the minutes of the General Assembly meeting by the Presidential Board.
19. Wishes

Fixed Assets

(Calculated According to the Communiques of Capital Market Board)

COST (TL)

	31 December 2016	31 December 2015
Lands and Parcels	5.997.308	6.004.308
Land Improvements	5.115.932	4.636.272
Buildings	57.664.531	56.722.333
Plants, Machinery and Equipment	225.985.042	208.653.949
Fixtures, Special Costs	10.061.991	10.115.342
Ongoing Investments	9.042.449	2.356.511
Advances Given		
	313.867.253	288.488.715

ACCUMULATED DEPRECIATION (TL)

Land Improvements	3.387.760	3.255.821
Buildings	22.574.509	21.138.353
Plants, Machinery and Equipment	175.999.847	169.741.756
Fixtures, Special Costs	7.050.607	6.779.988
	209.012.723	200.915.918
Net Book Value	104.854.530	87.572.797

Profit Distribution Policy and Profit Distribution Suggestion

Profit sharing policy of our company is defined in Corporate Governance Principles Compliance Report and the profit sharing proposal that the Board of Directors will submit for the approval of General Assembly related with the distribution of profit belonging to 2016, is below;

In compliance with the communiqué of the Capital Market Board with no. II.14.1, as seen from financial statements and footnotes prepared as of 31.12.2016, we have 18.393.997,12 TL net period profits in our income statement and according to the legal records a profit of 20.942.555,00 TL has been gained.

To distribute dividends over our capital amount in year 2016, which was paid to the shareholders according to Turkish Trade Law, Capital Markets Law and company's Articles of Association; to keep part as a secondary reserve, additionally transferring to extraordinary reserves.

The registered capital ceiling of our Company is 60 Million TL and its issued capital is 24.534.143,35 TL. There has not been any change in the issued capital of our company within the period. Our company is listed on Borsa İstanbul (BIST) under İZOCM code. We don't have any long term financial assets.

The Details Of Transactions With Related Parties

Our trading activity with related parties consists of; royalty service purchase, spare part purchase and mutual commodities purchases and as of 31 December 2016, the volume of this trade, ratio of purchasing operations to cost of sold commodities is 1 % (one per thousand) and ratio of selling operations to our sales is 0.1 % (one per thousand)

The details of our transactions with related parties are given in below table.

GOODS AND SERVICE SALES TO RELATED PARTIES

	2016	2015
Saint Gobain Weber YapıKimyasallarıSanayiveTicaret .A.Ş. (*)	199.701	623.017
Saint Gobain Rigips AlçıSanayi veTicaret A.Ş. (*)	144.232	132.168
Saint Gobain Isover Romania Srl (*)	27.361	-
Kuwait Insulating Material Mfg. Co. (*)	19.985	35.426
Saint Gobain Ppc Italia S.P.A. (*)	9.544	43.203
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi veTicaret A.Ş. (*)	1.376	2.740
Saint Gobain Recherche (*)	-	40.778
	402.199	877.332

GOODS AND SERVICE PURCHASES FROM RELATED PARTIES

	2016	2015
Saint Gobain Isover(*)	1.355.328	1.503.545
Grunzweig Hartman AG (*)	851.838	982.246
Saint Gobain Rigips Alçı Sanayi veTicaret A.Ş. (*)	607.436	415.764
Saint Gobain Adfors CZ Glass Mat S.R.O.	1.831.102	215.866
Saint Gobain Glass İtalia S.P.A. (*)	-	38.990
Saint Gobain Conceptions Verrieres(*)	-	13.336
Saint Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret A.Ş. (*)	2.143	155
Saint Gobain Isover Recherche (*)	15.484	-
	4.663.331	3.169.902

(*) Companies controlled by the ventures of the immediate parent

The principles of our company related with our ongoing and respectful businesses with related parties are:

- For Purchasing Transactions; goods and services to be purchased being in the required quality, providing the expected quality and performance, deserving the qualities required in the choice that we will make among at least three suppliers whom we received tender simultaneously according to our procedures, including the price and payment conditions.
- For Selling Transactions; When price, volume, payment conditions and continuity of the business is taken into consideration it must be at least same as our sales conditions or more advantageous.

Provided that not acting against our principles stated above, our Board of Directors has decided in favor of the continuance of our company's trade with related parties.

Board of Directors Annual Activity Report



Samir Mamdouh Kasem
Chairman



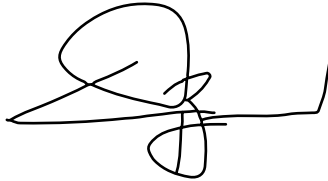
François - Xavier Moser
Vice of Chairman



Robert Theodoor Gijsbert Etman
Member



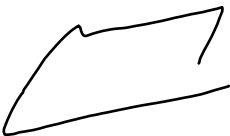
Hady Nassif
Member



Gülsüm Azeri
Member



Pol Zazade
Member



Arif Nuri Bulut
General Manager

Statement Of Responsibility

Statement of Responsibility issued as per 9th article of the second section of the Capital Markets Board “Communiqué on the Principles of Financial Reporting in the capital markets”

Pursuant to the board of directors regarding the approval of the financial statements and the annual report

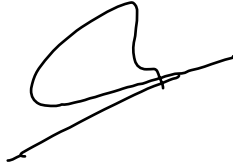
Date: 27.02.2017

Decision N. 775


The Board of Directors' Annual Report and the financial statements prepared by Ernst&Young (EY) / Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and issued on the 31st of December 2016 and approved by the Board of Directors of our Incorporation with the Board decision n.775 (date:15.02.2016), are given in the annex. Thus, we do declare that;

- We have reviewed the abovementioned financial statements and the Annual Report,
- Within the framework of the information we obtained in the scope of our tasks and responsibilities, we have concluded that the financial statements and the Annual Report do not include any misleading disclosure of matters or deficiencies that might cause misconception about the disclosure as of the date its was made,
- Within the framework of the information we obtained in the scope of our tasks and responsibilities, we have also concluded that; (i) the financial statements, prepared and issued in accordance with the financial reporting standards, honestly reflects facts about the assets, liabilities, financial status, profit/loss of the Incorporation, and (ii) the Annual Report honestly reflects the progress and performance of the business, the financial situation of the Company together with the activities, as well as the important risks and uncertainties.

Best regards,
İzocam Tic. ve San. A.Ş.



Öner Torun
Corporate Accounting Manager



Doruk Özcan
Asst. General Manager, Finance-Administration

Independent Auditor's Report Related With Annual Activity Report Of The Board Of Directors

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

Report Related With The Audit Of The Annual Activity Report Of The Board of Directors, Conducted Within The Framework Of Independent Audit Standards

We have audited the annual activity report related with the accounting year closed on 31 December 2016 of İzocam Ticaret ve Sanayi Anonim Şirketi ("Company").

Board of Directors' Responsibility for the Annual Activity Report

Company management is responsible for the preparation of the financial statements in a way in keeping with the financial statements and reflecting the truth in accordance with the article 514 of Turkish Commercial Code ("TCC") number 6102 and the terms of "Communique on Financial Reporting Standards in Capital Market Board" number II-14.1 ("Communique") of Capital Market Board ("CMB"), and for the internal control considered necessary by the management in order to ensure the preparation of an activity report in this quality.

Independent Auditor's Responsibility

Basing on the audit we conducted pursuant to article 397 of TCC and Communique, our responsibility is to express an opinion about whether the financial data contained in this activity report is in keeping with the financial statements, which are the subjects of independent auditor's report dated 15 February 2017, and reflects the truth.

The independent audit we conducted has been carried out in accordance with Independent Audit Standards ("IAS") which is a part of Turkish Auditing Standards published by Public Oversight, Accounting and Auditing Standards Authority. These standards require compliance with ethical requirements and conducting the independent audit by designing it so as to obtain reasonable guarantee whether the financial data contained in activity report is in keeping with the financial statements and reflecting the truth. Independent audit involves performing procedures to obtain audit evidence about historical financial data. The selection of these procedures depends upon the professional judgment of the auditor. We believe that the audit evidence we have obtained during the independent audit process is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

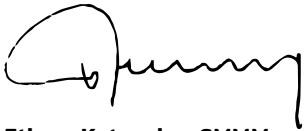
In our opinion, the financial data contained in the annual report of the Board of Directors is in keeping with the audited financial statements and reflects the truth in all its essential parts.

Other Regulatory Obligations

In accordance with Clause 3 of Article 402 of the Turkish Commercial Code ("TCC") number 6102; within the framework of IAS 570 "Going Concern", no significant matter has come to our attention that causes us to believe that the Company shall not be able to continue its activities in a predictable future.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited



Ethem Kutucular, SMMM

Partner

Istanbul, February 15, 2017

Independent Auditors' Report On The Financial Statements

To the Board of Directors of

İzocam Ticaret ve Sanayi Anonim Şirketi;

We have audited the accompanying financial statements of İzocam Ticaret ve Sanayi Anonim Şirketi (the Company) which comprise the statement of financial position as at December 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

Company's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards and for such internal controls as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with Standards on Auditing as issued by the Capital Markets Board of Turkey and Auditing Standards which are part of the Turkish Auditing Standards as issued by Public Oversight Accounting and Auditing Standards Authority of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

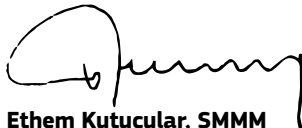
In our opinion, the financial statements present fairly, in all material respects, the financial position of İzocam Ticaret ve Sanayi Anonim Şirketi as at December 31, 2016 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on independent auditor's responsibilities arising from other regulatory requirements

1. Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 15, 2017.
2. In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2016 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
3. In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited



Ethem Kutucular, SMMM

Partner

Istanbul, February 15, 2017

İzocam Ticaret ve Sanayi A.Ş.

Financial Statements As Of And For The Year Ended December 31, 2016 And Independent Auditor Report

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement Of Financial Position As Of December 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	Prior Period
		December 31, 2016	December 31, 2015
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	29.372.628	8.550.175
Trade Receivables	7	108.828.843	105.577.024
Due From Related Parties	4	131.702	594.290
Due From Third Parties		108.697.141	104.982.734
Other Receivables		1.365.363	-
Due From Third Parties		1.365.363	-
Inventories	9	35.540.461	34.301.646
Prepaid Expenses	15	1.088.398	3.363.799
Other Current Assets	17	2.646.047	1.434.689
TOTAL CURRENT ASSETS		178.841.740	153.227.333
Non-Current Assets			
Other Receivables	8	13.302	13.022
Due From Third Parties		13.302	13.022
Property, Plant and Equipment, net	10	104.854.530	87.572.797
Intangible Assets, net	11	597.109	111.958
Other Intangible Assets		597.109	111.958
Prepaid Expenses	15	10.197.330	7.553.729
Other Non-Current Assets	17	17.523	14.612
TOTAL NON-CURRENT ASSETS		115.679.794	95.266.118
TOTAL ASSETS		294.521.534	248.493.451
LIABILITIES			
Current Liabilities			
Financial Liabilities	6	46.049.226	20.558.313
Trade Payables	7	49.400.919	39.970.785
Due To Related Parties	4	993.308	527.205
Third Party Payables		48.407.611	39.443.580
Employee Benefit Obligations	14	6.440.087	5.286.288
Other Payables	8	26.988	19.613
Third Party Payables		26.988	19.613
Deferred Income	16	17.002.406	15.793.819
Current Tax Liability	26	1.282.127	1.536.588
Short Term Provisions		141.084	166.967
Other Short-Term Provisions	12	141.084	166.967
Other Current Liabilities	17	488.330	553.174
TOTAL CURRENT LIABILITIES		120.831.167	83.885.547
Non-Current Liabilities			

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement Of Financial Position As Of December 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 December 31, 2016	Prior Period December 31, 2015
Long Term Provisions	12	12.110.624	9.145.537
Provision For Long Term Employee Benefits		12.110.624	9.145.537
Deferred Tax Liabilities	26	229.418	409.005
TOTAL NON-CURRENT LIABILITIES		12.340.042	9.554.542
EQUITY			
Paid-in Capital	18	24.534.143	24.534.143
Adjustment on Capital	18	25.856.460	25.856.460
Share Premiums		1.092	1.092
Other Comprehensive Income / Expense Not to be Reclassified to Profit or Losses			
Revaluation and Remeasurement Profit / (Losses)		(4.071.201)	(2.325.609)
Actuarial gains/losses on defined benefit plans		(4.071.201)	(2.325.609)
Restricted Reserves On Retained Earnings	18	42.711.837	41.544.510
Retained Earnings		51.375.439	37.820.235
Net Profit For The Period		20.942.555	27.622.531
TOTAL EQUITY		161.350.325	155.053.362
TOTAL LIABILITIES AND EQUITY		294.521.534	248.493.451

The accompanying notes form an integral part of these financial statements.

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended December 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
		Current period	Prior Period
		January 1 -	January 1 -
	Note	December 31, 2016	December 31, 2015
Revenues	19	385.809.397	370.482.364
Cost of Sales (-)	19	(297.478.699)	(283.111.719)
GROSS PROFIT	19	88.330.698	87.370.645
Marketing, Sales And Distribution Expenses (-)	20	(43.289.023)	(38.319.633)
Administrative Expenses (-)	21	(14.429.767)	(15.757.695)
Other Operating Income	23	8.433.892	7.429.667
Other Operating Expense (-)	23	(2.953.858)	(1.512.577)
OPERATING PROFIT		36.091.942	39.210.407
Income From Investment Activities	24	85.960	103.452
OPERATING PROFIT BEFORE FINANCE COSTS		36.177.902	39.313.859
Finance Income	25	348.597	699.220
Finance Costs (-)	25	(10.202.596)	(5.275.003)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		26.323.903	34.738.076
Tax Income/(Expense) From Continuing Operations		(5.381.348)	(7.115.545)
Current Tax Income/(Expense)	26	(5.124.537)	(7.687.689)
Deferred Tax Income/(Expense)	26	(256.811)	572.144
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		20.942.555	27.622.531
NET PROFIT FOR THE PERIOD		20.942.555	27.622.531
Earnings Per Share	27	0,009	0,011
Earnings Per Share From Continuing Operations			
Diluted Earnings Per Share		0,009	0,011
Diluted Earnings Per Share From Continuing Operations			
OTHER COMPREHENSIVE INCOME			
Items Not to Be Classified To Profit Or Loss			
Remeasurement Of Defined Benefit Plans	12	(2.181.990)	1.231.877
Deferred Tax Effect Of Remeasurement Of Defined Benefit	26	436.398	(246.375)
OTHER COMPREHENSIVE INCOME		(1.745.592)	985.502
TOTAL COMPREHENSIVE INCOME		19.196.963	28.608.033

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement Of Changes In Equity For The Year Ended December 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			Retained earnings		
					Revaluation and remeasurement gains/(losses)	Restricted reserves	Retained earnings	Net profit for period	Total equity	
January 1, 2015		24.534.143	25.856.460	1.092	(3.311.111)	35.730.705	35.293.660	67.705.125	185.810.074	
Transfers		-	-	-	-	5.813.805	61.891.320	(67.705.125)	-	
Dividends		-	-	-	-	-	(59.364.745)	-	(59.364.745)	
Total comprehensive income		-	-	-	985.502	-	-	27.622.531	28.608.033	
Other comprehensive income		-	-	-	985.502	-	-	-	985.502	
Net Profit for the period		-	-	-	-	-	-	27.622.531	27.622.531	
December 31, 2015		24.534.143	25.856.460	1.092	(2.325.609)	41.544.510	37.820.235	27.622.531	155.053.362	
January 1, 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	18	-	-	-	-	-	(12.900.000)	-	(12.900.000)	
Total comprehensive income		-	-	-	(1.745.592)	-	-	20.942.555	19.196.963	
Other comprehensive income		-	-	-	(1.745.592)	-	-	-	(1.745.592)	
Net Profit for the period		-	-	-	-	-	-	20.942.555	20.942.555	
December 31, 2016		24.534.143	25.856.460	1.092	(4.071.201)	42.711.837	51.375.439	20.942.555	161.350.325	

The accompanying notes form an integral part of these financial statements.

İzocam Ticaret ve Sanayi Anonim Şirketi

Statement Of Cash Flows For The Year Ended December 31, 2016

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

		Audited	Audited
		Current Period	Prior Period
		January 1 –	January 1 –
	Note	December 31, 2016	December 31, 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		47.182.313	43.974.880
Net Profit		20.942.555	27.622.531
Adjustments for reconciliation of profit for the period		21.080.631	22.565.300
Adjustment for depreciation and amortization	22	10.656.162	10.923.265
Adjustment for provision for employee benefits	12	1.153.212	810.040
Adjustment for provision of doubtful receivables, net	7	233.627	71.103
Adjustment for provisions	12	(25.883)	4.372.177
Adjustment for interest and foreign exchange expense		10.191.771	5.943.941
Adjustment for interest and foreign exchange income		(6.423.646)	(6.685.236)
Adjustment for tax expense	26	5.381.348	7.233.462
Adjustment for (gains)/losses on sale of property, plant and equipment, net	24	(85.960)	(103.452)
Changes in working capital		5.159.127	(6.212.951)
Adjustment for increase on stocks		(952.865)	(9.012.697)
Adjustment for increase on trade receivables		2.589.604	(4.152.579)
Adjustment for increase/(decrease) on trade payables		9.430.134	16.469.201
Adjustment for increase on prepaid expenses		2.275.401	(2.659.408)
Adjustment for other (increase)/decrease in working capital		(274.996)	7.978.421
Tax payments	26	(5.378.998)	(7.479.837)
Provisions paid	12	-	(4.329.856)
Employee severance indemnity paid	12	(1.068.959)	(342.610)
Other Cash Inflows/Cash Outflows	5	(1.460.194)	(2.683.586)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(31.266.637)	(16.696.427)
Cash outflows from the purchase of property, plant and equipment and intangible assets	10,11	(28.734.088)	(9.354.509)
Cash inflows from the sale of property, plant and equipment and intangible assets	24	111.052	128.721
Given advance and loans	15	(2.643.601)	(7.470.639)
C. CASH FLOWS FROM FINANCING ACTIVITIES		3.441.781	(60.160.059)
Increase/(decrease) in bank borrowings and other financial liabilities		25.490.913	3.687.847
Interest paid		(9.492.927)	(5.275.003)
Dividends paid	18	(12.900.000)	(59.364.745)
Interest received		343.795	791.842
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		19.357.457	(32.881.606)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		829.002	33.710.608
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)		20.186.459	829.002

The accompanying notes form an integral part of these financial statements.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 31, 2016

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

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 December 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 November 29, 2006 and on July 10, 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 December 26, 1985. As at December 31, 2016, 38,84 percent of the shares are publicly traded at BİST (December 31, 2015: 38,84%).

As of December 31, 2016, total number of employees of the Company is an average basis 445 (December 31, 2015: 458) including 212 white collar employees (December 31, 2015: 218) and 233 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

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

a) Statement of compliance

Accompanying financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("KGK") together with the provisions of accordance with to CMB's "Principles of Financial Reporting in Capital Market" dated June 13, 2014 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.

Company's statement of financial position as at December 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 February 15, 2016. General assembly and legal authorities have the right to change the accompanying financial statements upon publication.

b) Basis of presentation of financial statements

Accompanying financial statements of the Company are prepared in accordance with CMB's "Announcement on Format of Financial Statements and Footnotes" dated June 7, 2014.

With the resolution taken on March 17, 2005, CMB has announced that, effective from January 1, 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards.

The equity items including paid-in capital, share premium, legal reserves presented under restricted reserves and special reserves presented under restricted reserves are presented in accordance with the TCC basis amounts and the effects of inflation over those equity items as at December 31,2004 are reflected in retained earnings.

The financial statements are prepared in TL based on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency. All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

d) Going concern

Going concern The Company prepared financial statements in accordance with the going concern assumption.

Additional paragraph for convenience translation to English

As at December 31, 2016, the accounting principles described in Note 2 (defined as TAS/TFRS) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and also for certain disclosures requirement of the TAS/TFRS. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated to TL at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to TL at the exchange rates at the reporting dates.

Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates of transaction. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in under investing, operating and financing activities in profit or loss.

b) Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and the receivables on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial asset into: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including due from related parties.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

Non-derivative financial liabilities

The Company initially recognizes financial liabilities on the date when they are originated.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, and trade and other payables, short term liabilities and due to related parties.

c) Property, plant and equipment

The costs of tangible assets purchased before 1 January 2005 are restated for the effects of inflation current at December 31, 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after January 1, 2005 are carried at cost less accumulated depreciation and impairment losses (Note 10).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes the following items:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

c) Property, plant and equipment (continued)

Subsequent expenditures

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company. Ongoing maintenance and repair expenses are recognized in profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives and is generally recomputed in profit or loss unless the amount is included in the carrying amount of another asset. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and land improvements	5-50 years
Machinery and equipment	3-25 years
Furniture and fixtures	2-15 years
Leasehold improvements	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Intangible assets

Intangible assets comprised acquired software rights. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation current at December 31, 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after January 1, 2005 are carried at cost less accumulated amortization and impairment losses. The carrying amount of an intangible asset is reduced to its recoverable amount if there is impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

Rights	3-6 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

d) Intangible assets (continued)

Development costs

Development costs are booked in the statement of comprehensive income in the current period.

Development costs (relating to the design and testing of new or improved products or license registration expenditures) are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for sale,
- it can be demonstrated how the product will generate probable future economic benefits,
- management intends to complete the product and sell it,
- adequate technical, financial and other resources to complete the development or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that meet these criteria are recognized as an intangible assets as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

e) Leases

Leased Assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company's statement of financial position.

Lease payments

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to cash paid during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

Payments made under operating leases are recognized in profit or loss on straight-line basis over the term of the lease.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the monthly weighted average, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale (Note 9). The cost of inventories is determined on a monthly moving weighted average basis.

g) Provisions, contingent liabilities and contingent assets

A provision is recognized in the accompanying financial statements if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities is disclosed in the notes to the financial statements (Note 12).

If the inflow of economic benefits is probable, contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and profit or loss effect has been recognized in the financial statements at the relevant period that income change effect occurs.

h) Impairment of assets

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

The Company recognizes impairment for its certain receivables for which the collection of such receivables may become doubtful in nature as a result of several factors. In addition to these doubtful receivables a provision is recognized regarding receivables that are aged and not collected; in litigation or not paid balances for which a payment is requested via writing notice or filed a formal notification. Subsequent to recognition of provision a recovery these receivables in full or partially has been reversed from provision and income was recognized in profit or loss. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables.

When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets other than inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

For assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

i) Employee benefits

According to the enacted laws, the Company is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labour laws. Such payments are computed according to the severance indemnity ceiling valid at the reporting date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Company.

The Company makes compulsory premium payments to the Social Security Institution and does not have any other funding requirements. These premium payments are accrued at the financials as they incur.

j) Revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer recover of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The Company has been using the dispatch note during the departure of the goods has been systematically issuing the sales invoices based on the dispatch notes accordingly the revenue has been recognized in profit or loss through the system utilized within the Company. Revenue is measured net of returns, trade discounts and volume rebates.

When the sales arrangement effectively constitutes a financing cost, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on accrual basis (Note 23).

k) Government grants

Government grants measured at fair value including the non-cash government grants are recognized in the financial statements when there is a reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grants. Government grants are presented on the financial statements even when they comprise cash or a deduction of liabilities to the government.

l) Finance income and expenses

Finance income is comprised interest income on time deposit. Foreign exchange gain and losses arising from financing activities are presented on a net basis. Finance expenses are comprised interest expenses of loans, factoring expenses and letter of guarantee commissions. Borrowing costs that are not directly attributable to acquisition, construction or production of qualifying assets are recognized in profit or loss.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

m) Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year (Note 26).

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates based on the laws that have substantively enacted at the reporting date. Deferred tax are recognized for timing differences between the financial purposes and taxation purposes, depreciation and amortization effects over property, plant and equipments and intangible assets.

Deferred tax asset and liabilities are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets when they are related to the income taxes levied by the same tax authority on the same taxable entity that intend to settle current tax liabilities and assets on a net basis or tax assets and liabilities will be realized simultaneously (Note 26).

n) Earnings per share

Earnings per share disclosed in the statutory profit or loss and other comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned (Note 27).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

o) Subsequent events

Subsequent events represent the events that occur against or on behalf of the Company between the reporting date and the date when financial statements were authorized for the issue. At the report date, if the evidence with respect to such events or such events has occurred after the balance sheet date and such events require restating the financial statements; accordingly the Company restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in accounting policies (continued)

p) Paid-in capital and dividends

Ordinary shares are classified as paid-in capital (Note 18). Additional costs that are directly attributable to the issuance of ordinary shares are recognized as decrease in equity, net of tax. Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

q) Related Parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties according to TAS 24 – Related party disclosures (Note 4).

r) Statement Cash flows

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows generated from operating activities. The Company presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (capital expenditures).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

For purposes of the statement of cash flows, cash and cash equivalents include cash in hand, cheques in collection, bank deposits and other cash and cash equivalents less interest income accruals.

s) Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates has been recognized prospectively in the current and future period of the estimate changes.

Effect of accounting errors has been corrected respectively.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Use of estimates and judgments

In preparing these financial statements management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions estimates are recognized prospectively.

In preparation of the financial statements, the significant estimates and judgments used by the Company are included in the following notes:

- Note 2.2c Impairment lives of property, plant and equipment and tangible assets
- Note 2.2d Useful lives of intangible assets
- Note 7 Impairment losses on account receivableNot 9 Stoklar değer düşüklüğü karşılığı
- Note 9 Impairment losses on inventories
- Note 12a, c Provisions for employee benefits
- Note 12b Other short term provisions
- Note 26 Income tax

2.4 New and amended standards and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2016 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Company 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:

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

IFRS 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 clarifies that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Company.

IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 and IAS 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 Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 New and amended standards and interpretations (continued)

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

IAS 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 IAS 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 IAS 41, measured at fair value less costs to sell. The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 41 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

IASB issued an amendment to IAS 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 IAS 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.

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

Amendments issued to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 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.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

Amendments issued to IAS 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 financial statements of the Company.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 New and amended standards and interpretations (continued)

Annual Improvements to IFRSs – 2012-2014 Cycle

IASB issued, Annual Improvements to IFRSs 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:

- FRS 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.

These amendments did not have significant impact/OR 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 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, when the new standards and interpretations become effective.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

Amendments issued to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 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 IFRS 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. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. An entity shall apply those amendments prospectively. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 New and amended standards and interpretations (continued)

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 1 January 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.

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 1 January 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 9 Financial Instruments

In January 2017, the IASB issued the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. 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. 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 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

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.

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Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 New and amended standards and interpretations (continued)

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

The IASB issued amendments to IAS 12 Income Taxes as of January, 2016. 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 1 January 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/Group applies this relief, it shall disclose that fact. The amendment are 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 1 January 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

As of June, 2016 the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 New and amended standards and interpretations (continued)

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 New and amended standards and interpretations (continued)

Annual Improvements to IFRSs – 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.
- IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.
- IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 3 – SEGMENT REPORTING

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

NOTE 4 – RELATED PARTIES

a) Due from related parties

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

	December 31, 2016	December 31, 2015
Saint-Gobain Weber Yapı Kimyasalları Sanayi Ticaret A.Ş. (*)	78.873	135.183
Saint-Gobain Adfors CZ S.R.O. (*)	31.728	20.695
Saint-Gobain Isover Iberica S.L. (*)	15.706	-
Saint-Gobain Isover (Patent)	5.395	-
Saint Gobain Recherche (*)	-	70.315
Saint-Gobain Ppc Italia S.P.A.(*)	-	35.044
Saint-Gobain Isover CRIR (*)	-	309.389
Kuwait Insulating Material MFG CO. (*)	-	20.474
Saint Gobain İnovatif Malz. ve Aşındırıcı Sanayi ve Ticaret A.Ş. (*)	-	3.190
Saint Gobain Isover Ireland (*)	-	-
	131.702	594.290

b) Due to related parties

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

	December 31, 2016	December 31, 2015
Saint Gobain Adfors CZ Glass Mat S.R.O.(*)	375.533	107.416
Saint Gobain Isover SA (*)	216.186	160.003
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	206.546	81.975
Grunzweig Hartman AG (*)	195.043	177.811
	993.308	527.205

(*)Companies controlled by the ventures of the immediate parent

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 (CONTINUED)

c) Sales to related parties

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

	January 1 - December 31, 2016	January 1 - December 31, 2015
Saint Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret A.Ş. (*)	199.701	623.017
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	144.232	132.168
Saint Gobain İsover Romania Srl (*)	27.361	-
Kuwait Insulating Material Mfg. Co. (*)	19.985	35.426
Saint-Gobain Ppc Italia S.P.A. (*)	9.544	43.203
Saint Gobain İnovatif Malzemeleri ve Aşındırıcı Sanayi ve Ticaret AŞ (*)	1.376	2.740
Saint Gobain Recherche (*)	-	40.778
	402.199	877.332

d) Purchases from related parties

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

	January 1 - December 31, 2016	January 1 - December 31, 2015
Saint Gobain Adfors CZ Glass Mat S.R.O. (*)	1.831.102	215.866
Saint Gobain İsover (*)	1.355.328	1.503.545
Grunzweig Hartman AG (*)	851.838	982.246
Saint Gobain Rigips Alçı Sanayi ve Ticaret A.Ş. (*)	607.436	415.764
Saint Gobain Recherche(*)	15.484	-
Saint Gobain Weber Yapı Kimyasalları Sanayi ve Ticaret A.Ş. (*)	2.143	155
Saint Gobain Glass İtalia S.P.A.(*)	-	38.990
Saint Gobain Conceptions Verrieres (*)	-	13.336
	4.663.331	3.169.902

e) Remunerations to the top management

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

	January 1 - December 31, 2016	January 1 - December 31, 2015
Short term benefits		
(Salaries, premiums, housing, company cars, social security, health insurance, vacation pay etc.)	4.608.926	4.146.135
Long term benefits		
(Termination indemnity provisions, long term portion of vacation pay liability, long term premium plans and etc.)	809.561	719.415
	5.418.487	4.865.550

(*)Companies controlled by the ventures of the immediate parent

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 5 – CASH AND CASH EQUIVALENTS

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

	December 31, 2016	December 31, 2015
Banks	19.697.146	624.994
Demand deposits	145.827	11.542
Time deposits	19.551.319	613.452
Cash at blockage (*)	9.181.365	7.721.171
Cheques at collection (**)	494.117	204.010
	29.372.628	8.550.175

(*) As of December 31, 2016, cash and cash equivalents consist of cash at blockage amounting to TL 9.181.365 (December 31, 2015: TL 7.721.171). TL 1.390.337 amount of consisted of cash at blockage 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 December 31, 2016 TL 7.791.028 of cash blockage amount mainly comprised of the credit card receivables with a maturity less than 3 months (December 31, 2015: 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 December 31, 2016.

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

	Time Deposit		Demand deposit	
	December 31, 2016	December 31,2015	December 31, 2016	December 31,2015
US Dollars ("USD")	1.640.043	350.234	-	-
European Union Currency ("EURO")	371.472	263.218	-	1.740
TL	17.539.804	-	145.827	9.802
	19.551.319	613.452	145.827	11.542

As of December 31, 2016, the effective interest rates of TRY, USD and EURO denominated time deposits are 10%, 0,25% and 0,15% (31 December, 2015: 0,10 % for EURO and USD denominated time deposits respectively).

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 5 – CASH AND CASH EQUIVALENTS (CONTINUED)

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits and short-term investments that are easily convertible to cash with high liquidity and with a maturity of up to three months. Cash and cash equivalents included in the statement of cash flows for the period ended December 31, 2016 and December 31, 2015 are comprised the followings:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Cash and cash equivalents	29.372.628	8.550.175
Less: Blockage amounts	(9.181.365)	(7.721.171)
Less: Interest Accruals	(4.804)	(2)
	20.186.459	829.002

NOTE 6 – FINANCIAL LIABILITIES

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

	December 31, 2016	December 31, 2015
Bank borrowings (*)	41.122.201	14.169.440
TL	41.122.201	14.169.440
Factoring loans (**)	4.927.025	6.388.873
USD	4.927.025	5.641.480
Euro	-	747.393
	46.049.226	20.558.313

(*) As of December 31, 2016, all of the outstanding bank borrowings are denominated in TL and the effective interest rate of interest bearing bank borrowings is 13,45% (December 31, 2015: 12,24%).

(**) 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. The effective interest rate of factoring are 2,17% for USD respectively. (December 31, 2015: 2,10%).

NOTE 7 – ACCOUNTS RECEIVABLE AND PAYABLE

a) Trade receivable

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

	December 31, 2016	December 31, 2015
Accounts receivable	94.919.174	84.128.856
Notes receivable	13.909.669	21.448.168
Doubtful receivables	1.759.808	1.526.181
Less: Allowance for doubtful receivables	(1.759.808)	(1.526.181)
	108.828.843	105.577.024

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 7 – ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUED)

As at December 31, 2016, TL 131.702 of accounts receivable comprised due from related parties (December 31, 2015: TL 594.290) in which detailed presentation is disclosed in Note 4.

Average collection period of trade receivables is 100 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.

As at December 31, 2016 and December 31, 2015 maturity profiles of cheques and notes receivables are as follows:

	December 31, 2016	December 31, 2015
0 - 30 days	4.421.737	4.706.660
31 - 60 days	4.921.956	7.883.802
61- 90 days	1.872.282	7.843.760
91 days and over	2.693.694	1.013.946
Total	13.909.669	21.448.168

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

	2016	2015
Beginning balance	1.526.181	1.455.078
Provision for the year	305.671	194.720
Write offs	(72.044)	(123.617)
Period end	1.759.808	1.526.181

b) Trade payables

As at December 31, 2016, trade payables amount to TL 49.400.919 (December 31, 2015: TL 39.970.785) arising from accounts payable to various suppliers and average payment term is 54 days. (December 31, 2015: 35 days).

As at December 31, 2016, TL 993.308 of trade payables comprised due to related parties (December 31, 2015: TL 527.205) for which detailed presentation is disclosed in Note 4.

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Notes To The Financial Statements For The Year Ended December 31, 2016 (Continued)

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NOTE 8 – OTHER TRADE RECEIVABLES AND PAYABLES

a) Other short term receivables

As at December 31, 2016, other short-term receivables amounting to TL 1.365.363 (December 31, 2015: TL 0).

On 3 December 2016, some parts of the warehouse and the inventory of 1.3 Million TL were damaged by the fire in the warehouse section of the Company's Gebkim factory in Dilovası / Kocaeli. While the total amount of the products which became obsolete and which were recorded using the historical cost method could be calculated accurately. In addition, fixed assets are totally unusable in the warehouse; there are articles about compensation for all losses and reinstatement within the scope of the company's fire insurance policy belonging to the warehouse. Renewal and repairment of the warehouse building, which is still under construction, has not started yet. For the calculable amount of the damage, an agreement has been reached with the insurance broker and insurance companies. In the light of the discussions, the whole portion of the damage relating to the products that were damaged in the fire will be compensate in 2017. Accordingly, the damage does not have a negative impact on the financial statements.

b) Other long term receivables

As at December 31, 2016, long-term receivables comprised deposits given amounting to TL 13.302 (December 31, 2015: TL 13.022).

c) Other payables from third parties

As at December 31, 2016, short-term other payables amounting to TL 26.988 (December 31, 2015: TL 19.613) comprised of other miscellaneous payables.

NOTE 9 – INVENTORIES

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

	December 31, 2016	December 31, 2015
Raw materials and supplies	24.289.805	24.746.091
Finished goods	10.828.042	9.036.587
Trading goods	422.614	518.968
Total	35.540.461	34.301.646

Inventories are accounted at cost. As at December 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.

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Notes To The Financial Statements For The Year Ended December 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 10 – PROPERTY, PLANT AND EQUIPMENT

For the period ended December 31, 2016 movement in the property, plant and equipment comprised the following:

	January 1, 2016	Additions	Disposals	Transfers	December 31, 2016
Cost					
Land	6.004.308	-	(7.000)	-	5.997.308
Land improvements	4.636.272	140.952	(8.336)	347.044	5.115.932
Buildings	56.722.333	199.658	-	742.540	57.664.531
Machinery and equipment	208.653.949	500.148	(2.083.713)	18.914.658	225.985.042
Furniture and fixtures	8.974.362	312.813	(668.858)	302.694	8.921.011
Leasehold improvements	1.140.980	-	-	-	1.140.980
Construction in progress	2.356.511	26.992.874	-	(20.306.936)	9.042.449
Total Cost	288.488.715	28.146.445	(2.767.907)	-	313.867.253
Less: Accumulated depreciation					
Land improvements	(3.255.821)	(138.997)	7.058	-	(3.387.760)
Buildings	(21.138.353)	(1.436.156)	-	-	(22.574.509)
Machinery and equipment	(169.741.756)	(8.332.043)	2.073.952	-	(175.999.847)
Furniture and fixtures	(6.492.698)	(827.449)	664.906	-	(6.655.241)
Leasehold improvements	(287.290)	(108.076)	-	-	(395.366)
Total accumulated depreciation	(200.915.918)	(10.842.721)	2.745.916	-	(209.012.723)
Net book value	87.572.797				104.854.530

For the period ended December 31, 2015, depreciation expenses amounting to TL 10.161.501 (December 31, 2015: TL 10.623.790) has been recognized under cost of sales, TL 395.270 (December 31, 2015: TL 277.974) has been included under administrative expenses and TL 285.950 (December 31, 2015: TL 286.580) has been capitalized on stocks.

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Notes To The Financial Statements For The Year Ended December 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 10 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at December 31, 2016 and December 31, 2015, the amount of tangible assets with zero net book value which are still in use and kept in the accounting records is TL 163.920.103 (December 31, 2015: 155.067.096).

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

For the period ended December 31, 2015 movement in the property, plant and equipment comprised the following:

	January 1, 2015	Additions	Disposals	Transfers	December 31, 2015
Cost					
Land	6.004.308	-	-	-	6.004.308
Land improvements	4.613.669	-	-	22.603	4.636.272
Buildings	55.340.487	11.500	(23.000)	1.393.346	56.722.333
Machinery and equipment	202.341.896	352.059	(200.302)	6.160.296	208.653.949
Furniture and fixtures	8.120.984	182.384	(200.593)	871.587	8.974.362
Leasehold improvements	1.131.899	-	-	9.081	1.140.980
Construction in progress	2.094.354	8.805.782	-	(8.543.625)	2.356.511
Total Cost	279.647.597	9.351.725	(423.895)	(86.712)(*)	288.488.715
Less: Accumulated depreciation					
Land improvements	(3.127.418)	(128.403)	-	-	(3.255.821)
Buildings	(19.758.505)	(1.388.054)	8.206	-	(21.138.353)
Machinery and equipment	(160.944.198)	(8.996.009)	198.451	-	(169.741.756)
Furniture and fixtures	(6.119.555)	(565.112)	191.969	-	(6.492.698)
Leasehold improvements	(176.524)	(110.766)	-	-	(287.290)
Total accumulated depreciation	(190.126.200)	(11.188.344)	398.626	-	(200.915.918)
Net book value	89.521.397				87.572.797

(*) As of December 31, 2015 TL 86.712 of Construction in progress has been transferred to intangible assets.

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Notes To The Financial Statements For The Year Ended December 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 11 – INTANGIBLE ASSETS

For the period ended December 31, 2016 movement in the intangible assets comprised the following:

	January 1, 2016	Additions	Transfer	December 31, 2016
Cost				
Software rights	859.834	526.844	(182.837)	1.203.841
Development cost	89.496	60.799	-	150.295
Total Cost	949.330	587.643	(182.837)	1.354.136
Less: Accumulated amortization				
Software rights	(837.372)	(99.391)	179.736	(757.027)
Total accumulated amortization	(837.372)	(99.391)	179.736	(757.027)
Net book value	111.958			597.109

As at December 31, 2015, movement in the intangible assets comprised the following:

	January 1, 2015	Additions	Transfer	December 31, 2015
Cost				
Software rights	859.834	-	-	859.834
Development cost	-	2.784	86.712	89.496
Total Cost	859.834	2.784	86.712 (*)	949.330
Less: Accumulated amortization				
Software rights	(815.871)	(21.501)	-	(837.372)
Total accumulated amortization	(815.871)	(21.501)	-	(837.372)
Net book value	43.963			111.958

(*) As of December 31, 2015 TL 86.712 of Construction in progress has been transferred to intangible assets.

At December 31, 2016, amortization expenses amounting to TL 99.391 (December 31, 2015: TL 21.501) have been included in administrative expenses. As at December 31, 2016 and December 31, 2015, the amount of intangible assets with zero net book value which are still in use and kept in the accounting records is TL 666.097 (December 31, 2015: TL 798.214).

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Notes To The Financial Statements For The Year Ended December 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 12 – PROVISIONS

a) Other short term provisions

At December 31, 2016, and December 31, 2015 other short-term provisions comprised the following:

	December 31, 2016	December 31, 2015
Provisions for litigation	78.500	99.372
Miscellaneous expense provisions	62.584	67.595
Total	141.084	166.967

For period ended December 31, 2016 the movement of other short term provisions is as follows:

	January 1, 2016	Additions	Payments	Reversal	December 31, 2016
Provisions for litigation	99.372	-	-	(20.872)	78.500
Miscellaneous provisions for expenses (*)	67.595	-	-	(5.011)	62.584
	166.967	-	-	(25.883)	141.084

For period ended December 31, 2015 the movement of provisions is as follows:

	January 1, 2015	Additions	Payments	Reversal	December 31, 2015
Provisions for litigation	25.872	108.500	-	(35.000)	99.372
Miscellaneous provisions for expenses (*)	98.774	4.298.677	(4.329.856)	-	67.595
	124.646	4.407.177	(4.329.856)	(35.000)	166.967

(*) Miscellaneous provisions are comprised of DBS provisions.

b) Long term provision for employee benefits

For period ended December 31, 2016. Provision for employee benefits the movement is as follows:

	December 31, 2016	December 31, 2015
Provision for severance payments	8.945.744	6.353.127
Provision for unused vacation pay liability	3.164.880	2.792.410
Total	12.110.624	9.145.537

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Notes To The Financial Statements For The Year Ended December 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 12 – PROVISIONS (CONTINUED)

Provision for employee severance indemnity has been set as follows:

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay who retired by gaining right to receive according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed. The amount payable consists of one month's salary limited to a maximum of TL 4.297,21 for each period of service as at December 31, 2016 (December 31, 2015: TL 3.828,37). Maximum salary is TL 4.426,16 as of January 1, 2017.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2016, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 6,00% and a discount rate of 10,00%, resulting in a real discount rate of approximately 3,77% (December 31, 2015: 3,74% real discount rate). The anticipated rate of forfeitures is considered. As the maximum liability is revised semiannually, the maximum amount of TL 4.297,21 effective from July 1, 2016 has been taken into consideration in calculation of provision for employment termination benefits. Movement of retirement pay provision for the periods ended December 31, 2016 is as follows:

	December 31, 2016	December 31, 2015
Opening balance	6.353.127	6.689.384
Interest cost	698.844	668.938
Cost of services	780.742	569.292
Payments made during the period	(1.068.959)	(342.610)
Actuarial gain/(loss)	2.181.990	(1.231.877)
	8.945.744	6.353.127

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Notes To The Financial Statements For The Year Ended December 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 12 – PROVISIONS (CONTINUED)

Actuarial losses /gains arise from the changes in interest rates, inflation rates and changes in expectations about the salary increases. For the period ended December 31, 2016 interest cost portion is recognized as finance expense whereas cost of services are recognized as general administrative expenses and actuarial losses are recognized in other comprehensive income.

The movement of unused vacation pay liability during the period is as follows:

	December 31, 2016	December 31, 2015
Opening balance	2.792.410	2.551.662
Additional provision during the period	888.900	740.768
Used	(516.430)	(500.020)
Ending balance	3.164.880	2.792.410

NOTE 13 – COMMITMENTS

According to the decision of CMB in accordance with the law no. 28/780 on September 9, 2009 related to the commitments of publicly owned companies given to the guarantee 3rd party's debts. The commitments given; for companies other than publicly owned associations and financial institutions;

- i. For their own corporate identities
- ii. In favor of fully consolidated associations
- iii) In favor of 3rd parties to continue their operations will not be limited.

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments have already been given it will be reduced to until December 31, 2016.

As at December 31, 2016 and December 31, 2015 commitments given are as follows:

	December 31, 2016	December 31, 2015
A. Commitments given in the name of own legal Entity	14.950.898	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	-	-
Total	14.950.898	16.879.261

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Notes To The Financial Statements For The Year Ended December 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 13 – COMMITMENTS (CONTINUED)

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

	December 31, 2016	December 31, 2015
1st year	714.794	550.557
2nd year	536.095	538.260
3rd year	-	403.695
Total	1.250.889	1.492.512

NOTE 14 – EMPLOYEE BENEFIT OBLIGATION

As at December 31, 2016 and December 31, 2015 employee benefits comprised the following:

	December 31, 2016	December 31, 2015
Personnel premium (*)	2.925.068	2.686.685
Social security premium payable	1.353.866	1.850.045
Withholding taxes and duties	2.031.153	608.702
Other	130.000	140.856
Total	6.440.087	5.286.288

(*) Provisions for employee bonuses are the amount that determined according to decision over performance criteria by Izocam's Board of Directors. Related amount regarding FY2016 were paid in January, 2017 (FY2015 were paid in January 2016).

NOTE 15 – PREPAID EXPENSES

As at December 31, 2016 and December 31, 2015 short term prepaid expenses comprised the following:

	December 31, 2016	December 31, 2015
Advances given for inventory	609.819	2.831.748
Prepaid expenses (*)	478.579	532.051
	1.088.398	3.363.799

As at December 31, 2016 and December 31, 2015 long term prepaid expenses comprised the following:

	December 31, 2016	December 31, 2015
Advances given for fixed assets	10.197.330	7.553.729
	10.197.330	7.553.729

(*) As of December 31, 2016 prepaid expenses are consist of insurance and office rent expenses.

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Notes To The Financial Statements For The Year Ended December 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 16 – DEFERRED INCOME

As at December 31, 2016 and December 31, 2015 deferred income is comprised the following:

	December 31, 2016	December 31, 2015
Advances Taken	17.002.406	15.793.819
	17.002.406	15.793.819

NOTE 17 – OTHER ASSET AND LIABILITIES

a) Other current assets

As at December 31, 2016 and December 31, 2015 other current assets are comprised the following:

	December 31, 2016	December 31, 2015
Value Added Taxes ("VAT") to be transferred	1.988.890	820.496
Taxes and duties receivable	169.735	175.594
VAT receivable on exports	176.769	163.493
Other	310.653	275.106
	2.646.047	1.434.689

b) Other non-current assets

As of December 31, 2016 Company has deposits and guarantees given amounts of TL 17.523 (31 December 2015: TL 14.612)

c) Other short term liabilities

As at December 31, 2016 and December 31, 2015 other current liabilities comprised the following:

	December 31, 2016	December 31, 2015
VAT payables as responsible party	422.607	392.685
VAT payables as taxpayer	-	103.900
Other	65.723	56.589
	488.330	553.174

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Notes To The Financial Statements For The Year Ended December 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 18 – EQUITY

a) Paid-in Capital / Inflation Adjustment on Capital

As at December 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. There are no privileges rights provided to different shareholder groups or individuals. The shareholder structure of the Company is as follows:

	December 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
	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.

Registered capital information: The Company acknowledged registered capital system under the provisions of Law No. 2499 and adopted the system with the permit of CMB dated 28 September 1984 numbered 291. Authorized capital of the Company is TL 60.000.000 TL. Paid-up capital of the Company is TL 24.534.143,35.

b) Share Premiums / Restricted Reserves

Equity items of paid-in capital, share premiums, and legal reserves and special reserves under restricted reserves should be presented at their nominal amounts. Accordingly the inflation adjustments provided for within the framework of TFRS, for paid-in capital has been presented under inflation adjustment on capital, whereas for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented at TFRS values.

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

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Notes To The Financial Statements For The Year Ended December 31, 2016 (Continued)

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NOTE 18 – EQUITY (CONTINUED)

The details of these restricted reserves are as follows:

	December 31, 2016	December 31, 2015
Legal reserves	42.711.791	41.544.464
Special reserves (*)	46	46
	42.711.837	41.544.510

(*) The Company used investment allowance before the year 1980 and according to a legal obligation recorded this amount as special reserves.

TL 26.988.763 extraordinary reserves (December 31, 2015: TL 12.448.056) have been presented under retained earnings.

Share premiums represent the cash inflows generated from the sale of shares at their market values. Those premiums are followed under equity and cannot be distributed. However, those premiums can be used in share capital increases in the forthcoming years.

c) Dividend Distribution

In the ordinary general assembly held on 23 March 2015, it has been decided to distribute dividend amounting to TL 65.824.528 through net profit for the year ended December 31, 2014 amounting to TL 59.364.745 as cash dividends, TL 5.813.805 is transferred from extraordinary reserves.

In the Ordinary General Assembly held on 22 March 2016, it has been decided to distribute dividend amounting to TL 12.900.000 over the capital of TL 24.534.143, transfer a portion of TL 1.167.329 to the second contingency reserves and a portion of TL 14.676.246 to the extraordinary reserves. With respect to the decision, respectively TL 7.894.405 and TL 5.005.595 is distributed by the Company on 28 March 2016 and on 30 March 2016.

As of December 31, 2016 total amount of current year income in the statutory records and other reserves that can be subject to the dividend distribution of the Company is TL 20.942.555 (December 31, 2015: TL 27.622.531).

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Notes To The Financial Statements For The Year Ended December 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 19 – REVENUE AND COST OF SALES

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

	January 1 - December 31, 2016	January 1 - December 31, 2015
Domestic sales	328.525.377	313.547.700
Export sales	62.529.776	63.297.817
Other	15.530.937	13.960.748
Gross sales	406.586.090	390.806.265
Less: Sales returns and discounts	(20.776.693)	(20.323.901)
Net sales	385.809.397	370.482.364
Less: Cost of sales	(297.478.699)	(283.111.719)
Gross profit	88.330.698	87.370.645

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

	January 1 - December 31, 2016	January 1 - December 31, 2015
Raw materials and consumables	265.902.441	252.940.335
Personnel expenses	23.109.858	21.575.717
Depreciation	10.161.501	10.623.790
Changes in inventory	(1.695.101)	(2.028.123)
Cost of Sales	297.478.699	283.111.719

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Notes To The Financial Statements For The Year Ended December 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 20 – MARKETING, SALES AND DISTRIBUTION EXPENSES

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

	January 1 - December 31, 2016	January 1 - December 31, 2015
Freight insurance	17.873.323	15.619.788
Personnel	9.094.124	8.220.213
Storage	4.709.598	3.003.345
Dealer and authorized service	2.980.333	2.591.655
Licenses	2.695.253	2.654.687
Advertisement	1.268.562	1.488.182
Rent	850.695	721.521
Sales commissions	726.752	675.572
Transportation	668.821	754.415
Collateral	567.723	527.463
Travel	379.258	332.620
Exhibition and fair	198.942	478.299
Public relations and events	145.810	121.166
Other	1.129.829	1.130.707
	43.289.023	38.319.633

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Notes To The Financial Statements For The Year Ended December 31, 2016 (Continued)

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NOTE 21 - ADMINISTRATIVE EXPENSES

For the periods ended December 31, 2016 and 2015, administrative expenses comprised the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Personnel	9.232.888	9.922.623
Rent	857.247	798.795
Transportation	507.282	489.264
Depreciation and amortization	494.661	299.475
Information technology	486.144	666.786
Subscription	438.388	427.670
Duties, taxes and levies	319.070	343.579
Consultancy	241.449	192.726
Legal	172.014	264.398
Repair, maintenance and energy	134.667	143.781
Representation	149.194	293.645
Travel	149.006	131.864
Insurance expenses	138.930	259.710
Communication	128.773	181.851
Stationary Expenses	104.171	92.090
Donations	100.321	85.057
General Assembly	27.570	37.940
Other	747.992	1.126.441
	14.429.767	15.757.695

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Notes To The Financial Statements For The Year Ended December 31, 2016 (Continued)

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NOTE 22 – EXPENSES BY NATURE

For the periods ended December 31, nature of expenses is disclosed in Notes 19, 20 and 21.

Expenses by nature for the period ended December 31, 2016 and 2015 comprise the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Salaries	41.436.870	39.718.553
Depreciation and amortization	10.656.162	10.923.265
	52.093.032	50.641.818

NOTE 23 – OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

For the periods ended December 31, 2016 and 2015 other operating income comprised the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Interest income on credit sale	6.075.049	5.829.068
Foreign exchange gains on operations	1.121.616	156.948
Insurance income	390.075	864.072
Other income	847.152	579.579
	8.433.892	7.429.667

b) Other operating expense

For the periods ended December 31, other operating expense comprised the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Foreign exchange losses on operations	2.257.148	-
Provision for doubtful receivables	305.671	45.130
Other (*)	391.039	1.467.447
	2.953.858	1.512.577

(*) In the period of January 1, 2015 – December 31, 2015, TL 1.196.838 TL of other operating expense consists of expenses incurred regarding to transportation expenses of damaged inventories due to the fire that occurred in the warehouse of the fiberglass factory in Tarsus/Mersin on August 14, 2015.

NOTE 24 – INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

For the periods ended December 31, investment income/expense comprised the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Gain on sale of property, plant and equipment	124.307	103.452
Income from investing activities	124.307	103.452
Loss on sale of property, plant and equipment	(38.347)	-
Expense from investing activities	(38.347)	-
Income/(expense) from investing activities, net	85.960	103.452

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Notes To The Financial Statements For The Year Ended December 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 25 – FINANCE INCOME AND EXPENSES

a) Finance income

For the periods ended December 31, 2016 and 2015, finance income comprised the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Interest income on time deposits	348.597	699.220
	348.597	699.220

b) Finance expenses

For the periods ended December 31, 2016 and 2015, finance costs comprised the following:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Interest expense on borrowings	9.492.927	4.544.358
Interest cost on defined benefit plan	698.844	668.938
Foreign exchange gains	10.825	61.707
	10.202.596	5.275.003

NOTE 26 – INCOME TAX

Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20 percent.

As per the decision no,2006/10731 of the Council of Ministers published in the Official Gazette no,26237 dated 23 July 2006, certain duty rates included in the articles no,15 and 30 of the new Corporate Tax Law no,5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased from 10 percent to 15 percent.

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20 percent on their corporate income. Advance tax is declared by the 10th of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the fifteenth date of the four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filling during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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Notes To The Financial Statements For The Year Ended December 31, 2016 (Continued)

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NOTE 26 – INCOME TAX (CONTINUED)

Current period tax assets and liabilities

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

	December 31, 2016	December 31, 2015
Corporate tax provision	5.124.537	7.687.689
Prepaid taxes	(3.842.410)	(6.151.101)
Current tax liability	1.282.127	1.536.588

Deferred tax assets and liabilities

Deferred tax liabilities and assets are provided on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities and assets are recognized in the financial statements from the enacted or substantially enacted tax rates to the extent that the temporary differences in the subsequent years will be reversed.

The Company recognizes deferred tax assets in the financial statements by taking into consideration the factors such as the developments in the sector that the Company is operating, taxable income in the forthcoming years. Turkey's general economic and political situation, and/or global economic and political situations. The Company expects to generate taxable income in the forthcoming years and considers Turkey's economic and political situation shows clear positive developments. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the forthcoming years under the balance sheet method using a principal tax rate of 20% (December 31, 2015: 20%). Deferred tax assets and deferred tax liabilities at December 31, were attributable to the items detailed in the table below:

	December 31, 2016	
	Temporary Accumulated Differences	Deferred Tax Assets/ (Liabilities)
Employee severance indemnity	8.945.744	1.789.149
Vacation pay liability	3.164.880	632.976
Unrecognized interest expense	771.646	154.329
Effect of amortization and depreciation of tangible and intangible assets	(14.071.302)	(2.814.260)
Other	41.940	8.388
Deferred tax asset/(liability), net		(229.418)

	December 31, 2015	
	Temporary Accumulated Differences	Deferred Tax Assets/ (Liabilities)
Employee severance indemnity	6.353.127	1.270.625
Vacation pay liability	2.792.410	558.482
Unrecognized interest expense	766.649	153.330
Effect of amortization and depreciation of tangible and intangible assets	(11.843.503)	(2.368.701)
Other	(113.709)	(22.741)
Deferred tax asset/(liability), net		(409.005)

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Notes To The Financial Statements For The Year Ended December 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 26 – INCOME TAX (CONTINUED)

As at December 31, 2016 and December 31, 2015, the movement of deferred tax liabilities is as follows:

	2016	2015
Opening balance as of 1 January	409.005	734.774
Other comprehensive deferred tax of income	(436.398)	246.375
Deferred tax (income)/expense	256.811	(572.144)
Closing balance as of 31 December	229.418	409.005

Income tax calculated after fiscal period ended in December 31 is different from the amount which is calculated by implementing statutory tax rate on pretax income is shown below:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Profit before tax	26.323.903	34.738.076
Tax rate %	20	20
Taxes on reported profit per statutory tax	(5.264.781)	(6.947.615)
Disallowable expenses	(102.540)	(144.469)
Other	(14.027)	(23.461)
Tax expense	(5.381.348)	(7.115.545)

NOTE 27 – EARNING PER SHARE

Earnings per share is computed by dividing the net profit for the year ended December 31, 2016 amounting to TL 20.942.555 (December 31, 2015: TL 27.622.531) to the weighted average of the shares during these periods,

	January 1 - December 31, 2016	January 1 - December 31, 2015
Earnings per share		
Net Profit	20.942.555	27.622.531
Number of weighted average of ordinary shares	2.453.414.335	2.453.414.335
Basic Earnings per share (Kr per share)	0,009	0,011
Diluted Earnings per share (Kr per share)	0,009	0,011

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

a) Financial risk management

The Company has exposure to the following risks from its operations:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

In accordance with the Article 378 of TCC or the publicly traded companies the Board of Directors are obliged to set up an expert committee in order to identify, develop and update systems, manage and put actions against those risks which can affect existency development end continuance of the Company. Accordingly, the Company set up the relevant committee on 3 April 2013, comprise of three members. In 2015, this committee has five meetings and the report prepared by this committee had been presented to the Board of Directors of the Company.

In this context, the following company procedures and internal control issues have been identified:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

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Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial risk management (continued)

Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party. The management of the Company covers these risks by limiting the average risk for counter party (except related parties) in all contracts and receiving guarantees if necessary. The Company works through agency system within Turkey to a great extent. The Company minimizes the collection risk by the guarantee letters taken from agencies, liens and commitment notes received before the sale and controls the orders of agencies out of guarantee by comparing these guarantees received from the agencies with their receivables. Additionally, the Company guarantees its receivables through direct borrowing system by the agreements of various banks. The Company is exposed to credit risk amounting to TL 15.670.287 (December 31, 2015: TL 17.406.399) which is not covered by collaterals and DBS guarantees.

Provisions made for doubtful receivables are within reasonable borders based on the past experiences of the Company in collection of accounts receivable. Therefore, the management does not foresee any additional risk relating to accounts receivable more than provisions made. Provisions are observed to be within expected thresholds based on historical trends of collection of its trade receivables. Therefore, management does not foresee any additional risk related to the Company's trade receivables other than provision allocated.

Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by obtaining adequate funding lines from high quality lenders. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At December 31, 2016 the Company has guaranteed the receivables amounting to TL 142.861.998 (December 31, 2015: TL 136.581.000) via Direct Borrowing System aiming to avoid liquidity risk. The Company has also obtained factoring loans amounting to TL 4.927.025 TL (December 31, 2015: TL 6.388.873) through making early collection; increases the liquidity position and avoids foreign exchange loss risk.

Market risk

Market risk is the risk that changes in market prices, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. The Company manages this risk by means of balancing the interest-earning assets and interest-bearing liabilities as natural precautions. The Company places those interest earning assets at short-term investments.

Currency risk

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

Interest Rate Risk

The Company is exposed to interest rate risk due to effects of changes in the interest rates to the assets and liabilities.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures

Due to its operations, the Company is subject to various financial risks including capital market prices and effects of changes in foreign currency and interest rates. The aggregate risk management program focuses on the unpredictability of the financial markets and aims at minimizing the potential adverse effects on the financial performance of the Company.

Interest rate risk

The Company is subject to the interest rate risk due to impact of changes in the interest rates on the interest rate sensitive asset and liabilities.

	December 31, 2016	December 31, 2015
Fixed interest rate financial instruments		
Short-term borrowings (Note 6)	46.049.226	20.558.313

Credit risk

Credit risk is diversified since there are many counterparties in the customer database.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 6,5 percent (December 31, 2015: 6,8 percent) of the Company's revenue is attributable to sales transactions with a single customer. Largest balance of trade receivables is TL 9.274.836 for a single customer (December 31, 2015: TL 8.964.968).

The geographical concentration of receivables excluding related parties exposed to the credit risk at December 31, are as follow:

	December 31, 2016	December 31, 2015
1. and 5. District Office (Marmara, West Black Sea Regions)	53.841.886	55.440.558
2. District Office (Central Anatolia, Middle Black Sea Regions)	20.352.057	22.235.981
4. District Office (Aegean and Mediterranean Sea Regions)	12.993.367	10.158.349
Middle East, Balkans, Africa and Others	10.320.810	9.244.659
3. District Office (South East Anatolia, East Anatolia, East Black Sea Regions)	11.320.723	8.497.477
	108.828.843	105.577.024

At December 31, 2016, the Company has a letter of guarantee amounting to TL 9.319.685 (December 31, 2015: TL 11.861.249), mortgage amounting to TL 10.000 (December 31, 2015: TL 10.000), Eximbank guarantee amounting to TL 12.944.086 (December 31, 2015: TL 13.255.507), collaterals received as notes amounting to TL 897.589 (December 31, 2015: TL 823.452) and direct borrowing system guarantees amounting to TL 142.861.998 (December 31, 2015: TL 136.581.000).

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

Detail of credit risk as at December 31, 2016 is as follows:

December 31, 2016	Receivables					
	Trade receivables		Other Receivables		Deposits on Banks	Other
	Related Party	Others	Related Party	Others		
Exposure to maximum credit risk as at reporting date (*) (A +B+C+D)	131.702	108.697.141	-	1.378.665	19.697.146	14.950.898
- The part of maximum risk under guarantee with collateral	131.702	108.697.141	-	1.378.665	19.697.146	14.950.898
A. Net carrying value of financial assets which are neither impaired nor overdue	131.702	92.704.046	-	1.378.665	-	-
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	15.993.095	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
- Past due (gross book value)	-	1.759.808	-	-	-	-
- Impairment (-)	-	(1.759.808)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	14.950.898

(*) In determination of the amount, the elements like obtained credits of guarantees that increase the reliability of the credit were not considered.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

The Company works with most of its customers since its foundation and there has not been any loss due to receivables from these customers. In order to monitor credit risks, customers are regrouped according to their credit character and customer types. Most of the accounts receivable consist of the receivables from agencies.

The Company sets up provisions for its doubtful receivables after a problem arises in collection from the related customer and when the lawyer of the customer is informed for the legal action.

At December 31, 2016 past due but not impaired accounts receivables (except due from related parties) are as follows:

Receivables				
December 31, 2016	Trade receivables	Other receivables	Deposits on Banks	Other
Past due 1-30 days	14.680.651	-	-	-
Past due 1-2 months	825.935	-	-	-
Past due 3-6 months	484.437	-	-	-
More than 6 months	2.072	-	-	-
Total	15.993.095	-	-	-
The portion secured by guarantee	15.480.593			

As at December 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 declared 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.

As at December 31, 2016, the Company has guaranteed its overdue receivables by letter of guarantee amounting to TL 41.597 (December 31, 2015: 493.070), direct borrowing system (DBS) guarantees amounting to TL 15.285.522 (December 31, 2015: 4.233.705) and Eximbank guarantee amounting to TL 153.474 (December 31, 2015: TL 2.413.308).

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

Detail of credit risk as of December 31, 2015 is as follows:

December 31, 2015	Receivables					
	Trade receivables		Other Receivables		Deposits on Banks	Other
	Related Party	Others	Related Party	Others		
Exposure to maximum credit risk as at reporting date (*) (A +B+C+D)	1.188.580	104.982.734	-	13.022	624.994	16.879.261
- The part of maximum risk under guarantee with collateral	594.290	104.982.734	-	13.022	624.994	16.879.261
A. Net carrying value of financial assets which are neither impaired nor overdue	594.290	100.707.127	-	13.022	-	-
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	4.275.607	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
- Past due (gross book value)	-	1.526.181	-	-	-	-
- Impairment (-)	-	(1.526.181)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	16.879.261

As at December 31, 2015, past due but not impaired accounts receivables (except due from related parties) are as follows:

December 31, 2015	Receivables			
	Trade receivables	Other receivables	Deposits on Banks	Other
Past due 1-30 days	3.042.214	-	11.540	-
Past due 1-2 months	460.182	-	-	-
Past due 3-6 months	434.611	-	-	-
More than 6 months	338.600	-	-	-
Total	4.275.607	-	11.540	-
The portion secured by guarantee	5.711.315			

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

Guarantees

In accordance with the Company policy, total guarantees amounting to TL 14.950.898 (December 31, 2015: TL 16.879.261) are given to custom offices, domestic supplier, banks and tax offices.

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

CURRENCY POSITION

	December 31, 2016			December 31, 2015		
	TL	USD	Euro	TL	USD	Euro
1. Trade receivables	8.796.314	2.014.103	460.466	9.647.105	2.787.942	484.921
2a. Monetary financial assets	2.011.511	466.027	100.129	2.960.518	927.073	83.383
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	70.315	-	22.128
4. Current Assets (1+2+3)	10.807.825	2.480.130	560.595	12.677.938	3.715.015	590.432
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)	10.807.825	2.480.130	560.595	12.677.938	3.715.015	590.432
10. Trade payables	(8.928.391)	(1.818.975)	(681.165)	(7.634.961)	(1.244.262)	(1.264.207)
11. Financial liabilities	(4.927.024)	(1.400.041)	-	(6.388.873)	(1.940.253)	(235.206)
12a. Monetary financial liabilities	(18.550)	-	(5.000)	(14.538)	(5.000)	-
12b. Non-monetary financial liabilities	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	(13.873.965)	(3.219.016)	(686.165)	(14.038.372)	(3.189.515)	(1.499.413)
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Monetary financial liabilities	-	-	-	-	-	-
16b. Non-monetary financial liabilities	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	(13.873.965)	(3.219.016)	(686.165)	(14.038.372)	(3.189.515)	(1.499.413)

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

CURRENCY POSITION

	December 31, 2016			December 31, 2015		
	TL	USD	Euro	TL	USD	Euro
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)	(3.066.140)	(738.886)	(125.570)	(1.360.434)	525.500	(908.981)
21. Monetary items net foreign currency asset (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	(3.066.140)	(738.886)	(125.570)	(1.430.749)	525.500	(931.109)
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	-	-	-	-	-	-

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

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

CURRENCY SENSITIVITY ANALYSIS

	December 31, 2015		December 31, 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)	(260.029)	260.029	152.794	(152.794)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- Net US Dollar effect (1+2)	(260.029)	260.029	152.794	(152.794)
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net EUR asset/(liability)	(46.585)	46.585	(295.869)	295.869
5- Part of hedged from EUR risk (-)	-	-	-	-
6- Net EUR effect (4+5)	(46.585)	46.585	(295.869)	295.869
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)	(306.614)	306.614	(143.075)	143.075

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

	December 31, 2016	December 31, 2015
Total exports	62.529.776	63.297.817
Total imports	94.082.692	92.846.517

Liquidity risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions. By the cash inflows provided from the operating activities, the Company utilizes its requirements for current and future funding and the remaining portion of those cash inflows are utilized in time deposits with short-term maturities. The Company finances the capital expenditures by the long-term borrowings utilized from the financial institutions. The Company makes it's repayments of its borrowing from the cash inflows provided from operating activities through the productivity from those capital expenditures.

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Notes To The Financial Statements For The Year Ended December 31, 2016 (Continued)

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NOTE 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

The below tables show the monetary liabilities of the Company according to their remaining maturities as at December 31, 2016 and December 31, 2015.

As of December 31, 2016				
Maturity per agreements	Book value	Total contractual cash outflows	0-3 Months	3-12 Months
Non-derivative financial liabilities	102.405.550	102.405.550	102.405.550	-
Short term payables	46.049.226	46.049.226	46.049.226	-
Trade payables	49.400.919	49.400.919	49.400.919	-
Other payables	26.988	26.988	26.988	-
Employee benefit obligations	6.440.087	6.440.087	6.440.087	-
Other short term liabilities	488.330	488.330	488.330	-

As of December 31, 2015				
Maturity per agreements	Book value	Total contractual cash outflows	0-3 Months	3-12 Months
Non-derivative financial liabilities	63.701.488	64.765.784	63.765.784	1.000.000
Short term payables	20.558.313	21.622.609	20.622.609	1.000.000
Trade payables	39.970.785	39.970.785	39.970.785	-
Other payables	19.613	19.613	19.613	-
Employee benefit obligations	5.286.288	5.286.288	5.286.288	-
Other short term liabilities	553.174	553.174	553.174	-

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 28 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Risk Management Disclosures (continued)

Trade receivable and payables

Accounts receivable that are originated by the Company by way of providing goods directly to a debtor are carried at amortized cost using the effective interest rate method. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of the imputed interest is significant. Accounts receivable assessed as they reflect their fair values because of their short-term nature.

The Company provided reserve for all receivables which are under legal follow-up. Exchange rate difference resulted from foreign currency denominated bad and doubtful receivables is included in the bad debt provision and same amount of foreign exchange difference is also accounted as foreign exchange gain.

Trade payables are stated at cost net of interest on credit purchases. Trade payables, net of deferred finance cost are measured at amortized cost using the effective interest rate method by taking into consideration the future cash flows of the original invoices recognized in the financial statements. Accounts payable assessed as they reflect their fair values because of their short-term nature.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other

Other financial assets and liabilities assessed as they reflect their fair value because of their short-term nature.

İzocam Ticaret ve Sanayi Anonim Şirketi

Notes To The Financial Statements For The Year Ended December 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 29 – SUBSEQUENT EVENTS

None.

Adress and Telephones

You can access our free
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PRODUCTION PLANT

Dilovası Stonewool Production Plant

Dilovası Organize Sanayi Bölgesi 1. Kısım Dicle Cad. No: 8

41455 Dilovası - Kocaeli

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Dilovası Gebkim Production Plant

Gebze V (Kimya) Organize Sanayi Bölgesi Çerkeşli Köyü Yolu

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Tarsus Glasswool And XPS Production Plants

Şahin Mah. Sait Polat Bul. No: 376A

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+90 324 616 25 92 (Satın Alma)

Eskişehir Rubber And Polyethylene Production Plants

75. Yıl Mah. Organize San. Bölgesi Şehitler Bul. No: 17 26110

Odunpazarı - Eskişehir

Tel : +90 222 236 14 80

Faks : +90 222 236 14 79

REGIONAL SALES DIRECTORATES**İstanbul Regional Directorate**

Altayçeşme Mah. Öz Sok. No: 19 Kat: 3 Maltepe - İstanbul

Tel : +90 216 440 40 50

Faks : +90 216 415 16 30

Ankara Regional Directorate

Ceyhun Atuf Kansu Cad. No: 114 Bayraktar Center E Blok

No: 4, 06520 Balgat - Ankara

Tel : +90 312 473 01 31

Faks : +90 312 472 00 34

Adana Regional Directorate

Cemalpaşa Mah. Atatürk Cad. Ethem Ekin Sok. Gökçe

Rezidans No: 66 Kat: 1 D: 4, 01120 Seyhan - Adana

Tel : +90 322 453 24 34

Faks : +90 322 453 24 41

İzmir Regional Directorate

Şair Eşref Bul. Ragıp Şamlı İş Hanı No: 6 Kat: 6 D: 605

35230 Çankaya - İzmir

Tel : +90 232 484 57 85

+90 232 484 31 78

Faks : +90 232 489 00 52

Bursa Regional Directorate

Kükürtlü Cad. No: 67 Tan İş Merkezi B-Blok D: 7

16080 Osmangazi - Bursa

Tel : +90 224 253 95 35

Faks : +90 224 255 60 13

Antalya Office

Etiler Mah. 829 Sok. A Plaza, Bina No: 3 Kat:2 Daire No: 20

07010 Muratpaşa - Antalya

Tel : +90 242 241 19 50

Faks : +90 242 242 39 84

Diyarbakır Office

Urfa Yolu Üzeri 3 km Fırat Mah. 507 Sok. Dara Plaza No:15

Kat: 6 Daire: 36 Kayapınar - Diyarbakır

Tel : +90 412 229 00 96

Faks : +90 412 229 06 79

Erzurum Office

Saray Bosna Caddesi Yekeler Ofis Plaza Kat:4 No:25

Yakutiye - Erzurum

Tel : +90 442 214 13 72 - 73

Faks : +90 442 214 13 74

Principles of Action and Conduct

We are the leading company in its sector with principles of action and conduct.

PRINCIPLES OF WORK

- Respect for the Law
- Caring for Environment
- Worker Health and
- Safety Employee Rights

PRINCIPLES OF CONDUCT

- Professional Commitment
- Respect for Others
- Integrity
- Honesty
- Solidarity

