



ŞİŞECAM
FLAT GLASS



DISTINGUISHED HISTORY
SMART FUTURE

TRAKYA CAM SANAYİİ A.Ş.
2018 ANNUAL REPORT

Executing production with a total of 13 float lines and 4 automotive glass and 4 encapsulation plants, Trakya Cam San. A.Ş. provides input for the construction, automotive, solar energy and white goods industries with plants in 10 different countries and an expanding product range.

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BORSA
İSTANBUL

Trakya Cam Sanayii A.Ş.
is listed on the BIST as **TRKCM**.

AMBITIOUS STEPS TOWARDS THE FUTURE

While we strengthen our presence in global markets in the field of flat glass through our strategic investments, we also continue to expand our automotive glass operations and our breakthroughs that provide competitive advantages...

While we are expanding our value-added product portfolio with innovative products; we are also commissioning lean manufacturing practices and taking ambitious steps towards the future with the focus on continuous development and digital transformation.

TRAKYA CAM SANAYİİ A.Ş. IN BRIEF

Trakya Cam Sanayii A.Ş., the parent company of Şişecam Group operating in the field of flat glass, ranks fifth globally and first in Europe in the industry in terms of production capacity. Trakya Cam Sanayii conducts its operations in two main business lines of architectural glass (flat glass, patterned glass, mirror, laminated glass, coated glass, solar power glass, and white goods glass) and automotive glass (automobile glass and encapsulated glass).

With its plant commissioned in 1981, it became the first company to use the modern float technology in production in the axis of Eastern Europe, the Balkans, the Middle East, and North Africa. The Company has been a pioneer in the development of flat glass, both in Turkey and in the region, introducing many firsts to the industry.

Achieving significant flat glass quality and capacity increases in 1980s and penetrating into global markets by export operations, Trakya Cam San. A.Ş. started its overseas operations too from the second half of 2000s. Trakya Cam San. A.Ş. opened its flat glass factory in Bulgaria in 2006 followed by the establishment of the flat glass factory in Egypt in 2009, the automotive glass factory in Bulgaria in 2010, laminated and coated glass plants in Bulgaria in 2013, and the flat glass factory in Russia in 2014.

Trakya Cam San. A.Ş. acquired shares in HNG Float Glass Limited Company (currently known as Sisecam Flat Glass India Limited) in India in 2013, while continuing its expansion in Europe by acquiring Richard Fritz Holding GmbH in addition to investing in the two new automotive glass plants in Russia and Romania in 2015. In 2016, the Company acquired the assets of Sangalli Vetro Porto Nogaro S.p.A., domiciled in Italy, and started production there with a float line, which has a 220 thousand tons/year capacity, and a laminating line.

Focusing on continuous improvement in line with the customers' needs and expectations, Trakya Cam San. A.Ş. accelerated the structuring activities for automotive and encapsulated glasses, which now account for 34% in total consolidated revenues and provided operational and organizational synergies by consolidating its domestic operations in 2016 under the newly established Şişecam Otomotiv A.Ş. in Turkey and under Trakya Investment B.V. abroad.

The acquisition of Sangalli Group's Sangalli Vetro Manfredonia plant located in Monte Sant'Angelo was completed in 2018. Located in the south of Italy, this plant has a float line with an annual capacity of 190 thousand tons, a laminating line with an annual capacity of 4 million square meters, and a satin line with an annual capacity of 1.5 million square meters.

In 2018, the company also acquired the 50% shares of its subsidiary Sisecam Flat Glass India company, in which it had been a shareholder by 50% from 2013, in India and it now wholly owns this company.

Executing production with a total of 13 float lines and 4 automotive glass and 4 encapsulation plants, Trakya Cam San. A.Ş. provides input for the construction, automotive, solar energy and white goods industries with plants and subsidiaries in 10 different countries and an expanding product range. The Company carries out its operations in line with the vision of "being a rapidly growing, innovative, and global flat glass company with strong brands."

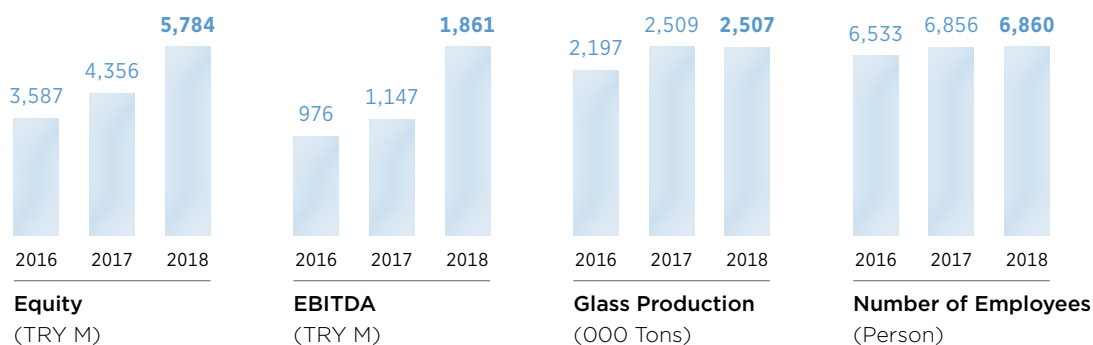
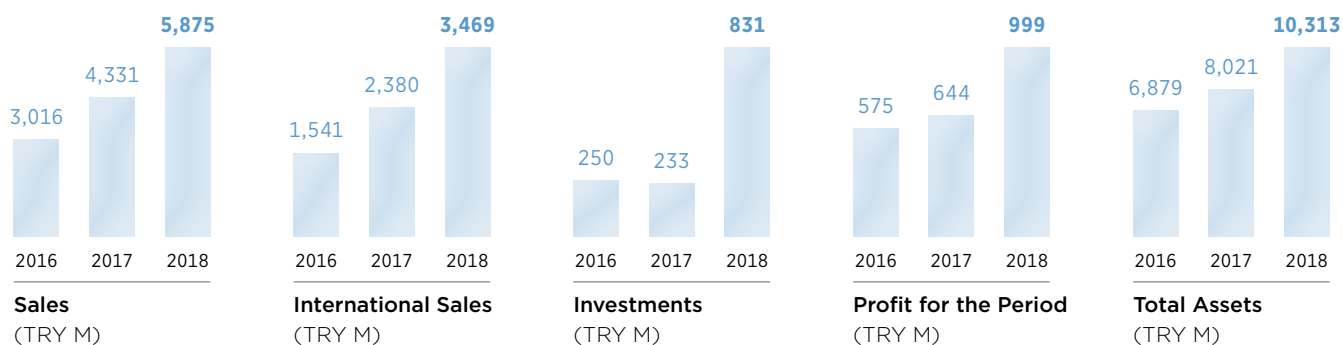
FINANCIAL INDICATORS

Financial Indicators	2017		2018	
	(M TRY)	(M USD)	(M TRY)	(M USD)
Total Assets	8,021	2,127	10,313	1,960
Equity	4,356	1,155	5,784	1,099
Sales	4,331	1,188	5,875	1,216
Gross Profit	1,400	384	1,916	397
EBIT	840	231	1,485	307
EBITDA	1,147	315	1,861	385
Profit for the Period	644	177	999	207
Net Financial Liabilities	459	122	882	168

Financial Ratios	2017	2018
Current Assets/Short Term Liabilities	2,03	1,75
Equity/Total Liabilities	54%	56%
Net Financial Liabilities/Equity	11%	15%
Net Financial Liabilities/Total Shareholders' Equity and Liabilities	6%	9%
Gross Profit/Sales Revenue	32%	33%
EBITDA*/Sales Revenue	26%	32%
EBIT*/Sales Revenue	19%	25%
Net Financial Liabilities**/EBITDA*	0.40	0.47

* In EBITDA and EBIT calculations, operating profit before financial income/expenses was taken into consideration.

** Net Financial Debt is calculated by deducting other receivables from related parties, cash and fixed assets investments from the sum of short and long-term borrowings and other liabilities to related parties.



PRODUCTION FACILITIES

2.5 Million Tons Glass Production

11.2 Million m² Automotive Glass Production

10 Production Plants in 10 Countries





Turkey
Trakya Plant - Kırklareli



Turkey
Mersin Plant - Mersin



Turkey
Şişecam Otomotiv
Plant - Kırklareli



Turkey
Trakya Yenişehir Plant - Bursa



Turkey
Trakya Polatlı Plant - Ankara



Germany
Richard Fritz, Besigheim



Germany
Richard Fritz, Aurach



Slovakia
Richard Fritz, Malacky



Hungary
Richard Fritz, Aszod



Bulgaria
Trakya Glass Bulgaria EAD



Bulgaria
Sisecam Automotive
Bulgaria EAD



Romania
Glasscorp S.A.



Russia
Trakya Glass Rus AO



Russia
Automotive Glass Alliance
Rus AO



Italy
Sisecam Flat Glass Italy Srl



Italy
Sisecam Flat Glass
South Italy Srl



India
Sisecam Flat Glass India



Egypt
Saint Gobain Glass Egypt

BOARD OF DIRECTORS



PROF. DR. AHMET KORMAN
Chairman



DR. REHA AKÇAKAYA
Vice Chairman



ZEYNEP HANSU UÇAR
Member



GÖKHAN GÜRALP
Member



DİNÇ KIZILDEMİR
Independent Member



İLHAN İL
Independent Member

PROF. DR. AHMET KIRMAN/Chairman

(60) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. He has also served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business meetings.

DR. REHA AKÇAKAYA/Vice Chairman

(56) Dr. Reha Akçakaya completed his undergraduate and graduate studies at Boğaziçi University Mechanical Engineering Department. He received a graduate degree in Glass Science from New York State College of Ceramics at Alfred University in the United States and a doctorate degree in Engineering Management from Marmara University. In 2013 he completed the Advanced Management Program at Harvard Business School. Dr. Akçakaya worked as a Research Assistant at Boğaziçi University from 1985 to 1988, before joining Şişecam's Glass Research Centre in 1988. He is currently serving as Board Member of Glass for Europe. Over the years, Dr. Akçakaya has worked in various management roles within the Group and has been serving as Şişecam Flat Glass Group President since 2014.

ZEYNEP HANSU UÇAR/Member⁽¹⁾

(47) Zeynep Hansu Uçar is a graduate of Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her career as an Assistant Investment Specialist in the Subsidiaries Division of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Uçar has been serving as the Subsidiaries Division Unit Manager since 2007. She currently serves as a Board Member at Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii A.Ş. Having functioned as a Board Member and Auditor at various companies of Şişecam Group since 2010, she also holds seats on the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, and Camış Yatırım Holding A.Ş. since March 27, 2012, all being İşbank subsidiaries. She was appointed as Member of the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. on March 21, 2018 and has been Board Member since April 15, 2011.

GÖKHAN GÜRALP/Member⁽²⁾

(43) Born in 1976, Gökhan Güralp graduated from Marmara University, Department of Business Administration in 1999. Starting his career at Ernst & Young as an Assistant Auditor in 1999, Güralp held the position of Auditor at Ernst & Young between 2002 and 2003. He continued his career as Financial Affairs Manager at Enka Bechtel between 2003 and 2004, Auditing Manager at Ernst & Young between 2004 and 2007, Auditing Manager at Ernst & Young, Moscow between 2007 and 2008, and as Senior Manager at Ernst & Young, Istanbul Office between 2008 and 2011. Taking the position of Budget, Strategic Planning and Reporting Manager at Eti Gıda Sanayi Ticaret A.Ş. between 2011 and 2014, Güralp also held the positions of Finance Director and the Member of the Board of Director at Eti Romania SRL between 2013 and 2014. After taking office at Zorlu Holding A.Ş. as Internal Auditing Manager between 2014 and 2015, Güralp joined Türkiye Şişe ve Cam Fabrikaları A.Ş. as the Financial Control and Reporting Group Manager on November 2, 2015. Güralp has been serving as Financial Control and Reporting Director and Board Member of Şişecam Group as of January 3, 2016.

DİNÇ KIZILDEMİR/Independent Member⁽³⁾

(66) Having graduated from the Department of Administrative Sciences at Boğaziçi University in 1975, Dinç Kızıldemir started his career as the Sales and Marketing Manager at Elka Elyaf Plaka Sanayii A.Ş., which was previously an affiliate of Garanti Bank and then joined Koç Group. Kızıldemir acted as the Sales and Marketing Manager and Vice Managing Director at Kelebek Kontrolplak ve Mobilya A.Ş., an affiliate of Enka Group, and assumed the responsibility for establishing and managing McDonalds Corporation Turkey company in 1991. He acted as the Managing Director and the Vice Chairman of the Board of Directors at this company and supervised the establishment of retail, logistics and supply infrastructure for the company. Joining OYAK Group in 2001, he acted as the Managing Director for the Retail Group and became a Board Member for AXA-OYAK Holding and its insurance companies and at companies such as Good Year and Eti Marketing by representing minority shares. Since 2006, he has

worked at Erdemir Group of Companies for 10 years as the Chairman of the Board of Directors and Executive Director. Between 2009 and 2016, he worked as the Head of Business Development (new company acquisitions) Group, Energy Group, International Chemistry Group and the Department of Legislation Compliance and the Department of Sustainability within OYAK Group. He acted as the Chairman of the Board of Directors, Executive Director and Board Member at more than 40 national and international companies within OYAK Group. He assumed responsibility for the acquisition and, subsequently, management of more than 20 companies, factories and refineries in the USA, Germany, the Netherlands, Austria, Australia, the United Kingdom, China, Japan, Brazil, India and other countries. As a part of these assignments, he was involved in the establishment of a joint medical startup company with Massachusetts General Hospital of Harvard Medical School. Dinç Kızıldemir was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 21, 2018.

İLHAN İL/Independent Member⁽⁴⁾

(56) Having graduated from the Department of Finance of the Faculty of Political Sciences affiliated to Ankara University in 1983, İlhan İl completed his MBA on International Business Economics at the University of the West of England in the UK between 1992 and 1993. Starting his career as a Tax Inspector at the Ministry of Finance in 1984, İl was appointed as the Adviser for the Minister of State in Charge of Economy in 1994 and the Deputy Director General of Economic Research and Evaluation at the Undersecretariat of Foreign Trade affiliated to the Prime Ministry in 1995. Between 1997 and 2015, he acted as a Member of the Board of Coordination for Bilkent Holding, the Chairman of the Board of Directors for Tepe Home, Tepe Beton, Tepe Prefabrik and Tepe Real Estate Investment, CEO at Tepe Security, Deputy Chairman of the Board of Directors for Bilkent Cyberpark and a Board Member at TAV Airports Holding, ATÜ Duty Free, BTA Food & Beverage and İDO İstanbul Deniz Otobüsleri A.Ş. İlhan İl currently acts as an Independent Board Member at Sütas Group of Companies and the Chairman of the Board of Directors at Travelex Turkey. İlhan İl was appointed as an Independent Board Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders by Anadolu Cam Sanayii A.Ş. on March 21, 2018.

⁽¹⁾ Corporate Governance Committee Member and Early Detection of Risk Committee Member

⁽²⁾ Corporate Governance Committee Member

⁽³⁾ Corporate Governance Committee Chairman, Early Detection of Risk Committee Chairman, Audit Committee Chairman

⁽⁴⁾ Corporate Governance Committee Member, Early Detection of Risk Committee Member, Audit Committee Member

Directors have been commissioned for a year on 2017 General Assembly Meeting dated March 20, 2018, and their authorizations have been specified in the Turkish Commercial Code provisions and the Company's Articles of Association.

EXECUTIVES

Dr. Reha Akçakaya	Flat Glass Group President
Gökhan Atikkan	Vice President Production Basic Glass
Ebru Şapoğlu	Vice President Sales and Marketing
Anıl Karaca	General Manager of Sisecam Automotive
Serkan Şahin	Development Director
Bülent Aydın	Strategic Planning Director
H. Burak Dağlı	Financial Affairs Director
Arda Eroğlu	Supply Chain Director
Hakan Özdamar	Quality and Environmental Director
A. Mert Aksu ⁽¹⁾	Human Resources Director
Erkan İlkılıç	Şişecam Otomotiv Operations Director
Gürcan Gürçay	Şişecam Otomotiv Marketing and Sales Director
Serim Ertuğ	Şişecam Otomotiv Quality Director
Erwin Butsch	Richard Fritz Holding Research & Development Director
Kaan Ertaş	Trakya Lüleburgaz Plant Manager
Güral Savaştürk	Mersin Plant Manager
Tolga Güven	Trakya Yenişehir Plant Manager
Emrah Can	Trakya Polatlı Plant Manager
Zeki Budak	Trakya Glass Bulgaria Plant Manager
Beytullah Şahin	Sisecam Flat Glass Italy General Manager
Kailash Chandra Jain	Sisecam Flat Glass India General Manager
Gültekin Şimşek	Trakya Glass Rus General Manager
Onur Akdağlı	Glasscorp General Manager
Barış Kuru	Automotive Glass Alliance Rus General Manager
Muhsin Miroğlu	Sisecam Automotive Bulgaria Plant Manager
Acar Çetintaş	Richard Fritz Holding Plant Manager

⁽¹⁾ As of 17.01.2019, Dikmen Ünal Ünlü has appointed to replace A.Mert Aksu, as Human Resources Director.

CHAIRMAN'S MESSAGE

In 2018, Trakya Cam Sanayii A.Ş. continued to expand with new capital investments, in line with its value creation and sustainable growth targets.

TRAKYA CAM SANAYII SHAPES ITS BUSINESS OPERATIONS AROUND SUSTAINING THE COMPANY'S VALUE CREATION PERFORMANCE IN EXISTING MARKETS. TO THIS END, THE COMPANY CONTINUED ITS CAPITAL INVESTMENTS AND INITIATIVES IN TURKEY AND OVERSEAS IN 2018 AT AN ACCELERATING PACE.

Dear Shareholders,

Trakya Cam Sanayii A.Ş. is a global flat glass company registering fast growth and offering innovative solutions with strong brands. In 2018, the Company had a successful operating period, once again outperforming its year-end expectations. Trakya Cam Sanayii consistently records strong results thanks to its customer-oriented approach, particularly in international markets where it is a local producer. The Company also ramps up its level of service with business development efforts tailored to the needs of all stakeholders in the value chain. Trakya Cam Sanayii also maintained its sustainable profitability by rapidly adapting to fast-changing market conditions.

The global economy, after posting the highest growth rate in 2017 for the last six years, made a strong start in 2018. However, the forward momentum did not last as long as expected. The world economy lost steam in the second quarter; growth expectations were revised down due to the increased risks in the medium term. Protectionist measures that have been on the table for a long while transformed into a full-fledged trade war. Turkey's economy, which expanded 5.2% in the second quarter with the effect of various financial incentives, saw declining real economy and financial sector indicators in the third quarter of 2018. The sharp depreciation in the Turkish lira led to a record jump in inflation and higher interest rates.

Trakya Cam Sanayii continued its organic and inorganic growth initiatives with new investments in line with its value creation and sustainable growth targets. The Company's total investment spending amounted to TRY 831 million in 2018.

Trakya Cam Sanayii serves industries with diverse glass related needs – such as architectural glasses, automotive and encapsulated glass, solar energy and white goods glasses. In 2018, our Company achieved significant progress in line with its sustainable growth targets.

We bolstered our presence in the global market with capital investments in response to the

increasingly competitive environment in Turkey and our international markets. Our Company also operates with a flexible and proactive management approach and a focus on operational excellence. By playing an active role in its existing markets with its customer-centered perspective, Trakya Cam Sanayii boosted its total sales revenues by 36% in 2018 on a TRY basis.

Trakya Cam Sanayii shapes its business operations around maintaining the Company's value creation performance in existing markets. To this end, the Company continued its capital investments and initiatives in Turkey and overseas in 2018 at an accelerating pace. During the year, we commissioned the coating line with a 7 million square meters/year capacity at the Yenisehir Plant. We also started the second flat glass investment with a capacity of 750 tons/day at the Polatlı Plant in Turkey. Trakya Cam Sanayii has taken major steps to bolster its position in the European market. The Company acquired the Sangalli Vetro Manfredonia Plant, which operates in Italy. This facility has a float line with 190 thousand tons/year capacity; laminated line with 4 million square meters/year capacity; coating line with 4 million square meters/year capacity; and a satine line with 1.5 million square meters/year capacity. In June 2018, Trakya Cam Sanayii acquired an additional 49.8% stake in HNG Float Glass Limited (renamed Şişecam Flat Glass India Limited). With this transaction, the Company increased its shareholding in the Indian enterprise to 99.8%, up from 50% previously. In December, Trakya Cam Sanayii A.Ş. acquired the remaining shares, and now wholly owns Şişecam Flat Glass India Limited. With this acquisition, Trakya Cam Sanayii will boost the speed of implementing strategic initiatives in the Indian market, which has high growth potential, and strengthen its position in this key market.

Producing high quality automotive glass for the world's leading automotive manufacturers, our Company reinforced its value chain by expanding production of laminated windshields at the Automotive Glass Plant in Bulgaria. At the same time, Trakya Cam Sanayii significantly boosted the synergy created in the area of encapsulated glass by increasing production capacity in quarter window glass via robotic automation implementation at the Romania Plant.

Trakya Cam Sanayii continues to effectively compete in the global market by developing innovative products for the architectural, solar and automotive sectors via efforts at the Şişecam Science Technology and Design Center – one of the world's leading glass research centers.

At Trakya Cam Sanayii, we closely monitor sector developments in cooperation with leading universities and research institutions, and conduct joint R&D studies. With this approach, the Company has enriched its product range with quality products designed for diversified customer needs and expectations.

During the year, our Company added to its product portfolio three new high-performance temperable solar low-E glasses ensuring effective thermal insulation and solar control for the architectural glass market. We also launched a low-E coated glass providing heat insulation for the white goods sector.

As for the automotive industry, we continued successful production of the new "Privacy" coating, which allows control of heat and light penetrating through the windows of vehicles. During the year,



we also produced water-repellent (hydrophobic) coated glass and atmospheric coated glass with IR and UV reflectivity. In addition, the Company implemented lead-free solder and conducted studies related to low-pressure injection in encapsulated glass, and optical and reflective simulation on glasses. Committed to continuous improvement across its operations, Trakya Cam Sanayii made a significant breakthrough in developing innovative products by continuing its R&D studies on producing head-up display featured glass, as well as glass with heatability, a feature added via a coating application.

In 2018, Trakya Cam Sanayii focused on digitalization efforts for its decisionmakers.

Our major digitalization efforts during the year included: preparing videos explaining features of the product; expanding the use of mobile applications and increasing language options; effectively managing social media accounts; launching online training applications; and re-branding studies.

Trakya Cam Sanayii operates in line with the sustainability strategy based on the principles supporting the United Nations Sustainable Development Goals (SDG). These goals are deeply rooted in our corporate culture. The Company reflects the SDG goals in every facet of its operations. Trakya Cam Sanayii also publicly discloses its sustainability reports, which are prepared in accordance with the latest Sustainability Reporting Standards published by the Global Reporting Initiative (GRI).

Trakya Cam Sanayii has its products' environmental performance verified, as the first company receiving the Environmental Product Declaration (EPD) in the flat glass industry in Turkey.

Our Company executes a strategy that embraces energy conservation. We support this approach with our environmentally friendly products. Architectural glass products, which are used extensively in constructing sustainable green buildings, are made available to EPD stakeholders

in compliance with European Norm EN 15804, as per SDG 12 on Responsible Consumption and Production. Trakya Cam Sanayii is the first company to receive EPD certification in the flat glass industry in Turkey.

In addition to developing innovative and competitive products, Trakya Cam Sanayii focuses on boosting productivity and reducing costs. The Company continues to implement various projects related to its Six-Sigma efforts. As the glass industry is energy intensive, the Company continued to prioritize energy efficiency projects in 2018. The facilities in Yenişehir, Bulgaria and Mersin generate electricity from waste heat. Preliminary work is ongoing to establish facilities in Polatlı and at the Italy plants for electricity generation from waste heat.

Trakya Cam Sanayii will continue to effectively manage the economic fluctuations and uncertainties in its markets. The Company plans to continue focusing on operational excellence and creating value for shareholders by turning market opportunities into profitability. We navigate challenging periods by developing our production operations on a sustainable basis; strengthening our presence in the market with new products and technologies; boosting our competitiveness and customer satisfaction levels with high value added products; and revising our business models by reviewing them with a focus on efficiency.

The greatest value we have on this journey to sustainable success is our strong and experienced human resources. I would like to express my gratitude and my respect to our esteemed shareholders, customers, suppliers, stakeholders - and particularly to our employees, who are the architects of our past achievements, and the assurance of success in the coming year.

PROF. DR. AHMET KIRMAN

IN ADDITION TO DEVELOPING INNOVATIVE AND COMPETITIVE PRODUCTS, TRAKYA CAM SANAYII KEEPS ITS FOCUS ON PRODUCTIVITY IMPROVEMENT AND COST REDUCTION. THE COMPANY CONTINUES TO IMPLEMENT VARIOUS PROJECTS RELATED TO ITS SIX-SIGMA EFFORTS.

AN OVERVIEW OF 2018

Despite the stagnation experienced in the Turkish construction and automotive industries, Trakya Cam San. A.Ş. maintained its stable rise thanks to the company's reflexes on a global scale.



36%

INCREASE IN SALES REVENUES

Growth in the Turkish economy was predominantly induced by foreign demand due to the contraction of domestic demand in the wake of local and foreign business cycles. The construction industry experienced a slowdown as the source flat glass demand, while the production in other industries was underpinned by exports.

Efforts were made to overcome the financing and demand pressure on the construction industry with the incentives and supports granted to the real-estate sector. Efforts were maintained to complete the ongoing projects with a conservative approach to the new project investments. The number of buildings that received occupancy permits rose by 3.7% during the first three quarters. House sales shrank in consequence of the increasing credit costs and slowdown in the domestic demand and the share of new house sales in total sales figure was 47%.

In the automotive industry, the total number of cars sold in the EU and EFTA in 2018 was 15.6 million without changing from a year before. Meanwhile, Turkey's automotive market shrank by 35% year-on-year, falling to 642 thousand vehicles during the same period. The driving force of the Turkish automotive industry, automotive exports decreased by 1% in 2018 to 1.3 million vehicles, while the production plummeted by 8.6% from a year before to 1.6 million vehicles.

Turkey is the world's second largest white goods manufacturer country following China. During the first 6 months (January - June) of 2018, the white goods industry had shrunk

by 0.9% and this, in turn, led to a contraction in the domestic market by 15% despite a surge in exports by 5.4% during the same period. Despite the reinforcement of the manufacturers' competitive strength in the export markets thanks to the soaring exchange rates and abatement of white goods excise duties until the end of October, the industry's production reduced by 1% and domestic sales by 17%, while exports rose by 6% according to the data released by White Goods Manufacturers' Association of Turkey. The refrigerator and oven production, for which Trakya Cam San. A.Ş. supplies inputs, decreased by 3% and 2%, respectively.

Achieving a rapid growth during the first half of the year 2018, the world economy faced a slowdown in the second half according to the leading indicators.

Growth in the European economy decelerated in the wake of the loss of momentum experienced from the first quarter of 2018. Growth in the construction industry operations also paralleled the economic growth. Accordingly, there was an increase in the flat glass consumption.

Russian economy grew with a low momentum following the sanctions imposed in 2018. The limited growth in economy did not reflect on the construction industry and the operations in this industry shrank. As a result of the disappointment experienced in the domestic demand growth expectations, market prices remained their current trend as local producers turned toward export markets.

In addition to the political uncertainties in the Middle East, the decline in the oil prices dampened

AFTER RECORDING A RAPID GROWTH DURING THE FIRST HALF OF THE YEAR 2018, THE WORLD ECONOMY FACED A SLOWDOWN IN THE SECOND HALF ACCORDING TO THE LEADING INDICATORS.



the growth of the national economies and construction industry in this region. Demand in the flat glass market was dominated by quality products.

The Indian economy grows by 7 to 7.5% in average per year. Besides the economic growth, the country's construction industry has been developing thanks to the reforms made in an attempt to support the construction investments and the flat glass market expands in line with the increases in construction and automotive sectors. The consumption growth in the flat glass sector also triggered the increase in the supply side and this has resulted in the commissioning of three new production lines with a total capacity of 670 thousand tons. The temporary price pressure that stems from the increasing supply is expected to be offset by the growth in flat glass consumption.

ACHIEVEMENTS IN 2018 AND GOALS FOR THE FUTURE

A year of success across all product groups...

Owing to its wide product range, quality products, and service-driven approach, Trakya Cam San. A.Ş. recorded a turnover of TRY 5,875 million in 2018 in the domestic and international markets.

In Turkey, the operations were maintained with the brand strengthening projects and the efforts to enhance the service level in the development areas where the satisfaction of distributional channels and decision-makers is aimed. Actions were taken to meet the demand under ever changing market conditions and this, in turn, has led to an

increase in glass sales by 23% on the basis of turnover (in TRY).

In international markets, the advantage of our high capacity and top-notch product range for export, together with a widespread distribution network, have boosted the turnover by 46% from the year 2017.

Trakya Cam San. A.Ş. has expanded its sales - supported by both its high capacity and expanding range of value-added products - in Europe. The Company continued its services in a wide geographical area by providing customized services and by increasing the brand recognition through efficient communication activities.

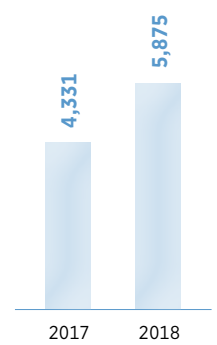
Besides the Italian and Bulgarian markets where it operates as a local manufacturer, the Company has increased the profitability by ensuring penetration through the optimization of customer portfolio primarily in the markets of supply.

In Russia, the efforts to expand the customer portfolio were maintained with an objective to ensure a flexible distribution and the logistics solutions were addressed with the aim of boosting the customer satisfaction. The Company achieved an increase in sales and market share with the value-added product range.

Operations in the Middle-East and North African markets were maintained by predominantly meeting the added-value product demands by making goods use of the capacity opportunities and thanks to advantage offered by the wide product range.

TRAKYA CAM SANAYİİ A.Ş. HAS EXPANDED ITS SALES - SUPPORTED BY BOTH ITS HIGH CAPACITY AND EXPANDING RANGE OF VALUE-ADDED PRODUCTS - IN EUROPE.

Sales
TRY Million



AN OVERVIEW OF 2018

In India, Trakya Cam San. A.Ş. acquired the remaining 50% shares of Sisecam Flat Glass India Limited company to increase its share rate to 100%, while being a shareholder by 50%.

last couple of years in the solar power line, in the unlicensed investments with an installed power capacity of 1MW had a negative impact on the industry. In Turkey, investments in the solar power assembly decreased in 2018 and the producers reduced their capacities to the level of 25%. In this context, the total solar glass turnover reduced by 40% in 2018 from a year before.

In the photovoltaic (PV) glass market, Trakya Cam San. A.Ş. continues its services offered with Anti-Reflective (AR) coated solar power glasses that provide maximum performance in power generation.

New investments, new capacities

Trakya Cam San. A.Ş. bolstered its position in the Turkish market with the success it has achieved over the last five years. Further, the Company continues its operations by expanding in the European, Russian, and Indian markets with added-value products in line with its vision of being a global flat glass company.

In Turkey, the Group commissioned its second coating line at Yenişehir Plant with an annual capacity of 7 million square meters in 2018 and started its investment for the second flat glass line with a daily capacity of 750 tons at Polatlı Plant. In addition to these investments, the Flat Glass Group completed its capacity expansion and automation investment for the white goods facility at the Bulgaria Plant.

Upon the acquisition of Sangalli Vetro Manfredonia in Europe, Trakya Cam San. A.Ş. now has a float line with an annual capacity of 190 thousand tons, a laminating line with an annual capacity of 4 million square meters, a coating line with an annual capacity of 4 million square meters, and a satine line with an annual capacity of 1.5 million square meters. The new capacities are expected to be gradually put into operation in 2019 following cold repair works.

In India, Trakya Cam San. A.Ş. acquired the remaining 50% shares of Sisecam Flat Glass India Limited company to increase its share rate to 100%, while being a shareholder by 50%.

In the automotive glass line, as part of the product range offered to its customers in the automotive industry, and projects planned, the Company produced high quality automotive glass for the world's leading automotive manufacturers in 2018 and achieved a capacity utilization rate as targeted.

2.8 MILLION TONS/YEAR

TOTAL
PRODUCTION
CAPACITY

Trakya Cam San. A.Ş. continued its operations in the overseas markets by keeping a close watch on capacity potential and profitability.

In the Indian market, regional sales and marketing efforts continued in line with the market dynamics by maintaining the structuring of its distribution channel in an attempt to offer services better under the country-specific conditions, while boosting the recognition and sales of quality products. Following the acquisition of Sisecam Flat Glass India as a whole, efforts to ensure the corporate integration and brand recognition have been continuing at a fast pace.

Şişecam Otomotiv A.Ş. (Şişecam Automotive) within Trakya Cam San. A.Ş. successfully started the mass production for nearly 20 new car makes in 2018. In 2018, Şişecam Automotive had increased its total automotive glass sales by 45% from a year before on a turnover basis (in TRY) and the year 2018 was also the most profitable period of the last decade. With the synergy generated by the ongoing integration efforts with Richard Fritz company within Şişecam Automotive, the new encapsulation projects were won for the top class vehicles, the production of which is to start between 2019-2023. Şişecam Automotive is planning to manufacture majority of the glasses to be supplied for encapsulation at Richard Fritz within the scope of the relevant projects.

The reduction of buy-back tariffs, which contributed to the sector's growth for the

TRAKYA CAM SAN. A.Ş. BOLSTERED ITS POSITION IN THE TURKISH MARKET WITH THE SUCCESS IT HAS ACHIEVED OVER THE LAST FIVE YEARS. FURTHER, THE COMPANY CONTINUES ITS OPERATIONS BY EXPANDING IN THE EUROPEAN, RUSSIAN, AND INDIAN MARKETS WITH ADDED-VALUE PRODUCTS IN LINE WITH ITS VISION OF BEING A GLOBAL FLAT GLASS COMPANY.

New product studies

In 2018, Trakya Cam San. A.Ş. continued its product development studies along with R&D activities at a fast pace and diversified its product range by developing innovative products for architecture, automotive, and white goods industries.

Besides “Şişecam Temperable Solar Low-E Glass” specially developed for Istanbul Airport, the company introduced three new temperable Solar Low-E products to the architectural glass market in 2018.

Trakya Cam San. A.Ş. developed “Şişecam Temperable Solar Low-E Glass Neutral 60/28” product, providing the highest selectivity as the leading product in the triple silver solar low-E product range for the architectural industry. Moreover, the company also developed “Şişecam Temperable Solar Low-E Neutral 50/27” and “Şişecam Temperable Solar Low-E Neutral 51/28” products, which offer efficient heat insulation, optimum sunlight transmittance, and maximum sun control, and released them with two different color options of a similar performance.

In 2018, the off-line coated glass production line investment, the third one for Trakya Cam San. A.Ş. and the second one for Yenişehir Plant, was completed and equipped with the cutting-edge technology as the new production line with the highest capacity. Upon the commissioning of this investment, the production capacities for the quality and innovative coated products will increase along with the acceleration of product development activities.

For the white goods industry, the development studies for the hard low-E coated glass product, which is predominantly used for the heat insulation of oven doors, have been completed. Trakya Cam San. A.Ş. offered its “Şişecam Pyrolytic Low-E Glass” product, which is processed at its own plants, to its white goods manufacturer customers.

For the automotive market, it is aimed to be ready for the mass production of the high performance athermic glass that contributes to the lightening of air conditioner load and provides the deicing function by ensuring the heat and sun control for use as the vehicles’ laminated windscreen and of the windscreen product with Head-Up Display feature to display the selected driving indicators on the windscreen by 2019.

Efforts to develop production competencies

Trakya Cam San. A.Ş. carries out its operations in line with its sustainability strategy built on the principles that have sunk in its corporate culture and that are implemented in all of its businesses in support of the United Nations Sustainable Development Goals (SDG). The Company makes its sustainability reports, which are issued according to the latest version of Sustainability Reporting Standards released by Global Reporting Initiative (GRI), available to general public. The strategy pursued by Trakya Cam San. A.Ş. supports this approach thanks to its energy saving and eco-friendly products.

The method pursued by Trakya Cam San. A.Ş. to achieve sustainability is built on the sustainability foundations “Protect, Reinforce, and Develop.” Climate change,

THE METHOD PURSUED BY TRAKYA CAM SAN. A.Ş. TO ACHIEVE SUSTAINABILITY IS BUILT ON THE SUSTAINABILITY FOUNDATIONS “PROTECT, REINFORCE, AND DEVELOP.”

“ŞİŞECAM TEMPERABLE SOLAR LOW-E GLASS NEUTRAL 60/28” PRODUCT, PROVIDING THE HIGHEST SELECTIVITY AS THE LEADING PRODUCT IN THE TRIPLE SILVER SOLAR LOW-E PRODUCT RANGE, WAS DEVELOPED FOR THE ARCHITECTURAL INDUSTRY.



AN OVERVIEW OF 2018

Trakya Cam San. A.Ş. takes aim at becoming a part of the change in the business processes in its industry and globally with its digital transformation projects and lean manufacturing practices.

the Environmental Product Declaration (EPD) for the products according to the European Norm EN 15804 in connection with SKH 12 on the Responsible Consumption and Production and made available to the stakeholders. Trakya Cam San. A.Ş. is the first company that issued EPD in the Turkey flat glass industry.

Trakya Cam San. A.Ş. continues to actively support the efforts made by the European Glass Manufacturers Association (Glass for Europe) for the sustainable development of the glass industry, besides contributing to the efforts regarding the sustainability of Turkish construction material industry as a member of Türkiye İMSAD Sustainability Committee.

Multidimensional promotions and communication activities

In 2018, marketing activities, which were underpinned with project-based efforts, were conducted with correct combination of channels that are suitable for the needs of target groups.

Glass solution suggestions were developed on a project basis for architects, façade consultants, investors, and contractors within the scope of the glass consulting service and the technical support so provided ensured the inclusion of Trakya Cam San. A.Ş. products in many prestigious projects.

The glazing of the Phase 1 of Istanbul Airport project, being one of the mega projects, was completed with "Şişecam Temperable Solar Low-E Glass" developed specifically for this project and all of the project needs were satisfied in terms of efficient sun control, heat insulation, optimum light transmittance, safety, security, and noise control.

51% light transmittance was achieved thanks to Isicam combination designed with the new Temperable Solar Low-E Glass developed for the project and this, in turn, enabled the transparent design with the optimum light transmittance and low reflection features needed by the project. Besides, the Isicam combination preferred in Istanbul Airport project saves cooling costs by transmitting the solar power only by 29% in the summer, while saving heating costs in the winter by reducing the heat losses by 50% in comparison with ordinary double glazing. At the same time, its temperability feature meets the safety need, while minimizing the physical injury risk in consequence of glass breaking and ensures a noise control besides meeting the security need with laminated glass that is preferred in the indoor and outdoor glass combination.

831 MILLION TRY INVESTMENTS

depletion of resources, rise of social networks, digitalization, changing economic balances, and technological innovations are the global trends that will shape the Company's business processes in the future. Trakya Cam San. A.Ş. takes aim at becoming a part of this change in the business processes in its industry and globally with its digital transformation projects and lean manufacturing practices.

Based on the strategy of "dot it right first time and reduce waste at source," Trakya Cam San. A.Ş. generalizes the onsite quality and lean production methods and considers the "Lean 6 Sigma" approach as a requirement for its main strategy of continuous development. In this context, 6 Sigma projects were continued in 2018 too and significant gains were achieved in increasing the efficiency of resource utilization and production processes, which, in turn, resulted in cost advantages. Operating in an energy intensive sector, the Company continued its efforts to boost energy efficiency in 2018. In this context, the 6.2 MW capacity Solar Power Plant (SPP) was erected at the Mersin Plant as one of the two largest power plants of Turkey and Europe in order to increase the use of renewable energy resource utilization. Further, we have the aim of cancelling out the cooling water use in processes by giving preference to the closed circuit water cycle systems in the new investments and cold maintenance procedures.

For the architectural glass products that strongly contribute to the structuring of sustainable green buildings, we have prepared

IN 2018, MARKETING ACTIVITIES, WHICH WERE UNDERPINNED WITH PROJECT-BASED EFFORTS, WERE CONDUCTED WITH CORRECT COMBINATION OF CHANNELS THAT ARE SUITABLE FOR THE NEEDS OF TARGET GROUPS.

Mobile applications were developed with an aim to enable sector professionals in the market to easily and quickly access technical information and performance values related to our products in selecting the right glass. Isicam Selection Wizard, Glass Acoustic, Glass Advisor, Performance Calculator, and similar mobile applications were launched in Bulgarian, Russian, and Italian languages, besides Turkish and English and in accordance with the countries' climatic conditions and standards in force.

Within the scope of various events held with the participation of sector professionals from Turkish and international markets, we reached 3,500 decision-makers and shared the products and activities with them.

Processing Franchise System, which will serve with the assurance of Trakya Cam San. A.Ş., was introduced in order to enhance the quality perception and increase the use of quality products and satisfaction of the sector's stakeholders in the processing market.

Efforts were made to establish a "National Qualification System" for the purpose of providing the glass industry with sustainable quality and employment. In this context, National Occupational Standards and National Qualifications were approved and put into force by the Vocational Qualifications Authority for the professions of "Glass Cutting Worker (Manual), Industrial Glass Cutting Worker (Mechanically), Industrial Insulating Glass Production Worker, Industrial Glass Processing Worker, and Industrial Glass Tempering Worker." Ankara Chamber of Commerce initiated its accreditation efforts to grant OSB Metes Occupational Qualification Certificates 2 and 3.

The number followers of Trakya Cam San. A.Ş., Isicam, and Flotal social media accounts was increased through the organization of various projects with social media influencers.

Within the scope of Isicam brand's digital communication strategy, different social media campaigns were organized to reach the new generation and, as a result, 420 thousand people were interacted with and the number of followers reached 19 thousand.

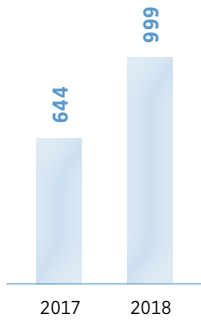
During the year 2018, 1,712,676 people in total were interacted with through the projects, phenomena contacts, contests, and similar projects and campaigns conducted through Flotal's official Instagram account. 800 thousand people were reached with the social media shares via mother bloggers for Şişecam Laminated Glass.



AN OVERVIEW OF 2018

Isicam Systems, one of the most important brands of Trakya Cam San. A.Ş., launched a communication campaign by also initiating the digital media use besides the use of conventional media in order to reinforce its brand recognition.

Profit for the Period
TRY Million



Trakya Cam San. A.Ş. aims at training its customers and industry where it operates about its products by making use of the digital era tools and at making its customers glass advisors and brand ambassadors.

Isicam Systems, one of the Company's most important brands, launched a strong advertising campaign towards the target group in line with the necessities of the present day. Four different films were released in social media platforms, YouTube, and websites to introduce the heat insulation, sun control, security, safety, and noise control functions offered by Isicam for end users that rent or buy houses or renovate their houses within the scope of the campaign where it is aimed to inform users about the fact that Isicam has a special solution for every need.

To increase demand of PVC frame producer companies for Isicam branded products as they have a considerable influence to sway consumer preferences to Isicam products, the scope of the membership program of "Isicam Systems MoneyBox Card Club" was expanded in 2018 to include glass balcony system manufacturers too. The number of members is now over 7,000 and the Club continues to create more Isicam brand ambassadors every day and boost the sales of qualified Isicam products.

In addition to its main business lines, the Company also aims at contributing to the future of our country and the youth considering the sustainability and social responsibility principles and supports the

national education infrastructure in this context with various projects. As a further step taken for this aim, the project design works began for the construction of a Vocational and Technical Anatolian High School building in Yenişehir District, where Bursa/Yenişehir facilities are located with their key position among flat glass and glass packaging production capacities in Turkey, and for granting this school to the Ministry of National Education.

EXPECTATIONS AND OBJECTIVES FOR 2019

Trakya Cam San. A.Ş. is planning to continue its growth initiatives in 2019 by using the acquisition opportunities in international markets in addition to pursuing organic investments and the Company closely monitors developments in its industry. The Group aims to offer innovative products that add value to people's lives, while meeting the increasing demand for flat glass.

Operating with seven flat glass lines at four different locations in Turkey, the Group aims to continue its second flat glass investment with 750 tons/day capacity at the Polatlı Plant started in 2018. With this investment, the plant's flat glass capacity will expand to 1,675 tons/day, while the opportunities for added-value production at the facility will increase.

In 2018, the remaining shares of Sisecam Flat Glass India Limited were also acquired and the new investment plans will be evaluated in the forthcoming period in line with India's high growth potential and flat glass demand rise.

In 2019, Trakya Cam San. A.Ş. plans to continue developing new products at a fast pace for the architectural, solar, and automotive sectors by research studies undertaken in cooperation with Şişecam Research and Technological Development Department and joint projects with institutions that the Company has entered into technological cooperation.

The Group will continue its R&D activities related to the products sensitive to comfort of living, human health and the environment as well as its investments to provide the required technological infrastructure in line with its vision of becoming a global flat glass company that offers innovative solutions under its strong brands.

Trakya Cam San. A.Ş. also plans to keep focusing on cost saving, 6 Sigma, and energy saving projects within the framework of cost excellence.



HUMAN RESOURCES

By the end of 2018, Trakya Cam San. A.Ş. and its affiliates employ a total of 6,860 personnel, with 1,812 staff members receiving monthly salaries and 5,048 employees earning hourly wages.

The Company is aware that its business success is contingent upon hiring a skilled workforce, developing this talent, and providing a confident and happy workplace for its staff. The Company's main goal is to create a fair, safe, productive, and inclusive working environment where all discrimination is prevented, while entitling employee benefits in accordance with national and international standards and unionization rights and providing the highest occupational health and safety standards. In this context, employees are provided with equal opportunities in all human resources processes - from hiring to performance assessment and career development opportunities to training opportunities.

Diversity among staff is considered an asset that contributes to the enrichment of corporate culture and helps the Company become successful. Accordingly, the recruitment of workwomen in the domestic plants in 2018 was encouraged and 30 women were employed as hourly paid workers. The total number of workwomen employed at Flat Glass Group is 1,478 and the number of women employees represents 22% of total staff.

Şişecam Academy is providing training programs that help all employees perform their job better. In 2018, the training/development opportunities that were provided on the basis of business families/positions and schools were enriched and extended. Şişecam Academy - which manages the Sales School, Marketing School, Supply Chain School, Financial Affairs School, and similar programs - also included the Leadership 2.0 and Purchasing School in its portfolio of offerings, while completing its preparations for the Digital Transformation School in 2018. By strengthening its university-industry cooperation for the development of its stakeholders, the research studies were started with domestic and foreign schools at such locations where the Company operates to ensure employment of a qualified labor force. Besides, 800 people received training with the e-Training system that was made available to users via Şişecam Academy Portal within the scope of "People Shaping the Future of Glass Program" conducted for Flat Glass Dealers in addition to the trainings currently offered in support of the dealers' development.

The process for the "Individual Development Plan" has been launched to develop the employee qualifications at the domestic and foreign businesses within the Performance Development System Project.

**800 PEOPLE
RECEIVED
TRAINING WITH
THE E-TRAINING
SYSTEM THAT WAS
MADE AVAILABLE
TO USERS VIA
ŞİŞECAM ACADEMY
PORTAL.**

AN OVERVIEW OF 2018

Trakya Cam Sanayii A.Ş. operates with the target of ensuring competition- and efficiency-oriented industry relationships, consistent with contemporary working conditions.

WITH THE STRATEGY OF "BEING VISIBLE ON CAMPUS ALL YEAR," THE UNIVERSITY CAMPUS PROGRAMS ARE ORGANIZED TO KEEP IN TOUCH AND EFFECTIVELY COMMUNICATE WITH THE YOUNG TALENTS.

The talent management process was put into practice after having been redesigned with the aim of determining the human resource the Company needs, building up the talent profile, and planning the global resources in line with the business strategies.

Job applications are evaluated by measurement and evaluation systems taking into consideration the competencies and potential of the candidate.

The selection and placement system is designed to recruit the most suitable talent at the Company. In this context, internal and external announcements are posted for experienced candidates and new graduates are ensured to be a part of the organization through structured summer term talent recruitment programs conducted for successful interns.

With the strategy of "being visible on campus all year," the university campus programs are organized to keep in touch and effectively communicate with the young talents and the social media channel is actively used in the media that is densely used by the target group.

The "First Step" Summer Term Internship Program is designed to help university students take their first steps toward a professional career with positive experience and the "Together" Global Young Talent Program aims at giving the youth a chance to prove themselves and to gain experience by taking charge in long term projects actively.

The young candidates that succeed in this program are given a priority of employment in the assistant expert and engineer positions.

A wage policy, which is competitive, fair, stable, and that is supportive of a high performance, is adopted according to market conditions. Employee projects that positively contribute to work processes and results and that make a difference are rewarded. The ideas that are in compliance with Group strategies and targets and create added-value are put to use via the "Suggestion Development System." As part of recognition and appreciation practices, employees are remembered on their special days; their exemplary conduct and achievements are also recognized by the Company. The "Flexible Benefits Program" enables staff select among Şişecam's various benefit packages. The Performance Management System was renewed as the Performance Development System in 2018 in order to enhance the corporate and individual performance relation, reinforce the performance culture, and improve the SMART target generalization quality.

INDUSTRIAL RELATIONS, OCCUPATIONAL HEALTH AND SAFETY

Trakya Cam Sanayii A.Ş. operates with the target of ensuring competition- and efficiency-oriented industry relationships, consistent with contemporary working conditions. In accordance with the policies of the Group, the Company underpins the efforts made to ensure more effective occupational health and safety practices at the workplaces under the principle of "people first" to improve competitiveness and efficiency through consistent and healthy industrial relations and to work with labor unions for maintaining labor peace based on trust and dialogue.

The Company has three collective labor agreements in Turkey, and five collective labor agreements abroad. Among the collective labor agreements, which have termination periods ranging from one to three years, negotiations for the terminated ones commenced at end-2017 and at the beginning of 2018 and mutual agreements have been reached under these negotiations. Expired collective labor agreements, applicable in workplaces abroad, have been renewed through negotiations that are executed in accordance with the particular conditions of the country where the workplaces are located and in line with the organizational priorities.

TRAKYA CAM SANAYII A.Ş. IS SUPPORTING ALL EMPLOYEES WITH THE HUMAN RESOURCES SYSTEMS THAT ENABLE THEM PERFORM THEIR JOB BETTER.

Aiming to execute all aspects of production activities in a healthy and safe working environment, the Company undertook projects and research studies in 2017 jointly with Şişecam Group Industry Relations Directorate to develop an Occupational Health and Safety (OHS) culture both in light of legal requirements and global developments. The audits, OHS Leadership Trainings, Occupational Health and Safety Painting Contest and OHS Ambassadors activities were conducted throughout the year in factories affiliated with the Company. Moreover, factory-specific exemplary practices were made for the purpose of achieving the wide acceptance of the risk management and OHS preventive actions.

The Human Resources Department of the Company is in continuous communication and coordination with the Industrial Relations Department of the Group to ensure that all operations are carried out in healthy and safe work environments, and ensures the audit of all workplaces in accordance with national and international standards. A healthy and safe working environment is considered as a precondition for a productive and efficient corporate performance.

RISK MANAGEMENT AND INTERNAL AUDITING SYSTEM

The risk management and internal audit activities of the Company are carried out under the direction of the “Early Detection of Risk Committee” and the “Audit Committee,” which are the subcommittees of the Board of Directors. Committee meetings are held periodically to discuss predetermined agenda items and the decisions taken and recommendations made at these meetings are recorded to be presented to the Board of Directors regularly. The Board of Directors follows risk management and internal audit activities through these committees and gives necessary directives.

The dramatic results of financial crisis, intensifying intergovernmental conflicts of interest and outbreak of trade wars as a results of protectionism, security issues triggered by geopolitical factors, the technological developments that keep their exponential speed, climate changes, and disasters and social problems have transformed the world into a place with many different political, economic, technological and environmental risks compared to the past.

Global risks have been affecting all areas of lives of people, companies, and governments in new and unusual ways, besides the fact that the majority of risks are uninsurable and these hard facts have differentiated the view of risks on a global scale and significantly increased the importance and added-value of risk management as a corporate discipline. Within this framework, the effectiveness of risk management and internal audit processes were continuously reviewed throughout 2018 too and the two functions that constitute the key elements of corporate governance were managed efficiently with a broad perspective. Accordingly, the risks and potential risks are handled with a proactive approach and audit activities are maintained with a risk-focused view by the Group.

In order to establish a corporate structure, provide confidence for stakeholders as necessary, protect the Company’s tangible and intangible assets, resources and environment, minimize losses caused by uncertainties, and make best use of opportunities, it is aimed to maintain communication between the internal audit and risk management functions at the highest level and to support the decision making processes and enhance the management efficiency.

Risk Management

Risk management activities in the Group are addressed with a holistic and proactive approach and these activities are executed on the basis of corporate risk management principles. Exposure to all financial and nonfinancial risks as part of the operations are continuously monitored and assessed with the aim of determining the strategies to be implemented for the management of risks and taking the required actions.

Internal Audit

The purpose of internal audit efforts that have been continued for many years within the Group with a well-established and corporate structure is to help the Company in its development in a healthy manner, ensuring unity and harmony in practice, and carrying out effective, constructive, and efficient controls and taking corrective measures in a timely manner so that all operations are conducted in compliance with applicable legislation. Results from risk management efforts are also taken into consideration during internal auditing work, which constitutes part of the regular annual auditing program, and the creation of the auditing program. “Risk-focused audit” practices are being put into practice.

AIMING TO EXECUTE ALL ASPECTS OF PRODUCTION ACTIVITIES IN A HEALTHY AND SAFE WORKING ENVIRONMENT, TRAKYA CAM SANAYİİ A.Ş. UNDERTOOK PROJECTS AND RESEARCH STUDIES IN 2018 JOINTLY WITH ŞİŞECAM GROUP INDUSTRY RELATIONS DIRECTORATE TO DEVELOP AN OCCUPATIONAL HEALTH AND SAFETY (OHS) CULTURE BOTH IN LIGHT OF LEGAL REQUIREMENTS AND GLOBAL DEVELOPMENTS.

TRAKYA CAM SANAYİİ A.Ş.

**CONVENIENCE TRANSLATION INTO
ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2018
(ORIGINALLY ISSUED IN TURKISH)**



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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Trakya Cam Sanayii A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Trakya Cam Sanayii A.Ş. (the Company) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Building a better
working world

Key Audit Matters	How key audit matters are addressed in the audit
<p data-bbox="164 645 411 674">Revenue Recognition</p> <p data-bbox="164 680 686 786">The Group recognizes revenue in its financial statements when it fulfills the performance obligation by transferring goods or services to its customers at a point in time (or over time).</p> <p data-bbox="164 801 671 860">The majority of the Group's revenue consists of sales of glass products.</p> <p data-bbox="164 875 676 981">Due to the nature and magnitude of the Group's operations, there is a risk that revenue is not recognized even products are delivered but not invoiced yet.</p> <p data-bbox="164 996 679 1102">According to the above mentioned explanations, timing of revenue recognition, whether the revenue of the products is recognized in correct period, is determined as key audit matter.</p> <p data-bbox="164 1126 695 1207">The accounting policy for revenue recognition and revenue amounts are disclosed in Note 2.6 and Note 28.</p>	<p data-bbox="711 680 1337 739">The following procedures have been applied to ensure the accurate and complete recognition of revenue:</p> <p data-bbox="711 757 1366 916">The revenue process of the Group, as well as the design and implementation of the controls designed by the management in this process, are examined. Audit procedures and tests are performed for the general controls of both operational and financial information system applications within the process.</p> <p data-bbox="711 943 1294 1001">Contracts with customers are reviewed and impacts of contractual clauses on revenue are evaluated.</p> <p data-bbox="711 1025 1362 1155">Within the scope of audit works, product sales data and its accounting records are tested on a sample basis. In addition, by performing substantive tests and data analytics tools, procedures related to analysis and correlation of the accounts are performed.</p> <p data-bbox="711 1180 1358 1261">In order to test completeness and accuracy of the data used, data obtained from the accounting systems are compared with the collection information.</p> <p data-bbox="711 1285 1358 1391">The compliance of revenue disclosures in the accompanying consolidated financial statements are evaluated under the framework Turkish Financial Reporting Standards ("TFRS") 15.</p>

Recognition of property, plant and equipment by revaluation method	
<p>The Group has continued to reflect land and buildings at their revaluated amounts according to results of valuation reports that are prepared by independent valuation appraiser in the consolidated financial statements as of December 31, 2018.</p> <p>Since the valuation models and transactions are complex and include significant judgements and estimations, we have considered this as the key audit matter.</p> <p>The detailed explanations of tangible assets are presented in Note 2.6 and Note 18.</p>	<p>We have evaluated the capabilities, expertise and objectivity of the independent appraisal firm appointed by the management. In our audit, we have evaluated the appropriateness of the valuation methods used by independent valuation appraiser in the valuation of land and buildings for the fair value determination.</p> <p>Real estate valuation experts of EY Network are included in the audit team to evaluate the appropriateness of assumptions compared to market information used by independent valuation appraiser. In this scope, through the review and studies that are conducted by EY Real Estate valuation experts, we have performed the assessment of assumptions and estimations used and assessed whether the fair value determined by independent valuation appraisers are in the acceptable range.</p> <p>The appropriateness of valuation methods and intended use assessment of land and buildings are controlled and square meters used in valuation are compared to the deed registry.</p> <p>The average value per square meter used in market approach by valuation appraiser are compared to market information on a sample. The sensitivity assessment of assumptions like negotiation share and location adjustment on fair value is performed. Besides, the assumptions and estimations used for cost approach used by the valuation appraiser firm are evaluated.</p> <p>In addition, with respect to such accounting treatment, the compliance of the information in the consolidated financial statements and explanatory disclosures in accordance with TAS 16 have been assessed.</p>

Deferred Tax Assets Related to Investment Incentives and Carry Forward Tax Losses	
<p>As of 31 December 2018, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2018, TRY 124,333 thousand of deferred tax assets were recognized within the scope of these investment incentive certificates.</p> <p>In addition, the Group has made an estimate of the recoverability of the deferred tax asset reflected in the financial statements, by considering the taxable profits for the future financial years and the periods in which the tax losses carried forward can be deducted from the tax base in various countries. Based on this estimate, a deferred tax asset amounting to TL 37,602 thousand has been recognized for tax losses carried forward.</p> <p>There are uncertainties in estimating the future taxable profit, which determines whether deferred tax assets will be recognized or not. The evaluation process is based on estimates and assumptions, therefore, it is a key audit matter to assess the measurement and recoverability of deferred tax assets. Considering the sensitivity of the estimates and assumptions used and the size of the amounts, the focus was on the deferred tax assets of subsidiaries operating in Romania and Russia.</p> <p>Explanations on deferred tax assets are presented in Note 35 and the assumptions on their recoverability are presented in Note 2.</p>	<p>Our audit procedures include the assessment of the assumptions and estimations made by the Board of Directors, regarding the probability of generating sufficient future taxable profits based on the budgets and business plans and past experiences, the Group's tax position, our knowledge and experience regarding the timing of taxable profit forecasts and the implementation of the current tax legislation.</p> <p>Besides, in order to examine the effect of the Council of Ministers' decision on deferred tax assets created from investment incentives, tax experts in our audit network were included in the audit team that assessed the measurement of the related deferred tax assets.</p> <p>During our procedures, the consistency of the basic estimates has been evaluated and procedures have been applied to ensure that the Group's financial losses, tax practices and financial statements in various countries are complete and accurate.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>



(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

B) Report on Other Legal and 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 January 31, 2019.
- 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 2018 and financial statements are not in compliance with laws 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.

The name of the engagement partner who supervised and concluded this audit is Tolga Kirelli.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Tolga Kirelli, SMMM
Partner

January 31, 2019
Istanbul, Turkey

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statement of Financial Position at 31 December 2018 and 31 December 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 December 2018	31 December 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,339,701	1,393,526
Financial investments	7	106,830	37,022
Trade receivables	10	979,529	705,090
Other receivables	11,37	141,149	189,580
- <i>Due from related parties</i>	37	128,600	173,979
- <i>Other receivables from third parties</i>	11	12,549	15,601
Inventories	13	1,091,042	681,841
Prepaid expenses	14	71,882	68,402
Other current assets	26	40,865	30,332
Total Current Assets		3,770,998	3,105,793
Non - Current Assets			
Financial investments	7	946,351	702,510
Other receivables	11	15,653	285
Investments accounted for using the equity method	16	307,726	480,763
Investment Property	17	589	-
Tangible assets	18	4,768,350	3,577,374
Intangible assets	19,20	399,227	43,629
- <i>Goodwill</i>	20	168,815	31,403
- <i>Other intangible assets</i>	19	230,412	12,226
Prepaid expenses	14	24,236	58,873
Deferred tax assets	35	78,853	52,098
Other non-current assets	26	798	-
Total Non - Current Assets		6,541,783	4,915,532
TOTAL ASSETS		10,312,781	8,021,325

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statement of Financial Position at 31 December 2018 and 31 December 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES	Notes	31 December 2018	31 December 2017
Current Liabilities			
Short term borrowings	8	777,960	314,481
Short term portion of long term borrowings	8	426,967	321,032
Trade payables	10,37	597,990	483,757
- <i>Due to related parties</i>	37	83,593	58,937
- <i>Other trade payables</i>	10	514,397	424,820
Other Payables	11,37	133,425	219,466
- <i>Due to related parties</i>	37	81,836	171,424
- <i>Other payables due to third parties</i>	11	51,589	48,042
Deferred income	14	22,187	29,238
Current income tax liabilities	35	48,994	40,987
Short term provisions	22,24	51,830	36,595
- <i>Short term provisions for employment benefits</i>	24	3,394	2,011
- <i>Other short term provisions</i>	22	48,436	34,584
Other current liabilities	26	91,600	80,664
Total Current Liabilities		2,150,953	1,526,220
Non-Current Liabilities			
Long term borrowings	8	2,116,582	1,959,369
Other payables	11	494	1,330
Deferred income	14	64,927	53,620
Long-term provisions	24	101,614	82,973
Deferred tax liabilities	35	94,238	41,638
Total Non-Current Liabilities		2,377,855	2,138,930
Total Liabilities		4,528,808	3,665,150
EQUITY			
Shareholder's Equity			
Paid-in share capital	27	5,311,453	4,009,965
Adjustment to share capital		1,250,000	1,130,000
Share premium/discount		5,577	5,577
Share premium/discount		23	23
Other comprehensive income / expense not to be reclassified to profit or loss		668,832	459,433
- <i>Gain/(loss) on revaluation and remeasurement</i>		668,832	459,433
- <i>Revaluation of gain/loss on tangible assets</i>		671,448	464,325
- <i>Funds for actuarial gain/(loss) on employee termination benefits</i>		(2,616)	(4,892)
Other comprehensive income / expense to be reclassified to profit or loss		780,365	464,047
Restricted reserves		197,629	159,699
Retained earnings		1,450,702	1,174,791
Net profit for the year		958,325	616,395
Non - controlling interest	27	472,520	346,210
TOTAL EQUITY		5,783,973	4,356,175
TOTAL LIABILITIES AND EQUITY		10,312,781	8,021,325

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Profit and Loss for the Periods 1 January-31 December 2018 and 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January-31 December 2018	1 January-31 December 2017
Revenue	28	5,875,064	4,331,162
Cost of sales (-)	28	(3,958,680)	(2,930,884)
Gross Profit		1,916,384	1,400,278
General administrative expenses	29	(403,104)	(286,649)
Selling and marketing expenses	29	(676,280)	(504,217)
Research and development expenses	29	(20,986)	(25,527)
Other operating income	31	402,553	207,952
Other operating expenses	31	(156,328)	(94,356)
Operating profit		1,062,239	697,481
Income from investing activities	32	347,912	93,513
Expenses from investing activities	32	(107,206)	(422)
Impairment gains (Losses) determined by TFRS 9	32	(23,344)	-
Other income/ (expenses) from associates, joint ventures and subsidiaries	32	13,698	-
Gains (losses) on the classification of financial assets at fair value through profit or loss in the financial assets at fair value through profit or loss	32	138,358	-
Gains/(Losses) from investments accounted for under equity accounting	16	53,367	49,537
Operating profit before financial income and expense		1,485,024	840,109
Financial income	33	720,845	329,868
Financial expenses	33	(1,027,910)	(397,264)
Profit before tax from continued operations		1,177,959	772,713
Tax expense/(income) from continuing operations	35	(179,272)	(128,831)
- Taxes on income / (expense)	35	(194,162)	(116,779)
- Deferred tax income / (expense)	35	14,890	(12,052)
Profit for the period		998,687	643,882
Attributable to:			
- Non controlling interest	27	40,362	27,487
- Equity holders of the parent	27	958,325	616,395
Earnings per share	36	0,7667	0,4931

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Comprehensive Income for the Periods 1 January - 31 December 2018 and 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
Profit/ for the period	27	998,687	643,882
Other comprehensive income:			
Not to be reclassified to profit or loss	27	210,824	(4,664)
Gains / (losses) on revaluation of tangible fixed assets		222,675	1,028
Other Comprehensive Income/Expense not to be reclassified to profit or loss		2,845	(7,115)
Items not to be reclassified to profit or loss for income tax on other comprehensive		(14,696)	1,423
To be reclassified to profit or loss	27	400,695	250,635
Currency translation differences		400,695	250,635
Other comprehensive income		611,519	245,971
Total comprehensive income		1,610,206	889,853
Attributable to:			
- Non-controlling interest		124,739	67,172
-Equity holders of parent		1,485,467	822,681
Earnings per share	36	1,1884	0,6581

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statement of Changes in Shareholder's Equity for the periods between 1 January - 31 December 2018 and 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Paid in Capital	Adjustment to Capital	Share Premium (Discount)	Other Comprehensive Income/Expense to be reclassified to profit or loss	Other Comprehensive Income/Expense to be reclassified to profit or loss	Restricted Reserve	Retained Earnings	Net Profit for the year	Equity Attributable to the Equity Holders of the Parent	Non-Controlling Interests	Equity
Balance as of 1 January 2017	930,000	5,577	23	464,097	253,097	137,116	956,665	546,709	3,293,284	293,438	3,586,722
Transfers	-	-	-	-	-	22,583	524,126	(546,709)	-	-	-
Total comprehensive income/(loss)	-	-	-	(4,664)	210,950	-	-	616,395	822,681	67,172	889,853
Capital Increase	200,000	-	-	-	-	-	(200,000)	-	-	-	-
Dividends	-	-	-	-	-	-	(106,000)	-	(106,000)	(14,400)	(120,400)
Balance as of 31 December 2017	1,130,000	5,577	23	459,433	464,047	159,699	1,174,791	616,395	4,009,965	346,210	4,356,175
Balance as of 1 January 2018	1,130,000	5,577	23	459,433	464,047	159,699	1,174,791	616,395	4,009,965	346,210	4,356,175
Transfers	-	-	-	-	-	37,930	578,465	(616,395)	-	-	-
Total comprehensive income/(loss)	-	-	-	210,824	316,318	-	-	958,325	1,485,467	124,739	1,610,206
Capital increase	120,000	-	-	-	-	-	(120,000)	-	-	-	-
Dividends	-	-	-	-	-	-	(170,000)	-	(170,000)	-	(170,000)
Business acquisition impact	-	-	-	(1,425)	-	-	1,425	-	-	1,571	1,571
Impact of accounting policy change (Note 2.3)	-	-	-	-	-	-	(13,979)	-	(13,979)	-	(13,979)
31 December 2018	1,250,000	5,577	23	668,632	780,365	197,629	1,450,702	958,325	5,311,453	472,520	5,783,973

Note 27 sets out disclosures for the changes in the equity.

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Cash Flows Statements for the periods 1 January – 31 December 2018 and 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January – 31 December 2018	1 January – 31 December 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	27	998,687	643,882
Adjustments to reconcile net profit to net cash provided by operating activities			
		605,026	411,995
Adjustments to depreciation and amortization	18,19	376,392	307,290
Adjustments for impairments / reversals	6,7,10,13,19	138,637	19,785
Adjustments for changes in provisions	22,24	38,916	33,488
Adjustments for interest income and expenses	8,31,33	44,638	19,859
Adjustments for unrealized currency translation differences	31,33	229,951	46,392
Adjustments for fair value (gain)/loss	7	(344,900)	(79,664)
Adjustments for undistributed profits from investments accounted for under equity accounting	16	(53,367)	(49,537)
Adjustments for current income tax	35	179,272	128,831
Adjustments for losses (gains) on disposal of non-current assets	31,32	(2,418)	(13,427)
Adjustments for related to profit/loss reconciliation	7,26	(2,095)	(1,022)
Changes in net working capital		(596,954)	(203,301)
(Increases) / decreases in trade receivables	10,37	(246,405)	(15,534)
(Increases) / decreases in other receivables	11,37	48,472	(154,072)
(Increases) / decreases in inventories	13	(354,027)	(142,323)
(Increases) / decreases in trade payables	10,37	101,895	46,395
(Decreases) / increases in other payables	11,14,26,37	(147,164)	6,328
Other (increases) / decreases in net working capital	14,26	275	55,905
Cash flows from operating activities		1,006,759	852,576
Interest paid	8,31,33,37	(118,185)	(107,010)
Interest received	33,37	15,645	17,807
Employment termination benefits paid	24	(9,894)	(8,920)
Current income tax paid	35	(186,155)	(86,874)

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Cash Flows Statements for the periods 1 January – 31 December 2018 and 2017

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow from purchase for obtaining control of subsidiaries	3	(469,916)	-
Cash inflow from sales of shares or due to capital reduction of associates and/or joint ventures	7	20,480	118,284
Cash outflows due to purchase of other entities' or fund's share	7	(32,485)	(318,942)
Proceeds from sale of tangible and intangible assets	18,19,32	8,408	23,538
Cash outflows due to purchases of tangible and intangible assets	18,19	(361,262)	(232,733)
Advances given	14	(49,613)	(211,875)
Proceeds from Advances given	14	95,825	178,141
Dividends received	16	1,884	3,035
Interest received	6,7,33	117,468	99,923
Other cash inflows / outflows	3,10,11,26	(6,990)	(8,659)
		(367,050)	(242,514)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial borrowings	8	952,897	409,303
Repayments of financial borrowings	8	(1,149,159)	(530,029)
Financial leases paid	8	(788)	(1,388)
Dividends paid	27	(170,000)	(120,400)
		(335,081)	75,777
D, EFFECTS OF UNREALIZED EXCHANGE LOSS / (GAIN) ON CASH AND CASH EQUIVALENTS			
Effect of change in the exchange rates on cash and cash equivalents	33	247,280	75,435
Effect of currency translation difference	27	36,084	86,754
		(51,717)	237,966
E, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		1,390,357	1,152,391
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)			
		1,338,640	1,390,357

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organisation And Nature Of Operations

Trakya Cam Group (the "Group") consists of a holding company, Trakya Cam Sanayii A.Ş. ("Company") and 20 subsidiaries, 5 associates.

Trakya Cam Sanayii A.Ş. was established on 17 January 1978 and started production in 1981. The Company is a subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş. Group ("Şişecam Holding") which is under the control of Türkiye İş Bankası A.Ş.

The Group produces and sells basic flat glass, patterned glass, mirror, automotive glass, tempered glass, laminated glass, coated glass, processed glass and glassware in its production facilities at Kırklareli (Lüleburgaz), Mersin (Tarsus), Bursa (Yenişehir), There are also overseas factories at Bulgaria (Targovishte), Russia (Tatary), Germany (Besigheim and Aurach), Slovakia (Malacky), Hungary (Aszod), Romania (Buzau), Italy (Udine and Manfredonia), Egypt (Sukhna) and India (Halol).

The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BIST"), formerly named as Istanbul Stock Exchange ("ISE"), since 5 November 1990. As of December 31, 2018, they are quoted on the BIST 100 National Index.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company is presented in Note 27.

The Company is registered in Turkey and contact information and trade registry information is as below:

İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947, Tuzla / İstanbul / Turkey

Phone : +90 850 206 50 50
Fax : +90 850 206 50 80
Electronic correspondence Address : trakyacam@hs03.kep.tr
Registered e-mail address : tymuhasebe@sisecam.com
Web page : www.trakyacam.com.tr
www.sisecamduzcam.com

Trade register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu
Registry no : 151415
Central Registration System (Mersis) No : 2953-9497-3752-4526
Nace Code : 23.11.01

Details of the structure of personnel are as follows

	31 December 2018	31 December 2017
Personnel charged by monthly pay	1,812	1,718
Personnel charged by hour	5,048	5,138
Total	6,860	6,856

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organisation and Nature of Operations (continued)

Companies included in Consolidation

The nature of operations of the companies included in consolidation is presented as follows:

Subsidiaries	Nature of business	Country
Trakya Yenişehir Cam Sanayii A.Ş.	Production and Sale of Flat, Coated and Laminated Glass	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and Sale of Flat Glass	Turkey
Şişecam Otomotiv A.Ş.	Production and Sale of Automotive Glass	Turkey
Trakya Investment B.V.	Finance and Investment Company	Netherlands
TRSG Glass Holding B.V.	Finance and Investment Company	Netherlands
Sisecam Flat Glass Holding B.V.	Finance and Investment Company	Netherlands
Trakya Glass Bulgaria EAD	Production and Sale of Flat, Coated and Laminated Glass	Bulgaria
Sisecam Automotive Bulgaria EAD	Production and Sale of Automotive Glass and Home Appliances Glass	Bulgaria
Glasscorp S.A	Production and Sale of Automotive Glass	Romania
Trakya Glass Rus AO	Production and Sale of Flat Glass and Mirror	Russia
Automotive Glass Alliance Rus AO	Production and Sale of Automotive Glass	Russia
Trakya Glass Rus Trading OOO	Import and Sale Services	Russia
Automotive Glass Alliance Rus Trading OOO	Import and Sale Services	Russia
Sisecam Flat Glass Italy S.R.L.	Production and Sale of Flat and Laminated Glass	Italy
Richard Fritz Holding GmbH	Commercial Activity	Germany
Richard Fritz Prototype + Spare Parts GmbH	Production and Sale of Glass Encapsulation	Germany
Richard Fritz Spol, S.R.O.	Production and Sale of Glass Encapsulation, Plastic Process	Slovakia
Richard Fritz Kft	Production and Sale of Glass Encapsulation	Hungary
Sisecam Flat Glass India Limited (*)	Production and Sale of Flat Glass, Mirror	India
Sisecam Flat Glass South Italy S.R.L.	Production and Sale of Flat, Coated and Laminated	Italy
Associates	Nature of business	Country
Çayırova Cam San. A.Ş.	Commercial Activity	Turkey
Camış Elektrik Üretim A.Ş.	Production and Sale of Electricity	Turkey
Saint Gobain Glass Egypt S.A.E	Production and Sale Flat Glass	Egypt
Saint Gobain Egypt Trade LLC	Commercial Activity	Egypt
Saint Gobain Mirrors Egypt S.A.E	Production and Sale of Mirror	Egypt

(*) The name of HNG Float Glass Limited has been changed to Sisecam Flat Glass India Limited as of 28 November 2018.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organisation and Nature of Operations (continued)

All consolidated companies of the Group their proportion of ownership interest and the effective interest of the Company in these subsidiaries are as follows:

Subsidiaries	31 December 2018		31 December 2017	
	Direct and Indirect ownership ratio %	Effective ownership ratio %	Direct and Indirect ownership ratio %	Effective ownership ratio %
Trakya Yenişehir Cam Sanayii A.Ş.	85.00	85.00	85.00	85.00
Trakya Polatlı Cam Sanayii A.Ş.	85.00	85.00	85.00	85.00
Şişecam Otomotiv A.Ş.	100.00	100.00	100.00	100.00
Trakya Investment B.V.	100.00	100.00	100.00	100.00
TRSG Glass Holding B.V.	70.00	70.00	70.00	70.00
Sisecam Flat Glass Holding B.V.	100.00	100.00	100.00	100.00
Trakya Glass Bulgaria EAD	100.00	100.00	100.00	100.00
Sisecam Automotive Bulgaria EAD	100.00	100.00	100.00	100.00
Glasscorp S.A.	100.00	100.00	100.00	100.00
Trakya Glass Rus AO	100.00	70.00	100.00	70.00
Automotive Glass Alliance Rus AO	100.00	100.00	100.00	100.00
Trakya Glass Rus Trading OOO	100.00	70.00	100.00	70.00
Automotive Glass Alliance Rus Trading OOO	100.00	100.00	100.00	100.00
Sisecam Flat Glass Italy S.R.L.	100.00	100.00	100.00	100.00
Richard Fritz Holding GmbH	100.00	100.00	100.00	100.00
Richard Fritz Prototype + Spare Parts GmbH	100.00	100.00	100.00	100.00
Richard Fritz Spol, S.R.O.	100.00	100.00	100.00	100.00
Richard Fritz Kft	100.00	100.00	100.00	100.00
Sisecam Flat Glass India Limited	100.00	100.00	50.00	50.00
Sisecam Flat Glass South Italy S.R.L.	100.00	100.00	-	-

Associates	31 December 2018		31 December 2017	
	Direct and Indirect ownership ratio %	Effective ownership ratio %	Direct and Indirect ownership ratio %	Effective ownership ratio %
Çayırova Cam San. A.Ş.	28.14	28.14	28.14	28.14
Camiş Elektrik Üretim A.Ş.	34.43	34.43	34.43	34.43
Saint Gobain Glass Egypt S.A.E	30.00	30.00	30.00	30.00
Saint Gobain Egypt Trade LLC	-	29.70	-	29.70
Saint Gobain Mirrors Egypt S.A.E	-	29.70	-	-

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1. "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"), TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS framework published by POAASA on 2 June 2016.

The Company (and its subsidiaries and associates registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial asset/liabilities and land, buildings presented with their fair values, are maintained under historical cost conversion in TRY. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

Functional and Presentation Currency

The individual financial statements of each entity of the Group, are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in thousand Turkish Lira ("TRY"), which is the functional and presentation currency of the Group.

Presentation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of TFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Comparative information and correction of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year consolidated financial statements.

Financial statements of subsidiaries that operate in foreign countries

Financial statements of subsidiaries and associates operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into TRY from the foreign exchange rate at the balance sheet date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the currency translation differences under shareholders' equity.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of Presentation (continued)

Foreign currencies and exchange rates of the countries where a significant portion of the Group's foreign operations are performed are summarized below:

Foreign Currency	31 December 2018		31 December 2017	
	Period End	Period Average	Period End	Period Average
Euro	6.02800	5.67894	4.51550	4.11588
Bulgarian Lev	3.08207	2.90360	2.30874	2.10442
Russian Rubbles	0.07534	0.07606	0.06507	0.06210
Romanian Leu	1.28660	1.21327	0.96374	0.89552
Egyptian Pounds	0.29441	0.27190	0.21333	0.20491
Indian Rupee	0.07538	0.07062	0.05900	0.05597

Consolidation Principles

The consolidated financial statements include the accounts of the parent company on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting Standards applying uniform accounting policies and presentation. The results of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries are companies over which the parent company has capability to control the financial and operating policies for the benefit of parent company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The table in Note 1 sets out all Subsidiaries included in the scope of consolidation and shows the ownership and effective interest rates as at 31 December 2018 and 31 December 2017.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated at control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The result of operations of Subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively. Costs of purchase are recognized in profit or loss in the period in which they are incurred.

The balance sheets and the statements income of the subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date.

When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of Presentation (continued)

Associates

Equity method is used for accounting of associates. Associates are companies in which the Group has the interest that is more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. As of 31 December 2018 and 31 December 2017 the details of the Group's associates are disclosed in Note 1. Associates are included in the scope of consolidation by using equity method.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates and unrealized losses. The transaction is adjusted if the transferred asset does not indicate impairment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the caesura of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

Financial assets at fair value through other comprehensive income

The financial investments adopted for in accordance with TFRS 9, "Financial Instruments" effective from 1 January 2018. The Group has a preference for a first time investment in an equity investment that is not held for trading purposes and that the subsequent amendment to fair value would not be reversible for presentation in other comprehensive income. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified.

Investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are measured by its costs, carried at cost less any provision for impairment.

Investments, in which the Group has an interest that is below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured, are carried at their fair values in the consolidated financial statements.

2.2 Statement Compliance to TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2018 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliance with reporting formats recommended by CMB, including the compulsory disclosures.

2.3 Changes in Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 30 December 2018 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2017, except for the new TFRS 9 – Financial Instruments and TFRS 15 – Revenue from Contracts with Customers standards, which are effective as of 1 January 2018.

Impacts of Consolidated Financial Statement

The Group applied TFRS 9 – Financial Instruments and TFRS 15 – Revenue from Contracts with Customers effective from 1 January 2018 and financial statements effects of the these standards are explained below; applied actual accounting policy is explained on Note 2.6.

In the application of TFRS 9 Financial Instruments Standard, the Group have benefited from an exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of TFRS 9 are recognized in retained earnings as of 1 January 2018.

The Group has applied TFRS 15 Revenue from Contracts with Customers by using "cumulative effect method" on the transition date of 1 January 2018. The cumulative effect adjustment for the first time as this adoption is recognized in retained earnings as of 1 January 2018 and no restatement has been required in the comparative information of the financial statements. The impacts on the statement of financial position of 31 December 2018 and the income statement for the twelve month period for the same date of the adoption of TFRS 9 and TFRS 15 are as follows;

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.3 Changes in the Accounting Policies (Continued)

Financial Statement

		31			31 December
	Notes	December	IFRS 9	IFRS 15	2018
ASSETS		2018	Impacts	Impacts	(Excluding
					Impacts)
Current Assets					
Cash and cash equivalents	6	1,339,701	(1,485)	-	1,341,186
Financial investments	7	106,830	(1,432)	-	108,262
Trade receivables	10	979,529	(20,901)	(3,237)	1,003,667
Other receivables	11,37	141,149	-	-	141,149
- Other receivables due from related parties	37	128,600	-	-	128,600
- Other receivables due from third parties	11	12,549	-	-	12,549
Inventories	13	1,091,042	-	2,490	1,088,552
Prepaid Expenses	14	71,882	-	-	71,882
Other Current Assets	26	40,865	-	-	40,865
Total Current Assets		3,770,998	(23,818)	(747)	3,795,563
Non-current Assets					
Financial Investments	7	946,351	(24,837)	-	971,188
Other Receivables	11	15,653	-	-	15,653
Investments accounted for using the equity method	16	307,726	-	-	307,726
Investment Properties	17	589	-	-	589
Property, Plant and Equipment	18	4,768,350	-	-	4,768,350
Intangible assets	19,20	399,227	-	-	399,227
- Goodwill	20	168,815	-	-	168,815
- Other intangible assets	19	230,412	-	-	230,412
Prepaid expenses	14	24,236	-	-	24,236
Deferred tax assets	35	78,853	10,704	164	67,985
Other Non-Current Assets	26	798	-	-	798
Total Non-Current Assets		6,541,783	(14,133)	164	6,555,752
TOTAL ASSETS		10,312,781	(37,951)	(583)	10,351,315

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.3 Changes in the Accounting Policies (Continued)

	Notes	31 December 2018	TFRS 9 Impact	TFRS 15 Impact	31 December 2018 (Excluding Impact)
LIABILITIES					
Current Liabilities					
Short term borrowings	8	777,960	-	-	777,960
Short-term portion of long-term borrowings	8	426,967	-	-	426,967
Trade payables	10,37	597,990	-	-	597,990
- Trade payables to related parties	37	83,593	-	-	83,593
- Trade payables to third parties	10	514,397	-	-	514,397
Other Payables	11,37	133,425	-	-	133,425
- Other payables to related parties	37	81,836	-	-	81,836
- Other payables third parties	11	51,589	-	-	51,589
Deferred Income	14	22,187	-	-	22,187
Current income tax liabilities	35	48,994	-	-	48,994
Current provisions	22,24	51,830	-	-	51,830
- Employee benefit obligations	24	3,394	-	-	3,394
- Other current provisions	22	48,436	-	-	48,436
Other current liabilities	26	91,600	-	-	91,600
Total Current Liabilities		2,150,953	-	-	2,150,953
Non-current Liabilities					
Long-term borrowings	8	2,116,582	-	-	2,116,582
Other liabilities	11	494	-	-	494
Deferred Income	14	64,927	-	-	64,927
Non-current provisions	24	101,614	-	-	101,614
Deferred tax liabilities	35	94,238	-	-	94,238
Total Non-Current Liabilities		2,377,855	-	-	2,377,855
Total Liabilities		4,528,808	-	-	4,528,808
EQUITY					
Equity holders of the parent					
Paid-in capital		1,250,000	-	-	1,250,000
Adjustment to share capital		5,577	-	-	5,577
Share premium (discounts)		23	-	-	23
Other comprehensive income / expense not to be reclassified to profit or loss		668,832	-	-	668,832
- Gain/(loss) on revaluation and remeasurement		668,832	-	-	668,832
- Increases/decrease in revaluation of tangible assets		671,448	-	-	671,448
- Funds for actuarial gain/(loss) on employee termination benefits		(2,616)	-	-	(2,616)
Other comprehensive income / expense to be reclassified to profit or loss		780,365	-	-	780,365
Restricted reserves		197,629	-	-	197,629
Retained earnings		1,450,702	(13,907)	(72)	1,464,681
Net profit for the year		958,325	(24,044)	(511)	982,880
Non-Controlling Interests	27	472,520			472,520
Total Equity		5,783,973	(37,951)	(583)	5,822,507
TOTAL LIABILITIES AND EQUITY		10,312,781	(37,951)	(583)	10,351,315

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.3 Changes in the Accounting Policies (Continued)

Statement of Profit or Loss

	Notes	1 January- 31 December 2018	IFRS 9 Impact	IFRS 15 Impact	1 January- 31 December 2018 (Excluding Impact)
Revenue	28	5,875,064	-	(2,837)	5,877,901
Cost of sales	28	(3,958,680)	-	2,182	(3,960,862)
Gross profit from trading activity		1,916,384	-	(655)	1,917,039
General administrative expenses	29	(403,104)	-	-	(403,104)
Selling and marketing expenses	29	(676,280)	-	-	(676,280)
Research and development expenses	29	(20,986)	-	-	(20,986)
Other operating income	31	402,553	-	-	402,553
Other operating expenses	31	(156,328)	(7,490)	-	(148,838)
Profit (Loss) from operating activities		1,062,239	(7,490)	(655)	1,070,384
Income from investing activities	32	347,912	-	-	347,912
Expenses from investing activities	32	(107,206)	-	-	(107,206)
Impairment gains (Losses) determined by TFRS 9	32	(23,344)	(23,344)	-	-
Other income from associates, joint ventures and subsidiaries (Expenses)	32	13,698	-	-	13,698
Gains (Losses) on classification of financial assets at fair value through profit or loss	32	138,358	-	-	138,358
Income/(expense) from investments accounted for under equity accounting	16	53,367	-	-	53,367
Profit (Loss) before financing income (expense)		1,485,024	(30,834)	(655)	1,516,513
Finance income	33	720,845	-	-	720,845
Finance expense	33	(1,027,910)	-	-	(1,027,910)
Profit/(loss) before tax from continued operations		1,177,959	(30,834)	(655)	1,209,448
Tax expense/(income) from continuing operations	35	(179,272)	6,790	144	(186,206)
- Taxes on income / (expense)	35	(194,162)	-	-	(194,162)
- Deferred tax income / (expense)	35	14,890	6,790	144	7,956
Profit/(loss) for the period		998,687	(24,044)	(511)	1,023,242
Attributable to:					
- Non controlling interest	27	40,362	-	-	40,362
- Equity holders of the parent	27	958,325	(24,044)	(511)	982,880
Earnings per share	36	0,7667	(0,0192)	(0,0004)	0,7863

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.3 Changes in the Accounting Policies (Continued)

Classification and Measurement

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. TFRS 9 removes loans and receivables and available-for-sale financial asset categories included in the current TAS 39 standard.

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost include bond and bill comprise "cash and cash equivalents and "trade receivables" with "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. Gains or losses arising from the valuation of such assets are recognized in the consolidated income statement.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarized below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

	Classification under TAS 39	Classification under TFRS 9
Financial Assets		
- Cash and cash equivalents	Loans and receivables	Amortised cost
- Financial investments	Held-to-maturity	Amortised cost
- Financial investments	Available for sale	Fair value through other comprehensive income
- Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
- Trade receivables	Loans and receivables	Amortised cost
- Other receivables	Loans and receivables	Amortised cost
Financial liabilities		
- Borrowings	Amortised cost	Amortised cost
- Trade payables	Amortised cost	Amortised cost
- Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
- Other payables	Amortised cost	Amortised cost

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.3 Changes in the Accounting Policies (Continued)

Impairment

The Group has made amendments to the TFRS 9 methodology for allocating impairment of financial assets in accordance with the newly anticipated credit loss model. For the first time in 30 June 2018, the Group has reflected its effects on the financial statements and has re-measured the impact of the opening as a result of detailed analysis. The effect of the change on the Group's retained earnings for the year ended January 1, 2018 is as follows:

	1 January 2018
Retained earnings	1,174,791
Increase in allowance for doubtful trade receivables (Note 10)	(13,411)
Impairment of financial assets (Note 7)	(4,420)
Deferred tax effect	3,924
Total impacts of prior year amendments in accordance with TFRS 9	(13,907)
Retained earnings - 1 January 2018 (Including TFRS 9 impacts, excluding TFRS 15 impacts)	1,160,884

The Group allocates impairment provision for the following financial assets according to the expected credit loss model:

- Cash and cash equivalents
- Financial investments
- Trade receivables
- Other receivables

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected lifetime losses for all trade receivables.

TFRS 15 Revenue from Contracts with Customers Standard

TFRS 15 Revenue from Contracts with Customer Standard has reflected the impact in the financial statements for the first time in 30 June 2018 and re-measured the impact of the opening as a result of detailed analysis. The effects of the application of the TFRS 15 Revenue from Contracts with Customers on the Group's retained earnings for the years ended January 1, 2018 are as follows:

	1 January 2018
Retained earnings (Including TFRS 9 impacts, excluding TFRS 15 impacts)	1,160,884
Effect of recording revenue over time instead of a recording at a point in time	(92)
The impact of deferred tax	20
Total impacts of prior year amendments in accordance with TFRS 15	(72)
Retained earnings - 1 January 2018 (TFRS 9 and TFRS 15 impacts included)	1,160,812

2.4 Restatement and Errors in the Accounting Policies and Estimate

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended 31 December 2018 are consistent with those used in the preparation of financial statements for the year ended 31 December 2017.

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (Continued)

The new standards, amendments and interpretations which are effective as at 1 January 2018 are as follows;

TFRS 15 - Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. 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). TFRS 15 effective date is January 1, 2018. The impact of the amendments on the financial position and performance of the Group is explained in Note 2.3.

TFRS 9 Financial Instrument

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 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, TFRS 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.

TFRS 9 is effective for annual periods beginning on or after 1 January 2018, The impact of the amendments on the financial position and performance of the Group is explained in Note 2.3.

TFRS Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are applied for annual periods beginning on or after 1 January 2018.

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

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 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 Group will not have an impact on the financial position or performance of the Group.

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2. Basis of Presentation of Consolidated Financial Statements (continued)

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (Continued)

The new standards, amendments and interpretations which are effective as at 1 January 2018 are as follows (Continued)

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

In December 2017, POA issued amendments to TFRS 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 conditions on the measurement of cash-based 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.

The Group will not have an impact on the financial position or performance of the Group.

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

In December 2017, POA issued amendments to TAS 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.

The Group will not have an impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TAS 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 organization or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at The initial recognition of the associate or joint venture. These amendments are applied for annual periods beginning on or after 1 January 2018.

The Group will not have an impact on the financial position or performance of the Group.

a) Standards issued but not yet effective as of December 31, 2018:

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

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 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. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted. Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

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2. Basis of Presentation of Consolidated Financial Statements (continued)

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

a) Standards issued as of 31 December 2018, but not yet effective and not early adopted:

TFRS 16 Leases (Continued)

If the ratio is not easily determined, the lessee shall use the tenant's alternative borrowing interest rate. The lessee should record the interest expense on the lease liability and the depreciation expense of the right to use separately.

The lessee will re-measure the lease obligation if certain events occur. (eg changes in the lease term, future lease payments due to changes in a certain index or rate, etc.) In this case, the lessee shall record the restatement effect of the lease obligation as a correction on the right to use.

The Group has assessed the impact of TFRS 16 on its consolidated financial statements, including its subsidiaries. According to the draft evaluation, it is foreseen that an asset usage right and rental liability will be recorded in 0,6% of the consolidated assets according to the existing lease agreements. This calculation will be revised in 2019 due to variations in the parameters used.

Transition to TFRS 16

The Group plans to implement TFRS 16 with a simplified retrospective approach. The Group will prefer to apply this Standard to the contracts which it has previously defined as leasing by applying TAS 17 Leasing Transactions. Therefore, the Group will not apply this Standard to the contracts that it has not previously defined as TAS 17.

The Group plans to utilize recognized facilitation practices for leases and low-value rentals that will expire within 12 months or less as of the transition date. The Group's office equipment leases are considered as low-value leases.

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA published its amendments to TAS 28 Investments in Associates and Joint Ventures. The amendment clarify for entities applying TFRS 9 Financial Instruments for long-term investments in an associate or joint venture that form part of a net investment in an associate or joint venture.

TFRS 9 Financial Instruments, TAS 28 Excluding investments in associates and joint ventures accounted for in accordance with Investments in Associates and Joint Ventures. With this amendment, POA clarifies that TFRS 9 excludes only investments that are accounted for using the equity method of the company. The entity shall apply TFRS 9 to its other equity investments and joint ventures, including long-term investments that are part of a net investment in associates and joint ventures.

The amendment is effective for annual periods beginning on or after 1 January 2019. Early application is allowed.

In general, the Group does not expect significant impact on its financial position and performance.

TFRS 10 and TAS 28: Investor Selling or Contribution to an Associate or Joint Venture – Amendment

The POA has deferred the effective date of the amendments made in TFRS 10 and TAS 28 in December 2017 to be amended in accordance with the outcomes of the ongoing research project related to the equity method. However, it still allows early application.

In general, the Group does not expect significant impact on its financial position and performance.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (continued)

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

a) Standards issued as of 31 December 2018, but not yet effective and not early adopted (continued):

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Annual Improvements – 2015–2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e, distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- TAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Amendment, Reduction or Fulfillment of the Plan (Amendments to TAS 19)

In January 2019, the IASB published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

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2. Basis of Presentation of Consolidated Financial Statements (continued)

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

a) Standards issued as of 31 December 2018, but not yet effective and not early adopted (continued):

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) as of 31 December 2018, but not issued by Public Oversight Authority (POA)

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

Annual Improvements – 2010–2012 Cycle

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

b) New and revised standards and interpretations issued by International Accounting Standards Board (IASB) but not published by the POA as of 31 December 2018 (Continued):

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The changes are as follows:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendment will be effective for annual periods beginning on or after 1 January 2020. Early application is allowed.

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (continued)

2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

Definition of Significance (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendment will be effective for annual periods beginning on or after 1 January 2020. Early application is allowed.

2.6 Summary of Significant Accounting Policies

Revenue

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfill their performance obligations by transferring them to their customers. In the sale of property, when the control of the asset is received by the customers, the asset is transferred and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in cases where there is no alternative use for the Group and there is a legally enforceable right of collection on the payment to be made against the completed performance until that day, the Group transfers the control of the commodity over time and records the proceeds as time-consuming as production takes place.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) Ownership of the Group's right to collect goods or services,
- b) the ownership of the property of the customer,
- c) Transfer of the possession of the goods or services,
- d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
- e) It takes into account the conditions for the customer to accept the goods or services.

At the beginning of the contract, the Group evaluate whether the group has different performance commitments. The Group does not have an important service component identified in customer contracts.

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Interest Income

Interest income is accrued using the effective interest method, which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend Income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared. Dividends as a factor of distribution of profits will be reported in the Consolidated Financial Statements after the Board of Directors' approval.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories consist of raw material, work in process, finished goods, trade goods, and goods in transit and other stocks (Note 13).

Tangible Assets

Property, plant and equipment except for land and buildings are carried at cost less accumulated depreciation and any impairment in value. Land and buildings are carried at fair value as of revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Land and buildings were accounted for under the net method in accordance with revaluation method. The change of accounting policy was applied with the financial statements as of 31 December 2015. Unless there is a significant economic change that would affect the value of these properties, it is routinely revalued every three years. In this context, a revaluation has been made to reflect in the financial statements dated 31 December 2018.

The assets used in the production of goods and services or used for administrative purposes and are under construction, are shown by deducting the impairment loss, if any, from the cost values. Legal fees are also included in the cost. In the case of assets that require considerable time to be ready for use or sale, borrowing costs are capitalized in accordance with the Group's accounting policy. Such assets are depreciated when they are ready for use, as in the depreciation method used for other fixed assets. Cost amounts of tangible assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. There is no depreciation due to the fact that they have unlimited lives for land and land. The estimated useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimates and they are accounted for on a prospective basis if there is a change in the estimates (Note 18).

Assets held under finance leases are depreciated over the expected economic life and the shorter of the lease term in the same way as other tangible assets.

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tangible Assets (Continued)

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Useful Life</u>
Land improvements	5–50 Year
Buildings	7–50 Year
Plant, machinery and equipment	2–30 Year
Vehicles	3–15 Year
Fixtures	2–20 Year
Other tangible assets	3–20 Year

Property, plant and equipment are reviewed for impairment losses. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Costs of property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred. Gain or losses on disposal of property, plant and equipment are included in the "Income/Expense from Investing Activities" and are determined as the difference between the carrying value and amounts received.

The gain on revaluation on tangible assets presented in the equity is transferred directly to the retained earnings when the asset is retired from use or disposed of or fully depreciated.

Intangible Assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 5 years based on their economic lives (Note 19).

Softwares

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years)(Note 19).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 19).

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2. Basis of Presentation of Consolidated Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Customer Relationships

The customer relationships and contracts acquired in a business combination are accounted for at fair value at the date of transaction. Contracted customer relationships are amortized by the straight-line method in accordance with their expected useful lives (10 years) and carried at cost less accumulated amortization. When an indication of impairment exists, the Customer relationships are subject to impairment testing where there are circumstances that indicate the existence of an impairment. In the case of an impairment, the carrying amount of the customer relationship is taken to its recoverable amount and the related amount is recognized as expense in the period results.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Leases

a) The Group as a lessee

Financial Leasing

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leased are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

b) The Group as the lessor

Operating Leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

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2. Basis of Presentation of Consolidated Financial Statements (continued)

2.6 Summary of significant Accounting Policies (Continued)

Borrowing Costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings (Note 8 and Note 33).

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Related Party

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of Group, vice general managers, vice head of Group and factory managers) and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties (Note 37).

Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

Financial Assets

Classification

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified after initial recognition, except where the business model that the Group uses in the management of financial assets has changed; In case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income, "Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

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2. Basis of Presentation of Consolidated Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Financial Assets (continued)

Recognition and Measurement (continued)

Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred 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 were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12 month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL : results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Trade Receivables

Trade receivables that are created by way of providing flat glass, processed glass, mirror, laminated glass, glass encapsulation, white goods glasses, auto glass, and coated glass directly to a debtor are carried at amortized rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 10 and Note 13).

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss (Note 10 and Note 31)

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months are classified under short-term financial investments (Note7).

Financial Liabilities

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. Transaction costs directly attributable to the cost of the related financial liability are also added to the fair value Transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Other Financial Liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 8).

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade Payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 10).

Business combinations and Goodwill

A business combination is the bringing together of separate entities or business into one reporting entity. Business combinations are accounted for using the purchase method in the scope of TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. In each acquisition, the non-controlling shares of the acquired company are accounted for on the basis of the share of the net assets of the acquired company.

For the impairment test, the goodwill is distributed to the cash-generating units. Distribution is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises. Each unit or group of units for which goodwill is distributed is the smallest asset group of the entity for which goodwill is monitored for internal business purposes. Goodwill operating segments are followed up on a basis. Goodwill impairment is made once a year, or more often when the event or condition changes indicate a possibility of impairment. The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognized in the consolidated statements of income.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

The Group re-measures at the date of purchase to bring the share of equity previously held in the acquiree to fair value and the resulting gain / loss is recognized in profit or loss in a business combination achieved in stages. The amount attributable to the acquirer that is accounted for in other comprehensive income before the date of acquisition is transferred to profit or loss on the assumption that such shares are derecognised.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in thousand Turkish Lira ("TRY"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in thousand TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rates.

Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 36).

Events after the Reporting Period

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 22).

Segment reporting

The Group has two business segments determined by the management based on the information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. The Group management has determined gross profit as the most suitable method for assessing the segmental performance (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Other" do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Segment Reporting (Continued)

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined results of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group classified its operations into two operational divisions for management accounting purposes, which constitute the basis for the segment reporting (Note 5). The Basic Glass category contains flat glass, coated, laminated, mirror and project glass, energy glass and home appliances glass. The Automotive Glass category contains automotive glass and encapsulated glass.

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

Government grants related to costs are accounted as income on a consistent basis over the related periods with the costs.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statements of income on a straight-line basis over the expected lives of the related assets.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity (Note 35). In such case, the tax is recognized in shareholders' equity.

The current year tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated statements of other comprehensive income (Note 24).

The liabilities related to employee termination benefits are accrued when they are entitled.

Statement of cash flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions.

Cash flows include those from operating activities, working capital, investing activities and financing activities. Cash flows from operating activities represent the cash flows generated from the Group's activities Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows related to financing activities represent the resources that are used in Group's financing activities and repayments of these resources.

Dividends

Dividend income is recognized by the Group at the date the right to collect the dividend is realized. Dividend payables are recognized as a result of profit distribution in the period they are declared.

2.7 Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the assessment of Group Management, a deferred tax asset of TRY37,602 thousand (31 December 2017:TRY14,190 thousand) as of 31 December 2018 that are arising from the tax losses carried forward and which can be deducted from tax base in future periods has been accounted for. Moreover The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2018, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY124,333 thousand (31 December 2017:TRY68,861 thousand) (Note 35) and deferred tax assets has been recorded for this amount.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.7 Significant Accounting Estimates and Assumptions (Continued)

The Group has revaluated its land and buildings by considering their September 30, 2018 values and reflected its effects to December 31, 2018 financial statements which are measured at revaluated cost in accordance with TAS 16.

The land, buildings and buildings of the Group are stated at their fair values in the financial statements in accordance with TAS 16 revaluation model. Fair values in the financial statements dated 31 December 2018 are based on expert appraisal reports prepared by independent valuation companies with sufficient information and professional knowledge about the said properties.

In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation.

The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized. In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties As of initial recognition and as of balance sheet date, the The Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement.

For the period 1 January-31 December 2018, if the fair value determined by the independent valuation company was 1% lower / higher, the total total income for the period would have been lower / higher by TRY 2,227 thousand.

Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

Revaluation gains from land and buildings were accounted under "Gain/loss on revaluation "and revaluation loss were accounted under "Loss from investing activities" in the income statement.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

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3. Business Combinations

The Group consolidated its joint venture Şişecam Flat Glass India Limited with 50% shareholding using equity method since June 11, 2013. Shares of Hindusthan National Glass and Industries Ltd., Spotlight Vanijya Limited, Brabourne Commerce Pvt. and other founding partners, corresponding to 49.80 % in total was purchased on June 13, 2018 for K USD 85,405 and 0.20 % was purchased on December 26, 2018 for K USD 345 (K USD 85,750 in total). Subsidiary is included in consolidation as of June 30, 2018.

The fair values of the identifiable assets and liabilities of the Company as of June 30, 2018 (100%) and the statement of profit or loss for the period between 1 January - 30 June 2018 are as follows: Due to the absence of any significant transaction affecting the financial statements in the 17-day period from 13 June to 30 June, 2018, which is the date of 30 June 2018, which is the share purchase date, the statement of financial position at 30 June 2018 has been included in the scope of consolidation.

This calculation based on provisional amounts shall be completed within twelve months following the date of purchase and, if necessary, correction records shall be made from the date of purchase.

	Unaudited
	30 June
	2018
ASSETS	
Current Assets	
Cash and Cash Equivalent	3,093
Financial Investment	28,183
Trade Receivables	12,488
Other Receivables	41
Inventories	53,781
- Raw Material	8,971
- Work in progress	1,628
- Finished Good	35,734
- Merchandise	1,755
- Other inventories	6,504
- Allowance for inventory impairment (-)	(811)
Prepaid Expenses	934
Current income tax asset	56
Other Current Assets	3,660
Total Current Assets	102,236
Non-Current Assets	
Trade receivables	601
-Trade receivables	4,452
- Allowance for doubtful receivables	(3,851)
Other receivables	6,436
Tangible assets	228,638
Intangible assets	287,516
Prepaid expenses	2
Deferred tax assets	723
Other non-current assets	712
Total non-current assets	524,628
Total Assets	626,864

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (Continued)

	Unaudited
	30 June 2018
Liabilities	
Short-term Liabilities	
Trade payables	12,289
Employee benefits	1,474
Other payables	12,240
- Other payables from related parties	5,864
- Other Payables	6,376
Deferred income	2,263
Short-term provisions	4,602
Other current liabilities	3,392
Total Current Liabilities	36,260
Long Term Liabilities	
Long-term provisions	1,690
Total Long Term Liabilities	1,690
Total Liabilities	37,950
Equity	
Shareholder's Equity	588,914
Paid-in share capital	207,135
Accumulated other compressive income (expense) not to be reclassified to profit or loss	2,855
- Revaluation and Measurement Earnings (Losses)	2,855
- Increases/decrease in revaluation of tangible assets)	2,855
Accumulated to be reclassified in profit or loss	164,331
Other Comprehensive Income (Expenses)	164,331
- Foreign Currency Translation Differences	164,331
Previous Years' Profits or Losses	206,690
Net profit for the year	7,903
Total Shareholder's Equity	588,914
TOPLAM LIABILITIES	626,864
Number of employees	308
Total cash paid (US \$ 85,750 thousand)	390,085
Cash and cash equivalents	(3,093)
Total Equity	386,992

With this acquisition the effective ownership rate has increased from 50% to 100%.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

3. Business Combinations (Continued)

Şişecam Flat Glass India Limited's income statement for the period January 1 - June 30, 2018 is as follows:

	Unaudited
	1 January- 30 June 2018
Revenue	162,051
Cost of sales(-)	(120,332)
Gross Profit	41,719
General administrative expenses	(4,079)
Selling and marketing expenses	(25,389)
Other operating income	217
Operating profit	12,468
Income from investing activities	2,474
Operating profit/(loss) before financial income and expense	14,942
Financial income	632
Financial expenses	(3,855)
Profit before tax from continued operations	11,719
Tax expense/(income) from continuing operations	(3,816)
- Taxes on income(loss)	(7,657)
- Deferred tax income(loss)	3,841
Profit for the period	7,903
Depreciation expense	18,485
EBITDA (*)	30,953
i) Transfer Price	390,085
ii) The amount of non-controlling interests	-
iii) The fair value of the pre-acquisition shares at the date of acquisition	312,068
- The value of identifiable assets before acquisition	294,457
- Goodwill before acquisition	3,913
- Fair value change before acquisition (*)	13,698
a. (=i+ii+iii)	702,153
b. Net identifiable assets	588,914
Goodwill (a-b)	113,239

(*) Calculated over provisional amounts and is included in income statement under other income / (expense) from associates, joint ventures and subsidiaries.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

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3. Business Combinations (Continued)

According to TFRS-3 "Business Combinations" standard, the Group established a new company named "Sisecam Flat Glass South Italy SRL" in Italy. The company agreed to purchase the assets of companies Fallimento Sangalli Vetro Manfredonia SpA, Fallimento Sangalli Vetro Satinato Srl and Fallimento Sangalli Vetro Manfredonia SpA for 15,715 thousand Euros. However, final acquisition amount is decreased to € 14,886 thousand due to deductions regarding to the payable to employees of 741 thousand employees and impaired inventories of 88 thousand euros

The related acquisition is based on an asset purchase agreement; in accordance with TFRS-3 "Business Combinations", the entity is considered as a business combination because all the assets and activities have the possibility of being managed as an operation. With this acquisition, The Group aims to contribute to the growth in flat glass production and to achieve sales target in European markets and to have a high market share in Italy.

This calculation on provisional amounts shall be completed within twelve months following the date of purchase and, if necessary, corrections shall be made from the date of purchase.

Assets	Fair value of identifiable assets
Inventories	13,573
Tangible Assets	70,229
Total Assets	83,802
Liabilities	
Payables for employee benefits	3,971
Total Liabilities	3,971
Net Assets	79,831
Total cash paid (EUR 14,886 thousand) (*)	79,831
Goodwill	-

(*) The transferred amount is converted into Turkish Lira using the exchange rates at the date of the Group's control over the net assets acquired,

4. Interest in Other Entities

None (31 December 2017: None).

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

5. Segment Reporting

The group has started to implement TFRS 8 as of 1 January 2009 and is regularly reviewing by the authorized committee to take decisions regarding the group's operations. The Group's authorized committee for decision is the Board of Directors.

Board of Directors reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: basic glass and other glass, Geographic segments of the Group are defined in the following regions: Turkey, Europe and other.

The Group management assesses the performance of the operating segments based on the measure of operating income. The measurement basis excludes the effects of non - recurring expenses from the operating income. The measurement basis also excludes the share in result of associates and joint ventures. Interest income and expenses from investing activities are not allocated to segments, as cash position of the Group is driven by the central finance function of the Group.

According to Operating Segments

The Group reviews its internal reporting based on product types on the basis of net sales, cost of sales, gross profit, operating profit, tangible and intangible fixed asset purchases and tangible and intangible fixed assets based on depreciation and amortization.

This information is not included in the disclosures of the operating segments, since the reports reviewed by the Group management do not include the distribution of assets and liabilities of the operating segments.

1 January - 31 December 2018	Float Glass	Autoglass	Total	Consolidation Adjustments	Consolidated
Net Sales	4,157,631	2,323,727	6,481,358	(606,294)	5,875,064
Cost of good sold	(2,634,884)	(1,925,465)	(4,560,349)	601,669	(3,958,680)
Gross profit	1,522,747	398,262	1,921,009	(4,625)	1,916,384
Operating expenses	(830,170)	(320,321)	(1,150,491)	50,121	(1,100,370)
Other operating incomes	354,056	122,751	476,807	(74,254)	402,553
Other operating expenses	(170,463)	(37,196)	(207,659)	51,331	(156,328)
Operating profit	876,170	163,496	1,039,666	22,573	1,062,239
Purchases of tangible and intangible fixed asset	290,081	71,181	361,262	-	361,262
Depreciation and amortization on fixed assets	(265,469)	(110,923)	(376,392)	-	(376,392)

1 January - 31 December 2017	Float Glass	Autoglass	Total	Consolidation Adjustments	Consolidated
Net Sales	3,184,741	1,634,835	4,819,576	(488,414)	4,331,162
Cost of good sold	(1,997,031)	(1,424,672)	(3,421,703)	490,819	(2,930,884)
Gross profit	1,187,710	210,163	1,397,873	2,405	1,400,278
Operating expenses	(604,873)	(239,915)	(844,788)	28,395	(816,393)
Other operating incomes	81,249	75,658	156,907	51,045	207,952
Other operating expenses	(37,746)	(6,066)	(43,812)	(50,544)	(94,356)
Operating profit	626,340	39,840	666,180	31,301	697,481
Purchases of tangible and intangible fixed asset	127,101	105,632	232,733	-	232,733
Depreciation and amortization on fixed assets	(218,593)	(88,697)	(307,290)	-	(307,290)

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

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6. Cash and Cash Equivalents

	31 December 2018	31 December 2017
Cash	49	36
Cash in banks	1,341,131	1,393,486
- Demand deposits	126,048	145,384
- Time deposits that have maturity less than 3 months	1,215,083	1,248,102
Other	6	4
Provision for impairment	(1,485)	-
	1,339,701	1,393,526

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2018	31 December 2017
EUR	1.30-1.50	January 2019	879,022	252,300
US Dollar	2.91-3.50	January 2019	105,680	510,540
Turkish Lira	18.38-23.75	January 2019	4,717	368,205
Other	1.00-7.00	January 2019	225,664	117,057
			1,215,083	1,248,102

Movement of cash and cash equivalent impairment is as below:

	31 December 2018	31 December 2017
1 January	-	-
TFRS 9 Opening effect	(171)	-
TFRS 9 Period effect	(1,324)	-
Closing	9	-
Foreign currency translation difference	1	-
	(1,485)	-

Cash and cash equivalents as of 31 December 2018 and 31 December 2017 presented in the consolidated statements of cash flows are as follows:

	31 December 2018	31 December 2017
Cash and cash equivalents	1,339,701	1,393,526
Less: Interest accrual	(1,061)	(3,169)
	1,338,640	1,390,357

Nature and the level of risk related to cash and cash equivalents are explained in Note 38.

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7. Financial Assets

a) Short-term financial investments

Financial investments measured at amortized cost	31 December 2018	31 December 2017
Held to maturity financial investments (*)	106,830	37,022

(*)The long-term, semi-monthly fixed-rate USD denominated short-term portions of securities in the currency and public sector funds.

b) Long-term financial investment

a.) Long-term financial investment

Financial investments measured at amortized cost	31 December 2018	31 December 2017
Private sector bonds	971,188	702,510
Impairment of financial investment	(24,837)	-
	946,351	702,510

The details of financial assets at fair value through profit or loss are as follows:

Company that issued securities	31 December 2018	31 December 2017
Türkiye Halk Bankası A.Ş.	148,367	107,856
Türkiye İş Bankası A.Ş.	225,273	167,554
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	27,427	19,501
Arçelik A.Ş.	75,551	54,427
Türkiye Sınai Kalkınma Bankası A.Ş.	118,927	85,311
Turkcell İletişim Hizmetleri A.Ş.	84,285	62,589
Türkiye Garanti Bankası A.Ş.	73,371	54,572
Türkiye Vakıflar Bankası A.O.	114,840	84,684
Yapı ve Kredi Bankası A.Ş.	92,965	68,823
T.C. Ziraat Bankası A.Ş.	39,108	28,898
Türkiye İhracat Kredi Bankası A.Ş.	5,086	3,618
Finansbank A.Ş.	2,333	1,699
SBI Mutual Fund	45,648	-
	1,053,181	739,532

The Group has accounted for fixed income securities that it intends to hold to maturity for financial investments measured at amortized cost using the effective interest rate.

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7. Financial Assets (continued)

Financial investments measured at amortized cost

Financial investments measured at amortized cost denominated in US dollar, have carried in active market and their market value regarding market prices is as follow;

Company that issued securities	31 December 2018	31 December 2017
Türkiye Halk Bankası A.Ş.	133,036	105,727
Türkiye İş Bankası A.Ş.	212,684	169,937
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	26,918	20,419
Arçelik A.Ş.	70,066	55,882
Türkiye Sınai Kalkınma Bankası A.Ş.	112,870	85,843
Turkcell İletişim Hizmetleri A.Ş.	78,094	65,680
Türkiye Garanti Bankası A.Ş.	72,114	55,794
Türkiye Vakıflar Bankası A.O.	108,921	85,634
Yapı ve Kredi Bankası A.Ş.	89,610	69,687
T.C. Ziraat Bankası A.Ş.	37,527	28,899
Türkiye İhracat Kredi Bankası A.Ş.	4,863	3,863
Finansbank A.Ş.	2,238	1,679
	948,941	749,044

Maturity of financial investments measured at amortized cost are as follows:

Collection period	31 December 2018	31 December 2017
Less than 3 months	7,324	5,251
Between 3-12 months	99,506	31,771
Between 1-5 years	865,131	598,945
Exceed 5 years	81,220	103,565
	1,053,181	739,532

The movement of held to maturity financial investments are as follows:

	31 December 2018	31 December 2017
January 1	739,532	490,738
Additions	32,485	318,942
Disposals	(20,480)	(7,384)
Collection-principal	-	(110,900)
Collection-interest	(49,464)	(31,528)
Valuation difference	344,900	79,664
Effect of change in consolidation method (Note 3)	28,183	-
TFRS 9 Opening effect	(4,249)	-
TFRS 9 Period charge	(22,020)	-
Foreign currency translation difference	4,294	-
	1,053,181	739,532

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7. Financial Investments (continued)

Financial investments measured at amortized cost (continued)

For the purpose of impairment of financial investments, transactions are as follows:

	31 December 2018	31 December 2017
January 1	-	-
TFRS 9 Opening effect	(4,249)	-
TFRS 9 Period charge	(22,020)	-
	(26,269)	-

The coupon interest rates and the recent redemption dates of the USD denominated financial investments measured at amortized cost are as follows. The effective interest rate of these securities is 5,42% (2017: 5,42%).

Company that issued securities	ISIN Code	Coupon Rate (%)	Redemption date
Türkiye Halk Bankası A.Ş.	XS1188073081	4,750	11.02.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	6.10.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22.04.2020
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3,375	1.11.2022
Arçelik A.Ş.	XS0910932788	5,000	3.04.2023
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	18.05.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	25.06.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5,000	13.07.2021
Türkiye Halk Bankası A.Ş.	XS0882347072	3,875	5.02.2020
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15.10.2025
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13.09.2022
Türkiye Vakıflar Bankası A.O.	XS1508914691	5,500	27.10.2021
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	21.04.2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4,000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5,125	22.10.2019
T.C. Ziraat Bankası A.Ş.	XS1223394914	4,750	29.04.2021
Türkiye İhracat Kredi Bankası A.Ş.	XS1496463297	5,375	24.10.2023
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,375	30.10.2019
Türkiye İş Bankası A.Ş.	XS1578203462	6,125	25.04.2024
T.C. Ziraat Bankası A.Ş.	XS1605397394	5,125	3.05.2022
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5,750	24.02.2022
Finansbank A.Ş.	XS1613091500	4,875	19.05.2022
Türkiye Vakıflar Bankası A.O.	XS1622626379	5,625	30.05.2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5,850	21.06.2024

TRY 1,053,181 thousand of securities out of the total TRY 1,007,533 thousand are maintained in the İş Portföy Yönetimi A.Ş. accounts and are valued by the effective interest rate method (31 December 2017: TRY 739,532 thousand),

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

8. Liabilities

	31 December 2018	31 December 2017
Current financial liabilities		
Short term borrowings	777,960	314,481
Short term portion of long term borrowings		
Short term portion of long term borrowings and interests	420,527	316,735
Due to related parties (Note 37)	6,020	3,671
Liabilities for financial leasing	420	626
Total short term portion of long term borrowings	426,967	321,032
Total short term borrowings	1,204,927	635,513
Non – current financial liabilities		
Long term portion of long term borrowings	801,636	1,017,083
Due to related parties (Note 37)	1,314,946	941,971
Liabilities for financial leasing	-	315
Total long – term financial liabilities	2,116,582	1,959,369
Total financial liabilities	3,321,509	2,594,882
Reprising periods for loans		
3 months and shorter	956,876	297,743
Between 3-12 months	281,043	1,350,556
Between 1-5 years	762,204	-
	2,000,123	1,648,299

The debt amounting TRY 1,320,966 thousand that The Group borrowed from Türkiye Şişe ve Cam Fabrikaları A.Ş., will be paid with equal installments every six months (31 December 2017: TRY 945,642 thousand). In 2018, financial leasing liabilities amounting TRY 420 thousand will be paid with equal installments every month (31 December 2017: TRY 941 thousand),

The impact of discounting is not significant due to given interest rates for short-term loans and their carrying values approximate their fair values. The fair values are determined using the weighted average effective annual interest rates. The long-term financial liabilities are generally subject to reprising within three and six month periods and a large amount of those liabilities consists of foreign currency denominated loans. Therefore, it is expected that the carrying value of the financial liabilities that are calculated by effective interest rate method approximate to their fair values.

Financial liabilities as of 1 January-31 December 2018 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January	1,643,910	5,316	(927)	1,648,299
Currency translation differences	403,652	1,109	(220)	404,541
Foreign exchange (gain)/loss	142,682	-	-	142,682
Additions – accruals for the period	952,897	46,250	-	999,147
Payments – reversals for the period	(1,149,159)	(45,842)	455	(1,194,546)
31 December 2018	1,993,982	6,833	(692)	2,000,123

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8. Financial Liabilities (continued)

Bank Borrowings	Capital	Interest	Discounts on Bonds	Commission	Total
1 January	942,975	4,400	(1,239)	(494)	945,642
Currency translation differences	372,250	-	-	-	372,250
Foreign exchange (gain)/loss	-	53,432	-	-	53,432
Payments – reversals for the period	-	(51,071)	509	204	(50,358)
31 December 2018	1,315,225	6,761	(730)	(290)	1,320,966

Financial Leases	Capital + Interest	Interest (-)	Total
1 January	941	-	941
Currency translation differences	142	7	149
Additions – accruals for the period	-	118	118
Payments – reversals for the period	(788)	-	(788)
31 December 2018	295	125	420

Financial liabilities movements for the period between 1 January and 31 December 2017 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January	1,479,522	7,958	(1,964)	1,485,516
Currency translation differences	214,770	886	(228)	215,428
Foreign exchange (gain)/loss	70,343	-	-	70,343
Additions – accruals for the period	409,303	39,639	-	448,942
Payments – reversals for the period	(530,029)	(43,167)	1,265	(571,931)
31 December 2017	1,643,909	5,316	(927)	1,648,298

Bond issued	Capital	Interest	Discounts on Bonds	Commission	Total
1 January	879,800	3,705	(1,726)	(698)	881,081
Foreign exchange (gain)/loss	63,175	-	-	-	63,175
Additions – accruals for the period	-	40,076	-	-	40,076
Payments – reversals for the period	-	(39,381)	487	204	(38,690)
31 December 2017	942,975	4,400	(1,239)	(494)	945,642

Financial Leases	Capital + Interest	Interest (-)	Total
1 January	2,025	-	2,025
Currency translation differences	304	-	304
Additions – accruals for the period	73	-	73
Payments – reversals for the period	(1,461)	-	(1,461)
31 December 2017	941	-	941

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8. Financial Liabilities (continued)

Short and long – term bank borrowings summarized information are as below:

31 December 2018

Currency	Interest rate (%) (*)	Short – term	Long – term
US Dollar	Libor + 2.15 - 4.50	31,406	1,411,690
EUR	Euribor + 1.25 – 3.60	1,145,011	688,725
RUB	10.32	28,510	16,167
		1,204,927	2,116,582

31 December 2017

Currency	Interest Rate (%)	Short – term	Long – term
US Dollar	Libor + 2.00 – 3.75	24,551	1,029,360
EUR	Euribor + 0.08 – 3.75	596,487	902,083
RUB	9.50	14,475	27,926
		635,513	1,959,369

(*) The weighted average interest rate for EUR is Euribor + 2.45 %, for US dollar is Libor + 2.22 %, (31 December 2017: EUR is Euribor + 2.62 %, for US dollar is Libor + 2.82 %),

The redemption schedule of financial liabilities is as follow:

Repayment maturities of financial liabilities	31 December 2018	31 December 2017
Up to 1 Year	1,204,927	635,513
Between 1-2 years	1,593,286	410,396
Between 2-3 years	288,658	1,242,021
Between 3-4 years	117,740	135,447
Between 4-5 years	66,435	94,372
Exceed 5 years	50,463	77,133
	3,321,509	2,594,882

9. Other Financial

None (31 December 2017: None).

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10. Trade Receivables and Payables

Trade receivables

	31 December 2018	31 December 2017
Short-term trade receivables		
Trade receivables	1,030,936	753,320
Notes receivables	7,274	5,458
Rediscount on notes receivables (-)	(11,453)	(5,009)
Allowance for doubtful receivables	(47,228)	(48,679)
	979,529	705,090

A portion of domestic sales of flat glass is made on cash and remaining portion of receivable has average 90 days maturity (31 December 2017: 90 days). A portion of foreign sales of flat glass are made in cash and the remaining portion of receivable has average 45 days maturity. For overdue payments, 3% interest is charged (31 December 2017: 2%), Average sales term for auto glass and glassware products is 45 days (31 December 2017: 45 days).

The Group has allocated allowance for its doubtful receivables. Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful debts.

TRY 198.550 thousand of the trade receivables is related to Şişecam Dış Ticaret A.Ş. is related to sales made through (31 December 2017: TRY 59,974 thousand).

The movement in the allowance for doubtful receivables is as follows:

	31 December 2018	31 December 2017
1 January	(48,679)	(37,143)
TFRS 9 Period Effect	(7,490)	(11,620)
TFRS 9 Opening Effect	(13,411)	-
Currency translation difference	(8,220)	(4,275)
Collections	30,572	4,359
	(47,228)	(48,679)

As of 31 December 2018 TRY 76,387 thousand (31 December 2017: TRY 82,849 thousand) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts and collateral information are presented in Note 38.

	31 December 2018	31 December 2017
Short term trade payables		
Trade payables	518,426	426,462
Due to related parties (Note 37)	83,593	58,937
Rediscount on notes payables (-)	(4,029)	(1,642)
	597,990	483,757

Average credit term for purchases of goods is 60 days. The Group has financial risk management policies to ensure that all liabilities are paid within credit terms.

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11. Other Receivables and Payables

	31 December 2018	31 December 2017
Other current receivables		
Due from related parties (Note 37)	128,600	173,979
Due from personnel	910	760
Deposits and guarantees given	1,282	1,939
Other receivables	10,357	12,902
	141,149	189,580
Other non-current receivables		
Deposits and guarantees given	15,653	285
Other current payables		
Due to related parties (Note 37)	81,836	171,424
Due to personnel	32,731	18,303
Deposits and guarantees receivable	7,810	14,246
Other payables	11,048	15,493
	133,425	219,466
Other non-current payables		
Deposits and guarantees received	494	1,330

12. Derivative Instruments

None (31 December 2017: None).

13. Inventories

	31 December 2018	31 December 2017
Finished goods	482,420	307,922
Raw materials	369,284	213,865
Trade goods	75,012	32,316
Work in process	51,370	47,037
Operating supplies	28,964	35,190
Other inventories	102,526	57,322
Provision for impairment of inventory (-)	(18,534)	(11,811)
	1,091,042	681,841

The movement of provision for impairment of inventory is as follows:

	31 December 2018	31 December 2017
1 January	(11,811)	(5,963)
Impact of acquisition (Note 3)	(811)	-
Currency translation difference	(1,103)	(477)
Current year additions	(11,077)	(8,165)
Provisions realized during the year	6,268	2,794
	(18,534)	(11,811)

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14. Prepaid Expenses and Deferred Income

	31 December 2018	31 December 2017
Prepaid expenses in current assets		
Advances given for purchase orders	60,979	54,537
Prepaid expenses	10,903	13,865
	71,882	68,402

	31 December 2018	31 December 2017
Prepaid expenses in non-current assets		
Advance given	19,347	53,187
Prepaid expenses	4,889	5,686
	24,236	58,873

	31 December 2018	31 December 2017
Short term deferred income		
Order advances received	9,087	16,182
Other advances received	22	-
Deferred income	13,078	13,056
	22,187	29,238

	31 December 2018	31 December 2017
Long term deferred income		
Deferred income (*)	64,927	53,620

(*)The amount TRY 62,373 thousand consists of the government incentive provided by the Romania government to Glasscorp SA.

15. Construction Contracts

None (31 December 2017: None).

16. Joint Ventures and Associates

Net asset values of Joint Ventures and associates accounted for under equity accounting method represented in the balance sheet of the associates are as follows:

	31 December 2018	31 December 2017
Joint Ventures		
Sisecam Flat Glass India Limited (*)	-	257.897
Associates		
Camiş Elektrik Üretim A.Ş.	24,981	21,967
Saint Gobain Glass Egypt S.A.E	172,701	96,306
Çayırova Cam Sanayii A.Ş.	110,044	104,593
	307,726	222,866
	307,726	480,763

(*) While the Group was using equity method of accounting for its 50 % shareholding in Şişecam Flat Glass India Limited since June 11, 2013, the Group has acquired 49,80% of HNG Float Glass Limited on 13 June 2018 and started to consolidate fully. On December 26, 2018, the remaining 0.20% of the shares were purchased and the Group owns 100 % of the Company.

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16. Joint ventures and associates (Continued)

Movements of the investments accounted for under equity accounting method during the year are as below:

	31 December 2018	31 December 2017
1 January	480,763	403,686
Acquisition	(298,370)	-
Income and losses from associates and joint ventures (net)	53,367	49,537
Dividend income from associates	(1,884)	(3,035)
Currency translation differences	73,850	30,575
	307,726	480,763

Movements of the investments accounted for under equity accounting method during the period are as below:

<u>Çayırova Cam Sanayii A.Ş.</u>	31 December 2018	31 December 2017
Current assets	23,066	14,476
Non – current assets	398,133	357,418
Total Assets	421,199	371,894
Current liabilities	628	268
Non – current liabilities	29,578	-
Total Liabilities	30,206	268
Net Assets (including goodwill)	390,993	371,626
Group share ratio		
- Direct and indirect partnership (%)	28,14	28,14
- Effective partnership (%)	28,14	28,14
Group share in net assets (Including goodwill)	110,044	104,593

	1 January- 31 December 2018	1 January- 31 December 2017
Revenue	-	-
Net profit/(loss) from continuing operations	29,452	20,699
Other comprehensive income (loss)	(8,285)	(24,993)
Total comprehensive profit / (loss)	21,167	(4,294)
The Group's share in profit / (loss) from continuing operations	8,289	5,826
Dividend distribution from retained earnings	1,800	1,000
Dividend distributed to company' share	507	281

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16. Joint Ventures and Associates (Continued)

<u>Camış Elektrik Üretim A.Ş.</u>	31 December 2018	31 December 2017
Current assets	78,123	70,418
Non – current assets	4,531	6,298
Total Assets	82,654	76,716
Current liabilities	8,634	11,819
Non – current liabilities	1,460	1,091
Total liabilities	10,094	12,910
Net Assets (including goodwill)	72,560	63,806
Group share ratio		
- Direct and indirect partnership (%)	34,43	34,43
- Effective partnership (%)	34,43	34,43
Group share in net assets (including goodwill)	24,981	21,967
	1 January- 31 December 2018	1 January- 31 December 2017
Revenue	67,558	54,118
Net profit/(loss) from continuing operations	12,716	7,921
Other comprehensive income / (loss)	38	(67)
Total comprehensive profit/(loss)	12,754	7,854
The Group's share in profit / (loss) from continuing operations	4,378	2,727
Dividend distribution from retained earnings	4,000	8,000
Dividend distributed to company's share	1,377	2,754
<u>Saint Gobain Glass Egypt S.A.E</u>	31 December 2018	31 December 2017
Current assets	365,805	118,702
Non - current assets	411,110	243,857
Total Assets	776,915	362,559
Current liabilities	193,041	29,321
Non - current liabilities	8,204	12,219
Total Liabilities	201,245	41,540
Net Asset (including goodwill)	575,670	321,019
Group share percentage		
- Direct and indirect partnership (%)	30,00	30,00
- Effective partnership (%)	30,00	30,00
Group share in net assets (including goodwill)	172,701	96,306

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16. Joint Ventures and Associates (Continued)

<u>Saint Gobain Glass Egypt S.A.E</u>	1 January- 31 December 2018	1 January- 31 December 2017
Revenue	217,486	277,092
Net Profit / (loss) from continuing operations	122,498	63,184
Other comprehensive income (loss)	132,153	25,722
Total comprehensive profit / (loss)	254,651	88,906
The Group's share in profit / (loss) from continuing operations	36,749	18,956

<u>Sisecam Flat Glass India Limited</u>	30 June 2018	31 December 2017
Current assets	-	133,968
Non – current assets	-	497,098
Total Assets	-	631,066
Current liabilities	-	45,438
Non – current liabilities	-	69,833
Total liabilities	-	115,271
Net assets (including goodwill)	-	515,795
Group share percentage		
- Direct and indirect partnership (%)	100,00	50,00
- Effective partnership (%)	100,00	50,00
Group share in net assets (including goodwill)	294.456	257.897

	1 January- 30 June 2018	1 January- 31 December 2017
Revenue	162,988	303,280
Interest income	34	517
Interest expense	3,935	9,367
Tax	(4,987)	8,638
Profit / (loss) from continuing operations	7,903	44,058
Other comprehensive income / (expense)	65,216	59,833
Total comprehensive profit / (loss)	73,119	103,891
The Group's share in profit / (loss) from continuing operations	3,951	22,029

The Group has purchased the remaining 49.80% shares on 13 June 2018 and 0.20% shares on 26 December 2018 for a total of 85.750 thousand US Dollars in cash. As of June 30, 2018, the statement of financial position items are accounted with full consolidation method without netting of with "investments accounted for under the equity method account. the profit or loss amounts are; Net profit loss for the period 1 January – 30 June 2018 is net off under "Share of profits (losses) on investments accounted for under the equity method" and the period after 30 June 2018; are reflected in the related accounts without being net-off in the profit or loss table.

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

17. Investment Properties

	31 December 2018	31 December 2017
1 January	-	-
Transfer from tangible fixed assets	589	-
	589	-

The Group has classified its properties, which are not used for administrative purposes, as investment properties with their fair value. The Group has accounted the increase in value in the / Revaluation and Measurement Earnings / (Losses) account within the equity.

The fair value of the aforementioned properties is determined by Harmoni Gayrimenkul ve Danışmanlık A.Ş., which has a relevant capital market real estate appraisal license, has the necessary professional knowledge and has an up-to-date knowledge of the class and location of its properties based on the evaluations made by the company.

Cost analysis, direct capitalization, cash flow analysis and direct comparison analysis methods were used for the parcels of the real estates, the existing construction plan with appraisal plan and / or the buildings with existing building permits. The scarcity of the number of land parcels in the region and region where the real estates subject to appraisal is located, transportation relations and environmental structures, and the ongoing zoning plan processes in the region have been reached by taking into account the results.

All investment properties are in Turkey.

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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

18. Tangible Assets

Cost	Land	Land Improvements	Land	Buildings	Machinery and equipment	Vehicles	Furniture And fixtures	Other fixed assets	Construction In progress	Total
1 January	430,716	123,711	-	1,303,017	3,750,055	57,186	179,653	62,337	144,924	6,051,599
Classifications	(1,964)	-	-	-	-	-	-	-	-	(1,964)
Effect of purchase of subsidiary	2,907	-	-	28,944	37,847	469	63	-	-	70,230
Currency translation differences	25,301	17,246	-	268,005	663,340	14,183	20,085	8,099	32,548	1,048,807
Revaluation (**)	54,492	-	-	28,281	-	-	-	-	-	82,773
Additions	-	-	-	253	6,551	118	1,346	1,158	349,635	359,061
Disposals	(1)	-	-	(2,478)	(14,911)	(1,428)	(1,026)	(200)	-	(20,044)
Transfer from construction in progress	-	-	4,660	26,603	191,143	9,139	11,097	5,814	(248,456)	-
Impact of consolidation method change (Note 3)	61,422	-	-	123,022	292,337	1,878	1,742	3,157	49	483,607
Transfers to investment properties	(589)	-	-	-	-	-	-	-	-	(589)
Balance at 31 December 2018	572,284	145,617	1,775,647	4,926,362	81,545	212,960	80,365	278,700	8,073,480	
Accumulated depreciation and impairment										
1 January	(11,130)	(54,735)	(85,028)	(41,367)	(123,939)	(33,583)	-	-	-	(2,474,225)
Classifications	1,964	-	-	-	-	-	-	-	-	1,964
Currency translation differences	(2,860)	(3,969)	(14,570)	(9,875)	(311,597)	(6,144)	(14,440)	(3,789)	-	(361,100)
Period expense (*)	-	(5,421)	(45,563)	(6,144)	(290,873)	(6,144)	(15,252)	(7,458)	-	(370,711)
Revaluation	13,998	-	125,904	-	-	-	-	-	-	139,902
Disposals	-	-	528	-	11,522	1,256	717	162	-	14,185
Impact of consolidation method change (Note 3)	(1,796)	-	(15,008)	(233,037)	(1,210)	(1,207)	(2,711)	-	-	(254,969)
Impairment	(176)	-	-	-	-	-	-	-	-	(176)
Balance at 31 December 2018	-	(64,125)	(33,737)	(57,340)	(154,121)	(47,379)	-	-	-	(3,305,130)
Net Book Value as of 31 December 2018	572,284	81,492	1,741,910	4,977,934	24,205	58,839	28,754	278,700	4,768,350	
Net Book Value as of 31 December 2017	419,586	68,976	1,217,989	1,625,612	15,819	55,714	28,754	144,924	3,577,374	

(*) Current period allocation of depreciation expenses are disclosed in Note 28 and Note 30

(**) The Group has reviewed its property, plant and equipment and made the necessary accounting classification and clarification. These changes do not have any effect on profit / (loss).

There is no financial leasing during the period.

As of 31 December 2018, there is no capitalized borrowing cost. (31 December 2017: None)

No mortgage over lands and buildings due to bank borrowings exist (31 December 2017: None).

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Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

18. Tangible Assets

Cost	Land	Improvement	Land	Buildings	Machinery And equipment	Vehicles	Furniture And fixtures	Other fixed assets	Construction In progress	Total
1 January	420,530	112,214	-	1,101,539	3,287,402	48,669	158,056	57,479	162,083	5,347,972
Classifications	-	-	4,113	-	-	-	-	-	-	4,113
Currency translation differences	9,845	10,048	-	142,314	326,857	7,442	10,747	4,227	20,738	532,218
Additions	-	-	-	1,257	12,457	938	804	976	213,451	229,883
Disposals	-	(37)	-	(1,124)	(37,901)	(922)	(10,091)	(12,512)	-	(62,587)
Transfers from construction in progress	341	1,486	-	54,918	161,240	1,059	20,137	12,167	(251,348)	-
Balance at 31 December 2017	430,716	123,711	123,711	1,303,017	3,750,055	57,186	179,653	62,337	144,924	6,051,599

Accumulated depreciation and impairment

1 January	(9,144)	(47,980)	-	(40,332)	(1,793,705)	(31,722)	(113,454)	(29,317)	-	(2,065,654)
Classifications	-	-	(4,113)	-	-	-	-	-	-	(4,113)
Currency translation differences	(1,986)	(2,008)	-	(7,150)	(136,143)	(4,852)	(7,484)	(1,772)	-	(161,395)
Period expense (*)	-	(4,767)	-	(34,242)	(232,051)	(5,621)	(12,556)	(6,302)	-	(295,539)
Disposals	-	20	-	809	37,456	828	9,555	3,808	-	52,476
Balance at 31 December 2017	(11,130)	(54,735)	(54,735)	(85,028)	(2,124,443)	(41,367)	(123,939)	(33,583)	-	(2,474,225)
Net Book Value as of 31 December 2017	419,586	68,976	68,976	1,217,989	1,625,612	15,819	55,714	28,754	144,924	3,577,374
Net Book Value as of 31 December 2016	411,386	64,234	64,234	1,061,207	1,493,697	16,947	44,602	28,162	162,083	3,282,318

(*) Current period allocation of depreciation expenses are disclosed in Note 28 and Note 30.

There is no financial leasing during the period.

As of 31 December 2018, there is no capitalized borrowing cost. (31 December 2017: None)

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Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

19. Intangible Assets

Cost	Rights	Others	Total
1 January	89,757	13,068	102,825
Currency translation differences	63,388	4,153	67,541
Additions	1,612	589	2,201
Disposals	(131)	-	(131)
Impact of consolidation method change (Note 3)	314,102	1,399	315,501
Balance at 31 December 2018	468,728	19,209	487,937
Accumulated depreciation			
1 January	(80,712)	(9,887)	(90,599)
Currency translation differences	(33,455)	(3,255)	(36,710)
Period expense (*)	(3,541)	(2,140)	(5,681)
Impact of consolidation method change (Note 3)	(26,887)	(1,098)	(27,985)
Provision for impairment (**)	(96,550)	-	(96,550)
Balance at 31 December 2018	(241,145)	(16,380)	(257,525)
Net book value as of 31 December 2018	227,583	2,829	230,412
Net book value as of 31 December 2017	9,045	3,181	12,226
Cost			
1 January	73,553	10,820	84,373
Currency translation differences	13,576	2,087	15,663
Additions	2,684	166	2,850
Disposals	(56)	(5)	(61)
Balance at 31 December 2017	89,757	13,068	102,825
Accumulated depreciation			
1 January	(59,013)	(6,652)	(65,665)
Currency translation differences	(11,801)	(1,443)	(13,244)
Period expense (*)	(9,954)	(1,797)	(11,751)
Disposals	56	5	61
Balance at 31 December 2017	(80,712)	(9,887)	(90,599)
Net book value as of 31 December 2017	9,045	3,181	12,226
Net book value as of 31 December 2016	14,540	4,168	18,708

(*) Allocation of depreciation expenses are disclosed in Note 28 and Note 30.

(**) The Group recorded an impairment loss of TRY 96,550 thousand for intangibles having a net book value of TRY 287,215 thousand arising from Sisecam Flat Glass India Limited acquisition.

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Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

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20. Goodwill

Changes in the goodwill amount during the period are as follows:

	31 December 2018	31 December 2017
1 January	31,403	26,349
Current charged	113,239	-
Currency translation differences	24,173	5,054
	168,815	31,403

The details of goodwill amount in terms of subsidiaries are as follows:

	31 December 2018	31 December 2017
Fritz Holding GmbH	8,771	6,570
Glasscorp S.A.	33,152	24,833
Sisecam Flat Glass India Limited	126,892	-
	168,815	31,403

21. Government Grants

An agreement for government incentive was signed between Glasscorp S.A and Ministry of Economy on behalf of the Republic of Romania under "Regulation of Investment Incentive and Implementation" of Romania and "Government Incentive Legislation" of European Union. In this context; In accordance with the relevant legislation, Glasscorp SA has an obligation to repay the amount of 77,766,398.00 RON of its incentives which was collected in cash and booked as deferred income in accordance with the relevant legislation until 31.12.2019 either as corporate tax or employment tax. Non-repaid amount of incentive is 40,432,370 RON as of 31 December 2018. The management of Glasscorp S.A continues to negotiate with the relevant institutions to extend the repayment period for the relevant incentive.

Exports and other foreign currency denominated operations, within the scope of the standards determined by the Ministry of Finance and Undersecretaries of Foreign Trade, are exempt from stamp tax and fees. Government grants are paid to support participating in international fairs in accordance with the Decision No: 2004/11 of the Money Credit and Coordination Committee issued at 16 December 2004.

22. Provisions, Contingent Assets and Liabilities

	31 December 2018	31 December 2017
Short term provisions		
Provision for litigation	7,351	6,651
Provision for outsourced services	4,311	2,883
Provision for personnel allowance	5,752	2,448
Turnover premium provisions	17,063	6,434
Donation Provision	8,288	-
Penalty Provision	-	13,125
Other	5,671	3,043
	48,436	34,584

As of 31 December 2018, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 7,351 thousand (31 December 2017: TRY 6,651 thousand) and provided a provision for this amount. The provision amount was recognised under general administrative expenses.

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22. Provisions, Contingent Assets and Liabilities (Continued)

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2018 and 31 December 2017 are as follows: Some of the Group's financing needs are provided by Şişecam Holding, the main shareholder of the Group, and provided to its subsidiaries on the same terms. As of 31 December 2018 and 31 December 2017, there is no CPM in favor of third parties.

The CPM's given by the Company	31 December 2018			
	TRY Equivalent	US Dollar	EUR	Other
A. CPM's given in the name of its own legal personality	-	-	-	-
B. CPM's given on behalf of the fully consolidated companies	1,321,221	-	211,817	44,388
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM's given on behalf of the Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	1,321,221	-	211,817	44,388

The CPM's given by the company	31 December 2017			
	TRY Equivalent	US Dollar	EUR	Other
A. CPM's given in the name of its own legal personality	-	-	-	-
B. CPM's given on behalf of the fully consolidated companies	1,104,600	-	235,347	41,889
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM's given on behalf of the Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	1,104,600	-	235,347	41,889

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Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

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23. Commitments

According to agreements made with Türkiye Petrolleri Anonim Ortaklığı, Polatlı O.S.B, and Mersin O.S.B. the Group has a commitment to purchase 427,993,904 sm³ natural gas purchase commitment between 1 January and 31 December 2019 (31 December 2017: 373,943,764 sm³).

24. Employee Benefits

	31 December 2018	31 December 2017
Short Term		
Unused vacation provisions	3,394	2,011
	31 December 2018	31 December 2017
Provisions for employee termination benefits		
Domestic	89,361	79,868
Foreign	12,253	3,105
	101,614	82,973

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. In addition, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of 23 May 2002.

The monthly ceiling of employee termination benefit to be paid as of 31 December 2018 is TRY 5,434.42 (31 December 2017: TRY 4,732.48). In the calculation of the provision of the group's severance pay, the ceiling amount of 6,017.60 TRY, which is valid from 1 January 2019, is taken into consideration (5,001.76, which is valid since December 31 2017- January 1, 2018). Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The actuarial assumptions used in calculating the total liabilities are as follows. The actuarial loss/(gain) is accounted for in the comprehensive income statement "defined benefit plans remeasurement gains/losses".

The principal assumption is that the maximum liability for each year of service will increase in line 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 consolidated financial statements as of 31 December 2018 and 31 December 2017 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 6,40% (31 December 2017: 6,00%) and a discount rate of 11,39% (31 December 2017: 11,39%), the real discount rate is approximately 4,69% (31 December 2017: 4,69%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The movement of the employment termination benefits is as follows:

	31 December 2018	31 December 2017
January 1st	82,973	66,812
Service cost	19,076	9,782
Interest cost	9,207	7,361
The Actuarial loss/(gain)	(3,042)	7,341
Impact of consolidation method change (Note 3)	1,690	-
Currency translation differences	1,604	597
Paid during the period	(9,894)	(8,920)
	101,614	82,973

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25. Impairment of Assets

	31 December 2018	31 December 2017
Impairment of intangible assets (Note 19)	96,550	-
Provision for doubtful receivables	47,228	48,679
Provision for impairment of inventory	18,534	11,811
Provision for impairment of financial assets	26,269	-
Provision for impairment of cash and cash equivalents	1,485	-
	93,516	60,490

26. Other Assets and Liabilities

Other current assets	31 December 2018	31 December 2017
Other VAT	34,051	26,519
Other	6,814	3,813
	40,865	30,332

Other current liabilities	31 December 2018	31 December 2017
Expense accruals	15,630	14,130
Taxes and funds payables	15,394	17,640
Social security premiums payables	9,001	8,839
Social benefit payable	35,806	33,926
Other	15,769	6,129
	91,600	80,664

27. Equity, Reserves and Other Equity Items

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code and are presented with in the statutory financial statements. The differences, that are recognized through the valuation made in accordance with CMB Reporting Standards and cannot be subject to dividend distribution or capital increase as of reporting date (such as inflation adjustment differences) and relevant to the paid-in share capital, are associated with "Adjustments to Share Capital" which is under paid-in share capital and the differences resulting from the "Restricted Reserves" and "Share Premiums" are associated with "Retained Earnings".

a) Equity / Equity to Associates

The approved and paid-in capital of the Company consists of 125,000,000,000 (31 December 2017: 113,000,000,000) shares issued on bearer with a nominal value of Kr 1 (Kuruş one) each.

	31 December 2018	31 December 2017
Registered capital ceiling	3,000,000	3,000,000
Approved and paid-in capital	1,250,000	1,130,000

Shareholder structure as of 31 December 2018 and 31 December 2017 is as follows:

Shareholders	31 December 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	868,129	69,45	784,789	69,45
Free Float (*)	381,871	30,55	345,211	30,55
Paid - in share capital	1,250,000	100,00	1,130,000	100,00
Adjustment to share capital	5,577	-	5,577	-
Total share capital	1,255,577		1,135,577	

(*) The other publicly held part of the Company.

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Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

27. Capital, Reserves and Other Equity Items (continued)

b) Share Premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 23 thousand as of 31 December 2018 (31 December 2017: TRY 23 thousand).

c) Other Comprehensive Income not to be reclassified to profit or loss

Revaluation funds that are unrelated with income statement is directly transferred to equity as follows:

<u>Items not to be reclassified to profit or loss</u>	<u>31 December 2018</u>	<u>31 December 2017</u>
Fixed assets revaluation fund	671,448	464,325
- Revaluation funds of land and buildings	671,448	464,325
- Actuarial gain/loss revaluation fund of employee termination provisions	(2,616)	(4,892)
	668,832	459,433

Provision for employee termination benefits actuarial gain / loss reserve fund

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Revaluation Funds" under the equity. For severance pay, the actuarial loss/gain fund is not to be reclassified in profits or losses.

The movement of the gain/loss on revaluation and remeasurement is as follows:

	<u>31 December 2018</u>	<u>31 December 2017</u>
January 1 st	(4,892)	800
Occurring within the period	3,042	(7,115)
Impact of deferred tax	(608)	1,423
Currency translation differences	(158)	-
	(2,616)	(4,892)

d) Other Comprehensive Income to be reclassified to profit or loss

Movements in revaluation funds presented in the statements of comprehensive income and statement of changes in equity.

Currency translation differences

It arises from exchange differences arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY and accounted for under equity.

TRY 84,377 thousand of the change in the currency translation difference relates to non-controlling interests (31 December 2017: TRY 39,685 thousand).

<u>Items to be reclassified to profit or loss</u>	<u>31 December 2018</u>	<u>31 December 2017</u>
Currency translation differences	780,365	464,047

e) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below. Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application.

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Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

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27. Capital, Reserves and Other Equity Items (continued)

e) Restricted Reserves (continued)

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

Legal Reserves "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

Restricted reserves attributable to equity holders of the Parent	31 December 2018	31 December 2017
Legal Reserves	197,629	159,699

f) Retained Earnings

Prior periods' income of the Group amounting to TRY 1,450,702 thousand is classified to retained earnings in the consolidated balance sheet as at 31 December 2018 (31 December 2017: TRY 1,174,791 thousand).

Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19,1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14,1 that sufficient reserves exists in the unconsolidated statutory books.

The profit shares in quoted partnerships are distributed to all available shared as of distribution date, equally at the rates of shares without considering the issue and acquisition dates.

Reserves subject to distribution of dividend

As of the company's report date, the amount of net distributable profit in the legal records and other resources that may be subject to dividend distribution are as follows:

	31 December 2018	31 December 2017
Net profit for the year	458,035	538,254
1. Legal Reserves	(22,902)	(26,913)
Distributable profit for the year	435,133	511,341
Extraordinary Reserves	769,344	565,676
Retained earnings	511	327
	1,204,988	1,077,344

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28. Revenue and Cost of Sales

	1 January- 31 December 2018	1 January- 31 December 2017
Sales		
Revenue	6,323,014	4,653,060
Sales discount	(422,788)	(290,854)
Sales returns	(22,050)	(27,962)
Other sales discounts	(3,112)	(3,082)
	5,875,064	4,331,162
Cost of Sales		
Direct raw materials and supplies expenses	(2,426,223)	(1,818,078)
Direct labor expenses	(373,839)	(277,545)
General production expenses	(840,466)	(564,339)
Depreciation expenses	(322,797)	(264,856)
Change in work - in - progress inventories	2,705	12,952
Change in finished goods inventories	138,764	28,318
Cost of goods sold	(3,821,856)	(2,883,548)
Cost of traded goods sold	(133,047)	(33,529)
Cost of services sold	(3,777)	(13,807)
	(3,958,680)	(2,930,884)

29. General Administrative Expenses, Marketing Expenses, Research and Development Expenses

	1 January- 31 December 2018	1 January- 31 December 2017
General administrative expenses	(403,104)	(286,649)
Marketing expenses	(676,280)	(504,217)
Research and development expenses	(20,986)	(25,527)
	(1,100,370)	(816,393)

30. Expense by Nature

	1 January- 31 December 2018	1 January- 31 December 2017
Indirect material costs	(24,401)	(23,703)
Labor and employee salary expense	(285,323)	(222,717)
Outsourced services	(425,527)	(353,255)
Miscellaneous expenses	(311,524)	(174,284)
Depreciation and amortization expenses	(53,595)	(42,434)
	(1,100,370)	(816,393)

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Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

31. Other Income and Expenses from Operating Activities

	1 January- 31 December 2018	1 January- 31 December 2017
Other operating income		
Finance income related to operating activities	253,117	98,659
Terminated provisions	41,054	27,223
Gain on sales of raw material and material	20,311	8,609
Insurance damage indemnity	19,813	10,629
Investment incentive income	10,447	6,612
Franchise income	9,950	7,494
Gain on sales of scrap	7,555	3,358
Rent income	2,769	2,268
Commission income	-	5,449
Income related to other operating activities	37,537	37,651
	402,553	207,952
	1 January- 31 December 2018	1 January- 31 December 2017
Other operating expenses		
Financial expenses related to operating activities	(133,692)	(55,450)
Provision expenses	(7,561)	(11,620)
Loss on sales of scrap	(6,373)	(4,339)
Commission expenses	(719)	(457)
Penalties	(10)	(441)
Loss related to other operating activities	(7,973)	(22,049)
	(156,328)	(94,356)

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32. Income or Expenses from Investing Activities

	1 January- 31 December 2018	1 January- 31 December 2017
Income from investing activities		
Held-to-maturity financial asset revaluation profits	344,900	79,664
Gain on sales of tangible asset	3,012	13,849
	347,912	93,513
Expense from investing activities		
Loss on sale of tangible assets	(594)	(422)
Impairment of tangible assets	(10,062)	-
Impairment of intangible assets	(96,550)	-
	(107,206)	(422)

Determined in accordance with TFRS-9, impairment gains (losses) and cancellations of impairment losses:

	1 January- 31 December 2018	1 January- 31 December 2017
Impairment Loss		
Impairment of financial investments	(22,020)	-
Impairment of cash and cash equivalents	(1,324)	-
	(23,344)	-

Subsidiaries, Jointly controlled businesses and other income (expense) from Subsidiaries:

The Group has taken %50 share with investments accounted using the equity method from HNG Float Glass Limited Partnership (New title is Şişecam Flat Glass India Limited) joint venture increased its ownership to 100% by taking an additional 49.80% share on June 13, 2018 and 0.2% shares on December 28, 2018. As a result of the transfer of control to the Group through this acquisition. The investment has become a subsidiary TFRS-3 "Business Combinations" has been accounted for in accordance with the accounting standard

As of the date of the report the Company's valuation studies are not completed, the calculation based on provisional amounts is as follows:

Estimated fair value of the share on purchase date	624,136
Net book value of the defined assets on purchase date	588,914
Fair value difference	35,222
50% part of the fair value difference (=35,222 x 50 %)	17,611
Goodwill amount before purchase of 50% shares	(3,913)
Profit of fair value difference	13,698

The Gains (Losses) from the classification profit or loss at Fair Value Difference of Financial Assets:

The Group acquired the HNG Float Glass Limited partnership, which is accounted for using the equity method as a result of the abandonment of the application of the equity method due to the additional share purchase will be reclassified to profit or loss in other comprehensive income accounting group Foreign currency conversion differences account TAS-28 "Investments in Associates and Joint Ventures" is accounted for in profit or loss in accordance with the accounting standard.

The foreign currency differences of HNG Float Glass Limited (new title: Şişecam Flat Glass India Limited) in the date of June 13, 2018 are as follows:

The portion of the amount in the individual financial statement relating to our shareholding (164,331 x 50 %)	82,166
Foreign currency difference of the amount of goodwill relating to our shareholding	2,046
The difference arising from the netting of the joint ventures capital and the Group's assets	54,146
Fair value difference profit	138,358

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33. Financial Income and Expenses

	1 January- 31 December 2018	1 January- 31 December 2017
Financial Income		
Foreign exchange income	639,304	242,357
- Cash and cash equivalents	633,618	202,129
- Borrowings	5,686	1,118
- Bonds issued	-	390
- Other	-	38,720
Interest income	81,541	87,511
- Time deposits	65,896	69,704
- Other	15,645	17,807
	720,845	329,868
Financial Expenses		
Foreign exchange loss	(906,956)	(293,087)
- Cash and cash equivalents	(386,338)	(126,694)
- Borrowings	(148,368)	(71,461)
- Bonds issued	(372,250)	(63,565)
- Other	-	(31,367)
Interest expense	(120,954)	(104,177)
- Borrowing	(46,250)	(39,639)
- Bonds	(53,432)	(40,076)
- Others	(21,272)	(24,462)
	(1,027,910)	(397,264)
Financial Income/Expense(Net)		
Foreign exchange gain (loss)	(267,652)	(50,730)
- Cash and cash equivalents	247,280	75,435
- Borrowings	(142,682)	(70,343)
- Bonds issued	(372,250)	(63,175)
- Other	-	7,353
Interest income (expense)	(39,413)	(16,666)
- Time deposits and borrowings	19,646	30,065
- Bonds	(53,432)	(40,076)
- Other	(5,627)	(6,655)
	(307,065)	(67,396)

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34. Assets Held for Sale and Discontinued operations

None (31 December 2017: None).

35. Taxes on Income (Including Deferred Tax Assets and Liabilities)

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with Turkish Financial Reporting Standards and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for Turkish Financial Reporting Standards and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect, deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2018	31 December 2017
Deferred tax assets	78,853	52,098
Deferred tax liabilities (-)	(94,238)	(41,638)
Deferred tax liabilities (net)	(15,385)	10,460

	31 December 2018	31 December 2017
Temporary Differences		
Useful life and valuation differences on tangible and intangible assets	1,405,941	558,104
Carry forward tax losses	(345,120)	(236,824)
Employee termination benefits	(93,158)	(75,593)
Inventory valuation adjustments	(20,602)	(9,301)
Investment allowance utilized during the period	(511,775)	(313,005)
Discount on receivables and payables	(4,497)	(2,681)
Provision for legal exposures	(10,788)	(5,421)
Doubtful receivables	(18,316)	(23,469)
Other	156,086	61,215
	557,771	(46,975)

	31 December 2018	31 December 2017
Deferred Tax (Assets)/Liabilities		
Useful life and valuation differences on tangible and intangible assets	195,469	100,276
Carry forward tax losses	(37,602)	(14,190)
Employee termination benefits	(20,726)	(16,411)
Inventory valuation adjustments	(3,415)	(1,896)
Investment allowance utilized during the period	(124,333)	(68,861)
Discount on receivables and payables	(989)	(590)
Provisions for legal exposures	(2,887)	(1,193)
Doubtful receivables	(4,584)	(5,086)
Other	14,452	(2,509)
	15,385	(10,460)

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35. Taxes on Income (Including Deferred Tax Assets and Liabilities) (continued)

The maturities of carried forward tax losses are as follows:

	31 December 2018	31 December 2017
Ending in the first year	-	24,723
Ending in the second year	12,526	-
Ending in the third year	12,640	9,383
Ending in the fourth year	33,663	9,468
Ending in the fifth year	38,087	25,216
Ending in the sixth year	89,957	30,319
Ending in the seventh year	67,693	32,640
Ending in the eighth year	40,021	49,711
Ending in the ninth year	24,081	34,566
Ending in the tenth year	26,452	20,798
	345,120	236,824

The movement of the deferred tax (assets) / liabilities is as follows:

	31 December 2018	31 December 2017
January 1 st	(10,460)	(34,589)
Recognized in the statement of profit and loss	(14,890)	12,052
Recognized in the statement of other comprehensive income	569	(1,423)
Impact of consolidation method change	715	-
Currency translation differences	39,451	13,500
	15,385	(10,460)

Corporate Tax

The Group is subject to Turkish corporate taxes, Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses and preferred investment allowances) are deducted.

The tax rate in Turkey is 22% as of the balance sheet date December 31, 2018 (31 December 2017: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2018 are as follows:

Country	Tax Rate (%)
Bulgaria	10,0
Egypt	20,0
Romania	16,0
Russia (*)	2,0 – 20,0
Holland (**)	20,0 – 25,0
Germany	15,0
India	35,0
Slovakia	19,0
Hungary	10,0-19,0
Italy	27,9

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35. Taxes on Income (Including Deferred Tax Assets and Liabilities) (continued)

Corporate Tax (continued)

- (*) The general tax rate in Russia is 20%, of which 18% is allocated to the 'Regional Budget' and 2% to the 'General Budget' bun. Since the subsidiaries in Russia's Tatarstan region located in a Special Economic Zone, they pay 2% tax of the profits of their main operations and 20% tax of the non-core operating income.
- (**) In the Netherlands, a tax of 20% for income up to € 200,000 and a tax rate of 25% for excess.

In Turkey, advance tax returns are filed on a quarterly basis. In 2018, 22% of temporary tax rate is applied during the taxation of corporate income (31 December 2017: 20%).

In accordance with the regulation numbered 7061, published in Official Gazette on November 27, 2017, tax rate of 20% that stated in the first paragraph of Article 32 of the Law on Corporations Tax No 5520 has been added temporarily as 22 % for corporate income related to 2018, 2019 and 2020 taxation periods. Also with the same regulation and stated in 5520 numbered Law No, 5, 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). The Tax Office can examine these statements and the accounting records that are based on them within 5 years and change the taxation of the institutions that the company should pay.

Losses can be carried forward for offset against future taxable income for up to 5 years (Russia unlimited, Romania 7 years, Germany 10 years, India 8 years). Losses cannot be carried back for offset against profits from prior periods.

With the term of not exceeding the companies subsidiary Trakya Glass Bulgaria EAD's investments more than 50% which operations take place in Bulgaria, the company can benefit from tax allowance. Company has benefited from the tax allowance in year 2017.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all Companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

A tax charge of 19.8% applies to investment incentives that were utilized via investment incentive certificates that were obtained before 24 April 2003. After this date, 40% of investment expenses incurred without an incentive certificate can be deducted from taxable revenue. There is no tax charge for capital expenditures qualifying for government incentive.

Reduced Corporate Tax

Within the framework of Article 32/A of the Corporate Tax Law No,5520 the Ministry of Economy receives discounted corporate tax support for the profits obtained from investments connected to the incentive certificate. The amount of corporation tax to be paid each year until the amount of investment contribution calculated according to the investment contribution rate determined by the Council of Ministers is attained is applied by discounting the corporation tax discount rate determined by the Council of Ministers and utilizing this incentive. VAT and customs tax incentives are also utilized in accordance with the investment incentive documents obtained under the same decision scope.

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35. Taxes on Income (Including Deferred Tax Assets and Liabilities) (continued)

	1 January- 31 December 2018	1 January- 31 December 2017
Current tax provision	(194,162)	(116,779)
Prepaid taxes and funds (-)	14,890	(12,052)
Tax provisions in the statement	(179,272)	(128,831)
Reconciliation of provision for tax	1 January- 31 December 2018	1 January- 31 December 2017
Profit before taxation and non-controlling interest	1,177,959	772,713
Effective tax rate	%22,00	%20,00
Calculated tax	(259,151)	(154,543)
The reconciliation of income tax provision and calculated		
- Non-deductible expenses	(28,847)	(10,905)
- Reduced corporate tax	78,660	17,914
- Losses from past years that can be deducted from tax	-	407
- Income/(loss) from associates	-	9,907
- The effect of foreign companies subject to different tax rate	16,893	12,315
- Tax base increase	-	(1,819)
- Other	13,173	(2,107)
Tax provision in the income statement	(179,272)	(128,831)

36. Earnings per Share

	1 January- 31 December 2018	1 January- 31 December 2017
Earning per share		
Average number of shares existing during the period (total value)	1,250,000	1,250,000
Net profit for the period attributable to equity holders of the parent	958,325	616,395
Earning per share	0.7667	0.4931
Total comprehensive income attributable to equity holders of the parent	1,485,467	822,681
Earnings per share from total comprehensive income	1.1884	0.6581

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37. Related Party Disclosures

Türkiye Şişe ve Cam Fabrikaları A.Ş. is the main shareholder of the Group and Türkiye İş Bankası A.Ş. is the ultimate controlling party. All transactions and balances between the Group and its consolidated subsidiaries are eliminated on consolidation and not disclosed in this note.

Transactions among the Group and other related parties are disclosed below,

	31 December 2018	31 December 2017
Deposits held from related parties		
T. İş Bankası A.Ş.		
- Time deposits	1,076,248	1,129,240
- Demand deposits	75,168	2,320
	1,151,416	1,131,560
İşbank AG		
- Time deposits	-	-
- Demand deposits	1,171	16,766
	1,171	16,766
	1,152,587	1,148,326

The Group's non-trade payables and receivables are comprised of the debts and loans given and received in order to meet the financing requirement of the group and its affiliated Şişecam Holding companies within the year. Non-trade payables and receivables are not dependent on a particular maturity, and are determined monthly by taking into account the relevant payables and receivables, assessments made by Şişecam Holding and the developments in the monetary markets, accrues interest by using the current account interest rate. In this context, the current account interest rate of December 2018 was 2.09% (31 December 2017:1.28%).

	31 December 2018	31 December 2017
Financial liabilities to related parties		
Şişecam Holding (*)	1,320,966	945,642

(*) The parent company, T.Şişe ve Cam Fabrikaları A.Ş. issued on 9 May 2013, a 7 year term, fixed interest bonds amounting to US dollar 500,000 thousand with the maturity date May 2020. The interest rate for the bonds was determined as 4.25%. The capital payment of the bond would be made at maturity date. Funds amounting to US dollar 250,000 thousand provided after issuance of these bonds transferred to the Group under the same conditions and the Group guaranteed principal, interest and other payments of fund transferred from T. Şişe ve Cam Fabrikaları A.Ş., TRY 6,021 thousand portion of the period balance is short term and TRY 1,314,946 thousand portion is long term.

	1 January- 31 December 2018	1 January- 31 December 2017
Financial investments to be held until maturity		
Türkiye İş Bankası A.Ş.	231,747	167,554
Türkiye Sınai Kalkınma Bankası A.Ş.	121,396	85,311
	353,143	252,865

Coupon interest rates and nominal amounts of financial investments held to maturity are as follows:

Securities issuer	ISIN Code	Coupon Interest Rate (%)	1 January- 31 December 2018	1 January- 31 December 2017
			Nominal Amount (K, USD)	Nominal Amount (K, USD)
Türkiye İş Bankası A.Ş.	XS1390320981	5,3750%	15,982	15,982
Türkiye İş Bankası A.Ş.	XS1079527211	5,0000%	15,374	10,950
Türkiye İş Bankası A.Ş.	XS1508390090	5,5000%	12,000	6,500
Türkiye İş Bankası A.Ş.	XS1578203462	6,1250%	550	550
			43,906	33,982
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,1250%	6,350	3,000
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,8750%	16,287	12,898
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,3750%	410	410
			23,047	16,308

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37. Related Party Disclosures (continued)

	31 December 2018	31 December 2017
Other receivables from related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	97,825	151,449
Paşabahçe Bulgaria EAD	23,234	13,145
Camiş Elektrik Üretim A.Ş.	466	4,855
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1,659	1,313
Other	5,416	3,217
	128,600	173,979
Trade payables to related parties		
Şişecam Bulgaria EOOD	25,130	21,149
Soda Sanayii A.Ş.	28,288	10,835
Şişecam Dış Ticaret A.Ş.	5,449	6,247
Camiş Madencilik A.Ş.	6,507	12,713
Çayırova Cam Sanayii A.Ş.	6	3
Camiş Elektrik Üretim A.Ş.	3,718	2,427
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1,994	2,222
Saint Gobain Glass Egypt S.A.E.	1,149	1,090
Şişecam Enerji A.Ş.	8,250	-
Other	3,102	2,251
	83,593	58,937
Other payables to related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	81,836	171,424
Interest income from related parties		
T. İş Bankası A.Ş.	48,103	61,667
Türkiye Şişe ve Cam Fabrikaları A.Ş.	13,377	10,371
Other	2,256	694
	63,736	72,732

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37. Related Party Disclosures (continued)

	1 January- 31 December 2018	1 January- 31 December 2017
Interest expense to related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	8,761	17,027
T. İş Bankası A.Ş.	401	76
Şişecam Dış Ticaret A.Ş.	172	1,942
Soda Sanayii A.Ş.	40	1,602
Other	99	1,659
	9,473	22,306
Other income from related parties		
Paşabahçe Bulgaria EAD (*)	40,334	24,435
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5,278	5,100
OOO Ruscam Glass Packaging Holding	676	-
Other	5,805	5,083
	52,093	34,618

(*) It consists of sales of materials to Paşabahçe Bulgaria EAD

	1 January- 31 December 2018	1 January- 31 December 2017
Other expenses to related parties		
Soda Sanayii A.Ş. (1)	132,402	90,099
Camiş Madencilik A.Ş. (2)	114,024	93,965
Türkiye Şişe ve Cam Fabrikaları A.Ş.	87,642	69,573
Şişecam Bulgaria EOOD (3)	132,180	101,194
Şişecam Enerji A.Ş.	58,296	-
Camiş Elektrik Üretim A.Ş.	32,396	24,242
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	2,613	-
Other	23,281	17,016
	582,834	396,089

- (1) It consists of purchases of soda from Soda Sanayii,
(2) It consists of purchases of sand from Camiş Madencilik,
(3) It consists of purchases of Soda from Şişecam Bulgaria EOOD.

	1 January- 31 December 2018	1 January- 31 December 2017
Benefits provided to key management		
Parent	5,987	4,627
Consolidated Entities	22,926	17,184
	28,913	21,811

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38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Note 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The Group controls its capital using the net debt / total capital ratio. This ratio is calculated as net debt divided by the total equity amount, Net debt, total debt net of cash and cash equivalents (as shown in the balance sheet of financial assets and liabilities, financial leases and trade payables) is calculated by subtracting.

As of 31 December 2018 and 31 December 2017, the Group's net debt / total equity ratios are as follows:

	31 December 2018	31 December 2017
Financial liabilities and trade payables	3,919,499	3,078,639
Less: Cash and cash equivalents	(1,339,701)	(1,393,526)
Net Debt	2,579,798	1,685,113
Total Equity	5,783,973	4,356,175
Net debt / equity ratio	45%	39%

The Group's general strategy is in line with prior periods.

b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via Financial Transactions Department. The Group's cash inflows and outflows are monitored by the reports prepared on a daily, weekly and monthly basis and compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department, which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity

b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 10). Trade receivables cover a number of customers scattered across various sectors and geographical areas. Credit assessments are carried out continuously through the balances of the customers' trade receivables.

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38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

Credit risk of financial instruments	Receivables			Cash and Cash Equivalents	Derivative Financial Instruments	
	Trade Receivable	Related Party	Other Receivable			
Maximum credit risk exposed as of 31 December 2018 (*) (A+B+C+D+E)						
Hedged part of maximum risk with collateral						
A. Net book value of financial assets that are neither past due nor impaired						
- The part of which is under guarantee with collateral						
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired						
- The part of which is under guarantee with collateral						
C. Net book value of financial assets that are past due but not impaired						
- The part of which is under guarantee with collateral						
D. Net book value of impaired assets						
- Past due (gross carrying amount)						
- Impairment (-)						
- The part of net value under guarantee with collateral						
- Not past due (gross carrying amount)						
- Impairment (-)						
- The part of net value under guarantee with collateral						
E. Off balance sheet items with credit risk						
	Related Party	Third Party	Related Party	Third Party	Cash and Cash Equivalents	Derivative Financial Instruments
		979,529	128,600	28,202	1,341,131	1,053,181
		(614,048)	-	-	-	-
		903,142	128,600	28,202	1,341,131	1,053,181
		(562,868)	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		76,387	-	-	-	-
		(51,180)	-	-	-	-
		-	-	-	-	-
		47,228	-	-	-	-
		(47,228)	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

(*) Determination of the amount received as guarantees, credit enhancements are not taken into account

38. Financial Instruments and Financial Risk Management (continued)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

Credit risk of financial instruments	Trade Receivable		Receivables		Third Party	Related Party	Cash and Cash Equivalents	Derivative Financial Instruments
	Related Party	Third Party	Third Party	Other Receivable				
Maximum credit risk exposed as of 31 December 2017 (*) (A+B+C+D+E)	-	705,090	173,979	15,886	1,393,486	739,532	-	
- Hedged part of maximum risk with collateral	-	(335,429)	-	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired	-	622,241	173,979	15,886	1,393,486	739,532	-	
- The part of which is under guarantee with collateral	-	(310,197)	-	-	-	-	-	
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired	-	-	-	-	-	-	-	
- The part of which is under guarantee with collateral	-	-	-	-	-	-	-	
C. Net book value of financial assets that are past due but not impaired	-	82,849	-	-	-	-	-	
- The part of which is under guarantee with collateral	-	(25,232)	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	-	
- Past due (gross carrying amount)	-	48,679	-	-	-	-	-	
- Impairment (-)	-	(48,679)	-	-	-	-	-	
- The part of net value under guarantee with collateral	-	-	-	-	-	-	-	
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	-	
- The part of net value under guarantee with collateral	-	-	-	-	-	-	-	
E. Off balance sheet items with credit risk	-	-	-	-	-	-	-	

(*)Determination of the amount received as guarantees, credit enhancements are not taken into account

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

Guarantees received from the customers are as follows:

	31 December 2018	31 December 2017
Letters of guarantee	154,452	117,965
Security cheques and bonds	112,718	41,798
Mortgages	8,220	6,531
Direct Debiting System	74,862	116,981
Other	263,796	52,154
	614,048	335,429

Collaterals for the trade receivables that are past due but not impaired are as stated below:

	31 December 2018	31 December 2017
Overdue 1-30 days	45,752	33,488
Overdue 1-3 months	8,843	11,069
Overdue 3-12 months	14,123	27,993
1-5 years overdue	7,669	10,299
Total overdue receivables	76,387	82,849
The part secured with guarantee, etc, (-)	51,180	25,232

b.2) Liquidity Risk Management

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to adequate number of creditors with high quality.

TRAKYA CAM SANAYİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.2) Liquidity Risk Management (continued)

Liquidity Risk Tables (continued)

The below table shows the Group's expected maturity for financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. Interest to be paid in future on financial liabilities is included in the table below.

Non-derivative financial liabilities	31 December 2018					
	Carrying Value	Total cash flow in accordance with the contract (I+II+III+IV)	Less than 3 months(I)	3-12 months(II)	1-5 years(III)	More than 5 years(IV)
Bank Borrowings	2,000,123	2,201,453	76,887	1,121,600	990,757	12,209
Financial payables due to related parties (Note 37)	1,320,966	1,399,071	-	55,897	1,343,174	-
Financial lease obligations	420	546	251	295	-	-
Trade payables	514,397	518,426	442,178	76,248	-	-
Due to related parties	165,429	165,429	165,429	-	-	-
Other payables	52,083	52,083	51,589	-	494	-
Total liabilities	4,053,418	4,337,008	736,334	1,254,040	2,334,425	12,209

Non-derivative financial liabilities	31 December 2017					
	Carrying Value	Total cash flow in accordance with the contract (I+II+III+IV)	Less than 3 months(I)	3-12 months(II)	1-5 years(III)	More than 5 years(IV)
Bank Borrowings	1,648,299	1,687,003	65,892	574,249	968,129	78,733
Financial payables due to related parties (Note 37)	945,642	1,043,166	-	40,076	1,003,090	-
Financial lease obligations	941	941	301	325	315	-
Trade payables	424,820	426,462	421,032	5,430	-	-
Due to related parties	230,361	230,361	230,361	-	-	-
Other payables	49,372	49,372	48,042	-	1,330	-
Total Liabilities	3,299,435	3,437,305	765,628	620,080	1,972,864	78,733

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign Currency Risk Management

Transactions in foreign currencies cause the risk of currency exchange. According to the economies of the countries in which their subsidiaries and affiliates operate, the group has accepted currencies that are excluded from the current functional currencies as foreign currencies.

Group's distribution of monetary and non-monetary assets and liabilities in foreign currencies at the reporting date are as follows:

Foreign Currency Position as of December 31, 2018

	TRY Equivalent	USD Dollar	Euro	Other
1. Trade Receivables	177,083	8,402	21,773	1,633
2a. Monetary financial assets (included cash and bank accounts)	1,004,858	20,851	148,125	2,265
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	1,181,941	29,253	169,898	3,898
5. Trade Receivables	-	-	-	-
6a. Monetary financial assets	1,053,181	200,190	-	-
6b. Non-monetary financial assets	41,950	-	3,798	19,056
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	1,095,131	200,190	3,798	19,056
9. Total assets (4+8)	2,277,072	229,443	173,696	22,954
10. Trade payables	111,372	2,024	13,208	21,106
11. Financial liabilities	335,110	5,970	50,382	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	446,482	7,994	63,590	21,106
14. Trade payables	-	-	-	-
15. Financial liabilities	1,638,776	268,336	37,672	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1,638,776	268,336	37,672	-
18. Total Liabilities (13+17)	2,085,258	276,330	101,262	21,106
19. Net foreign currency asset / (liability) position (19a-19b)	-	-	-	-
19a. Derivative Assets	-	-	-	-
19b. Derivative Liabilities	-	-	-	-
20. Net foreign currency position of monetary items (9-18+19)	191,814	(46,887)	72,434	1,848
21. Net monetary foreign currency asset and liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	149,864	(46,887)	68,636	(17,208)
22. Hedged foreign currency position	-	-	-	-
23. Export	520,978	32,965	61,260	13,861
24. Import	1,322,355	36,757	199,075	14,279

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.1) Foreign Currency Risk Management (continued)

		Foreign Currency Position as of December 31, 2017			
		TRY Equivalent	USD Dollar	Euro	Other
1.	Trade Receivables	79,625	7,606	3,594	34,707
2a.	Monetary financial assets (included cash and bank accounts)	805,429	140,899	58,420	10,177
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current Assets (1+2+3)	885,054	148,505	62,014	44,884
5.	Trade Receivables	-	-	-	-
6a.	Monetary financial assets	739,532	196,064	-	-
6b.	Non-monetary financial assets	103,819	-	11,241	53,060
7.	Other	-	-	-	-
8.	Non-current Assets (5+6+7)	843,351	196,064	11,241	53,060
9.	Total Assets (4+8)	1,728,405	344,569	73,255	97,944
10.	Trade payables	86,282	1,991	17,005	1,986
11.	Financial liabilities	196,109	6,509	37,993	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	282,391	8,500	54,998	1,986
14.	Trade payables	-	-	-	-
15.	Financial liabilities	1,307,726	272,902	61,647	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-Current Liabilities (14+15+16)	1,307,726	272,902	61,647	-
18.	Total Liabilities (13+17)	1,590,117	281,402	116,645	1,986
19.	Net foreign currency asset / (liability) position (19a-19b)	-	-	-	-
19a.	Derivative Assets	-	-	-	-
19b.	Derivative Liabilities	-	-	-	-
20.	Net foreign currency position of asset and liabilities (9-18+19)	138,288	63,167	(43,390)	95,958
21.	Net monetary foreign currency asset and liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	34,469	63,167	(54,631)	42,898
22.	Hedged foreign currency position	-	-	-	-
23.	Export	473,623	39,191	79,413	3,939
24.	Import	822,799	14,241	184,231	12,626

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.1) Foreign Currency Risk Management (continued)

The Group is mainly exposed to EUR and US dollar risks. The risks of other currencies are insignificant...

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially US dollar and EUR), 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Exchange Rate Risk Sensitivity

	31 December 2018			
	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TRY by 10%				
1 – USD Dollar net asset / (liability)	(24,667)	24,667	-	-
2 – Hedged portion (-)	-	-	-	-
3 – USD Dollar net effect (1+2)	(24,667)	24,667		
Appreciation of EUR against TRY by 10%				
4 – EUR net asset / (liability)	41,374	(41,374)	270,843	(270,843)
5 – Hedged portion (-)	-	-	-	-
6 – Euro net effect (4+5)	41,374	(41,374)	270,843	(270,843)
Appreciation of other currencies against TRY by 10%				
7 – Other currency net asset / (liability)	(1,721)	1,721	198,903	(198,903)
8 – Hedged portion (-)	-	-	-	-
9 – Other currency net effect (7+8)	(1,721)	1,721	198,903	(198,903)
Total (3+6+9)	14,986	(14,986)	469,746	(469,746)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.1) Exchange Rate Risk Management (continued)

Exchange Rate Risk Sensitivity (continued)

	31 December 2017			
	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TRY by 10%				
1 – USD Dollar net asset / (liability)	23,826	(23,826)	-	-
2 – Hedged portion (-)	-	-	-	-
3 – USD Dollar net effect (1+2)	23,826	(23,826)		
Appreciation of EUR against TRY by 10%				
4 – EUR net asset / (liability)	(24,669)	24,669	195,866	(195,866)
5 – Hedged portion (-)	-	-	-	-
6 – Euro net effect (4+5)	(24,669)	24,669	195,866	(195,866)
Appreciation of other currencies against TRY by 10%				
7 – Other currency net asset / (liability)	4,290	(4,290)	146,463	(146,463)
8 – Hedged portion (-)	-	-	-	-
9 – Other currency net effect (7+8)	4,290	(4,290)	146,463	(146,463)
Total (3+6+9)	3,447	(3,447)	342,329	(342,329)

b.3.2) Interest Rate Risk Management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased/ decreased by 0.25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and non-controlling interest would decrease / increase by TRY 5,000 thousand as of 31 December 2018 (31 December 2017: TRY 4,121 thousand).

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Managements (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.2) Interest Rate Risk Management (continued)

Interest Rate Sensitivity

The Group's financial instruments that are sensitive to interest rates are as follows:

	31 December 2018			
	Floating Interest	Fixed interest	Non-interest bearing	Total
Financial assets	-	3,403,110	126,103	3,529,213
Cash and cash equivalents	-	1,213,598	126,103	1,339,701
Financial investments	-	1,053,181	-	1,053,181
Trade receivables	-	979,529	-	979,529
Due from related parties	-	128,600	-	128,600
Other receivables	-	28,202	-	28,202
Financial liabilities	2,000,123	2,053,295	-	4,053,418
Bank borrowings	2,000,123	1,320,966	-	3,321,089
Financial leasing liabilities	-	420	-	420
Trade payables	-	514,397	-	514,397
Due to related parties	-	165,429	-	165,429
Other payables	-	52,083	-	52,083
	31 December 2017			
	Floating Interest	Fixed interest	Non-interest bearing	Total
Financial assets	-	2,882,589	145,424	3,028,013
Cash and cash equivalents	-	1,248,102	145,424	1,393,526
Financial investments	-	739,532	-	739,532
Trade receivables	-	705,090	-	705,090
Due from related parties	-	173,979	-	173,979
Other receivables	-	15,886	-	15,886
Financial liabilities	1,648,299	1,353,612	297,524	3,299,435
Bank borrowings	1,648,299	648,118	297,524	2,593,941
Financial leasing liabilities	-	941	-	941
Trade payables	-	424,820	-	424,820
Due to related parties	-	230,361	-	230,361
Other payables	-	49,372	-	49,372

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.3) Other price risks

Equity price sensitivity

Sensitivity analyses presented below are determined based on the equity share price risks as of the reporting date. If the equity shares prices were increased / decreased by 10% with all other variables held constant as of the reporting date: Net profit/loss would not be affected as of 31 December 2018 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

31 December 2018	Financial assets and liabilities that are valued using effective interest method	Loans and receivables	Carrying Value	Note
Financial assets	2,392,882	1,108,129	3,501,011	
Cash and cash equivalents	1,339,701	-	1,339,701	6
Trade receivables	-	979,529	979,529	10
Due from related parties	-	128,600	128,600	37
Derivative financial assets	-	-	-	12
Financial investments	1,053,181	-	1,053,181	7
Financial liabilities	4,001,335	-	4,001,335	
Financial payables	3,321,509	-	3,321,509	8
Trade payables	514,397	-	514,397	10
Due to related parties	165,429	-	165,429	37
Derivative Liabilities	-	-	-	12
31 December 2017	Financial assets and liabilities that are valued using effective interest method	Loans and receivables	Carrying Value	Note
Financial assets	2,133,058	879,069	3,012,127	
Cash and cash equivalents	1,393,526	-	1,393,526	6
Trade receivables	-	705,090	705,090	10
Due from related parties	-	173,979	173,979	37
Financial investments	739,532	-	739,532	7
Financial liabilities	3,250,063	-	3,250,063	
Financial payables	2,594,882	-	2,594,882	8
Trade payables	424,820	-	424,820	10
Due to related parties	230,361	-	230,361	37
Derivative Liabilities	-	-	-	12

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period between 1 January and 31 December 2018

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

40. Subsequent Events

The validity period of the group collective bargaining agreement's signed between our company and the Kristal-İş Union has ended on 31.12.2018. Negotiations of the 26 th term group collective agreement covering Trakya Cam Sanayii A.Ş., Mersin and Trakya factories, and our subsidiary Trakya Yenişehir Cam Sanayi A.Ş. Yenişehir Factory started on 17 January 2019. Moreover, our subsidiary, Şişecam Otomotiv A.Ş., has begun its collective bargaining negotiations on the same day.

41. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for the Clear Understanding of Financial Statements Approval of Financial Statements

Approval of financial statements

The Group's consolidated financial statements as of 31 December 2018 prepared in accordance with the Capital Markets Board's Communiqué Serial: II-14,1 are audited by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company, The accompanying financial statements are authorized by Accounting Manager Nihal Topçuoğlu and Budget and Financial Controlling Manager Bünyamin Arslan approved for the public announcement by the Board of Directors on 31 January 2019.

TRAKYA CAM SANAYİİ A.Ş.

PROFIT DISTRIBUTION OF 2018

Dear Shareholders,

We submit to your information and approval that our TRY 958,325 thousand of net period profit, which was stated in 2018 consolidated financial statement that was prepared in accordance with IAS / IFRS and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) to be segregated as follows in accordance with CMB's regulations regarding profit distribution, 25th article of our Articles of Association and the considerations specified in our company's "Profit Distribution Policy":

	Thousand Turkish Lira
1. Net Period Profit	958,325
2. First Legal Reserve	(23,160)
3. Distributable net profit for the period	935,165
4. Donations in the year	2,140
5. Distributable net profit for the period that added donations of the first proportion of dividend	937,305
6. First proportion of dividend to shareholders	
- Cash	170,000
- Bonus Shares	-
Total Dividend	170,000
7. Second Legal Reserve	10,750
8. Extraordinary Legal Reserve	754,415

That TRY 170,000 thousand of gross dividend, which accounts for %13.6000 of current issued capital, to be distributed in cash, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share and that cash dividend payment date to be determined as 31 May 2019.

Submit for your approval and opinions,

Best Regards,

PROF.DR.AHMET KIRMAN

Chairman of the Board of Directors

TRAKYA CAM SANAYİİ A.Ş.

PROFIT DISTRIBUTION OF 2018

PROFIT DISTRIBUTION POLICY

The Company's profit distribution policy is determined in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws and other applicable legislation and the Articles of Association.

Accordingly;

- a. The Company adopts to distribute at least 50% of the distributable net period profit calculated as cash and / or bonus profit share at the end of the year in the framework of the Capital Market Legislation and other relevant legislation. Taking into consideration factors such as economic conditions, investment plans and cash position, the Shareholders Ordinary General Assembly may decide to make a different distribution compared to targeted one.
- b. The profit distribution proposals of our Board of Directors, including the details set forth in the Capital Markets Board regulations and the Corporate Governance Principles, are announced to the public through the public disclosure platform, our company's website and annual report.
- c. The cash dividends to be distributed in accordance with the decision to be taken at the General Meeting is paid on the date determined in the General Assembly. The transactions related to the dividends to be distributed as bonus shares are completed within the legal period stipulated in the regulations of the Capital Markets Board.
- d. Within the framework of the profit distribution policy, dividends are distributed equally to all existing shares at the date of distribution, irrespective of their issuance and acquisition dates.
- e. In the event that the Board of Directors proposes not to distribute profits to the General Assembly, the reason and information on the use of non-distributed profits are submitted to shareholders at the General Assembly meeting.
- f. In the profit distribution policy, a balanced policy is followed between the interests of the shareholders and the interests of the company izlenir.
- g. There are no privileged shares in obtaining dividends from the profit.
- h. In our Articles of Association, there is no application for giving dividend to our Board of Directors members and employees with the founder usufruct share.
- i. According to the Company's Articles of Association, The Board of Directors may distribute profit share advances by being authorized by the General Assembly and by complying with the Capital Markets Law and the relevant regulations of the Capital Markets Board. The authority to distribute the profit share advance granted to the Board of Directors by the General Assembly is limited to the year of appointment.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

DONATION POLICY

This policy has been established in line with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board Communiqué, Principle Decisions and other regulations and Company Articles of Association.

Purpose:

The main purpose of donations and grants is to fulfill our social responsibilities, to build a sense of corporate responsibility in our partners and employees, as well as to meet social and communal needs and to benefit the public. For this purpose, the company's organization and its activities within the framework of the fulfillment of the proper social purpose and social responsibility in education, health, culture, law, the arts, scientific research, environmental protection, and to support sports and other activities.

Fundamentals of Donation and Help:

The Company may make donations within the scope of social responsibility and in accordance with the principles and procedures determined by the Capital Markets Board as stated in the Articles of Association. By taking prior approval of the Board of Directors, it is possible to make do nations to foundations established for social purposes, associations, educational institutions and other persons, institutions and organizations within the framework of the principles set by the Capital Markets Board; however, giving donations and grants that would distract the company from the protection of its shareholders' rights are avoided.

All donations and grants made under the direction of the Company's management are made in accordance with the company's vision, mission and policies, taking into account the company's ethical principles and values and company annual budget appropriations. Donations and aids can be made in two ways, cash and in kind.

The form, amount and nature of the donation are expected to be in accordance with the corporate social responsibility policies of the institution, organization or Civil Society Organization (CSO). Detailed information is provided to the public by placing a separate agenda item at the Ordinary General Meeting of the year about all of the donations and the amount of aid and the beneficiaries of the policy changes made during the period.

Within the framework of the Capital Markets legislation, the limits of donations and grants made by shareholders are determined by the general assembly.

In this context, the limits set by the General Assembly within the framework of the provisions of the relevant legislation shall be taken into consideration when giving donations and assistance. In addition, for the implementation of the donations will be made and assistance, in-house implementation principles that determine the "Donate Regulation" is complied..

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

CODE

1. GENERAL PRINCIPLES

Group performs all its activities under the following general principles. All the employees of the Group are expected to observe those general principles in their relations with customers, suppliers, shareholders, and other stakeholders.

1.1 Honesty

Group performs all its activities with due regard for principle of honesty. It acts with **integrity** and **honesty** in its relations with the employees, customers, suppliers, shareholders and all stakeholders.

1.2 Transparency

Group acts **transparently** and **openly** in its relations with the employees, customers, suppliers, shareholders and all stakeholders. It procures clear and correct information completely and in a timely manner in all its activities.

1.3 Impartiality

It does not make any discrimination among employees, customers, suppliers, shareholders and other stakeholders due to reasons such as religion, language, race, gender, physical condition, marital status and political view. All employees of the Group treat everyone **fairly** and **equally** and avoid being prejudiced against anyone.

1.4 Confidentiality

It is of utmost importance to protect the private information pertaining to employees, customers, suppliers, shareholders and other stakeholders and it is not allowed or tolerated to share such information with third parties. Such private information may only be used by the authorized persons within the Group for the benefits of the Group.

1.5 Compliance with laws and regulations

Group performs all its activities **with due regard for laws and regulations**. It follows the laws and regulations appropriately and takes measures in order to ensure compliance with the same.

2. RESPONSIBILITIES

The responsibilities attributed to the senior management, managers and all employees are summarized below so that the Code of Conduct adopted by Group may be implemented effectively within the Group.

2.1 Board of Directors and Board of Auditors of the Parent Company

- Board of Directors and Board of Auditors of the Parent Company shall assume responsibility for the implementation of the Code of Conduct to the utmost level.
- Members of the Board of Directors and Board of Auditors shall accept and comply with the Code of Conduct
- They shall establish a suitable atmosphere within the Group for the implementation of the Code of Conduct.
- They shall provide communication channels required for notifying violations of the Code of Conduct.

2.2 Managers

- All managers shall accept and comply with the Code of Conduct and constitute an example for other employees through their actions and attitudes.
- They shall ensure that their staff understands and implements the Code of Conduct.
- They shall promote the adoption and implementation of the Code of Conduct in their respective departments.
- They shall not force the employees to violate the Code of Conduct in any manner due to any reason.
- They shall listen to the questions, complaints, suggestions and requests of employees in relation to the Code of Conduct and encourage employees to give feedback about the issue.
- They shall evaluate the business procedures in their respective areas under the Code of Conduct, determine the conflicting situations and take measures in order to ensure compliance with the Code of Conduct.

2.3 All Group Employees

- All Group employees shall accept and comply with the Code of Conduct.
- They shall make efforts to ensure that other employees act with due regard for the Code of Conduct and encourage employees in that regard.
- They shall inform their managers and the communication channels provided below of any acts and behaviours in violation of the Code of Conduct.
- All employees shall be knowledgeable about the regulations, procedures, and instructions related to their duties and the Group as a whole and implement them completely.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

3. PRACTICES

3.1 Use of the Resources of the Group

- It is a requisite to make sure that the resources of the Group are used fairly, effectively, and efficiently at all times. The principle of saving shall be taken into consideration in all activities.
- The resources of the Group may not be used to further personal ends or benefits of a person or organization other than the Group itself.
- Due regard shall be taken in order to prevent assets of the Group from being stolen, impaired or damaged and the assets of the Group shall be protected to the utmost degree.
- Office hours shall be used effectively and efficiently and personal affairs shall be handled outside the office hours.
- Company vehicles, mobile communication devices, computers and other tools allocated to employees shall be regarded as the assets of the Group and they shall be used in compliance with the directives of the Group in line with the aforementioned principles.
- The rules indicated in the directives of the Group shall be observed in order to ensure efficient use of resources as well as information security while benefiting from internet and e-mail services over the communication network of the Group.

3.2 Use of Information

- All accounting and business records of the Group shall be correct, complete and in line with the applicable regulations and all employees shall perform their liabilities completely in that regard.
- Group employees may not use the information they received due to their duties and positions in order to further their personal ends.
- Employees are not allowed to make unfair profit from capital markets by using any non-public information acquired within the Group or else helping third persons to gain unfair profit by disclosing such information.
- Non-public information (strategic plans, sales price details, manufacturing techniques, activities for new products and services, research and development activities etc.) may not be disclosed to third parties outside the Group..
- Whenever it is necessary to disclose non-public information of the Group with third parties, necessary measures, e.g. non-disclosure agreements, shall be taken to prevent any misuse of such information.
- Non-public information of the Group may not be discussed in public spaces such as dining halls, lifts, personnel buses etc.
- Regulations, procedures and instructions pertaining to security of Group information shall be implemented completely. Necessary measures shall be taken to maintain, archive and keep confidential such information.

3.3 Conflicts of Interest

It is obligatory to protect the interests of the Group and to avoid conflicts of interests in all the duties and activities under the Group. Necessary care shall be taken to prevent personal interests having an impact on the ability to protect the interests of the Group. Employees are not allowed to procure personal interests and interests for close relatives/friends by means of duties and responsibilities in the Sisecam or Trakya Cam identity.

3.3.1 Duties outside the Group

- Group employees may not undertake duties that may lead them to be regarded as “merchants”, “craftsmen” or “self-employed persons”; they may not assume paid or non-paid duties in any company and commercial enterprise as well as any merchant or craftsman.
- Being a director in any company outside the Group is subject to the consent of the Board of Directors of the Parent Company.
- Group employees may assume duties in non-profitable non-governmental organizations and charities voluntarily. Employees shall take care to ensure that such activities do not cause them to neglect their duties within the Group, create any conflict of interest or constitute an explicit violation of the Group policies.
- Group employees may become members to a political party but being involved in politics actively shall be possible through the consent of the General Manager of the Parent Company provided that it does not create any conflict of interest with the policies and activities of the Group and does not lead the employee to neglect his/her duties within the Group.
- Group employees may write articles for media in relation to the company policies and resolutions, manufacturing, sales and similar practices of the company, make interviews, presentations and speeches only through the consent of the General Manager of the Parent Company.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

3.3.1 Duties outside the Group (Continued)

- Group employees may lecture in professional organizations and educational institutions only through the consent of the General Manager of the Parent Company.
- Group employees may assume duties in organizations and institutions related to the activity areas of the Group (professional chambers, unions, chambers, associations, boards, federations and other public institutions) only through the consent of the General Manager of the Parent Company.

3.3.2 Gifts and Entertainments

- Employees are not allowed to request gifts or benefits from customers and suppliers.
- Employees are not allowed to request entertainment and business dinners from customers and suppliers. Business dinner offers made by customers and suppliers may be accepted provided that they are reasonable and compatible with local standards.
- Free holiday, discount check, gift voucher and similar non-cash offers made by customers and suppliers shall be regarded as gift and benefit and shall not be accepted as a principle. Still, if rejection of gift offers made by customers and suppliers shall be regarded as impoliteness and offend the customer or supplier, they may be accepted provided that the value thereof does not exceed 500 TRY or equivalent exchange.
- Such offers may be accepted only if all Group employees are granted the same benefits.
- It shall be possible to accept gifts of symbolical value such as plaques and plates given by the organizers of meetings or seminars in which an employee participates to represent the Group.

3.3.3 Close Relatives and Friends

- Employees are not allowed to form any business relationship with their family members, close relatives and friends providing mutual or unilateral benefits while performing their duties within the Group.
- In case family members, close relatives and friends work for supplier companies and customers, such relations shall not be allowed to create a conflict of interest.
- If family members, close relatives and friends work in the Group, the employees shall not permit such relations to affect the decisions to be made for the company. All Group employees shall maintain impartiality at all events and evaluate the staff affiliated to them according to their performance, knowledge and experience.
- Employees who are authorized to make decisions on recruitment shall not make such decisions for their family members, close relatives and friends. Recruitment decision may be made provided that it is for the benefit of the Group and the senior manager who is duly informed of the situation approves recruitment.
- Employees who are authorized to make decisions on purchasing shall not make purchasing decisions for quotations offered by companies in which their family members, close relatives and friends are shareholders directly or indirectly. Purchasing decision may be made provided that the situation should be explained clearly in the assessment, it is for the benefit of the Group and the senior manager who is duly informed of the situation approves the purchasing decision.
- As for quotations made by companies in which ex-members of the Group hold shares directly/indirectly or work as well as all kinds of relations with those companies, the situation shall be indicated explicitly.
- Employees who are not allowed to invest in shares of public companies of the Group may not make investments for their family members, close relatives and friends, either.

3.4 Relations with Other Institutions

It is necessary to act in line with the General Principles of Code of Conduct adopted by Şişecam Group in business relations with persons and organizations outside the Group. In that regard, employees are expected to observe the principles of integrity, honesty, transparency, impartiality and confidentiality and act in compliance with the laws, directives, and regulations as well as general ethics.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

3.4.1 Relations with Customers and Suppliers

- The interests of the Group shall be upheld in relations with customers and suppliers at all times.
- Employees shall not form a mutual or unilateral interest relationship – such as debit and credit relations – with customers and suppliers personally.
- Employees shall stick to their commitments to customers and avoid making unrealistic commitments.
- Employees may not be involved in illegal and unethical acts in order to acquire information about customers and suppliers.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about customers and suppliers shall not be used or disclosed.
- Employees shall treat customers and suppliers in line with the principles of respect, equality, courtesy, and equity
- Employees shall not assume misleading and deceitful behaviours towards customers and consumers.
- Confidential information of customers and suppliers shall not be disclosed to third parties.
- The requirements of agreements and protocols executed with customers and suppliers shall be observed.

3.4.2 Relations with Competitors

- It is obligatory to abide by the competition rules and laws which are in force in the country of activity and not to disregard the principle of integrity and honesty during competition.
- It is necessary to remain alert to the infringements of competitive limitations in any meeting, seminar or discussion and to withdraw from such organizations if necessary.
- Being involved in illegal and unethical acts in order to acquire information about competitors shall not be tolerated.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about competitors shall not be used or disclosed.
- Making unreal and anonymous rumours about competitors and contributing to such rumours shall not be tolerated.

3.4.3 Relations with Governmental Authorities

- All kinds of information and document requested by governmental authorities shall be delivered completely, accurately and in due time.
- Misleading and deceitful behaviours shall be avoided while forming relations with governmental authorities. Employees are not allowed to create advantage for the Group by misrepresenting a situation; the interests of the Group shall be protected under the applicable laws and regulations.
- Whenever there is uncertainty as to the implementation of a law or regulation, Legal Department and Financial Consultancy of the Group shall be consulted.
- It is prohibited to offer any direct or indirect benefit to a governmental officer in return for a privilege. Cash or similar payment shall not be made to any person apart from those required by laws and regulations even for the benefit of the Group.
- Third parties acting for the Group (representatives, consultants etc.) shall avoid such offers for the activities they undertake in the name of the Group.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

4. VIOLATIONS OF ŞİŞECAM CODE OF CONDUCT

Code of Conduct of Şişecam Group applies to all the positions in the Group just as the Group regulations, procedures and directives which are to be implemented completely in the same manner. Those violating Group Code of Conduct or regulations, procedures and directives shall be subject to a number of disciplinary actions including termination of the employment agreement.

- Code of Conduct of Şişecam Group should be adopted and violation of the Code of Conduct should be avoided.
- It is necessary to act with discretion in all activities and decisions. Employees should confirm the lawfulness of the decisions and actions and question their correctness and fairness.
- In case there is any doubt as to the compliance of an activity or decision with Code of Conduct of Şişecam Group, the following communication channels shall be contacted.
- Before making a decision on any activity, it is necessary to contemplate how the Group, employees, shareholders and other stakeholders may be affected by such decision.
- Whenever an employee becomes aware of any violation of Code of Conduct of Şişecam Group, such employee should contact with the applicable manager or the following communication channels.
- Whenever an employee becomes aware of any violation of Code of Conduct of Şişecam Group, such employee should contact with the applicable manager or the following communication channels.

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TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

ANTI-BRIBERY AND CORRUPTION POLICY

1. PURPOSE

The purpose of this policy is to set out commitments and position of Şişecam Group with regards to bribery and corruption clearly and uphold the corporate image. This policy, being an integrated part of Code of Conduct adopted by the Group, aims to provide necessary information for prevention of bribery and corruption in all Group activities and to specify responsibilities and rules in that regard.

2. SCOPE

Anti-Bribery and Corruption Policy covers not only Group employees but also all business partners acting in the name of the Group or offering services to the Group.

In that regard, the policy applies to;

- All Group employees including Directors,
- Third party consultancy, legal consultancy, or counselling companies and their employees,
- Outsourcing sub-contractor companies and employees,
- Persons and entities undertaking activities in the name of the Group directly or indirectly including but not limited to representatives, distributors and agencies

It is especially important to appreciate that the practices and restrictions provided in this policy are binding over the abovementioned persons and entities. It should not be neglected that the Group may be held responsible for unlawful or unethical conduct of those persons and entities. In that regard, it is of utmost importance to make sure that the business partners of the Group also complies with this policy as well as the Sisecam Group Code of Conduct, relevant regulations and procedures.

3. DEFINITIONS

Bribe: Offering a material or immaterial advantage directly or indirectly to a person or a third party designated by that person pursuant to an oral or written agreement to induce that person to take an action that is contrary to requirements of his business tasks or outside the ordinary course of business by means performing, not performing, accelerating or slowing down a specific task. Bribe may take various forms including cash, gift, entertainment invitation or ticket, debt relief, charitable donations etc.

Corruption: Misuse of any power that is held due to one's position for personal material or immaterial gains directly or indirectly.

4. RESPONSIBILITIES

Parent Company Board of Directors;

- The Board of Directors of the Parent Company shall be the highest authority responsible for Anti-Bribery and Corruption Policy.
- Parent Company Board shall adopt this policy and provide the necessary background for implementation of the policy.
- It shall establish and develop internal control systems to prevent bribery and corruption.
- It shall ensure establishment of communication channels required for reporting any conduct that is in violation of this policy and take measures to keep the identity of reporting persons confidential and to protect them accordingly.
- It shall make sure that necessary investigations and inquiries are made about the complaints, reports, notifications and allegations in line with the regulations of the Group.
- It shall ensure that audits are conducted for promoting compliance with the legislations, regulations, procedures and policies and corrective measures are adopted as necessary.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

Board of Ethics:

- Board of Ethics shall be responsible for furthering compliance with Şişecam Group Code of Conduct, promoting culture of ethics in the Group, and increasing awareness level in that regard.
- It shall perform activities, make decisions and deliver opinions about potential solutions to the practical problems related to Code of Conduct and Anti-Bribery and Corruption Policy.
- It shall evaluate the internal or external complaints and reports made to the Board as to violation of code of conduct via electronic mail, mail, by phone or other communication means to determine whether any violation is applicable.
- It shall inform the Audit Committee about situations provided in "Regulation on Establishment and Working Principles of Board of Ethics" after duly evaluating the complaints and reports made to the Board.

Directors and Employees:

- All employees shall agree with the Anti-Bribery and Corruption Policy and act in compliance with the relevant principles.
- Managers shall ensure that the principles provided in the policy are understood, implemented and upheld by the relevant business partners and their reports.
- Employees may not be forced to act in violation of this policy in any manner by any person z.
- All Group employees shall be bound to report wrongdoings and suspicions under this policy to their managers and/or the following communication channels.
- Managers shall be bound to transmit the complaints, reports and allegations made by their reports to the following communication channels.

5. POLICY

Group has adopted the Anti-Bribery and Corruption Policy as an indication of its sensitiveness to matters of business ethics. Given the fact that this matter constitutes an action requiring legal punishment in addition to its significance in terms of business ethics, employees are expected to take this matter seriously and evaluate it as part of their personal duties and responsibilities independently from business life.

Group aims to act in compliance with anti-bribery and corruption laws and regulations applicable in all the countries of operation and representation, universal rules of law, ethical and professional principles. Accordingly, the Group takes "**zero tolerance**" approach to bribery and corruption and is committed to undertaking its activities fairly and honestly in line with legal and ethical rules.

Code of Conduct, regulations, procedures and other policies of Group require performance of activities correctly, fairly and honestly in compliance with the laws and the Group assumes an even more sensitive approach to anti-bribery and corruption with a view to protecting and furthering the rights of all stakeholders. Anti-Bribery and Corruption Policy has been adopted as part of the significance of the matter.

Şişecam Group explicitly prohibits resort to bribery and corruption in its activities in all countries. Persons to whom this Anti-Bribery and Corruption Policy applies are prohibited from offering payment or anything of value to provide any unlawful or unethical benefit even for the interests of the Group, acquiring any similar benefit from other persons or entities, and being involved in any unlawful and unethical act that might be regarded as bribery or corruption even if such practices are common in the country of operation or in the industry.

In that regard, it is of no importance whether the benefit provided as bribery and corruption has any material value or whether anything is done for the other party in return for the benefit. Anti-Bribery and Corruption Policy shall be considered to have been violated even when the value of the benefit is extremely insignificant or the commitment has not been realized despite making an offer.

Group is committed to protect legal rights of governmental organizations, suppliers, customers, employees, and other stakeholders. Accounting procedures shall be recorded fully, correctly and fairly and internal control systems are established for preventing undeclared transactions.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

6. DONATIONS AND GIFTS

Rules of donations and gifts are provided in detail in Şişecam Group Code of Conduct, Donation Regulation and Donation Policy. Şişecam Group Code of Conduct and Donation Policy are published on the corporate website to enable third parties including customers, suppliers, investors and other stakeholders to have access to them. In case of any uncertainty as to interpretation or implementation of the regulations or coming across any situation not provided in the regulations, it is necessary to contact the Board of Ethics by means of the following communication channels.

7. EVENTS OR SUSPICIONS OF BRIBERY AND CORRUPTION

All Group employees shall be bound to inform their managers and/or following contact persons of any bribery and corruption event or suspicion immediately. Here are a few examples to such conditions;

- Offer of bribe to you or your colleague
- Relationships based on mutual interest or conflict of interest which you bear witness or have information about
- Any irregularity in company records
- Acts and behaviours such as providing favour or benefit in tenders and purchases
- Providing benefits to any customer or supplier in violation of legal and internal regulations
- Coercion applied on you or your colleagues by any internal or external person or entity to act in violation of the Group Code of Conduct or this policy

You must contact your manager and/or following communication channels when you come across such situations. In some cases, employees may hesitate to report such practices if they are concerned that they may be affected negatively from reporting such an event. Group Board of Directors guarantee that persons reporting or filing complaints about conditions in violation of the legal regulations, code of conduct and Group regulations shall not incur any damages for filing such a report or complaint. The identities of reporting individuals shall be kept strictly confidential and they shall be protected against any damage due to the report or complaint – unless their allegations turn out to be deliberate slanders.

8. SANCTIONS APPLICABLE TO THIS POLICY

Group regulations, procedures and instructions apply to all positions in the Group according to which this Anti-Bribery and Corruption Policy must be adopted and implemented by all the employees. In case of violation of Anti-Bribery and Corruption Policy, the Group policies provide for a number of sanctions up to termination of employment agreement in addition to other significant legal sanctions including penalty of imprisonment in many countries.

Communication

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TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

SALARY POLICY FOR BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The salaries of the members of Trakya Cam Sanayii A.Ş's Board of Directors are fixedly determined at the Ordinary General Meeting every year for all of the members.

The members of the Board of Directors in the Executive Board have separate payments under the policy for senior executives.

For the salary calculation of the Independent Board Members, payment plans based on the performance of the company cannot be used.

Our Group aims to work with a fair and competitive Salary Management System, which is accepted by our Group employees, and keep our Salary Management System up to date in line with the Community strategies and market.

In our Group, job evaluation methodologies which are, independent of the title, are positioned relative to the qualities of the organization's work are used.

With the newly created Salary Management System, our Group is aiming to pay employees equitably, to reward the performance they have achieved, to attract qualified employees to our Company, taking into consideration work efficiency and organizational performance.

The total annual income packages are taken into account when determining the salary levels across the whole Community.

Market salary surveys' indicators covering comparison of the total annual earning packages of the Community personnel with the annual earning packages of equivalent positions in the market and comparison of the fringe benefits are base for Salary Policy.

The Community Human Resources Group Presidency is responsible for the determination of all the policies related to the Salary Management System, for ensuring the implementation unity throughout the Group and for keeping the system up to date according to the conditions of the day.

Senior Executive salaries is composed of performance premiums calculated in accordance with company targets, long term targets and personal effort except fixed salaries determined according to margins on which positions are situated in Grade System established according to Salary Management System and fringe benefits.

COMPENSATION POLICY

Determination and execution of compensation policy of our company is based on related provisions of the regulations (i.e. law of obligations, labor law regulations and by-laws), collective-bargaining agreement, Group Procedures and jurisdictional decisions.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

HUMAN RESOURCES POLICY

Group; aims to implement a human resources policy that targets a globally sustainable success, disseminates an innovative and co-operative corporate culture, fosters the best human resource practices in its business areas and adds value to all stakeholders.

Group shapes its approach to human resources within the framework of legislation, corporate values and ethical rules, based on inclusiveness and equal opportunity in all its application. Starting from the target of being the most preferred employer, in all human resources processes like recruitment, career management, training and development, performance management, it conform an objective, systematic and development-oriented approach. A competitive and arm's length compensation and benefits strategy based on awarding steady-high performance is the foundation of the systems.

Group, respects to the historical and cultural differences of the geographies where the group operates. It strives to promote the diversity of global human resources and stakeholders, and strengthening the cultural heritage of future generations.

Considering the balance between the work and the private life of the employees, the human resources programs to support this balance are passed on, the communication platforms where the suggestions and expectations of the employees are taken into account are presented and employee loyalty and satisfaction are followed with objective and independent researches. Based on employee loyalty and satisfaction researches, we continuously improve the positive business climate development approaches and provide a healthy, safe and environment in which corporate values are kept alive.

Group, which aims to actualize the potential of global human resources at the highest level, ensuring sustainable high performance and increase the value to the future that stakeholders build more strongly, by combining its deep-rooted past and future orientation in the common denominator, it is shaping and strengthening its future with an understanding based on human focus, continuous development and innovation.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

DISCLOSURE POLICY

General Framework

Trakya Cam Sanayii A.Ş. disclose of all kinds of financial information, other explanations and notices related to notably Capital Markets Legislation, the Turkish Commercial Code and Borsa İstanbul A.Ş. ("BİAŞ") where our shares are traded at, by favoring generally accepted financial reporting standards and corporate governance principles; within this scope, Trakya Cam carries out a detailed informing and public lighting policy.

The main objective of the information policy is to ensure that necessary information and disclosures beyond the scope of trade secrets are transmitted on equal terms to shareholders, investors, employees, customers and other interested third parties on time, accurately, completely, comprehensibly, easily and at the lowest cost.

Having an active approach to the adoption and implementation of corporate governance principles, Trakya Cam shows the maximum effort of the relevant legislation and the implementation of international best practices for public disclosure and information. Şişecam disclosure policy approved by the Board of Directors in the framework of the above-mentioned prepared and put into practice.

Authority and Responsibility

The Board of Directors prepares disclosure policy. The monitoring, supervision and development of the information and disclosure policy of Şişecam are under the authority and responsibility of the Board of Directors.

Managers responsible for financial management, reporting and investor relations department have been assigned to coordinate the disclosure function. The said authorities fulfill these responsibilities in close cooperation with the Audit Committee and the Board of Directors.

Methods, Tools Used and Works Performed Public Disclosure

Within the Capital Market Legislation, the Turkish Commercial Code and other relevant legislation framework; the following are the tools and methods used in public disclosure operations:

- At the end of each quarter, the consolidated financial reports, the footnotes and explanations related to the related financial statements prepared in accordance with the legislation published by the Capital Markets Board (CMB) and the independent audit report conducted at the end of the half year and at the end of the year, the the Board of Directors' interim report are shared with Public Disclosure Platform within the given time frame and published in the Corporate Web Site of our Company (www.sisecamduzcam.com). The relevant financial statements are presented to the approval of the Board of Directors with the opinion of the Audit Committee and are signed by the executives responsible for the financial reporting authorized by the Board of Directors.

Regarding the results of the activities announced on a quarterly basis, a public announcement is also made public about the results of the activity in the relevant period and other important issues.

The financial statements that are disclosed to the public are also translated into English and transmitted to the related parties and published on Trakya Cam's website. Following the disclosure of financial statements of year ends, on the date of the Ordinary General Assembly, on the press conferences held by Chairman of the Board and/or General Manager, past year performance is evaluated and press questions are answered.

- Material disclosures that should be made within the scope of the CMB legislation are transmitted to the KAP via electronic medium within the given time frame. Material disclosures are in principle signed by persons who are responsible for financial reporting, have a "qualified electronic certificate", and are presented to the relevant authorities. People who are responsible for making material disclosures are determined from the representatives and competent authorities of the Company. In addition, the statements sent to the KAP in the electronic environment will also be published on the Company Corporate Internet Site at the latest business day after the announcement of the public announcement.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

- Announcements are made through the KAP, Trade Registry Gazette in cases such as amendments to the Articles of Association, General Assembly meetings, and capital increase. In addition, Turkish and English texts are published on the company's website.
- The Annual Report which is prepared in Turkish, with the necessary information and explanations before the General Assembly meeting, is published in the Company's Corporate Internet Site for the shareholders' review and the printed version of the relevant report can be obtained from the Trakya Cam Shareholders Relations Unit. In addition, annual activity reports are translated into English as soon as possible following general meetings and published in our website.
- When necessary, press explanations are made through written and visual media. Written and visual media releases made by the authorities.
- When necessary, teleconferences provide information to shareholders and other interested parties. Related tele-conferences are coordinated by the Investor Relations Department.
- Through investor meetings and investor visits (road - show) held domestically and abroad, information is provided to shareholders and other related parties. The General Manager, the managers responsible for financial management and reporting, and the managers of the Investor Relations Department participate in the meetings and visits carried out by the Investor Relations Department. In necessary cases, the contact teams can be further expanded.
- Promotional and informative meetings held with investors and presentations, reports presented at press conferences are included in the "Investor Relations" section of our Company's Corporate Web Site in order to ensure that all market participants have simultaneous and equal information.
- Related information, especially financial tables, are shared with shareholders and the companies that organize the research report about our company by the e-mail when it is requested.

Investor Relations Department

In order to fulfill the obligations arising from the CMB legislation in accordance with the rules set forth in the legislation and to maintain its activities more effectively, a central understanding and an appropriate structure have been adopted in our Group. In this context, all liabilities of Şişecam and other publicly traded companies arising from the Turkish Commercial Code and the Capital Markets Legislation have been fulfilled under the supervision, direction and coordination of the Investor Relations Directorate established within the Company's Financial Affairs Presidency in line with the CMB Corporate Governance Principles prospect..

The "Investor Relations Department", which is formed compulsorily by the legislation as well as the Company bodies, plays an active role in facilitating the protection and use of shareholder rights, especially the right to receive and review information.

The Investor Relations section of our corporate website, which is in Turkish and English format, contains quite detailed information and data about our company within the scope of the corporate governance profile. The relevant website is kept up to date by the investor relations department. All questions posed by shareholders and other interested parties by e-mail, letter, phone, etc. are answered as soon as with the coordination of Investor Relations Department.

For this purpose, the authorities who are responsible from the communication with the shareholders as follows.

Name Surname	Title	Phone Number	E-mail
Kemal Tansu Akalın	Investor Relations Executive	0850 206 34 24	takalin@sisecam.com
Büyümin Arslan	Budget ve Financial Control Manager	0850 206 49 27	buarslan@sisecam.com
Gökhan Güralp	Şişecam Financial Control and Reporting Director	0850 206 31 89	gguralp@sisecam.com
Sezgi Ayhan	Investor Relations Specialist	0850 206 37 91	seayhan@sisecam.com

In addition to Investor Relation Department responsible, in necessary cases, Hüseyin Burak Dağlı, Financial Affairs Director is delegated to Investor Relations Department.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

In this context, the main activities carried out under the responsibility of the Investor Relations Department are summarized below:

1. Carrying out capital markets and investor relations activities in accordance with determined strategies and policies.
2. Execution of information management activities on capital markets and investor relations legislation
3. Designing a company valuation model, developing value enhancing initiatives.
4. Following up the performance of the public shares of the public in the Community, determining the opportunities for buying and selling.
5. Conducting the conduct of sector and competitor research and informing the Group and the Group's top management about the results of research and analysis
6. Coordinating of the capital markets and investor relations activities of the Group companies and providing the necessary guidance.
7. Ensuring that investor relations activities of publicly traded companies comply with the Code of Business Conduct of the Community investor relations.
8. Conducting analyst surveys and managing investor / analyst expectations.
9. Representing the Group in events such as road shows, stock / bond conferences.
10. Participating in investor and analyst meetings, making presentations and ensuring that investor and analyst questions are answered in accordance with legislation and Community strategies.
11. Communicating with the Stock Exchange Istanbul (BIST) and the Capital Markets Board (CMB) on behalf of the Community.
12. Preparing and publishing KAP notifications such as material disclosures, annual and interim reports in coordination with the Corporate Communications Directorate.
13. Managing "investor relations" sections on the websites of the Group companies.
14. Managing relations with rating agencies in coordination with the Treasury and Finance Directorate.
15. Determining the training needs of the Group companies regarding capital markets and investor relations.
16. Supporting for the public offering, block sales and direct sales activities of shares of the Group companies.
17. Contribution to the process of preparation of interim and annual reports.
18. Providing top management feedback on the views of investors, expectations and views of Group companies.
19. Assessing and monitoring of complaints and proposals from outside the Community regarding the Financial Affairs Presidency

Measures Taken for the Confidentiality of Information until Public Reveal of Material Disclosures

In order to ensure confidentiality until the public disclosure of special cases, Trakya Cam employees who have access to internal information are thoroughly informed about the responsibilities arising from the relevant legislation and on what conditions and under what circumstances and by whom the information will be disclosed to the public. Confidentiality is included in the agreements made with persons and institutions that may have access to internal information due to the provision of certain services to Trakya Cam-. Furthermore, in order to prevent unauthorized disclosures related to the results of activities, information is not exchanged with capital market participants about the results of activities and other issues that have not been publicly announced in certain periods of the calendar year. This period is considered as "silent period". During the Silent Period, company responsables do not give an opinion about the financial status of the company, except for information disclosed to the public on behalf of the company. Questions about the financial situation of capital market participants such as analysts and investors are not answered. In the Quiet Period, responsible who make public disclosure and who work in Investor Relations Department, is not restricted to participate in speeches, conferences, panels and similar events; to have interviews to the written and visual media the investor meetings; to participate in investor meeting on condition that they observe the rules of confidentiality of internal information. The Slient Period starts at 15th of the month following the end of the three-month interim and annual accounting period and continues until the day when the financial statements are announced to the public.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

News and Rumors in the Press

Follow-up and monitoring of news and rumors about Trakya Cam and its affiliates in the media or internet sites is performed through a professional media follow-up agency. In case of necessity of disclosure within the scope of the legislation related to public disclosure of special cases, an explanation is made about the issue by compiling the necessary information from the related units.

The method and content of the announcement of news and rumors that cited in the press release but which do not give rise to the obligation to disclose are determined by taking into account such factors as the nature of the news, the extent of the mass received by the media, and the fact whether it affects the reputation of the news company. In cases where such announcements are made regarding such news and rumors, if the disclosure content contains an element that necessitates public disclosure, a special case disclosure is made in line with the relevant legislative provisions.

In the presence of news or rumors in different contexts compared to explanations, circulars, announcements approved by the Capital Markets Board, financial reports and other information disclosed to public via Public Disclosure Platform, which may affect investing decision of the investors and the value of the capital market tools, Trakya Cam make announcement and explain whether this information shared is correct and sufficient. However, Şişecam do not express any opinion on comments, analyzes, evaluations and estimations made about the Company based on the information disclosed to the public.

Criteria Used in Determining Administrative Responsibility

In determining people with administrative responsibilities, the duties of the persons in the Company organization and their information access are taken as a criterion.

In this context not only Members of the Board of Directors and Auditors, General Manager, Presidents, General Manager Coordinator, Procurement Coordinator, Vice President, who have detailed information on future plans in addition to the current situation of Trakya Cam but also Trakya Cam's finance department managers who have access to information on Trakya Cam and are authorized to make administrative decisions that can affect financial reports, strategic targets and similar elements at macro level these persons were identified as persons with administrative responsibility and regular access to internal information. According to this, people who have not knowledge which can influence the value of the capital market instrument and the investment decisions of the investors, in other words, people who have information about only a part of the Company and managers and other employees who have limited knowledge about whole Company are not considered within the scope of the person who has administrative responsibility and has access to internal information.

Other Disclosures

Disclosures (prospectus, circulars, etc.) except the ones cited above are signed and announced to the public within the authority determined in the Company's signature circular. It is also published on the Company's website.

Trakya Cam Corporate Website (www.sisecamduzcam.com)

The Company actively uses the Corporate Internet Site of the Company as required by the CMB Corporate Governance Principles in order to be able to maintain its relations with shareholders more effectively and quickly and to be in constant communication with its shareholders. The information contained in this site is continually updated under the investor relations department's responsibility. The information contained in the Corporate Corporate Website is the same as the statements made under the relevant legislative provisions and does not contain conflicting or incomplete information.

At the Company Corporate Internet Site; besides the compulsory information to be disclosed in accordance with the legislation, trade registry information, latest status of partnership and management structure, existence of no privileged share certificates, date and number of trade registry newspapers published with amendments, latest version of Company's Articles of Incorporation, special case disclosures, financial reports, annual reports, prospectus and public offering circulars, General Assembly Meeting Agendas, attendance statements and meeting minutes, proxy voting form, Profit Distribution Policy, Disclosure Policy, Company Code of Ethics and answers of the frequently asked questions are cited. In this context, at least the last 5 years of information is included in the Company Corporate Internet Site. The information on the website is also prepared in English for the benefit of international investors.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

WORKING PRINCIPLES OF BOARD COMMITTEES

FORMATION AND ORGANIZATION

- According to the Capital Markets Board regulations, it has been decided to establish Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee within the body of Board of Directors. Corporate Governance Committee performs the functions of Nomination Committee and Remuneration Committee.
It is obligatory to form other committees in parallel with the changes in the current regulations. Apart from these committees, Board of Directors shall be entitled to form other committees if considered necessary.
- If the legal regulations make it possible to unite the tasks, powers and responsibilities of multiple committees under a single committee, such committees may be duly formed.
- Board of Directors shall determine the areas of responsibility, working principles and members of the committees with due regard for the legal regulations.
- Committees shall be comprised of minimum two Board members unless otherwise provided in the regulation. Mandatory provisions of the regulation shall be taken into consideration for determining the qualifications of members and chairpersons.
- Those who assume executive duties as Managing Director/Executive Director or whose reports include executive departments and those who bear "executive" title in terms of managerial powers may not be assigned as members of such committees.
- Committees shall act in line with the powers and responsibilities ascribed to them by Board of Directors.
- Term of office determined for the committee members shall be equal to the term of office specified for Board membership unless otherwise resolved by Board of Directors.

WORKING PRINCIPLES OF THE COMMITTEES

- Committees shall perform their functions by means of meetings held by members. Meeting dates shall be determined in line with the working principles specified by Board of Directors as well as provisions of the applicable regulation.
- Timing of committee meetings shall be in harmony with that of Board meetings to the extent possible.
In case of necessity, company managers and executives may participate in such meetings to present their opinions and give information about the meeting agenda upon the invitation of any committee provided that any such participation shall be limited to the purpose of consultation.
- Meetings shall be held with a specific agenda. The agenda shall be prepared appropriately so that it contains the tasks attributed to the respective committee in the regulation.

The agenda shall include the following items at a minimum;

Audit Committee; oversight of accounting system, public disclosure of financial information, functioning and efficiency of independent audit and internal control system,

Early Detection of Risk Committee; early detection and management of internal and external risks that may endanger corporate activities and review of risk management systems,

Corporate Governance Committee; in addition to monitoring and improving compliance with corporate governance principles and oversight of activities conducted by the Shareholders Relations Divisions, with respect to other activities conducted by Corporate Management Committee;

For Nomination Committee; determination and assessment of suitable candidates for Board of Directors, evaluation of the organization and efficiency of Board of Directors and making suggestions to Board of Directors accordingly, determination and oversight of approaches, principles and practices for performance assessment and career development of directors and senior managers,

For Remuneration Committee; making suggestions for remuneration principles applicable to directors and senior managers with due regard for long-term objectives of the company in addition to suggestions regarding determination of criteria to be used for remuneration purposes in connection with the performance of the company and directors

- Information and documentation about the agenda shall be prepared and submitted to the members within a reasonable time prior to the meeting.
- Committees may seek opinion from independent experts and consultancy firms in order to perform their tasks.
- Committee meetings shall be held with the participation of majority of members. Decision quorum for the decisions of the committees shall be the absolute majority of its members who are present in the meeting.
- Meeting minutes and resolutions of the committees shall be written down by a reporter assigned by the Committee and duly signed by the members.
- Committees shall regularly inform Board of Directors about the issues handled in line with the authority given to them or else submit them to the approval of Board of Directors.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

Strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the company. The board represents and governs the Company within these principles.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been determined in order to allow the board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other administrative role apart from the membership in Board of Directors. Most of the members of Board of Directors consist of non-executive members. Dr. Reha Akçakaya, Group President, participates in the Board of Directors as an executive member. The chairman of the Board of Directors and the Group President are not the person. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principals, there exist three independent members in the Board of Directors.

Independent members have been determined in accordance with the procedures envisaged in the corporate governance principles and presented to the Board of Directors. Regarding the election of the independent members eligible at the meeting of the Board of Directors dated January 31, 2018, negative comments were not reported by the Capital Market Board in formal letter numbered 29833736-100-E.908 dated 18 January 2018.

The independent and non-independent members of the board, who have been determined within this scope, have been elected for one year in the General Assembly Meeting related to year 2018, held on 20 March 2018. Since the one-year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 2019, the board members will be elected in the aforementioned ordinary general assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows.

INDEPENDENCE DECLARATION

TRAKYA CAM SANAYİİ A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,

(Sign),

Dinç Kızıldemir

28 December 2018

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

INDEPENDENCE DECLARATION

TRAKYA CAM SANAYİİ A.Ş.
Board of Directors Presidency

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Yours respectfully,

(Sign),

İlhan İl

28 December 2018

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

OUT OF GROUP RESPONSIBILITIES OF BOARD MEMBERS

Name Surname	Title	As-is Out of Group Responsibilities
Prof. Dr. Ahmet Kırman	Chairman of the Board	Vice Chairman of the Board of Türkiye Şişe ve Cam Fabrikaları A.Ş., Chairman of the Board of Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş., Trakya Investment B.V., Fritz Holding GmbH, Anadolu Cam Investment B.V., OOO Ruscam Glass, OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Balsand B.V., Trakya Autoglass Holding B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., Şişecam Çevre Sistemleri A.Ş., OOO Posuda, AC Glass Holding B.V., Şişecam Flat Glass Holding B.V., Nude Glass Investment B.V., İstanbul Investment B.V., Nude Design Investment BV.
Dr. Reha Akçakaya	Vice Chairman	Chairman of the Board of Şişecam Otomotiv A.Ş., Trakya Glass Bulgaria EAD, Sisecam Automotive Bulgaria EAD, Glasscorp SA, TRSG Glass Holding BV.,ve Automotive Glass Alliance Rus AO, Vice Chairman of the Board of Sisecam Flat Glass India Ltd, Board Member of Saint Gobain Glass Egypt SAE, Sisecam Flat Glass Italy Srl, Sisecam Flat Glass Holding BV, Sisecam Flat Glass South Italy Srl, Fritz Holding GMBH, RF SPOLS.R.O, Trakya Investment B.V., Chairman of the Board of Glass For Europe, Member of Kalder - Turkish Society for Quality, DEIK, ICG International Glass Commission TC6 Mechanical Properties.
Zeynep Hansu Uçar	Member	Subsidiaries Division Unit Manager at Türkiye İş Bankası A.Ş., Board Member of Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş.,
Gökhan Güralp	Member	Finacial Control and Reporting Director of Türkiye Şişe ve Cam Fabrikaları A.Ş., Board Member of Şişecam Otomotiv A.Ş., Çayırova Cam Sanayii A.Ş., Trakya Yenişehir Cam Sanayii A.Ş., Paşabahçe Cam Sanayii A.Ş., Şişecam Elyaf Sanayii A.Ş., Şişecam Enerji A.Ş., Camiş Elektrik Üretim A.Ş., Şişecam Çevre Sistemleri A.Ş., Şişecam Dış Ticaret A.Ş., Şişecam Sigorta Aracılık Hizmetleri A.Ş., Sisecam Flat Glass South Italy Srl
Dinç Kızıldemir	Member	Board Member of Türkiye Şişe ve Cam Fabrikaları A.Ş.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

İlhan İl	Member	Board member of Süttaş Group, Chairman of the Board of Travelex Turkey
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FUNDAMENTALS OF ACTIVITIES OF BOARD OF DIRECTORS

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 50 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

Thereby providing an equal flow of information, the information and documents related to agenda items of meeting of Board of Directors are presented for the review of members of the Board of Directors before a sufficient plenty of time. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has a voting right in the Board of Directors.

Each agenda item is discussed clearly and in all aspects in the meetings of the Board of Directors. Participation rate of members of the board of Directors to the Board of Directors meeting is %98 in 2018. Independent member of the board of Directors did not vote for their own election.. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2018 since there exists no such opinion was declared.

The meetings of Board of Directors are generally held at head office of the Company and the significant minutes of Board of Directors are announced to public via PDP and the minutes announced to public are also published in the Company's corporate website.

Authorities and responsibilities of the Board of Directors are clearly explained in the Articles of Association. Authorities are exercised in compliance with the internal legislation registered in 22 December 2014, published in 26 December 2014 and prepared by the Board of Director's decision no 43 in accordance with the article 367 and 371 of Turkish Commercial Code in 9 December 2014. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and with this purpose, the Board of Directors is in a close collaboration with the Department of Investor Relationships.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

COMMITTEES CONSTITUTED IN THE BOARD OF DIRECTORS

For effective duty and responsibility performance of the Board of Directors, the “Audit Committee”, “Corporate Governance Committee” and “Early Risk Identification System and Committee” have been constituted in accordance with the Corporate Governance Principles. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting and disclosed to the public on the same day.

Audit Committee members are selected from the independent members of the board. The chairman of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System and Committee and the Audit Committee consist of five, three and two members, respectively.

The Chairman and Vice Chairman of the Board of Directors do not participate in the committee. There exists no executive member in the committees except for the manager of the “Department of Investor Relations” participating in the Corporate Governance Committee, in accordance with corporate governance principles. A member of the Board of Directors, who is independent, does not have any responsibility in two committees, simultaneously.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and is documented in written and recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors.

Being responsible for the company’s accounting system, the independent audit and issue of financial information to public and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company’s accounting and internal control and its independent audit and assessment of feedbacks of the company’s employees related to the accounting and independent audit issues within the framework of a confidentiality. It declares its findings related to its tasks and responsibilities and related assessments and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company’s accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company’s responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 5 meeting in 2018. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to incompliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it traces the activities of “Investor Relations Department. The Corporate Governance Committee held 6 meeting in 2018.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and definition of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes are determined as the duties of the committee.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification System and Committee held 8 meeting in 2018.

The notifications related to the meetings of Audit Committee, Early Detection of Risk Committee, and Corporate Governance Committee are duly made in due form to the Board of Directors.

Due to the fact that all members of Audit Committee and chairman of other committees and three members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it has required a member of Board of Directors to be involved in more than one committee.

The Audit Committee;

Chairman Dinç Kızıldemir (independent) ve İlhan İl (independent).

The Corporate Governance Committee;

Chairman Dinç Kızıldemir (independent), İlhan İl (independent), Zeynep Hansu Uçar, Gökhan Güralp ve Kemal Tansu Akalın.

Early Risk Identification Committee;

Chairman Dinç Kızıldemir (independent), İlhan İl (independent) ve Zeynep Hansu Uçar.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) are announced on Public Disclosure Platform ("PDP") at least three weeks before the General Assembly Meeting. The company report status of complying the volunteering principals with CGCR, informs about the corporate governance implementation with CGIF templates.

The Corporate Governance Compliance Report was prepared in accordance with the decision no.2/49 of Capital Markets Board's dated 10 January 2019 and prepared within the framework of the corporate governance principles stated in the "CMB" Communiqué Series II 17.1.

(X) represents the Company's compliance status and the explanations are made for the status other than yes.

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Patial	No	Exempted	N/A	
1. SHAREHOLDERS						
1.1. Facilitating the Exercise of Shareholder Rights						
1.1.2 Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X	-	-	-	-	
1.2. Right to Obtain and Review Information						
1.2.1 Management did not enter into any transaction that would complicate the conduct of special audit.	-	-	-	-	X	The requests for the assignation of a special auditor has not yet been regulated as individual right in the articles of association No requests were received for the assignation of a special auditor within the period.
1.3. General Assembly						
1.3.2 The company ensures the clarity of the general Assembly agenda, and that an item on the agenda doesn't cover multiple topics	X	-	-	-	-	
1.3.7 Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	Articles of association does not contain privileges for the exercise of voting rights.
1.3.8 Members of the board of directors who are concerned with specific agenda items, auditors and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	-	X	-	-	-	A separate item is included in the agenda, but there are many donations and beneficiaries, so summary information is provided.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

1.3.11 The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.

X - - - -

Compliance Status

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Yes	Partial	No Exempted	N/A	Explanation
1.4. Voting Rights					
1.4.1 There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-
1.4.2 The company does not have shares that carry privileged voting rights.	X	-	-	-	-
1.4.3 The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross ownership provides management control.	X	-	-	-	-
1.5. Minority Rights					
1.5.1 The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-
1.5.2 The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	X	-	-	The Company has adopted the rates specified in the legislation of stock in companies.
1.6. Dividend Right					
1.6.1 The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-
1.6.2 The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-
1.6.3 The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	-	-	-	-	Profit is distributed.
1.6.4 The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-
1.7. Transfer of Shares					
1.7.1 There are no restrictions preventing shares from being transferred.	X	-	-	-	-

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
2. DISCLOSURE AND TRANSPARENCY						
2.1. Corporate Website						
2.1.1 The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2 The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4 The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X	-	-	-	Significant informations has been translated into English and the works proceed for translating all informations in English.
2.2. Annual Report						
2.2.1 The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2 The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	-	X	-	-	-	The page number or the section related with the conflicts and precaution between the investment consultancy and rating instutations are not included.
3. STAKEHOLDERS						
3.1. Corporations's Policy on Stakeholders						
3.1.1 The rights of the stakeholders are protected, pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	-	
3.1.3 Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4 A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5 The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
3.2. Supporting the Participation of the Stakeholders In the Corporation's management					
3.2.1 The Articles of Association, or the internal regulations (terms of reference/manuals), of employees in management.	-	X	-	-	The relevant requirements are set out in the "Basic Law of Şişecam Employees" which established by the management instead of article of association.
3.2.2 Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	
3.3. Human Resources Policy					
3.3.1 The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	
3.3.2 Requirement criteria are documented.	X	-	-	-	
3.3.3 The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	
3.3.4 Meetings have been organised to inform, employees on the financial status of the company, remuneration, career planning education and health.	X	-	-	-	
3.3.5 Employees, or their representatives were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X	-	-	-	
3.3.6 Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	
3.3.7 Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	
3.3.8 The company ensures freedom of association and supports the right for collective bargaining.	X	-	-	-	
3.3.9 A safe working environment for employees is maintained.	X	-	-	-	

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
3.4. Relations with Customers and Suppliers					
3.4.1 The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X	-	-	-	-
3.4.2 Customers are notified of any delays in handling their requests.	X	-	-	-	-
3.4.3 The company complied with the quality standards with respect to its products and services.	X	-	-	-	-
3.4.4 The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-
3.5. Ethical Rules and Social Responsibility					
3.5.1 The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-
3.5.2 The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-
4. Board of Directors					
4.1. Role of the Board of Directors					
4.1.1 The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-
4.1.2 The agenda and minutes of board meetings, indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-

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CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.2. Activities of the Board of Directors						
4.2.1 The board of directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2 Duties and authorities of the members of the board of directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3 The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4 Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5 The roles of the Chairman and Chief (Executive Officer) are separated and defined X		-	-	-	-	
4.2.7 The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8 The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-	
4.3. Structure of the Board of Directors						
4.3.9 The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	-	X	-	-	The Board of Directors did not set a target for female members as a rate of not less than 25%, and no policy has determined. However, the rate of female in the Board of Directors is 17%.
4.3.10 At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.4. Board Meeting Procedures						
4.4.1 Each board member attended the majority of the board meetings in person	X	-	-	-	-	
4.4.2 The board has formally approved a minimum a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	-	X	-	--	-	There is no minimum duration although the informing documents are shared to all members in sufficient time.
4.4.3 The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-	
4.4.4 Each member of the board has one vote.	X	-	-	-	-	
4.4.5 The board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-	
4.4.6 Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7 There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There is no Board member take in charge outside the group except independent members. Their resumes are included in the annual report.
4.5. Board Committies						
4.5.5 Board members serve in only one of the Board's committees.	-	X	-	-	-	A member who is not an independent member of the Board of Directors is involved in two committees, Independent members are assigned in more than one committees.
4.5.6 Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7 If external consultancy services are used, the independence of the provider is stated in the annual report.	-	X	-	-	-	The Committee did not receive any significant advisory services except independent audit firm and credit rating agency.
4.5.8 Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No Exempted	N/A		
4.6. Financial Rights						
4.6.1 The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	Previous year reviews are available on Chairman's message of the annual report. There are also relevant performance evaluations in the minutes of the Board of Directors.
4.6.4 The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5 The individual remuneration of board members and executives is disclosed in the annual report.	-	-	X	-	-	In accordance with the law no. 6698 Protection of Personal Data, the total amount is explained in terms of categories rather than on individual basis.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

In 2018, totally more than 400 one-to-one meetings in headquarter or out of company were held with current and potential investors including 9 conferences and 3 roadshows for stock and bond investors. Conferences attended: JP Morgan (Miami), Is Investment (London), Investment (Istanbul), JP Morgan (London), Is Investment (Istanbul), Goldman Sachs (London), Woods & Co. (Prague), Citi (Singapore), In addition, Analyst Day was held on 5 April 2018 at Şişecam Headquarter with the participation of 45 analysts and investors. The total number of interviews with investors through telephone, one-on-one meetings, roadshows and conferences is over 400. As a result of the interviews conducted with the analysts who published reports on stock-in companies, nearly 130 analyst reports were published. In addition, two webcasts were held in 2017, sharing the first half financial results of 2017 and 2018. The transcripts of these teleconferences are published on our website in English.

1.2 Right to Obtain and Examine Information

The number of special audit request(s)

The request for the appointment of a special auditor in the Company's articles of incorporation has not yet been regulated as an individual right. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the General Assembly Meeting.

1.3 General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

www.kap.org.tr/tr/Bildirim/669513

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

No/ The documents of the General Assembly Meeting are not published simultaneously in English.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no unanimous transaction.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

1.3 General Assembly

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

In 2018, all related party transactions and transaction principles were submitted to the Board of Directors. In 2018, there were no related party transactions or significant transactions that should be submitted to the approval of the General Assembly since independent members did not approve.

The links to the PDP announcements associated with related party transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/737960>

The name of the section on the corporate website that demonstrates the donation policy of the company.

Specified under the "Corporate Governance Principles" that participated in "Corporate Governance subtitle in Corporate Identity and Management" title of "Inverstor Relations Section" at www.sisecamduzcam.com

The name of the section on the corporate website that demonstrates the donation policy of the company

www.kap.org.tr/tr/Bildirim/271929

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 15

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Company employees and their representatives may attend the General Assembly meeting.

1.4 Voting Rights

Whether the shares of the company have differential voting rights

No / There is no privilege in voting rights.

In case that there are voting privileges, indicate the owner and percentage of the voting majority of share

None.

The percentage of ownership of the largest shareholder

%69,45

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

1.5 Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	None
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If yes, specify the relevant provision of the articles of association.	None
--	------

1.6 Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Specified under the “Corporate Governance Principles” that participated in “Corporate Governance subtitle in Corporate Identity and Management” title of “Inverstor Relations” Section at www.sisecamduzcam.com .
--	--

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Board of Directors did not make any propose to avoid distributing the profits.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	The Board of Directors has not made any proposal to avoid distributing profits.
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TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the corporate website that contains the General Shareholders' meeting minutes, and also indicates for each voting levels for or against	Specify the name of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
20.03.2018	-	%83,35	%0,05	%83,30	(*)	None.	None.	145	https://www.kap.org.tr/tr/Bildirim/662572

(*) Specified under the "General Assembly" that participated in "General Assembly Announcements and Documents" subtitle in "Corporate Identity and Management" title of "Investor Relations" Section at www.sisecamduzcam.com.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

2. DISCLOSURE AND TRANSPARENCY

2.1 Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

The corporate website "www.sisecamduzcam.com" is updated continuously as required by CMB Corporate Governance Principals and the informations are updated in order to maintain the relations with shareholders more effectively and rapidly. The information contained on the corporate website is in the same context as the disclosures made in accordance with the provisions of the relevant legislation and does not contain any contradictory or incomplete information.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the share

There is no natural person shareholder who owns more than 5% of the shares.

List of languages for which the website is available

Turkish and English

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Specifies in the "Additional Information about Corporate Governance" section in the Annual report.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Note 2 of the financial statement

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Explained in the note 22.Insurances, Contingent Assets and Liabilities in financial report.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

None.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

None.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Specifies in the “Human Resources” section in the Annual report.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

3. STAKEHOLDERS

3.1 Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy

Specified under the "Corporate Governance Principles" that participated in "Corporate Governance" subtitle in "Corporate Identity and Management" title of "Inverstor Relations" Section at www.sisecamduzcam.com.

The number of definitive convictions the company was subject to in relation to breach of employee rights

30 case finalized negatively. 10 of them partially accepted and partially rejected.

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

Employees are able to carry unethical processes to the Audit Committee and Internal Audit Department. Besides, there is also report line for stakeholders to inform these unethical processes.

The contact detail of the company alert mechanism

The e-mail address etik@sisecam.com is available

3.2 Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

Contact Us

Corporate bodies where employees are actually represented

All communication channels are kept available and probable handicaps are cleared for the company employees to participate in the management. For this purpose; Message to the CEO ", "Ethics Communication Line", "Electronic Mail Address" and "Idea Factory" applications are used.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

3.3 Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Board of Directors forms the necessary succession plans.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	During recruitment and career planning, sense of fairness is taken as basis and transparency is ensured. Activities are carried out on the basis of Şişecam Group Human Resources Regulation faaliyet which is established within the institution.
Whether the company provides an employee stock ownership programme	There is no share purchase plan.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Şişecam Group shapes its human resources approach in accordance with laws, corporate values and ethical principles, and embraces diversity and equal opportunities. With aspirations of becoming an employer of choice, the Group adopts an impartial, systematic and development-oriented approach in all human resources processes, including recruitment, career management, professional development and training, and performance management. It recognizes and rewards consistent and high performance and implements competitive compensation and benefits strategies that are compatible with market conditions. Şişecam Group respects the historical and cultural values of the communities in which it operates. It endeavors to pass on to future generations the diversity and cultural heritage of its global work force and stakeholders by empowering them.
The number of definitive convictions the company is subject to in relation to health and safety measures	3 case finalized negatively. 3 of them partially accepted and partially rejected.

3.5 Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Specified under the "Code of Ethics" that participated in "Corporate Governance Principals" subtitle in "Corporate Governance" title of "Investor Relations" section at www.sisecam.com .
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues	Specified under the "Corporate Social Responsibility" that participated in "Sustainability" title of About Us section at www.sisecamduzcam.com
Any measures combating any kind of corruption including embezzlement and bribery	Specified under the "Anti-Corruption policy" that participated in "Corporate Governance Policy" subtitle in "Corporate Governance" title of "Investor Relations Section" at www.sisecamduzcam.com

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4. BOARD OF DIRECTORS - I

4.2 Activity of the Board of Directors

Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes, they were released.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls.	Specified in Risk Management and Internal Audit Facilities section in the annual report.
Name of the Chairman	Prof. Dr. Ahmet Kirman
Name of the CEO	Dr. Reha Akçakaya
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different people.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Parent Company, Turkey İş Bankası A.Ş. signed "Executive Responsibility Insurance" with Anadolu Anaonim Türk Sigorta within the scope of Board Members and Directors for the probable losses related to business faults. However, our company has not made PDP notification.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4.2 Activity of the Board of Directors

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

None.

The number and ratio of female directors within the Board of Directors

1 directors, the rate is 17%.

4. BOARD OF DIRECTORS – II

4.4 Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)

In 2018, 50 physical meetings were held.

Director average attendance rate at board meetings

%98

Whether the board uses an electronic portal to support its work or not

Yes, e-mail is used.

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter

The information and documents related to agenda of Board of Directors are shared at sufficient time before the board meeting for providing equal information flow. Net time is not specified.

The name of the section on the corporate website that demonstrates information about the board charter

Specified under the “Establishment and Working Principles of Board Committees” file that participated in “Corporate Governance and Identity” title of “Inverstor Relations Section” at www.sisecamduzcam.com.

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

The Company has subsidiaries and affiliates. The fact that the Board Members take role in the management of these companies. For the benefit of the group, the company does not restricted this situation.

4.5 Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Link(s) to the PDP announcement(s) with the board committee charters

www.kap.org.tr/tr/Bildirim/204283

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4. BOARD OF DIRECTORS – III

4.5 Board Committees – II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4.6 Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

Specified in the Chairman and CEO messages in the Annual Report.

Specify the section of website where remuneration policy for executive and non-executive directors are presented

Specified under the “Executive Remuneration Policy” that participated in “Corporate Governance Principals” subtitle in “Corporate Governance” title of “Inverstor Relations section” at www.sisecamduzcam.com.

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

Specified in the Note 37-Related Party Disclosures.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Composition of Board Committees

Name Surname of Committee Members	Whether Executive Director Or Not	Whether Independent Director Or Not	The first Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether the Director Who Cased to Satisfy The Independence Or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting And/Or Finance or not
Prof. Dr. Ahmet Kirman	Not Executive	Not Independent	23.03.2015				Yes
Dr. Reha Akçakaya	Executive	Not Independent	02.01.2014				Yes
Zeynep Hansu Uçar	Not Executive	Not Independent	02.08.2010				Yes
Gökhan Guralp	Not Executive	Not Independent	20.03.2018				Yes
İlhan İli	Not Executive	Independent	20.03.2018	www.kap.org.tr/tr/Bildirim/669522	Reviewed	Not	Yes
Diğ Kızıdemir	Not Executive	Independent	20.03.2018	www.kap.org.tr/tr/Bildirim/669522	Reviewed	Not	Yes

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Board Committees – I

Names of the Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	Diñ Kızıldemir	Chairman	Member
Corporate Governance Committee	-	Zeynep Hansu Uçar	-	Member
Corporate Governance Committee	-	İlhan İl	-	Member
Corporate Governance Committee	-	Gökhan Güralp	-	Member
Corporate Governance Committee	-	Kemal Tansu Akalın	-	Not member
Audit Committee	-	Diñ Kızıldemir	Chairman	Member
Audit Committee	-	İlhan İl	-	Member
Committee of Early Detection of Risk	-	Diñ Kızıldemir	Chairman	Member
Committee of Early Detection of Risk	-	İlhan İl	-	Member
Committee of Early Detection of Risk	-	Zeynep Hansu Uçar	-	Member

Board Committees– II

Names of the Board Committees	The Percentage Of Non Executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	%100,00	%40,00	6	8
Audit Committee	%100,00	%100,00	5	5
Committee of Early Detection of Risk	%100,00	%66,67	8	8

TRAKYA CAM SANAYİİ A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY AGENDA FOR 2018

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,
2. Reading of the Summary of the Reports prepared by the Board of Directors and the Independent Auditor on the activities that have been performed by our Company in the year 2018,
3. Reviews, Discussions and Approval of the Financial Statements as of 2018,
4. Acquittals of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Determination of the Compensations pertaining to the Members of the Board of Directors,
7. Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
8. Taking a Resolution on the Distribution Type and Date of the 2018 Profit,
9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2019,
10. Taking a resolution on appointment of an independent audit company as per the Turkish Commercial Code and regulations of the Capital Markets Board,
11. Furnishing information to the shareholders in respect of the donations granted within the year and; determination of the limit pertaining to the donations to be granted in 2019,
12. Furnishing information to the shareholders in respect of the securities; pledges and mortgages provided in favor of third parties,
13. Taking a resolution on the Amendment of the Company's Articles of Association as Shown in the Amended Draft under the condition that the necessary permissions from the Capital Markets Board and the Ministry of Commerce have been obtained.

Date : 7 March 2019 Thursday Time:14.00 p.m

Place : İcmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947 Tuzla – İstanbul/Turkey

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

[Profit Distribution](#)

During the period, distributing of TRY 170 million gross dividend as cash which is corresponding rate 15,04425% of the capital, distributing of 120 million as bonus share which is corresponding rate 10,61947% of the capital; Determining of the cash dividend payment date as 31 May 2018 and dividend distribution as bonus share would be done after the legal process finalised. Within the period, the issued capital of the Company equivalent to TL 1.130,000,000 within the registered capital of TL 3,000,000,000 was increased to TL 1,250,000,000. In line with the decision taken at the Shareholders General Assembly Meeting held on the 20th of March 2018; TL 120,000,000 increase was covered from the profit for the 2017 period. Thus, the necessary legal procedure regarding the capital increase transactions was completed and registered on the 24th July 2018.

[Other Issues:](#)

[Affiliated Company Report](#)

The Conclusion section of the "Affiliated Company Report" drawn up pursuant to Article 199 of the Turkish Trade Act is as follows:

In all transactions realized in 2018 with the controlling company and the subsidiaries thereof, our Company adhered to the provisions of the legislation governing disguised profit distribution through transfer pricing and no such situation was arose in 2018, which would have required equalization of losses by reason of the transactions described above.

[Common and Continuous Related Party Transactions for Year 2019](#)

According to Article 10 of the Corporate Governance Communiqué entitled "Common and Continuous Transactions" of the Capital Markets Board's "II-17.1", which was published in the Official Gazette dated 3 January 2014 and numbered 28871, our company's financial plan for year 2019 (Budget);

- It is foreseen that the ratio of the sum of frequent and continuous transactions with Trakya Yenişehir Cam Sanayii A.Ş., a subsidiary of our Company, in an accounting period will reach more than 10% of the cost of goods sold disclosed in the latest annual financial statements disclosed to public, and, in this report, it is considered that the sales to be made by Trakya Yenişehir Cam Sanayii A.Ş. to Trakya Cam Sanayii A.Ş. in 2019 will be conducted under the contract production at the price to be determined by adding a profit margin of 5.00% to the commercial cost.
- It is predicted that the total amount in the accounting period of the export-registered sales between the subsidiary Şişecam Dış Ticaret A.Ş. and the group industrial corporations will reach to more than 10% of the cost of sales and revenue of the company in the last annual financial statements announced to public. Export-registered sales to Şişecam Dış Ticaret A.Ş. from Group's Corporations will be carried out at the same prices applied to third parties and reasonable commission in accordance with the transaction conditions that consist with previous years and market conditions will be collected against the service to be provided.

[Legal Reference of the Annual Report](#)

The annual report of the Group for 2018 fiscal year has been prepared in conformity with the provisions of the "Regulation on the Minimum Contents of Annual Reports of Companies" issued by the Ministry of Customs and Trade based on Articles 516 (3) and 518 of the Turkish Commercial Code and of the CMB Communiqué on Principles of Financial Reporting in Capital Markets..

[Preparation Principles of the Annual Report](#)

The annual report presents an accurate, complete, fair and true view of the Company's affairs and transactions in the relevant fiscal year, and its financial status with all aspects, in a manner that also observes the Company's rights and interests. The annual report does not contain any deceitful, exaggerated, false or misleading statements.

The annual report is prepared carefully and in detail to furnish the shareholders with full and accurate information about the Company's all operations and activities.

[Approval of the Annual Report.](#)

The Company's annual report for 2018 fiscal year has been signed and approved by the members of the Company's Board of Directors on 13 February 2019.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING OF 7 MARCH 2019

As our Company's 2018 Shareholders Ordinary General Assembly Meeting will be held on March 7st, 2019, Thursday at 14.00 at the Company headquarters situated at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla/Istanbul in order to discuss and take resolutions on the contents of the below-indicated agenda; our Esteemed Shareholders or their representatives are requested to honor the meeting on the mentioned day and at the mentioned hour.

The shareholders are allowed to participate in our Company's Ordinary General Assembly Meeting personally in physical environment or in electronic environment and they are also allowed to participate in the meeting by means of their representatives. It is possible to participate in the General Assembly Meeting in electronic environment by secure electronic signatures of the shareholders or their representatives. Therefore; the shareholders, who will perform transactions through the Electronic General Assembly System (EGKS) are firstly required to be registered with the e-MKK Information Portal of the Central Registry Agency (MKK) and thereby, they are required to ensure that their contact information are recorded into the system and; in addition, they are required to have a secure electronic signature. The shareholders or their representatives, who have not been registered with the e-MKK Information Portal and do not have a secure electronic signature, are not allowed to participate in the General Assembly Meeting in electronic environment.

In addition; the shareholders or their representatives, who wish to participate in the meeting in electronic environment, are required to fulfill their obligations in compliance with the provisions of "the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies" published in the Official Gazette dated August 28th, 2012 and No 28395 and with the provisions of "the Communiqué on the Electronic General Assembly System to Apply in the General Assemblies of Joint Stock Companies" published in the Official Gazette dated August 29th, 2012 and No 28396.

The shareholders, who will not be able to participate personally in the meeting in physical or electronic environment, are required to prepare their powers of attorney in compliance with the Annex-1 or are required to obtain a copy of the powers of attorney form from our Company Headquarters or from the corporate web site at www.sisecam.com.tr and are also required to fulfill the requirements of the matters stipulated in the Capital Market Board's Communiqué Nr. II-30.1 on "Casting Votes By Proxy and Collection of Proxies By Way of Calls" and thereby, they are required to submit their powers of attorney, the signatures of which shall have been affirmed by a public notary. The shareholders, who wish to participate personally in the General Assembly meeting in physical environment, are, by submitting their identity cards, allowed to exercise their rights concerning their shares registered with "Shareholders List" contained in the system pertaining to the Central Registry Agency (MKK).

Our shareholders, who will participate in the General Assembly Meeting in electronic environment through the Electronic General Assembly System, may obtain information about the principles and procedures regarding participation, appointment of a representative, submission of proposals, declaration of opinions and voting, by using the link, <https://www.mkk.com.tr>, which is the web address belonging to the Central Registry Agency.

Reports of the Board of Directors and the Independent Auditing Firm pertaining to the activity year 2018, the Financial Statements and the Board of Directors' proposal on Distribution of Profit will be made available for reviews of the shareholders at the Company Headquarters situated İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul and, will be accessible through the page "Investor Relations" on the web site of the Company at www.sisecam.com.tr in advance of minimum three weeks to the date of the General Assembly Meeting.

For invitation to the General Assembly Meeting, no registered letters will additionally be sent to our shareholders, as per the Article 29 of the Capital Markets Law No 6362.

The above matters are respectfully submitted for information of the Esteemed Shareholders.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

2. ADDITIONAL DISCLOSURES RELEASED WITHIN THE SCOPE OF ARTICLE 1.3.1 OF CMB'S CORPORATE GOVERNANCE PRINCIPLES

Pursuant to CMB's Communiqué No. II-17.1 on Corporate Governance, in addition to the notifications and disclosures to be made by the Company as required by the legislation and in addition to the documents to be made available for reviews by shareholders, together with the General Assembly Meeting announcement, on the Company's corporate web site and on PDP within the framework of Article 437 of the Turkish Commercial Code No. 6102 a minimum of three weeks before the date of the General Assembly Meeting provided that the dates of the announcement and the meeting are excluded; the additional disclosures, which are relevant to the Articles of the Agenda, are provided in the relevant below Article of the Agenda, and the general disclosures are submitted for the information of our shareholders in this chapter.

2.1 Partnership Structure and Voting Rights

In the Company Articles of Association, there is no privilege for the exercise of voting rights. Pursuant to the Company Articles of Association, each share provides one vote.

The Company's shareholder structure is as follows and there is no real person ultimate controlling shareholder among the Company's shareholders.

Shareholders	Share Amount (thousand TRY)	Share Rate (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	868.129	69,45
Other	381.871	30,55
Total	1.250.000	100,00

2.2 The Requests of Shareholders, the Capital Markets Board (CMB) and/or Other Public Institutions or Organizations, with which the Company is concerned, for Inclusion of Articles into the Agenda

No such written demand has been made for the Ordinary General Assembly Meeting to discuss the operations in the year 2018.

2.3 Planned Changes in Management and Operations of the Company and its Affiliates, Subsidiaries in the Previous of Future Accounting Period which Significantly Affect Company Operations

There are no managerial or operational changes that has or that will substantially affect the Company's activities. If it comes into question, the relevant disclosure is released to the public within the framework of the legislation.

In this scope, within the period, the transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2018 are as follows;

Trakya Cam Sanayi A.Ş. which owns 50% shares of HNG Float Glass Limited (currently known as Şişecam Flat Glass India Limited) purchased the remaining non-group shares of this joint venture in cash on 13 June 2018 amounting 85,405 thousand US Dollars and 345 thousand US Dollars on December 26, 2018.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

3. OUR EXPLANATIONS REGARDING THE ARTICLES ON THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED ON 7 MARCH 2019

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,

Elections of the members of the Chairmanship Council and the Chairman, who will manage the General Assembly meeting, shall be accomplished within the framework of the provisions contained in "the Turkish Commercial Code" (TCC) and in "the Regulation on the General Assembly Meetings of Trading Companies" (the Regulation) prepared by the Ministry of Customs and Trade.

2. Presentation of Annual Report of the Company for the fiscal year 2018 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2018,

Within the framework of TCC, the Regulation and the Capital Markets Law and related regulations, Annual Report of the Board of Directors and summary of the Independent Auditor's Report prepared and signed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, which has been submitted at the Headquarters of our Company and on the website of the Company at www.sisecam.com.tr for examination of our shareholders for a period of three weeks before the General Assembly meeting and they shall be presented for evaluation and approval of our shareholders.

3. Review, discussion and approval of the Balance Sheet and Income Statement as of and for the year ended 2018,

Within the framework of the TCC and the Regulation, following the reviews and discussions on the Balance Sheet as of the year 2018 and Income Statement for the year ended 2018, they shall be presented for evaluation and approval of our shareholders.

4. Release of the Members of the Board of Directors from liability for the affairs,

Within the framework of provisions of TCC and the Regulation, release of the members of Board of Directors one by one due to activities, transactions and accounts of the year 2018 shall be presented for approval of the General Assembly pursuant to Article 408 of the TCC.

5. Election of the Members of the Board of Directors,

As is known, our Company's Board Members were elected to serve for one year at the Ordinary General Assembly of Shareholders held on March 20, 2018. Our Board Members' one-year legal term of office shall end on the date of the Ordinary General Assembly of Shareholders to be held on March 7, 2019. For this reason, it is a legal obligation to renew the election.

In addition, the one-year legal term of office of our Board Members acting as independent members shall end on the same date. It is therefore obligatory to make the independent member election in accordance with Article 4.3.7 of the Capital Markets Board (CMB) Corporate Governance Principles.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

In this scope;

The term of office of Dinç Kızıldemir and İlhan İl who have been acting as independent members in our Company's Board of Directors, shall end on the date of the Ordinary General Assembly of Shareholders to be held in relation to the year 2018. In order to reach the minimum number of Independent Members of the Board of Directors as laid down in the Corporate Governance Principles and to ensure the assignment of Independent Members of the Board of Directors, as a result of the evaluation made by our Corporate Governance Committee within the scope of the provisions of the Communiqué on Corporate Governance, it has been found that the following persons meet the criteria of independence specified in Article 4.3.6 of the Corporate Governance Principles, have already been acting as independent members in our Company's Board of Directors, have made positive contributions to Company's activities and remained impartial in case of conflict of interests between shareholders, have strong ethical standards to decide independently taking stakeholders' rights as well as professional reputation and experience, have duly fulfilled their duties as Independent Members of the Board and spared their time to the Company to the extent required for following up Company's activities and fulfilling the requirements of the duties they have undertaken. Thus,

- Dinç Kızıldemir
- İlhan İl

shall be elected as "independent members" of the Company Board of Directors again, Within the framework of the criteria of independence stipulated in Article 4.3.6 of the Capital Markets Board (CMB) Corporate Governance Principles, "Corporate Governance Committee" report with Board of Directors decision dated December 28, 2018, resumes and declarations of independence included in Annex-2 have been submitted for the evaluation of the Capital Markets Boards at the date January 4, 2019 and have been approved by CMB's Letter No. 29833736-100-E.908 dated January 18, 2019.

6. Resolution of gross salaries of the Members of the Board of Directors,

Monthly gross salaries of the members of the Board of Directors shall be determined by the General Assembly within the framework of the provisions contained in the TCC and in the Regulation and within the framework of the principles contained in the Articles of Association.

7. Submitting authorization of Board of Directors Members pursuant to Article 395 and 396 of Turkish Commercial Code.

It is, only with the approval by the General Assembly, possible for the members of our Board of Directors to perform transactions within the framework of the Article 395, entitled "the Prohibition to Transacting with and Becoming Indebted to the Company" and of the Article 396, entitled "Noncompetition", contained in the TCC. As per the CMB's mandatory Corporate Governance Principle No. 1.3.6, prior approval should be granted by the General Assembly so that the majority shareholders, the members of the Board of Directors, top executives and their spouses and their relatives by blood and by marriage (up to the second degree) are able to perform any significant transactions in such a nature that may cause a conflict of interest with the Company or with any subsidiaries thereof and so that these persons are able to compete with them. In addition, information about the mentioned transactions should be provided at the General Assembly. In order that the requirements of these arrangements can be fulfilled, the request to grant the mentioned permission shall be submitted to our shareholders for approval at the General Assembly and, in addition, our shareholders shall be informed about the transactions that have been performed in such a nature within the year.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

8. Taking a Resolution on the Profit Distribution of the year 2018 and the date of the dividend distribution,

According to our financial statements for the period January 1, 2018, and December 31, 2018 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, in accordance with the International Financial Reporting Standards and within the framework of the provisions contained in the Capital Markets Board's Communiqué Nr. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets", the "Consolidated Net Profit for the Period" belonging to equity holders of the Parent is amounting to 958,325 thousand Turkish Lira. The proposal for the distribution of profit, which has been submitted by our Board of Directors to the General Assembly for approval, has been prepared as Annex 3 in accordance with the principles mentioned in the "Profit Distribution Policy" which has been revised at our Board of Directors' meeting dated February 27th, 2013 and has been disclosed to the public on the same date, as well as the arrangements issued by CMB in relation to distribution of profit and Article 25 of our Articles of Association.

9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2019,

Pursuant to the provisions of the Capital Markets Board (CMB) Communiqué numbered II-19.1, authorization for the distribution of dividend advances will be submitted to the approval of the General Assembly in 2019 with the decision of the Board of Directors.

10. Taking a resolution on the appointment of an independent auditing firm as per the Turkish Commercial Code and the regulations issued by the Capital Markets Board,

Within the framework of the opinions of our Audit Committee, Güney Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member of Ernst & Young) which is chosen to make independent audits of the financial statements for 2019 to be prepared in accordance with the provisions of the Articles 397 to 406 of the TCC and the provisions of the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" by the Board of Directors will be presented to the General Assembly for approval.

11. Providing information to shareholders with respect to the donations granted within the year and determination of the limit pertaining to the donations to be granted in 2019,

In accordance with the principles of "the Donation Policy" which has been established in line with the provisions contained in the Turkish Commercial Code, the Capital Markets Law, the Communiqués, Principle Resolutions and other arrangements issued by the Capital Markets Board as well as the provisions contained in the Company's Articles of Association; any donations and aids, which have, for social aid purposes, been granted to the foundations and associations (societies) by the Company in the year 2018, shall be submitted to the General Assembly for information. In addition, the limit of the donations to be granted by publicly-held corporations shall be determined by the General Assembly of Shareholders in accordance with the provisions of the Capital Markets Law No. 6362, Article 19 paragraph 5. In this context, the sum of the donations which shall be granted in the activity year of 2019 has been determined by our Board as 7,000,000 Turkish lira and shall be submitted to the General Assembly for approval, and the sum of the donations which have been granted to the educational institutions and various foundations and associations (societies) in the year 2018 by the Company and its companies included in the scope of consolidation amounts 2,140,450 Turkish liras.

12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.

As per Capital Markets Board's Corporate Governance Communiqué No. II-17.1 Article 12 entitled "Collaterals, pledges, mortgages and sureties", information has been provided under footnote no. 22 pertaining to the financial statements for the year 2018 issued in line with the provisions of the Capital Markets Board's Communiqué No. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets" and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

13. **Taking a resolution on the Amendment of the Company's Articles of Association as Shown in the Amended Draft under the condition that the necessary permissions from the Capital Markets Board and the Ministry of Commerce have been obtained.**

It shall be submitted to the approval of the General Assembly on the condition of obtaining the permissions from the Capital Markets Board and the Ministry of Commerce regarding the amendment in the article No. 3 purpose and activities, No 4 registered office and branches of the company article No 6 capital, article No 10 representation and binding of the company, article No 12 convention and working order of the board of directors, article No 17 the ministry's representative, article No 22 amendments in the articles of incorporation, article No 25 profit distribution(Annex 4)

ANNEX

- ANNEX-1 : Power of Attorney
ANNEX-2 : Resumes and Declaration Independence Of Independent Members Of The Board Of Directors
(See the Board of Directors Section of the Annual Report for the resumes)
ANNEX-3 : Board of Directors Decision regarding 2018 Dividend Distribution Schedule
(See the Dividend Distribution section of Annual Report for the Dividend Distribution Statement)
ANNEX-4 : Amendment Draft Of Articles Of Incorporation

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

ANNEX-1

POWER of ATTORNEY TRAKYA CAM SANAYİİ A.Ş.

I hereby appointas my agent who is introduced in details below; so that he/she is authorized to represent me, vote, submit proposals and sign the required documents, accordingly with the considerations that I indicate below, at Trakya Cam Sanayii A.S.'s 2018 Ordinary General Assembly Meeting to be held at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /İstanbul on March 7, 2019, Thursday, at 14.00.

The Agent's (*);

Name and Surname/Trade Name:

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No:

(*)For the foreign agents, it is mandatory to submit the equivalents (if any) of the above information..

A) Scope of Representative Authority

For the Sections No 1 and 2 provided below, one of the alternatives indicated as (a), (b) and (c) should be checked and thereby; the scope of the representative authority should be determined.

1. In respect of the matters contained in the agenda of the General Assembly Meeting;

- The Agent is authorized to vote accordingly with his/her own opinion.
- The Agent is authorized to vote accordingly with the recommendations of the Company's management.
- The Agent is authorized to vote accordingly with the instructions declared in the table below.

Instructions:

In case the alternative (c) is checked by the shareholder; the instructions specific to the article of the agenda shall be given by checking one of the alternatives provided next to the relevant agenda article of the general assembly meeting (affirmative or dissentient) and, in case the alternative "dissentient" is checked, by indicating the dissenting opinion (if any) requested to be written on the minutes of the General Assembly Meeting.

Articles of the Agenda (*)	Affirmative	Dissentient	Dissenting Opinion
1.			
2.			
3.			

(*) The matters contained in the agenda of the General Assembly Meeting shall be listed one by one. If the minority has a separate resolution draft, this draft shall additionally be specified in order for casting vote by proxy.

2. Special instructions for any other matters that may emerge at the General Assembly Meeting and particularly for exercising minority rights:

- The Agent is authorized to vote accordingly with his/her own opinion.
- The Agent is not authorized to represent with respect to these matters.
- The Agent is authorized to vote accordingly with the special instructions below.

Special Instructions; any special instructions (if any), which will be given to the agent by the shareholder, shall be specified here.

B) The shareholder shall check one of the alternatives below and thereby, shall indicate the shares, which the shareholder requests the agent to represent.

1. I grant approval for representation of my shares by the agent, the details of which are provided below.

- Quantity-Nominal value:
- Whether or not there is a privilege in voting:
- Its rate to the voting rights/total shares held by the shareholder:

2. I grant approval for the agent's representation of all of my shares contained in the list which is relevant to the shareholders that are allowed to participate in the General Assembly Meeting and has been prepared by the Central Registry Agency on the day before the day of the General Assembly Meeting.

THE SHAREHOLDER'S:

Name and Surname/Trade Name (*):

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No.:

Address:

(*)For the foreign shareholders, it is mandatory to submit the equivalents (if any) of the above information.

Signature:

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

ANNEX-2

DECLARATION OF INDEPENDENCE

Trakya Cam Sanayii A.Ş.
Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Trakya Cam Sanayii A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communiqué on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully

Dinç Kızıldemir

28.12.2018

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

DECLARATION OF INDEPENDENCE

Trakya Cam Sanayii A.Ş.
Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Trakya Cam Sanayii A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communiqué on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully

İlhan İl

28.12.2018,

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

ANNEX-4

AMENDMENT DRAFT OF ARTICLES OF INCORPORATION

Previous Text

PURPOSE AND ACTIVITIES

Article 3:

The following are purpose and activities of the company;

1. Establishing, developing Glass Industry and subsidiary, auxiliary, complementary and replacing industries which interest this industry directly or indirectly, and industries having input relationship with these industries, and participating into established ones.
2. Where it is required by economical conjuncture related to its scope, making other industrial, commercial and financial activities for assuring profitable growth and continuity of the company by distributing the risk and evaluation of the potential. Establishing the company in these fields, and participating into established ones.
3. Creating economic and social services within the body of company.

In order that the company can accomplished its objectives;

- 1- It can establish facilities and companies displaying industrial, commercial and financial activities in the domestic and in the abroad. It can participate into established ones. When necessary, it can employ foreign specialist or personnel.
- 2- It can perform all kinds of commercial, industrial and financial transactions related to working scopes. It can enter into public and private commitments. It can participate into the capital of banks, insurance and other financial institutions.
- 3- - It can perform domestic and abroad sales transactions of the company and its affiliates. For this purpose, it can establish companies in the domestic and in the abroad. It can participate into them, it can open depot, store, exhibition, representation office etc. It can take necessary precautions for internal and external supply, customs clearance and warehousing of raw materials, auxiliary products, packaging material, energy, mine, machinery-equipment, semi-products and finished products related to working scopes of these companies and can establish the company in this scope.

Revised Text

PURPOSE AND ACTIVITIES

Article 3:

The following are purpose and activities of the company;

1. Establishing, developing Glass Industry and subsidiary, auxiliary, complementary and replacing industries which interest this industry directly or indirectly, and industries having input relationship with these industries, and participating into established ones.
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TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

4- It can have rights such as required privilege, authorization, brand license, patent, patent right. It can transfer them to third persons in the domestic and in the abroad.

5- It can have immovable goods and real rights for fulfillment of works including working scopes. It can dispose them. It can hire out them. It can mortgage them and it can establish mortgage onto real estates belonging to others in favor of the company and it can release them or it can have all kinds of rights on them.

6- It can enter into construction commitments related to objective and scope of the company.

7- It can explore and operate mine directly and indirectly related to objective and scope of the company.

8- It can establish research centers related to its scope. It can participate into such institutions.

9- The company can be partner of domestic and/or foreign companies established and to be established. The company can purchase shares and/or other securities provided that they are not in the nature of investment services and activities. It can sell its own shares (or shares) or other securities. It can transfer them to others. It can pledge. It can get pledge.

10- The company can perform all kinds of Logistics and transportation services related to itself and group companies in which it is involved within the frame of above objectives and scopes, and it can perform following services for this purpose.

a. It can perform internal and international transportation affairs through all kinds of land, marine and air vehicles.

b. It can perform all kinds of loading, discharging, port management and customs clearance works.

c. It can perform all kinds of warehousing, special bonded warehousing, packaging and packing works.

d. It can perform franchise, representation, agency and brokerage activities related to matters in a-b-c sections and it can conclude agreements.

e. It can purchase, rent all kinds of land, marine and air transportation vehicles and equipments in order to accomplish above services, it can perform repair and maintenance services and import, domestic trade and representation of these vehicles.

It can hire out its own land, marine and air transportation vehicles to third persons and it can operate them in this way.

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TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

11- The company can give bail for establishment of equity companies in which it has participated into their capital and/or management directly or indirectly, capital increase, bank loans and issuance of debenture-financing bond and other debts. It is complied with principles determined within the frame of Capital Market Legislation about matters such as giving guarantee, bail, deposit or establishing pledge right including mortgage by the company on its behalf or in favor of third persons. Regulations about concealed gain transfer of Capital Market Legislation are reserved.

12- Company can make donation under the scope of social responsibility and within the procedures and principles determined by Capital Market Board.

REGISTERED OFFICE AND BRANCHES OF THE COMPANY

Article 4:

Registered office of the company is in Istanbul. Address: "Is Kuleleri Kule 3 34330 4. Levent - Besiktas /Istanbul".

In case of change of address new address shall be registered in trade registry and announced in Trade Registry Gazette of Turkey and on the company's web site, furthermore it is notified to the Ministry of Customs and Commerce and the Capital Markets Board. Notice served to registered and announced address shall be deemed as served to the company.

The company may establish branches within the county and abroad provided notifying the Ministry of Commerce and Capital Market Board.

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12- Company can make donation under the scope of social responsibility and within the procedures and principles determined by Capital Market Board.

The charities can be granted in the manner that will not compromise its objective and subject matter and on condition that their limits will be determined by the General Committee, that they will not give such charities in the amounts that exceed such limit, that it will add the charities made to the distributable profit estimation, that it will not contravene the CMB's covert profit transfer arrangements, that they will make the required special condition remarks, and that the grants given domestically will be notified to the partners in the General Committee meeting.

REGISTERED OFFICE AND BRANCHES OF THE COMPANY

Article 4:

Registered office of the company is in Istanbul. Address: "İçmeler Mahallesi D-100 Karayolu Cad. No: 44 A 34947 Tuzla/Istanbul".

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TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

CAPITAL

Article 6:

The company has accepted Registered Capital System according to provisions of Capital Market Code and passed into this system with 9.11.1990 dated and 825 numbered consent of Capital Market Board.

Registered capital of the company is 3.000.000.000 Turkish Liras and it was divided into 300.000.000.000 pieces of bearer shares of which each has 1 Kurus nominal value.

Issued capital of the company is 1.250.000.000 Turkish Liras and this capital was divided into 125.000.000.000 pieces of bearer shares of which each has 1 Kurus nominal value. 1.250.000.000 Turkish Liras which constituted issued capital was paid-up and met completely.

Permission for upper limit of registered capital given by Capital Market Board is valid for the years of 2017-2021 (5 years). Even if it could not be reached to permitted upper limit of registered capital at the end of 2021, in order that board of directors can get capital increase resolution after 2021; it is obliged to get authorization for a new period from the general assembly by getting permission for upper limit permitted in advance or a new upper limit amount from the Capital Market Board. In the event that aforementioned authority is not received, it is deemed that the company was removed from registered capital system.

Shares representing the capital are monitored by recording within the frame of dematerializing principles.

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Registered capital of the company is 3.000.000.000 Turkish Liras and it was divided into 300.000.000.000 pieces of bearer shares of which each has 1 Kurus nominal value. In the case of capital increases to be made under a Board of Directors resolution, the Board of Directors may limit the shareholders' right to get new shares and resolve on the issuance of shares above the face value.

Issued capital of the company is 1.250.000.000 Turkish Liras and this capital was divided into 125.000.000.000 pieces of bearer shares of which each has 1 Kurus nominal value. 1.250.000.000 Turkish Liras which constituted issued capital was paid-up and met completely.

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TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

REPRESENTATION AND BINDING OF THE COMPANY

Article 10

Board of directors shall be authorized to manage and represent the company. Documents and agreements made on behalf of the company must be signed by authorized signatories in order to be valid and binding upon the company. Board of directors shall stipulate authorized signatories on behalf of the company and forms of signature. Such decision of board of directors shall be registered and announced.

Board of directors may delegate representation authority to one or more authorized members or third persons acting in capacity of a director. At least one member of board of directors must have representation authority.

REPRESENTATION AND BINDING OF THE COMPANY

Article 10

Board of directors shall be authorized to manage and represent the company. Documents and agreements made on behalf of the company must be signed by authorized signatories in order to be valid and binding upon the company. Board of directors shall stipulate authorized signatories on behalf of the company and forms of signature. Such decision of board of directors shall be registered and announced.

Board of directors may delegate representation authority to one or more authorized members or third persons acting in capacity of a director. At least one member of board of directors must have representation authority. The transfer of representation authority shall not be come effective unless and until the resolution, which indicates the persons authorized to represent and manner of representation, is registered in the trade registry and announced. Restriction of the representation authority shall not take effect in connection with the third persons acting in good faith; however, the restrictions registered and announced to the extent that the representation authority is to be used jointly or is allocated only to headquarters or a branch office shall be valid. Provisions of the Articles 371, 374, and 375 of Turkish Commercial Code are hereby reserved.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

CONVENTION AND WORKING ORDER OF THE BOARD OF DIRECTORS

Article 12:

Board of directors shall elect a chairman and a deputy chairman following each General Meeting of Shareholders. However, in case of dismissal of chairman and/or deputy chairman for any reason board of directors shall hold new election for vacant positions.

Deputy chairman shall chair board of directors during absence of chairman.

If deputy chairman is also absent, board of directors shall elect a temporary chairman among its members only for that meeting. Date and agenda of board of directors' meeting shall be determined by chairman. Deputy chairman shall determine these issues during absence of chairman. However, date of meeting may be determined by decisions of board of directors. Board of directors shall meet whenever necessary for affairs and transactions of the company. However, it must meet at least once a month.

Decision of board of directors shall be subject to quorum for meeting and decision stipulated in the Turkish Commercial Code, Capital Market Law and relevant legislation.

Board of directors may establish committees and commissions, including the Committee for the Early Detection of Risks within the scope of Article 378 of the Turkish Commercial Code, to conduct the company's business, implement relevant decisions and policies or to supervise them apart from committees and commissions set forth by the Capital Markets Board. Establishment of such committees shall be subject to regulations of the Capital Markets Board.

CONVENTION AND WORKING ORDER OF THE BOARD OF DIRECTORS

Article-12

Board of directors shall elect a chairman and a deputy chairman following each General Meeting of Shareholders. However, in case of dismissal of chairman and/or deputy chairman for any reason board of directors shall hold new election for vacant positions.

Deputy chairman shall chair board of directors during absence of chairman.

Date and agenda of board of directors' meeting shall be determined by chairman. Deputy chairman shall determine these issues during absence of chairman. However, date of meeting may be determined by decisions of board of directors. Board of directors shall meet whenever necessary for affairs and transactions of the company.

Meetings of the Board can be organised with depending on the decision of Board of Directors in Turkey, abroad or electronically. Those who have the right to participate in the Board of Directors meeting of the Company may attend these meetings in electronic environment pursuant to Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on the Committees to be Conducted in Electronic Media other than Joint Stock Companies, the Company may establish an Electronic Meeting System that will allow Board members to attend and vote in these meetings electronically and may purchase services from such systems. In the meetings to be held, it is ensured that the members can use their rights specified in the relevant legislation within the framework specified in the Communiqué through the system established in accordance with this provision of the company contract or through the system to be supported.

Decision of board of directors shall be subject to quorum for meeting and decision stipulated in the Turkish Commercial Code, Capital Market Law and relevant legislation.

Board of directors may establish committees and commissions, including the Committee for the Early Detection of Risks within the scope of Article 378 of the Turkish Commercial Code, to conduct the company's business, implement relevant decisions and policies or to supervise them apart from committees and commissions set forth by the Capital Markets Board. Establishment of such committees shall be subject to regulations of the Capital Markets Board.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

THE MINISTRY'S REPRESENTATIVE

Article 17:

For the Ministry's Representative who will take part in the General Committee meetings, regulations of the Ministry of Customs and Trade are complied with.

AMENDMENTS IN THE ARTICLES OF INCORPORATION

Article 22:

Conclusion and application of all kinds of amendments that will be applied in these articles of incorporation are carried out in accordance with the provisions of the Turkish Commercial Law and Capital Market Law. Subsequent to duly approving the respective amendments and registering them in the commercial registry, they become valid as of the date of announcement.

THE MINISTRY'S REPRESENTATIVE

Article 17:

For the Ministry's Representative who will take part in the General Committee meetings, regulations of the Ministry of Trade are complied with.

AMENDMENTS IN THE ARTICLES OF INCORPORATION

Article 22:

Conclusion and application of all kinds of amendments that will be applied in these articles of incorporation are carried out in accordance with the provisions of the Turkish Commercial Law and Capital Market Law. Subsequent to duly approving the respective amendments and registering them in the commercial registry, they become valid as of the date of announcement.

Resolution for the amendment of the articles of incorporation is made in accordance with the Law, Board legislation and the provisions specified in the articles of incorporation after receiving the respective consent from the Capital Market Board and the Ministry of Trade, in the General Committee meeting, where compliance with the law and the provisions of the articles of association will be observed.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 7 MARCH 2019

DISTRIBUTION OF PROFIT

Article 25:

Distributing the annual profit to the partners is decided upon the proposal of the Board of Directors in accordance with the Capital Market Board's regulations by the General Committee.

Profit dividend advance can be distributed on condition to comply with the methods and principles specified in the Capital Market Legislation.

DISTRIBUTION OF PROFIT

Article 25:

After deducting the Company's general costs and compulsory amounts that must be paid by the Company such as various amortizations as well as the amounts of the taxes that must be paid by the corporate personality of the Company, from the revenues of the Company determined at the end of the activity period, remaining period profit seen on the balance sheet is distributed after deducting the losses of the previous year, if any, as follows:

General Legal Reserve Fund:

a) 5% is allocated as a legal reserve fund

First Dividend:

b) From the remaining value, first dividend is allocated from the amount that would be obtained with the addition of the amount of grants made during the year, if any, in accordance with the provisions of the Turkish Commercial Law and Capital Market Legislation.

Second Dividend:

c) From the net period profit, after deducting the amounts specified in the (a) and (b) paragraphs, General Committee is authorized to distribute the remaining part, partly or completely, as the second dividend, or to allocate upon its own will as a reserve fund in accordance with the Turkish Commercial Law's 521st article.

General Legal Reserve:

d) Turkish Commercial Law's paragraph 519/4 is reserved.

Unless the reserves that must be allocated through the provision of the law are not allocated, and unless the profit share designated in the articles of incorporation for the shareholders is not distributed in the form of stock certificates and/or in cash, no decision is made for allocating another reserve fund, transferring it to the subsequent year, and distribute the dividend share to the Board of Directors members and officials, attendants, and foundations established for various reasons as well as such persons and/or institutions.

The profit share is distributed to all the dividends as of the date of distribution without taking the issuance and acquisition dates of them, in an equal manner.

Profit dividend advance can be distributed on condition to comply with the methods and principles specified in the Capital Market Legislation.

INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM



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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM

To the Board of Directors of Trakya Cam Sanayii A.Ş.,

We have audited the early identification of the risk system and committee established by Trakya Cam Sanayii Anonim Şirketi ("the Company").

Responsibility of the Board of Directors

Pursuant to paragraph 1 of article 378 of the Turkish Commercial Code ("TCC") 6102, the board of directors is responsible for establishing a committee of experts and operating and improving the system for the purposes of: early identification of factors posing a threat on company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the independent auditor

Our responsibility is to express a conclusion on the early identification of the risk system and committee based on our audit. Our audit was conducted in accordance with TCC, the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements. These principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions implemented on the risks by the early identification of the risk committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of the Risk System and Committee

The Company established the early identification of the risk system and committee on May 17, 2012. The committee consists of three members, two of whom are independent member of the board of directors and one of is also chair of the committee. From the date of establishment until the reporting date, committee is working for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; the committee has met eight times in the year 2018 and has submitted the reports it has prepared to the Board of Directors.

Conclusion

Based on our audit, the early identification of the risk system and committee of Trakya Cam Sanayii A.Ş. is satisfactory, in all material respects, in accordance with article 378 of the TCC.

Early Detection of Risks Committee is obliged to submit a report to the Board of Directors on a bi-monthly basis in accordance with article 378 of the TCC, and the Committee has submitted 8 reports to the Board of Directors in 2018.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



İstanbul, January 31, 2019

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Trakya Cam Sanayii A.Ş.

1) Opinion

We have audited the annual report of Trakya Cam Sanayii Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1 January – 31 December 2018.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Report* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 31, 2019 on the full set consolidated financial statements of the Group for the period of 1 January – 31 December 2018.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



(Convenience translation of a report originally issued in Turkish)

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Tolga Kirelli.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Tolga Kirelli, SMMM
Partner

February 13, 2019
İstanbul, Turkey

CONTACT DETAILS

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Automotive Glass Alliance Rus AO

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Şişecam Flat Glass Holding B.V.

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Legal Disclaimer

The Auditor's Report, the Consolidated Financial Statements and the Independent Audit Report included in this Annual Report ("Report"), regarding the activities and accounts for the year 2018, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on the 7th of March 2019 at the address; İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/İstanbul.

This Report is prepared for informing the shareholders and does not serve as a basis for any investment decision. The forward-looking and forecasted figures in the Report reflect the Company management's views on the future of the Company; and the actual results may differ depending on the variables and assumptions that constitute the forecasted figures. Accordingly, Trakya Cam Sanayii A.Ş. or the Members of the Board of Directors of the Company, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person; (i) as a result of any information given or communication made within the scope of this Report, or; (ii) based on any information contained/not-contained in this Report.

As of the date of preparing this report, all information contained in this Report is believed to be accurate, however Trakya Cam Sanayii A.Ş. assumes no responsibility for any typographical and printing errors that may occur.

This report is the English translation of the annual report that was originally prepared in Turkish. In case of any difference in the explanation texts, the Turkish report should be considered as the main report.

