

PAŞABAHÇE CAM SANAYİİ VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD 1 JANUARY – 31 MARCH 2020
(ORIGINALLY ISSUED IN TURKISH)**

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

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PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statement of Financial Position at 31 March 2020 and 31 December 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	31 March 2020	31 December 2019
Current Assets			
Cash And Cash Equivalents	6	428.141	405.900
Trade Receivables	10,38	765.167	738.449
- Due From Related Parties	38	809	1.519
- Trade Receivables From Third Parties	10	764.358	736.930
Other Receivables	11,38	29.476	96.160
- Due From Related Parties	38	23.380	91.364
- Other Receivables From Third Parties	11	6.096	4.796
Inventories	13	1.240.932	1.169.131
Prepaid Expenses	14	49.211	27.091
Current Income Tax Assets	36	7.016	4.162
Other Current Assets	27	58.903	60.479
Total Current Assets		2.578.846	2.501.372
Non-Current Assets			
Financial Assets	7	-	-
Other Receivables	11	395	401
- Other Receivables From Third Parties		395	401
Derivative Instruments		18.453	1.453
Investment Properties	17	8.196	8.196
Property, Plant And Equipment	18	2.068.749	2.067.963
Right of Use Assets	19	131.657	127.084
Intangible Assets	20	3.004	3.050
Prepaid Expenses	14	6.574	5.452
Deferred Tax Assets	36	109.053	137.446
Total Non-Current Assets		2.346.081	2.351.045
TOTAL ASSETS		4.924.927	4.852.417

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

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statement of Financial Position at 31 March 2020 and 31 December 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES	Notes	31 March 2020	31 December 2019
Current Liabilities			
Short Term Borrowings	8	532.113	721.537
Short Term Portion of Long Term Borrowings	8	72.411	111.135
Trade Payables	10,38	287.907	305.196
- Due to Related Parties	38	62.040	74.531
- Trade Payables to Third Parties	10	225.867	230.665
Liabilities For Employee Benefits	25	34.221	30.841
Other Payables	11,38	14.406	3.456
- Due to Related Parties	38	6.935	246
- Other Payables to Third Parties	11	7.471	3.210
Derivative Instruments	12	-	23.519
Deferred Income	14	8.735	14.832
Current Income Tax Liabilities	36	1.606	1.862
Short Term Provisions	23,25	64.745	33.870
- Provision For Employee Benefits	25	11.378	8.302
- Other Short Term Benefits	23	53.367	25.568
Other Current Liabilities	27	29.223	36.892
Total Current Liabilities		1.045.367	1.283.140
Non-Current Liabilities			
Long Term Borrowings	8	1.412.713	1.093.240
Derivative Instruments	12	800	91.325
Provisions For Employment Benefits	25	157.121	153.773
Deferred Income	14	752	693
Deferred Tax Liabilities	36	11.670	14.437
Other Non-Current Liabilities		1.070	-
Total Non-Current Liabilities		1.584.126	1.353.468
Total Liabilities		2.629.493	2.636.608
EQUITY			
Equity Holders of The Parent	28	2.271.965	2.192.581
Paid-in Share Capital	28	224.117	224.117
Adjustments to Share Capital	28	70.158	70.158
Impact of Transactions Including Entities			
Under Common Control		(11.529)	(11.529)
Share Premiums		166.419	166.419
Other Comprehensive Income/Expense not to be			
Reclassified to Profit or Loss	28	338.008	326.780
- Currency Translation Differences	28	35.321	24.093
- Fixed Asset Revaluation Fund	28	308.236	308.236
- Funds for Actuarial Gain (Loss) on Employee	28	(5.549)	(5.549)
Other Comprehensive Income/Expense to be Reclassified			
To Profit or Loss	28	434.020	379.169
- Currency Translation Differences	28	469.861	467.921
- Hedging Gain/(Loss)		(35.841)	(88.752)
Restricted Reserves	28	404.757	377.978
Retained Earnings	28	632.710	620.360
Net Profit/(Loss) For The Year	28	13.305	39.129
Non-Controlling Interests	28	23.469	23.228
Total Liabilities		2.295.434	2.215.809
TOTAL LIABILITIES AND EQUITY		4.924.927	4.852.417

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

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statements of Income for the Periods between 1 January - 31 March 2020 and 31 December 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January-31 March 2020	1 January-31 March 2019
Revenue	29	716.877	655.872
Cost of Sales	29	(452.858)	(433.288)
Gross Profit (Loss) From Trading Activities		264.019	222.584
General Administrative Expenses	30	(54.748)	(50.518)
Marketing Expenses	30	(150.599)	(145.909)
Research and Development Expenses	30	(3.343)	(2.357)
Other Income From Operating Activities	32	59.089	54.443
Other Expense From Operating Activities	32	(28.349)	(28.408)
Operating Profit (Loss)		86.069	49.835
Income From Investing Activities	3	1.344	1.995
Expenses From Investing Activities	3	(2.518)	(1.637)
Operating Profit (Loss) Before Financial Income (Expense)		84.895	50.193
Financial Income	34	118.755	25.674
Financial Expenses	34	(183.182)	(89.800)
Profit (Loss) Before Tax From Continued Operations		20.468	(13.933)
Tax Income (Expense) From Continued Operations		(6.922)	2.938
- Current Tax Expense for the Period	36	(542)	(1.714)
- Deferred Tax Income (Expense)	36	(6.380)	4.652
Profit (Loss) for the Period		13.546	(10.995)
Attributable to			
- Non-Controlling Interests	28	241	(2.528)
- Equity Holders of the Parent	28	13.305	(8.467)
Earnings/ (Loss) Per Share	37	0,0594	(0,0378)

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

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statements of Comprehensive Income for the Periods between 1 January - 31 March 2020 and 31 December 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January-31 March 2020	1 January-31 March 2019
Profit (Loss) for the Period	28	13.546	(10.995)
Other Comprehensive Income:			
Items not to be Reclassified to Profit or Loss	28	11.228	(1.482)
Currency Translation Differences		11.228	(1.482)
Items to be Reclassified to Profit or Loss	28	54.851	65.716
Currency Translation Differences		1.940	65.716
Income/(Expense) Relating in Avoidance of Risk of Cash Flow		67.921	-
Tax Effect of Other Comprehensive Income/(Loss) to be Reclassified to Profit or Loss		(15.010)	-
Other Comprehensive Income / (Loss)		66.079	64.234
Total Comprehensive Income/ (Loss)		79.625	53.239
Attributable to			
Non-Controlling Interest		241	(2.527)
Equity Holders of the Parent		79.384	55.766
Earnings/ (Loss) Per Share		0,3542	0,2488

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

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 March 2020 and 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Paid in Share Capital	Adjustments to Share Capital	Restricted Reserves	Share Premium / (Discount)	Other Comprehensive Income (Expense) not to be Reclassified to Profit or Loss			Other Comprehensive Income (Expense) to be Reclassified to Profit or Loss			Retained Earnings		Equity Holders of the Parent	Non-Controlling Interests	Total
					Funds for Actuarial Gain (Loss) on Employee Termination Benefits	Currency Translation Differences	Funds for Gain on Revaluation and Remeasurement	Hedging Gain / Loss	Currency Translation Differences	Impact of Transactions Including Entities Under Common Control	Retained Earnings	Net Profit (Loss) for the Period			
Balance at 1 January 2019	224.117	70.158	341.654	166.419	(10.022)	16.344	308.162	-	350.061	(11.529)	518.902	145.046	2.119.312	22.104	2.141.416
Impact of accounting policy change	-	-	-	-	-	-	-	-	-	-	(7.236)	-	-	(7)	-
Balance at 1 January 2019 (restated)	224.117	70.158	341.654	166.419	(10.022)	16.344	308.162	-	350.061	(11.529)	511.666	145.046	2.112.076	22.097	2.134.173
Transfers	-	-	17.384	-	-	-	-	-	-	-	127.662	(145.046)	-	-	-
Total Comprehensive Income	-	-	-	-	-	(1.482)	-	-	65.715	-	-	(8.467)	55.766	(2.527)	53.239
Balance at 31 March 2019	224.117	70.158	359.038	166.419	(10.022)	14.862	308.162	-	415.776	(11.529)	639.328	(8.467)	2.167.842	19.570	2.187.412
Balance at 1 January 2020	224.117	70.158	377.978	166.419	(5.549)	24.093	308.236	(88.752)	467.920	(11.529)	620.360	39.129	2.192.581	23.228	2.215.809
Transfers	-	-	26.779	-	-	-	-	-	-	-	12.350	(39.129)	-	-	-
Total Comprehensive Income	-	-	-	-	-	11.228	-	52.911	1.940	-	-	13.305	79.384	241	79.625
Balance at 31 March 2020	224.117	70.158	404.757	166.419	(5.549)	35.321	308.236	(35.841)	469.861	(11.529)	632.710	13.305	2.271.965	23.469	2.295.434

Disclosures for the changes in the equity is presented in Note 28.

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

PAŞABAŦÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statements of Cash Flows for the Periods between 1 January and 31 March 2020 and 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January-31 March 2020	1 January-31 March 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss) for the period		13.546	(10.995)
Adjustments to reconcile net profit / (loss) to net cash		145.593	170.625
- Depreciation and amortization	18,19,20	46.163	42.045
- Impairments / reversals	10,13,18	775	3.488
- Changes in provisions	23,25	39.194	52.460
- Interest income and expenses	8,32,33	31.434	46.035
- Unrealized exchange loss /(gain)	32,34	25.192	29.479
- Tax income / (loss)	36	1.661	(2.938)
- Adjustments of losses / (gains) on disposal of	32,33	1.174	56
Changes in net working capital		(89.578)	(384.911)
- (Increases)/decreases in inventories	13	(71.195)	(83.911)
- (Increases)/decreases in trade receivables	10,38	(26.143)	(55.455)
- (Increases)/decreases in other receivables	11,16,38	66.684	(9.121)
- Increases/(decreases) in trade payables	10	(17.385)	(945)
- Increases/(decreases) in other payables	11,14,27,38	8.233	(224.611)
- Other increases/(decreases) in net working capital	7,14,15,27,2 8,36	(24.051)	(7.197)
- Increases/(decreases) in derivative assets	12,34	(25.721)	-
Cash flows from operating activities		69.561	(225.281)
- Interest paid	8,32,34,38	(57.544)	(46.895)
- Interest received	32,34,38	1.133	1.466
- Tax received / (paid)	36	(2.553)	(14.107)
- Employment termination benefits paid	25	(5.322)	(4.620)

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

PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

Consolidated Statements of Cash Flows for the Periods between 1 January and 31 March 2020 and 2019

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January-31 March 2020	1 January-31 March 2019
B. CASH FLOWS FROM INVESTING ACTIVITIES		(3.895)	(26.607)
- Proceeds from sales of tangible and intangible assets	18,20,33	-	5.240
- Cash outflows from purchase of tangible and intangible assets	17,33	4.658	-
- Intangible assets	18,20	(24.579)	(32.061)
- Advances given	14	(3.772)	-
- Cash inflows from borrowings		2.650	1.297
- Interest received	6,34	4.785	796
- Other cash inflows / outflows	3,10,11,14,27	12.363	(1.879)
C. CASH FLOWS FROM FINANCING ACTIVITIES		15.405	652.848
- Proceeds from borrowings	8	1.224.769	1.270.486
- Repayments of borrowings	8	(1.201.429)	(610.400)
- Dividends paid	27	(7.935)	-
- Proceeds cash outflows from operational leasing agreement payments	28		(7.238)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		16.785	336.804
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		4.808	33.772
NET DECREASE / (INCREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		21.593	370.576
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	405.900	88.106
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	427.493	458.682

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

PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

Notes to the Consolidated Financial Statements at 1 January – 31 March 2020

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

1. Group’s Organization and Nature of Operations

Paşabahçe Cam Sanayii ve Ticaret A.Ş. Group (the “Group”) consists of Paşabahçe Cam Sanayii ve Ticaret A.Ş. (the “Company”), and 14 subsidiaries. The Company was established in 1935 in Turkey. The Company’s immediate parent is Türkiye Şişe ve Cam Fabrikaları A.Ş (“Şişecam”) and ultimate controlling party is Türkiye İş Bankası A.Ş.

The Group’s main area of activity is production and marketing of glassware products and the production of glassware products made of soda-ash through manual production (hand-made) commenced in 1935, and in 1955 machine production (automatic), which is regarded as the initial phase of current automatic production technology, commenced. In 1974, the production of heat resistant glass was included.

The Head Office and Shareholder Structure of the Company

The shareholder structure of the Company is disclosed in Note 28.

The Company is registered in Turkey and the contact information is as presented below:

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

Telephone: +90 (850) 206 50 50
Fax: +90 (850) 208 40 40
Website: <http://www.pasabahce.com.tr>

Trade Register Information of the Company

Registered at: İstanbul Ticaret Sicil Memurluğu
Registry no: 119071
Central legal entity information system: 0723000547900018

Personnel Structure of the Group

	31 March 2020	31 December 2019	31 March 2018
Personnel paid by monthly	1.951	1.993	1.970
Personnel paid by hourly	5.304	5.306	5.403
Total	7.255	7.299	7.373

PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

Notes to the Consolidated Financial Statements At 1 January - 31 March 2020

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

1. Group's Organizations 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 of Registration
Paşabahçe Bulgaria EAD	Automatic production and sales of glassware	Bulgaria
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Egypt Glass Manufacturing S.A.E.	Automatic production and sales of glassware	Egypt
Denizli Cam San.ve Tic.A.Ş.	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Paşabahçe Glass GmbH	Marketing and sales	Germany
Paşabahçe USA Inc.	Marketing and sales	United States
Paşabahçe Spain SL	Marketing and sales	Spain
Paşabahçe (Shanghai) Trading Co. Ltd.	Marketing and sales	China
Paşabahçe SRL	Marketing and sales	Italy
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
Istanbul Investment B.V.	Finance and investment company	Netherlands
Nude Design Investment B.V.	Finance and investment company	Netherlands
Nude Glass Investment B.V.	Finance and investment company	Netherlands

The table below sets out all companies included in the Group's consolidation and shows the rates of ownership interest and the effective interest of the Company in these subsidiaries:

Subsidiaries	31 March 2020		31 December 2019	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Paşabahçe Bulgaria EAD	100.00	100.00	100.00	100.00
OOO Posuda	100.00	100.00	100.00	100.00
Paşabahçe Egypt Glass Manufacturing S.A.E.	100.00	100.00	100.00	100.00
Denizli Cam San.ve Tic.A.Ş.	51.00	51.00	51.00	51.00
Paşabahçe Mağazaları A.Ş.	100.00	100.00	100.00	100.00
Paşabahçe Glass GmbH	100.00	100.00	100.00	100.00
Paşabahçe USA Inc.	100.00	100.00	100.00	100.00
Paşabahçe Spain SL	100.00	100.00	100.00	100.00
Paşabahçe (Shanghai) Trading Co. Ltd.	100.00	100.00	100.00	100.00
Paşabahçe SRL	100.00	100.00	100.00	100.00
Paşabahçe Investment B.V.	100.00	100.00	100.00	100.00
Istanbul Investment B.V.	100.00	100.00	100.00	100.00
Nude Design Investment B.V.	100.00	100.00	100.00	100.00
Nude Glass Investment B.V.	100.00	100.00	100.00	100.00

There is no difference between the voting rights and the effective shareholding rates of the subsidiaries.

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Notes to the Consolidated Financial Statements At 1 January - 31 March 2020

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The Company and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code Tax Legislations. Subsidiaries have prepared their statutory financial statements in accordance with laws and regulations of the country in which they operate with their functional currency.

Consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards. In addition, Amendments in TFRS 15 Customer Contracts Revenue and TFRS 16 Leases standards with changes published by the POA on September 2, 2016 with the decision no.30, has been presented in accordance with the current 2019 TFRS and TAS taxonomy published on 15 April 2019.

The Group and its subsidiaries 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, 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 land, buildings and investment properties presented with their fair values, are maintained under historical cost conversion.

Additionally, the Group prepared its consolidated financial statements required by TCC in accordance with the accounting policies indicated in Note 2 in order to provide a fair presentation of financial statements. The Group made the required adjustments and reclassifications to conform to the format of financial statements defined in the Financial Table Samples and Manual published by POA.

Presentation and Functional Currency

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 consolidated are expressed in Turkish Lira ("TL"), which is the functional of the Company and the presentation currency of the Group.

Preparation of Financial Statements in Hyperinflationary Periods

Before 1 January 2005, adjustment and classification, that is done for the purpose of the fair presentation in accordance with TFRS to statutory bookings, is involved rearrangement according to the changing in the current purchasing power of Turkish Lira of balance and transactions in accordance with "The Financial Reporting in the Hyperinflationary Economics" TAS 29. TAS 29 requires that the financial statement of the company, whose functional currency is the currency of a hyperinflationary economy, shall be stated in terms of measuring unit current at the end of reporting period. Since the Turkish Economy is end of hyperinflation economy characteristic since 1 January 2005, the Company has not performed inflation accounting since from this date. Accordingly, the balance that is implied according to the power purchasing as date of 31 December 2004 is based for the value in the financial statements.

Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries and joint ventures 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.

Comparatives and Restatement of Prior Periods' 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.

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

Notes to the Consolidated Financial Statements At 1 January - 31 March 2020

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

2.1 Basis of Presentation (continued)

Financial Statements of Foreign Subsidiaries

Financial statements of subsidiaries, associates and joint ventures 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

Foreign currency rates used in the translation of foreign operations included in the consolidation are as follows:

Currency	31 March 2020		31 December 2019	
	Period end	Period Average	Period end	Period Average
Euro	7,2150	6,7204	6,6506	6,3481
Bulgarian Lev	3,6890	3,4361	3,4004	3,2457
Russian Ruble	0,0812	0,0915	0,0955	0,0872
Chinese Yuan	0,9132	0,8681	0,8455	0,8164
ABD Doları	6,5160	6,0921	5,9402	5,6712
Mısır Paundu	0,4151	0,3877	0,3714	0,3382

Consolidation Principles

Consolidated financial statements include Group accounts prepared on the basis set out in the articles 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 (TFRS) issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). 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 controls the financial and operating policies for the benefit of the 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.

Note 1 sets out all subsidiaries included in the scope of consolidation and it shows their ownership and effective interests as of 31 December 2019 and 31 December 2018.

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

2.1 Basis of Presentation (continued)

Subsidiaries (continued)

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

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income after the acquisition date or until the date of disposal. Costs related to the acquisition are recognized in profit or loss in the period in which they are incurred.

The statements of financial position and statements of income of the Subsidiaries are consolidated on a 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 interests' shares in the consolidated subsidiaries' net assets are separately disclosed in the equity of the Group. The non-controlling interests represent the sum of the shares issued during the initial business combinations and the non-controlling interests' shares in the equity changes from the date of business combination.

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.

2.2 Statement of Compliance to TFRS

The Group prepared its consolidated financial statements for the period ended 31 December 2019 in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the formats recommended by POA, including required disclosures.

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

2.3 Significant Changes in the Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 31 December 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018, except for the new IFRS 16 – Leases which are started to be valid as of 1 January 2019.

2.4. Changes and Errors in the Accounting Estimates

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 year ended 31 December 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

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

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

2.4. Changes and Errors in the Accounting Estimates

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 year ended 31 December 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

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, 2019 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, 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in TFRS 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 amendments:

- 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 amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

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

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement,
- Prospective Assessments,
- Retrospective Assessments
- Separately identifiable risk components

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments did 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 January 1, 2020 (continued)

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the PAO issued amendments to TAS 1 Presentation of Financial Statements and TAS 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 amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

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

a) Standards issued but not yet effective and not early adopted:

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, 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.

TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

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

a) Standards issued but not yet effective and not early adopted (Continued):

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the PAO issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

b) Standards issued but not yet effective and not early adopted as of 31 December 2019:

None.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies

Revenue

TFRS 15 "Revenue from Contracts with Customers", which was effective as of 1 January 2018, the group has started to use the following five-stage model in recognizing revenue.

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction amount in contracts
- Distribution of transaction fee to performance obligations
- Accounting for Revenue

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the company transfers the control of a good or service over time and thus fulfills the performance obligations related to the sales in time, it measures the progress of the fulfillment of the performance obligations in full and takes the proceeds to the financial statements.

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfil their performance obligations by transferring them to their customers.

The Group evaluates the transfer of control of the goods or services sold to the customer,

- 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.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

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 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.

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(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

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, semi-finished goods, finished goods, commercial 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. 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.

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 and improvements	5–50 Year
Buildings	10–50 Year
Plant, machinery and equipment	2–25 Year
Vehicles	3–15 Year
Fixtures	2–20 Year
Other Tangible Assets	3–20 Year

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Tangible Assets (continued)

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 15 years based on their economic lives (Note 20).

Computer software

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 fifteen years) (Note 20).

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 income statement.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Investment Properties

Land and buildings those are held for long term rental yields or capital appreciation or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements. If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 "Property, Plant and Equipment" up to the date of change in use. The entity treats any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value as a revaluation in accordance with TAS 16 and revaluation differences are accounted for under equity. Fair value of investment property has been calculated at the end of each year by the Capital Market Board (CMB) licensed independent valuation firms that have required professional experience (Note 17). In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss. If the value of the asset is reduced as a result of revaluation, the decrease is accounted as an expense. However, this decrease should be accounted in the scope of other comprehensive income to the extent of any receivables revaluation related to that asset. The corresponding decrease, accounted in other comprehensive income, reduces the amount accumulated in equity under the revaluation surplus heading.

Derivative Instruments and Hedging Instruments

Derivative Instruments are initially recognized at acquisition cost which is reflecting the fair value at the date of the contract and are valued at fair value in the periods following their acquisition. The derivative instruments of the Group mainly consist of foreign exchange forward contracts , foreign currency and interest rate swap transactions. These derivative instruments provide an effective protection against economic risks for the Group, but when these instruments do not meet the required conditions from the point of risk accounting, they are recognized as derivative instruments for trading in the consolidated financial statements and the related fair value changes are reflected in the profit or loss statement. The Group's hedging operations, which meet the financial hedging accounting conditions , are accounted for as described below:

Cash flow hedge

At the date of the derivative contract, the Group identifies transactions that are protected against changes in cash flows of a registered asset or liability or transactions that may be associated with a particular risk and which are likely to occur as a result of a certain risk and which may affect profit/loss. The group presents gains and losses related to cash flow hedging operations, which are described as effective, as ' hedging gains /(losses) ' in equity. In case that the financial risk -protected commitment or hedged future transaction becomes an asset or liability , the gain or loss related to these transactions tracked among the equity items are taken from these items and included in the acquisition cost or book value of that asset or liability. Otherwise, the amounts recognized under equity items are transferred to the Consolidated statement of income as profit or loss in the period in which the probable future transaction protected from financial risk affects the Consolidated Statement of income.

If the transaction is not expected to occur in the future, the accumulated gains and losses previously accounted for under equity are transferred to the profit or loss statement. In case that the hedging instrument is replaced by another instrument without identifying or extending another instrument, in accordance with the documented hedging strategy, expired, sold, terminated or used, or the hedging definition is cancelled, the gains and losses previously accounted for under other comprehensive income will continue to be classified under equity until the final commitment or estimated transaction affects the profit and loss statement.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Hedge Accounting

The Group determined all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Group's financial statements.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- (a) The amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) Initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease liabilities

The Group undertakes the leasing liability from the present value of the lease payments that have not been paid at the commencement date.

The lease payments included in the measurement of the lease liability at the commencement date consists of the following payments to be made for the right of use during the lease period of the underlying asset and unpaid at the date of the lease's commencement date

- (a) Fixed payments,
- (b) Variable rent payments based on an index or rate using an index or rate at the time the initial measurement is actually started,
- (c) Amounts expected to be paid by the Company / Group under residual value commitments
- (d) If the Group is reasonably certain to use the purchase option, the strike price and
- (e) If the rental period indicates that the Company / Group will use an option to terminate the lease, the penalty for termination of the lease.

Variable lease payments that are not regarded to an index or rate are recognized as an expense in the period when the event or condition that triggered the payment occurred.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, The Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date of the lease, The Group measures the lease obligation as follow:

- (a) The amount of lease liabilities is increased to reflect the accretion of interest, and
- (b) Reduced the book value for reflect the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 34).

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 Parties

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 and their families, in each case together with the companies controlled by/or affiliated with them, are considered and referred to as related parties (Note 38).

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

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. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, 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. 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.

Recognition and Measurement (continued)

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.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

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.

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

Trade receivables (continued)

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 operating income (Note 10 and Note 32).

Unearned finance income/expense and exchange gain/loss due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss (Note 10 and Note 32).

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 and shorter than 1 year are classified under short-term financial investments (Note 7).

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Financial liabilities

Financial liabilities are measured initially at 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. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

2.6 Summary of Significant Accounting Policies (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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.

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2. Basis of Presentation of Financial Statements (continued)

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. 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 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 foreign currencies (currencies other than TRY or the currency other than the functional currency of the related entity) 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.

Equity instruments

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. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Foreign Currency Transactions (continued)

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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated using the average exchange rates for the period when the exchange rates in the period in which the transactions are to be made do not fluctuate significantly (in the case of significant fluctuations, the exchange rates at the transaction date are used). The resulting exchange differences are classified as equity and transferred to the Group's currency translation differences fund. Such conversion differences are recognized in profit or loss in the period in which the foreign operation is derecognized.

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.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of profit or loss 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 37).

Events after the Reporting Date

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the reporting date. If non-adjusting events after the reporting 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 23).

Segment reporting

The Group's segment reporting information is reviewed regularly by the Group's chief operating decision maker. Board of Directors is the chief operating decision maker of the Group.

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. The Group's activities consist of chrome products and soda products-energy-other two product lines based on product groups. Geographic segments of the Group are followed as Turkey, Russia and Europe. Some incomes and expenses are not included in the segments as they are managed centrally.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

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2. Basis of Presentation of Financial Statements (continued)

2.6 Summary of Significant Accounting Policies (continued)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

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 22).

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 period comprises current and deferred tax. Tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized directly in equity (Note 36). In such case, the transaction including tax is recognized in shareholders' equity.

The current period 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 and 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 income tax liability is settled.

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, whereas 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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2. Basis of Presentation of 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, 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 changes in equity (Note 25).

The liabilities related to unused vacation days are accrued when they are earned.

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 arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

The Group has preferred to present the cash inflows and outflows from operating activities (net) in the financial statements by using the indirect method.

2.7 Critical accounting estimates, judgements, 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 period are addressed below:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS 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.

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2.7 Critical accounting estimates, judgments, and assumptions (continued)

The Group, Turkey Accounting Standards (TAS) 16 under "revaluation method" to evaluate the real estate (land, land improvements and buildings), taking into account the value at September 30, 2018, re-valuated that is, to be finalized valuation results after disclosure of September 30, 2018 period operating results then due to the effects of 31 December 2018 dated financial statements.

Increase in value of property, plant and equipment is recognized in "revaluation fund" in equity, impairment losses recognized in "expenses from investment activities (-)" in profit or loss statement.

Land and buildings are stated at fair value in accordance with TAS 16 revaluation method. Fair values in the financial statements as of 31 December 2018 are based on the appraisal reports prepared by the authorized and licensed independent valuation companies. In the calculation of fair value, the most effective and efficient use assessment was made and the current use purposes were determined to be the most effective and efficient use.

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 independent 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 values that may occur during the execution of the purchase / sale transactions may differ from these values.

The values determined by using the market comparison and cost approach method have been evaluated as to whether there are any impairment indicators according to the provisions of TAS 36 "Impairment of Assets" as of the date of initial recognition and at the end of the related period and the impairment is associated with the period profit or loss statement.

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.

3. Business Combinations

None (2019: None).

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4. Interests in Other Entities

Summary financial statements of Denizli Cam Sanayi ve Ticaret A.Ş., whose non-controlling interest amount is material, is as follows;

Denizli Cam San. ve Tic. A.Ş.	31 March 2020	31 December 2019
Current assets	56.227	55.915
Non-current assets	69.091	69.871
Total assets	125.318	125.786
Current liabilities	45,195	47,372
Non-current liabilities	14,292	13,059
Total liabilities	59,487	60,431
Denizli Cam San. ve Tic. A.Ş.	31 March 2020	31 March 2019
Revenue	31,437	32,224
Net profit/(loss) for the year	493	(4,956)
Diğer kapsamlı gelir / (gider)		-
Total comprehensive income/(loss)	493	(4,956)
Share of non-controlling interests	49.0%	49.0%
Net profit for the year attributable to non-controlling interest	241	(2,428)

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5. Segment Reporting

1 January-31 March 2020	Turkey	Europe	Russia	Other	Total	Consolidation Adjustments	Consolidated
Net sales - third parties	389,494	84,489	196,171	46,723	716,877	-	716,877
Net sales - intergroup	93,388	27,972	-	33,880	155,239	(155,239)	-
Total net sales (*)	482,882	112,461	196,171	80,603	872,116	(155,239)	716,877
Cost of sales	(360,907)	(56,411)	(141,018)	(36,806)	(595,142)	142,284	(452,858)
Gross profit / (loss)	121,975	56,050	55,153	43,797	276,974	(12,955)	264,019
Operating expenses	(150,958)	(16,632)	(46,805)	(10,770)	(225,165)	16,475	(208,690)
Other operating income	55,915	934	2,170	70	59,089	-	59,089
Other operating expense (-)	(22,394)	(1,597)	(2,414)	(1,944)	(28,349)	-	(28,349)
Operating profit / (loss)	4,538	38,755	8,104	31,153	82,549	3,520	86,069
Income from investing activities	1,163	-	181	-	1,344	-	1,344
Loss from investing activities (-)	(2,518)	-	-	-	(2,518)	-	(2,518)
Operating profit / (loss) before financial income and expense	3,183	38,755	8,285	31,153	81,375	3,520	84,895
Financial income	113,647	2,235	2,873	-	118,755	-	118,755
Financial expense (-)	(169,874)	(6,059)	(2,220)	(5,390)	(183,543)	361	(183,182)
Profit / (loss) before tax from continued operations	(53,044)	34,931	8,938	25,763	16,587	3,881	20,468
Tax income / (expense) for the period	(54)	(1,487)	(215)	1,214	(542)	-	(542)
Deferred tax asset	(5,239)	262	(273)	-	(5,250)	(1,130)	(6,380)
Profit / (loss) for the period	(58,337)	33,706	8,450	26,977	10,795	2,751	13,546
Purchases of tangible and intangible assets	18,199	3,032	6,810	2,402	30,443	-	30,443
Rights of use assets	2,941	774	1,798	428	-	-	5,941
Depreciation and amortization charges	(22,584)	(5,762)	(13,218)	(4,522)	(46,086)	-	(46,086)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (**)	25,767	44,517	21,503	35,675	127,461	3,520	130,981
Statement of financial position (31 March 2020)							
Total assets	3,188,173	178,872	1,155,264	402,618	4,924,927	-	4,924,927
Total liabilities	1,966,192	99,024	156,087	408,190	2,629,493	-	2,629,493

(*) Net sales according to the geographical regions are represented based on the countries where the companies are operating.

(**) EBITDA is not defined by TAS. The Group defined EBITDA as profit before interest, tax depreciation and amortization. EBITDA figures above are disclosed separately with the purpose of a better understanding and measurement of the Group's operational performance by the Group management.

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5. Segment Reporting (continued)

1 January-31 March 2019	Turkey	Russia	Europe	Other	Total	Consolidation Adjustments	Consolidated
Net sales - third parties	358.853	76.632	188.520	31.867	655.872	-	655.872
Net sales - intergroup	100.079	176	34.617	-	134.872	(134.872)	-
Total net sales (*)	458.932	76.808	223.137	31.867	790.744	(134.872)	655.872
Cost of sales	(344.742)	(55.854)	(142.516)	(18.121)	(561.233)	127.945	(433.288)
Gross profit / (loss)	114.190	20.954	80.621	13.746	229.511	(6.927)	222.584
Operating expenses	(135.300)	(16.435)	(41.075)	(9.701)	(202.511)	3.727	(198.784)
Other operating income	50.490	1.968	2.328	44	54.830	(387)	54.443
Other operating expense (-)	(15.836)	(2.043)	(9.691)	(838)	(28.408)	-	(28.408)
Operating profit / (loss)	13.544	4.444	32.183	3.251	53.422	(3.587)	49.835
Income from investing activities	1.353	-	642	-	1.995	-	1.995
Loss from investing activities (-)	(1.637)	-	-	-	(1.637)	-	(1.637)
Operating profit / (loss) before financial income and expense	13.260	4.444	32.825	3.251	53.780	(3.587)	50.193
Financial income	22.883	50	2.741	-	25.674	-	25.674
Financial expense (-)	(76.578)	(6.819)	(3.887)	(2.516)	(89.800)	-	(89.800)
Profit / (loss) before tax from continued operations	(40.435)	(2.325)	31.679	735	(10.346)	(3.587)	(13.933)
Tax income / (expense) for the period	(777)	(337)	(147)	(453)	(1.714)	-	(1.714)
Deferred tax asset	(1.401)	1.427	1.372	-	1.398	3.254	4.652
Profit / (loss) for the period	(42.613)	(1.235)	32.904	282	(10.662)	(333)	(10.995)
Purchases of tangible and intangible assets	16.915	2.330	5.970	6.846	32.061	-	32.061
Depreciation and amortization charges	(21.449)	(5.486)	(11.869)	(3.241)	(42.045)	-	(42.045)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (**)	34.709	9.930	44.694	6.492	95.825	(3.587)	92.238
Statement of financial position (31 March 2019)							
Total assets	3.166.132	184.664	1.032.278	315.381	4.698.455	-	4.698.455
Total liabilities	1.854.021	113.937	269.625	273.460	2.511.043	-	2.511.043

(*)Net sales according to the geographical regions are represented based on the countries where the companies are operating.

(**)EBITDA is not defined by TAS. The Group defined EBITDA as profit before interest, tax depreciation and amortization. EBITDA figures above are disclosed separately with the purpose of a better understanding and measurement of the Group's operational performance by the Group management.

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6. Cash and Cash Equivalents

	31 March 2020	31 December 2019
Cash on hand	158	193
Cash at banks	426,831	406,105
- Demand deposits	80,282	69,826
- Time deposits with a maturity of three months or less	346,549	336,279
Other liquid assets	1,644	36
Provision for impairment	(492)	(434)
	428,141	405,900

Time deposits

Currency	Rate (%)	Maturity	31 March 2020	31 December 2019
Turkish Lira	12,25%	April 2020	112,919	89,771
US Dollar	1,75%	April 2020	232,856	213,206
EUR	3,00%	June 2020	774	713
Russian Rubles	4,30%	January 2020	-	32,589
			346,549	336,279

Cash and cash equivalents as of 31 March 2020 and 31 December 2019 presented in the consolidated statement of cash flows are as follows:

	31 March 2020	31 December 2019
Cash and cash equivalents	428,141	405,900
Effect of impairment loss	492	434
Less: Interest accrual	(155)	(155)
	428,478	406,179

7. Financial Assets

Non-current financial assets

None (31 December 2019: None).

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8. Borrowings

Current financial liabilities	31 March 2020	31 December 2019
Short term borrowings	532,113	721,537
Total short term liabilities	532,113	721,537
Short term portion of long term borrowings	31 March 2020	31 December 2019
Short term portion of long term borrowings and interests	40,795	67,810
Operational leasing borrowings	49,042	46,176
Bonds issued via Sisecam	3,054	17,205
Bond issuance costs and commissions via Sisecam	(319)	(290)
Deferred cost of operational leasing	(20,161)	(19,766)
Total short term portion of long term borrowings and interests	72,411	111,135
Total short term portion of long term borrowings	604,524	832,672
Long term financial liabilities	31 March 2020	31 December 2019
Long term portion of long term borrowings	392,713	157,392
Bond issued	912,241	831,629
Bond issuance costs and commissions	(10,052)	(10,442)
Operational leasing borrowings	182,203	178,874
Deferred cost of operational leasing	(64,392)	(64,213)
Total long term financial liabilities	1,412,713	1,093,240
Total financial liabilities	2,017,237	1,925,912

(*) On March 14, 2019 T.Şişe ve Cam Fabrikaları A.Ş. issued bonds amounting to USD 550.000 thousand and nominal value of USD 150 million on March 28, 2019. The due date of these bonds is 14 March 2026 and the principal payment will be made on the due date. The fixed interest rate of coupons is 6.95 with a fixed interest payment in every six months. Following the issuance of these bonds, USD 140.000.000 fund was transferred to the Group and individual guarantees were given for the principal, interest and similar payments as much as the amount provided.

As of the balance sheet date, risk of changes in interest rates on loans and contractual reprising dates of the Group is as follows:

Repricing periods for loans	31 March 2020	31 December 2019
3 months and shorter	174,989	554,707
3 - 12 months	357,124	166,830
1 - 5 years	433,508	63,693
More than 5 years	-	161,509
	965,621	946,739

Financial liabilities movements for the period between 1 January and 31 December 2020 are summarized as below:

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8. Borrowings (continued)

Bank borrowings	Capital	Interest	Total
Beginning at the period - 1 January	943.049	3.690	946.739
Currency translation differences	(5.790)	(15)	(5.805)
Foreign exchange gain / (loss)	3.258	-	3.258
Borrowed - accrued during the period	1.224.769	18.971	1.243.740
Payments - reversals during the period	(1.201.429)	(20.882)	(1.222.311)
As of 31 March 2020	963.857	1.764	965.621

Bonds Issued	Capital	Interest	Discount on bonds	Commission	Total
Beginning at the period - 1 January	831,629	17,205	(9,260)	(1,472)	838,102
Foreign exchange gain / (loss)	80,612	-	-	-	80,612
Borrowed - accrued during the period	-	16,140	-	-	16,140
Payments - reversals during the period	-	(30,291)	302	59	(29,930)
As of 31 March 2020	912,241	3,054	(8,958)	(1,413)	904,924

Leasing	Capital	Interest	Total
Beginning at the period - 1 January	141,072	83,980	225,052
Currency translation differences	3,085	835	3,920
Foreign exchange gain / (loss)	2	-	2
Revaluation	3,896	-	3,896
Borrowed - accrued during the period	6,571	5,270	11,841
Payments - reversals during the period	(7,933)	(5,534)	(13,467)
As of 31 March 2020	146,693	84,551	231,244

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8. Borrowings (continued)

(*) The Group remeasured the lease liability by reflecting the effect of the change in currencies and the effect of the increase in prices at the date of the payments. The difference has been adjusted to the right-of-use assets (Note 20),

Financial liabilities movements for the period between 1 January and 31 March 2019 are summarized as below:

Bank borrowings	Capital	Interest	Total
Beginning at the period - 1 January	917,972	3,936	921,908
Currency translation differences	53,939	315	54,254
Foreign exchange gain / (loss)	5,959	-	5,959
Borrowed - accrued during the period	522,662	26,716	549,378
Payments - reversals during the period	(612,692)	(25,705)	(638,397)
As of 31 March 2019	887,840	5,262	893,102

Bonds Issued	Capital	Interest	Discount on bonds	Commission	Total
Beginning at the period - 1 January	-	-	-	-	-
Foreign exchange gain / (loss)	28,302	-	-	-	28,302
Borrowed - accrued during the period	759,674	2,510	(10,181)	(1,669)	750,334
Payments - reversals during the period	-	-	51	20	71
As of 31 March 2019	787,976	2,510	(10,130)	(1,649)	778,707

Leasing	Capital	Interest	Total
Beginning at the period - 1 January	111,928	77,989	189,917
Currency translation differences	2,003	505	2,508
Foreign exchange gain / (loss)	261	(236)	25
Payments-reversed provision for the period	(6,978)	(4,673)	(11,651)
Borrowed - accrued during the period	42,322	24,812	67,134
As of 31 March 2019	149,536	98,397	247,933

As of 31 March 2020, there is no capitalized financing expenses. (31 December 2019: None).

Short and long-term bank borrowings are summarized as below:

31 March 2020

Currency	Maturity	Annual Effective Weighted Interest Rate(%)	Short Term	Long Term	Total
US Dollar	2015-2020	4,12%	27,965	902,188	930,153
EUR	2017-2020	1,66%	264,328	72,150	336,478
Russian Rubles	2014-2021	8,91%	80,765	170,597	251,362
TRY	2015-2020	11,84%	83,693	229,979	313,672
Egyptian Pound	2019-2020	18,62%	142,991	-	142,991
BGL	2019-2020		4,782	37,799	42,581
			604,524	1,412,713	2,017,237

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8. Borrowings (continued)

31 December 2018

Currency	Maturity	Annual Effective Weighted Interest Rate(%)	Short Term	Long Term	Total
US Dollar	2015-2020	4,12%	41,314	821,186	862,500
EUR	2017-2020	1,66%	243,864	-	243,864
Russian Rubles	2014-2021	8,91%	320,160	7,418	327,578
TRY	2015-2020	11,84%	99,767	230,199	329,966
Egyptian Pound	2019-2020	18,62%	123,740	-	123,740
Bulgar Levası	2019-2020	13,00%	3,827	34,437	38,264
			832,672	1,093,240	1,925,912

The redemption schedule of the financial liabilities is as follows:

	31 March 2020	31 December 2019
Within 1 year	604,524	832,672
Within 1- 2 years	41,596	30,075
Within 2- 3 years	395,418	169,369
Within 3- 4 years	18,163	18,764
Within 4- 5 years	6,160	7,182
More than 5 years	951,376	867,850
	2,017,237	1,925,912

There is no collaterals given for financial liabilities as of 31 December 2019 and 31 December 2018.

9. Other Financial Liabilities

None (31 December 2019: None).

10. Trade Receivables and Payables

Trade Receivables

Short term trade receivables	31 March 2020	31 December 2019
Trade receivables	719,989	681,517
Notes receivables	49,422	61,932
Rediscount of notes receivable (-)	(5,053)	(6,520)
Due to related parties (Note 37)	809	1,519
Other trade receivables	20,989	26,501
Provision for doubtful receivables	(20,989)	(26,500)
	765,167	738,449

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10. Trade Receivables and Payables (continued)

The sales terms for the Group's domestic sales based on the main product lines are as follows:

The average sales term is 75 days (31 December 2019: 75 days) and a monthly overdue interest rate of 1,25% is applied for the payments made after the due date (31 December 2019: 1,75%).

The Group has no significant concentration risk since the Group has been working with the spread over a large number of counterparties and customers. Accordingly, the management believes that no further allowance is required more than recognized in financial statements.

The movement of allowance for doubtful trade receivables is as follows:

	31 March 2020	31 March 2019
Beginning at the period - 1 January	(26,501)	(34,399)
Charge for the period	(833)	(2)
Collections	6,403	2,976
Currency translation differences	(58)	(98)
	(20,989)	(31,523)

The Group has received the following collaterals for trade receivables:

	31 March 2020	31 December 2019
Letter of guarantees	76,778	85,683
Promissory notes and bills	65,447	65,396
Direct borrowing systems	127,452	102,095
Mortgages	37,941	27,685
Other	18,481	45,136
	326,099	325,995

As of 31 March 2020: 160,288 thousand TRY (31 December 2019: 47,450 thousand TRY) 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 is as follows:

	31 March 2020	31 December 2019
1- 30 days overdue	72,859	52,459
1-3 months overdue	45,169	19,065
3-12 months overdue	42,260	47,289
1- 5 years overdue	-	-
Total overdue receivables	160,288	118,813
The portion under guarantee with collateral. etc.	25,851	23,125

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10. Trade Receivables and Payables (continued)

Trade Payables

	31 March 2020	31 December 2019
Trade payables	226,402	231,492
Due to related parties (Note 37)	62,040	74,531
Rediscount on notes payable (-)	(746)	(827)
	287,907	305,196

11. Other Receivables and Payables

Other current receivables	31 March 2020	31 December 2019
Other miscellaneous receivables	5,184	4,236
Due from related parties (Note 37)	23,380	91,364
Deposits and guarantees given	268	252
Due from personnel	644	308
	29,476	96,160

Other non-current receivables	31 March 2020	31 December 2019
Deposits and guarantees given	395	401
	395	401

Other current payables	31 March 2020	31 December 2019
Due to related parties (Note 37)	6,935	246
Other current payables (*)	7,471	3,210
	14,406	3,456

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12. Derivative Instruments

The Group has signed the cross-currency swap agreements stated below to protect the portion of USD 130,000 thousand (approximately 93% of the initial amount) in cash flow risk from debt instruments with a nominal value of USD 140 million issued abroad and a coupon rate of 6.95% in every six months from the principal payment dated March 14, 2026.(Note 8) Cash flow dates and interest rates on USD currency (6.95%) of above- mentioned agreements and of hedged item are equal.

The Group agreed with HSBC on 29 April 2019 in order to buy USD 100,000,000 and sell TRY 575.510.000 on 13 March 2016 and agreed on interest swap of USD 6.95% with TRY 19.12 % starting from 13 September 2019 every six months until 13 March 2026. On top of that, swap agreement includes an option that allows us to buy USD on spot price, if the USD/TRY exchange rate on interbank markets is lower than 5.951 on 12 March 2026 at 12.00 London time. Same option allows us to buy USD on 5.951, if USD/TRY exchange rate is higher than 5.951; and sell USD on 12.591 if the USD/TRY exchange rate is higher than 12.951.

The Group contracted with HSBC on April 29,2019, for swap and purchased USD 30.000 thousand on March 13, 2026 sold EUR 26.525 thousand with interest rates of 4.73% EUR and 6.95 USD every six months from 13 September 2019 to 13 March 2026.

The Group has measured that the hedging process is highly effective in prospective effectiveness tests.The Group made a quantitative assessment at the beginning of the swap agreement and as of the reporting period by using scenario analysis method in the prospective effectiveness test.

The effective portion of the fair value of the swap transaction is recognized under equity due to their high efficiency in the effectiveness tests of the above mentioned swap contracts.

The portion of the hedged item that is recognized in equity and corresponding to the periods in which it affects the profit and loss is classified to profit and loss.

The distribution of derivative instruments is as follows:

	31 March 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Swap Contracts	18.453	800	1.453	114.844
Forward Contracts	-	-	-	-
	18.453	800	1.453	114.844

The transactions of derivative instruments within the period are as follows

	31 March 2020	31 Mart 2019
Beginning of the period - 1 January	(113.391)	-
Foreign exchange gain/(loss) recognized to statement of profit or loss	33.861	(2.524)
Cash inflows/outflows due to realized foreign exchange	25.807	(2.195)
Currency translation differences	-	-
Fair value changes recognized in equity	67.835	-
Interest expense charged to statement of profit or loss	3.541	4.719
Net asset/ (liability)	17.653	-

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13. Inventories

	31 March 2020	31 December 2019
Finished goods	998,397	994,065
Work in progress	6,508	7,353
Raw materials and supplies	161,350	143,373
Trade goods	77,308	32,080
Operating supplies	36,520	33,461
Provision for impairment(-)	(39,151)	(41,201)
	1,240,932	1,169,131

The movement of provision for inventory write-down is as follows:

	31 March 2020	31 March 2019
Beginning at the period - 1 January	(41,201)	(30,474)
Provision for the period	-	(3,129)
Provision no longer required	1,443	-
Currency translation differences	607	(859)
	(39,151)	(34,462)

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

Prepaid expenses in current assets	31 March 2020	31 December 2019
Advances given	35,526	24,545
Prepaid expenses	13,685	2,546
	49,211	27,091

Prepaid expenses in non-current assets	31 March 2020	31 December 2019
Advances given	4,261	3,140
Prepaid expenses	2,313	2,312
	6,574	5,452

The movement of advances given for tangible and intangible assets is as follows:

	31 March 2020	31 March 2019
Beginning of the period - 1 January	3,140	3,048
Advances given in the period	3,772	4,195
Currency translation differences	109	-
Released	(2,760)	(5,508)
	4,261	1,735

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14. Prepaid Expenses and Deferred Income (continued)

Deferred income

Short term deferred income	31 March 2020	31 December 2019
Deferred income	1,531	1,411
Advances received	7,204	13,421
	8,735	14,832

Long term deferred income	31 March 2020	31 December 2019
Deferred Income for future years	752	693
	752	693

15. Construction Contracts

None (31 December 2019: None).

16. Joint Ventures and Associates

None (31 December 2019: None).

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17. Investment Properties

	Net Book Value	Revaluation Fund	Revaluation Profit/(Loss) Effect	Fair Value
Beginning of the period - 1 January	432	7,764	-	8,196
Transfer from the tangible assets	-	-	-	-
Revaluation gain	-	-	-	-
Revaluation loss	-	-	-	-
31 March 2020 closing balance	432	7,764	-	8,196

	Net Book Value	Revaluation Fund	Revaluation Profit/(Loss) Effect	Fair Value
Beginning of the period - 1 January	432	7,769	-	8,201
Transfer from the tangible assets	-	-	-	-
Revaluation gain	-	-	-	-
Revaluation loss	-	-	-	-
31 March 2019 closing balance	432	7,769	-	8,201

The group has classified properties that are not used for operation or administrative purposes as investment property with fair value. The fair value increase from initial classification was recognized in "Gains/losses on revaluation and remeasurement" under equity.

The fair value of investment properties depends on the independent appraisal reports prepared by "Harmoni Gayrimenkul ve Danışmanlık A.Ş." which has a capital market real estate appraisal license and sufficient professional knowledge and current knowledge about the class and location of real estate.

Cost approach, direct capitalization, cash flow and market approach have been used for the fair value of the real estates, for the parcels in which the existing buildings with valid construction plan and / or building permit. The shortage of 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 construction plan processes are considered in the determination of results.

All investment properties are located in Turkey.

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18. Property, Plant and Equipment

Cost	Land		Buildings(***)	Machinery and vehicles		Furniture and fixtures	Other fixed assets	Leasehold improvements	Construction in progress	Total
	Lands(***)	Improvements		equipment						
Opening balance at 1 January 2020	284,768	65,336	624,203	2,596,454	15,069	125,650	485,912	41,328	52,490	4,291,210
Currency translation differences	2,438	(6,303)	(4,728)	22,914	895	2,579	14,225	115	2,496	24,721
Additions (*)	-	-	-	1,425	-	134	974	-	21,403	23,936
Disposals	-	-	-	(5,339)	(106)	(98)	(16,762)	-	-	(12,395)
Transfers from construction in progress	-	-	2	3,417	-	184	11,946	-	(15,470)	79
Closing balance at 31 March 2020	287,206	59,033	619,477	2,618,871	15,858	128,449	496,295	41,443	60,884	4,327,516
Accumulated depreciation and impairment										
Opening balance at 1 January 2020	-	(32,902)	(38,304)	(1,747,415)	(9,617)	(81,742)	(283,487)	(29,780)	-	(2,223,247)
Currency translation differences	-	2,317	(211)	(3,169)	(500)	(987)	(1,892)	(73)	-	(4,515)
Charge for the period (**)	-	(799)	(5,372)	(21,085)	(355)	(1,985)	(6,690)	(855)	-	(37,141)
Disposals	-	-	-	3,859	106	36	2,135	-	-	6,136
Closing balance at 31 March 2020	-	(31,384)	(43,887)	(1,767,810)	(10,366)	(84,678)	(289,934)	(30,708)	-	(2,258,767)
Net book value as of 31 March 2020	287,206	27,649	575,590	851,061	5,492	43,771	206,361	10,735	60,884	2,068,749
Net book value as of 31 December 2019	284,768	32,434	585,899	849,039	5,452	43,908	202,425	11,548	52,490	2,067,963

(*) The financial expenses has not been capitalized (31 December 2019: None) (Note 8).

(**) Allocation of depreciation expense is disclosed in Note 29 and Note 31. No mortgage/pledge over lands and buildings due to bank borrowings (31 December 2019: None).

(***) As of December 31, 2018, according to valuation results dated December 31, 2018, lands and buildings are accounted by net method according to revaluation model.

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18. Property, Plant and Equipment (continued)

Cost	Lands(***)	Land Improvements	Buildings(***)	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Fixed Assets	Leasehold improvements	Construction in progress	Total
Opening balance at 1 January 2019	273,215	54,448	565,024	2,424,218	14,307	114,215	423,437	39,038	34,160	3,942,062
Currency translation differences	5,208	5,527	33,802	83,083	611	2,302	16,411	82	1,272	148,298
Additions (*)	-	-	1,300	1,446	-	426	3,704	518	24,601	31,995
Disposals	-	-	(45)	(1,241)	(1,447)	(105)	(4,900)	(886)	-	(8,624)
Transfers from construction in progress	-	-	81	6,052	759	700	9,684	-	(17,276)	-
Closing balance at 31 March 2019	278,423	59,975	600,162	2,513,558	14,230	117,538	448,336	38,752	42,757	4,113,731
Accumulated depreciation and impairment										
Opening balance at 1 January 2019	-	(26,203)	(15,830)	(1,634,460)	(9,293)	(73,164)	(254,540)	(26,733)	-	(2,040,223)
Currency translation differences	-	(1,883)	(576)	(43,114)	(319)	(1,331)	(8,272)	(44)	-	(55,539)
Charge for the period (**)	-	(725)	(5,805)	(18,347)	(264)	(1,969)	(5,613)	(935)	-	(33,658)
Disposals	-	-	-	564	1,447	90	1,282	45	-	3,428
Closing balance at 31 March 2019	-	(28,811)	(22,211)	(1,695,357)	(8,429)	(76,374)	(267,143)	(27,667)	-	(2,125,992)
Net book value as of 31 March 2019	278,423	31,164	577,951	818,201	5,801	41,164	181,193	11,085	42,757	1,987,739
Net book value as of 31 December 2018	273,215	28,245	549,194	789,758	5,014	41,051	168,897	12,305	34,160	1,901,839

(*) The financial expenses has not been capitalized (31 December 2017: None) (Note 8).

(**) Allocation of depreciation expense is disclosed in Note 29 and Note 31.

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

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19. Right-of-use Assets

Cost	Land		Machinery and equipments	Vehicles	Total
	Improvements	Buildings			
Opening balance at 1 January 2020	253	171,875	25,294	4,512	201,935
Opening balance at 1 January 2020 (restated)	(88)	(5,316)	(13,564)		(18,968)
Currency translation differences	(28)	3,342	292	-	3,606
Additions	26	5,050	1,494	-	6,570
Revaluation	-	3,898	-	-	3,898
Closing balance at 31 March 2020	163	178,851	13,516	4,512	197,042
Accumulated depreciation and impairment					
Opening balance at 1 January 2020	(203)	(52,261)	(18,926)	(3,462)	(74,852)
Opening balance at 1 January 2020 (restated)	88	5,316	13,564		18,968
Currency translation differences	18	(434)	(192)	-	(608)
Charge for the period	(9)	(7,248)	(1,237)	(399)	(8,893)
Closing balance at 31 March 2020	(106)	(54,627)	(6,791)	(3,861)	(65,385)
Net book value as of 31 March 2020	57	124,223	6,725	652	131,657

Since it is first year of the adoption of TFRS-16 "Leases" standard and whereas the standard allows the modified retrospective approach, the accumulated effect of prior years are disclosed in "Change in accounting policies"

Cost	Land		Plant, Machinery and		Total
	Improvements	Buildings	Equipments	Vehicles	
Opening balance at 1 January 2019	-	-	-	-	-
Adjustment on changes in accounting policies	189	117,494	21,032	3,904	142,619
Opening balance at 1 January 2019 (restated)	189	117,494	21,032	3,904	142,619
Currency translation differences	28	1,693	983	-	2,704
Additions	-	41,695	-	627	42,322
Revaluation	-	-	261	-	261
Closing balance at 31 March 2019	217	160,882	22,276	4,531	187,906
Accumulated depreciation and impairment					
Opening balance at 1 January 2019	-	-	-	-	-
Adjustment on changes in accounting policies	156	26,288	11,431	2,081	39,956
Opening balance at 1 January 2019 (restated)	(156)	(26,288)	(11,431)	(2,081)	(39,956)
Currency translation differences	(24)	(76)	(641)	-	(741)
Charge for the period	(8)	(5,637)	(2,118)	(352)	(8,115)
Closing balance at 31 March 2019	(188)	(32,001)	(14,190)	(2,433)	(48,812)
Net book value as of 31 March 2019	29	128,881	8,086	2,098	139,094

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20. Intangible Assets

Cost	Rights	Other	Total
Opening balance at 1 January 2020	16,299	6,825	23,124
Currency translation differences	32	386	418
Additions	-	89	89
Disposals	-	-	-
Closing balance at 31 March 2020	16,331	7,300	23,631
Accumulated depreciation and impairment			
Opening balance at 1 January 2020	(13,468)	(6,606)	(20,074)
Currency translation differences	(31)	(393)	(424)
Charge for the period	(121)	8	(129)
Disposals	-	-	-
Closing balance at 31 March 2020	(13,620)	(7,007)	(20,627)
Net book value as of 31 March 2020	2,711	293	3,004
Net book value as of 31 December 2019	2,831	219	3,050

Cost	Rights	Other	Total
Opening balance at 1 January 2019	16,376	6,241	22,617
Currency translation differences	20	313	333
Additions	-	66	66
Disposals	(115)	(12)	(127)
Closing balance at 31 March 2019	16,281	6,608	22,889
Accumulated depreciation and impairment			
Opening balance at 1 January 2019	(12,674)	(6,101)	(18,775)
Currency translation differences	(14)	(244)	(258)
Charge for the period	(248)	(24)	(272)
Disposals	28	-	28
Closing balance at 31 March 2019	(12,908)	(6,369)	(19,277)
Net book value as of 31 March 2019	3,373	239	3,612
Net book value as of 31 December 2018	3,702	140	3,842

(*) Allocation of amortization expense is disclosed in Note 29 and Note 31.

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21. Goodwill

None (31 December 2019: None)

22. Government Grants

Reduced Corporate Tax Application

In the line with the article 32 / A of the Corporate Tax Law No.5520, the Group receives tax support for the profits obtained from investments connected to the incentive certificate by Ministry of Economy. The amount of corporate 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 reached. corporate tax to be paid each year is also utilized by deducting the corporate tax discount rate determined by the Council of Ministers. VAT and customs tax incentives are also utilized according to the investment incentive documents obtained within the scope of the same decision.

Turquality

Turquality is a brand support program that aims to increase awareness and awareness of Turkish Brands by supporting them within the framework of the Notification no. 2006/4 for Branding of Turkish Products Abroad, Placement of the image of Turkish goods and Supporting Turquality;

- Expenses related to patent, utility model. Industrial design and trademark registration
- Expenses related to certification.
- Expenses related to fashion / industrial product designer / chef / cook employment.
- Promotion, advertising and marketing activities.
- Expenses related to units in abroad.
- Consulting expenses

are supported within certain limits.

According to the locations in which our Group operates, the brand support program has been utilized.

Incentives provided in foreign countries

A memorandum for government incentive was signed between Paşabahçe Bulgaria EAD and Ministry of Economy and Energy on behalf of the Republic of Bulgaria under "Regulation of Investment Incentive and Implementation" of Bulgaria and "Government Incentive Legislation" of European Union.

23. Provisions, Contingent Assets and Liabilities

Short term provisions	31 March 2020	31 December 2019
Provision for sales premium	26,181	5,535
Accrual for lawsuit cases	9,122	6,873
Provision for servives rendered	7,249	345
Provision for gift card	6,788	6788
Provision for cost expense	-	935
Other	4,027	5,092
	53,367	25,568

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23. Provisions, Contingent Assets and Liabilities (continued)

Collaterals pledges and mortgages "CPM" given by the Company as of 31 December 2019 and 31 December 2018 are as follows:

The CPMs given by the Company	31 December 2019			TRY Equivalent of TRY and Other Currencies
	TRY Equivalents	USD	Euro	
A. CPM's given in the behalf of own company	37,608	-	-	37,608
B. CPM's given on behalf of the fully consolidated subsidiaries	433,115	-	-	433,115
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent (*)	-	-	-	-
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	470,723	-	-	470,723

Percentage of other CPM's given by the Company to the Company's equity is 33 % as of December 31, 2019.

(*) It expresses the CPM given to the Company by the subsidiaries subject to consolidation.

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23. Provisions, Contingent Assets and Liabilities (continued)

The CPMs given by the Company	31 December 2019			TRY Equivalent of TRY and Other Currencies
	TRY Equivalents	USD	Euro	
E. CPM's given in the behalf of own company	110,848	-	-	110,848
F. CPM's given on behalf of the fully consolidated subsidiaries	612,558	-	-	612,558
G. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
H. Total amount of other CPM's given	-	-	-	-
iv. Total amount of CPM's given on behalf of the parent (*)	-	-	-	-
v. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
vi. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	723,406	-	-	723,406

Percentage of other CPM's given by the Company to the Company's equity is 25% as of December 31, 2018.

(*) It expresses the CPM given to the Company by the subsidiaries subject to consolidation.

24. Commitments

Operating lease agreements

Paşabahçe Mağazaları A.Ş. leases various retail outlets and stores by operating lease contracts. The terms of rental contracts vary from 1 to 10 years. Lease contracts require a certain amount of rent on a monthly basis or a certain percentage of the store house subject to the lease. The lease agreements are issued principally in Turkish Liras, Euros and US Dollars and lease payments increase with the rates close to the inflation rate or inflation rate during the contract period. Under existing debts law, lease agreements may be terminated by the lessor only if the tenant terminates the lease on demand for breach of contract.

Future minimum lease payments for non-cancellable operating leases are as follows:

	31 December 2019	31 December 2018
Up to 1 year	10,182	8,027
1 – 5 years	-	-
More than 5 years	-	-
	10,182	8,027

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25. Employee Benefits

Short term liabilities for employee benefits	31 March 2019	31 December 2018
Due to personnel	16,874	17,046
Social security deduction	17,347	13,795
Total	34,221	30,841

Short term provisions for employee benefits	31 March 2020	31 December 2019
Employee termination benefits	7,886	4,367
Unused vacation provision	3,492	3,935
Total	11,378	8,302

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. Additionally, employees 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 transitional provisions related with retirement prerequisites have been removed due to the amendments dated 23 May 2002. The amount payable consists of one month's salary limited to a maximum of TRY 6,370,15 for each period of service as of 31 December 2019 (31 December 2018:TRY 6,379,86).TRY 6,730,15 which is effective from 1 January 2020, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2019:TRY 6,370,15 which is effective from 1 January 2020).

Liability of employment termination benefits is not subject to any funding as there is not any 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 used to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under Funds for Actuarial Gain/Loss on Defined Benefit Plans.

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, the liabilities in the accompanying consolidated financial statements as of 31 March 2020 and 31 December 2019 are 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 8.20% (31 December 2019: 8.20%) and a discount rate of 14.69% (31 December 2019: 14.69%). the real discount rate is approximately 6.00% (31 December 2019: 6.00%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 31 March 2020, estimated probability of not leaving work until retirement is 98.20% (31 December 2019: 96.73%).

The movement of the employment termination benefits is as follows:

	31 March 2020	31 March 2019
1 January	153,773	132,705
Currency translation differences	351	144
Service costs	2,839	1,868
Interest costs	5,480	4,569
Payments made during the period	(5,322)	(4,620)
	157,121	134,666

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26. Impairment of Assets

Impairment of assets	31 March 2020	31 December 2019
Provision for doubtful receivables (Note 10)	(20,989)	(26,500)
Provision for inventory impairment (Note 13)	(39,151)	(41,201)
	(60,140)	(67,701)

27. Other Assets and Liabilities

Other current assets	31 March 2020	31 December 2019
Other VAT	12,532	15,952
Deductible VAT	30,927	31,750
Income accruals	5,046	4,115
Work advances	120	-
VAT Transferred	89	-
Other	10,189	8,662
	58,903	60,479

Other current liabilities	31 March 2020	31 December 2019
Taxes and charges payable	15,305	19,644
Expense accruals	5,900	2,787
Other	8,018	14,461
	29,223	36,892

28. Capital, Reserves and Other Equity Items

Equity components "Paid-in Share Capital and Restricted Reserves", are presented with the value carried in the statutory financial statements. The differences, that are recognized through the valuation made in accordance with TAS 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" are associated with "Retained Earnings".

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

a) Capital/Treasury Shares

The Company's issued capital is divided into 224,117,049 bearer shares with each nominal value of TRY 1 (One Turkish Lira), (31 December 2019: 224,117,049 shares),

	31 December 2019		31 December 2018	
	Amount TRY	Share %	Amount TRY	Share %
Shareholders				
Şişecam	222,938	99,47	222,938	99,47
Islamic Development Bank	1,179	0,53	1,179	0,53
Nominal capital	224,117	100.00	224,117	100.00
Adjustment to share capital (*)	70,158		70,158	
Total share capital	294,275		294,275	

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

	31 March 2020	31 December 2019
Actuarial loss fund	(5,549)	(5,549)
Currency translation differences	35,321	24,093
Revaluation gain on tangible assets	308,236	308,236
	338,008	326,780

(*)The movement of the gain/loss on revaluation and remeasurement is presented in consolidated statement of cash flow and consolidated statement of equity changes.

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

Provision for employee termination benefits actuarial gain / loss funds

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. Provision for employee termination benefits actuarial gain/loss funds not to be reclassified profit or loss.

c) Accumulated Other Comprehensive Income (Expenses) to be reclassified to Profit or Loss

	31 March 2020	31 December 2019
Currency translation differences	469,861	467,921
Financial asset revaluation fund	(35,841)	(88,752)
	434,020	379,169

Currency translation differences

Currency translation differences are related to 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.

Hedging gain / (loss)

The cash flow related to the hedged transaction consists of the effective portion of the cumulative change in the net fair value of the hedging instruments

The change in the hedging fund during the period is as follows;

	31 March 2020	31 March 2019
Opening - 1 January	(88,752)	-
Effective portion of derivative financial instrument recognized in equity	67,921	-
Ertelenmiş vergi etkisi	(15,010)	-
	(35,841)	-

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

d) 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.

"Legal Reserves" 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 March 2020	31 December 2019
Legal reserves	384,848	358,069
Statutory reserves	19,909	19,909
	404,757	377,978

e) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to 632.710 thousand TRY (31 December 2019: 620.360 thousand TRY) is 330.629 thousand TRY (31 December 2019: 302.483 thousand TRY).

Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below:

	31 March 2020	31 December 2019
Net profit/(loss) for the period	(54,790)	32,038
Losses of previous periods	-	-
Extraordinary reserves	448,169	420,023
Special funds	219,250	219,250
	612,629	671,311

f) Non-controlling Interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components. Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit / (loss) section of the consolidated statement of income.

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29. Revenue and Cost of Sales

Revenue	1 January-31 March 2020	1 January-31 March 2019
Sales	799,480	722,147
Sales discount	(68,754)	(51,485)
Sales returns	(10,476)	(10,758)
Other sales discounts	(5,190)	(4,715)
Other income	1,817	683
	716,877	655,872
Cost of sales		
Direct materials	(149,564)	(217,039)
Direct labor	(87,306)	(84,656)
Production overheads	(112,278)	(128,451)
Depreciation and amortization	(28,376)	(27,932)
Change in work-in-progress inventories	(845)	(99)
Change in finished goods inventories	17,512	78,377
	(360,857)	(379,800)
Cost of goods sold		
Cost of trade goods	(79,796)	(38,927)
Cost of services given	(112)	(35)
Other costs	(12,093)	(14,526)
	(452,858)	(433,288)

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

	1 January-31 March 2020	1 January-31 March 2019
General administrative expenses	(54,748)	(50,518)
Marketing expenses	(150,599)	(145,909)
Research and development expenses	(3,343)	(2,357)
	(208,690)	(198,784)

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31. Expenses by Nature

	1 January-31 March 2020	1 January-31 March 2019
Outsourced services	(83,653)	(67,712)
Personnel expenses	(54,996)	(50,410)
Miscellaneous expenses	(46,208)	(61,363)
Depreciation and amortization	(17,710)	(14,113)
Indirect material cost	(4,003)	(3,089)
Duties, taxes and levies	(2,120)	(2,097)
	(208,690)	(198,784)

32. Other Income and Expense from Operating Activities

	1 January-31 March 2020	1 January-31 March 2019
Other operating income		
Foreign exchange gains from	46,061	42,479
Provisions no longer required	6,403	2,976
Turquality income	2,295	-
Rediscount interest income on operating activities	1,480	1,343
R&d incentive	458	2,642
Salvage sales income	232	260
Insurance claim income	166	231
Rent income	151	207
Royalty income	136	-
Inventory overages	46	-
Other	1,660	4,305
	59,089	54,443

	1 January-31 March 2020	1 January-31 March 2019
Other operating expenses		
Foreign exchange loss from other activities	(13,335)	(14,732)
Provisions no longer required	(7,317)	(486)
Commission expenses	(763)	(550)
Raw materials and supplies sales loss	(357)	(795)
Compensation expense	(215)	(436)
Rediscount interest expense on operating activities	(96)	(206)
Other	(6,266)	(11,203)
	(28,349)	(28,408)

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32. Other Income and Expense from Operating Activities (continued)

Other operating income / (expense), net	1 January-31 March 2020	1 January-31 March 2019
Foreign exchange gains (losses) from other activities	32,726	27,747
Raw materials and supplies sales loss	1,939	(795)
Rediscount interest income/(expense) on operating activities	1,384	1,137
R&d incentive	458	2,642
Salvage sales income	232	260
Insurance claim gains / (losses)	166	-
Rent income	151	207
Inventory overage/shortage gains / (losses)	46	231
Compensation expense	(79)	(436)
Commission expense /income	(763)	(550)
Provisions no longer required gains / (losses)	(914)	2,490
Other income/(expense)	(4,606)	(6,897)
	30,740	26,035

33. Income and Expense from Investing Activities

Income from Investing Activities	1 January-31 March 2020	1 January-31 March 2019
Gain on sale of tangible assets	1,344	1,581
Increase in revaluation of property, plant and equipment	-	414
	1,344	1,995

Expenses from Investing Activities	1 January-31 March 2020	1 January-31 March 2019
Loss on sale of tangible assets	(2,518)	(1,637)
	(2,518)	(1,637)

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34. Financial Income and Expenses

Financial Income	1 January-31 March 2020	1 January-31 March 2019
Foreign exchange income	89,889	10,293
- <i>Derivative instruments</i>	59,668	-
- <i>Cash and cash equivalent</i>	30,014	10,293
- <i>Bank loans</i>	207	-
Interest income	27,638	7,989
- <i>Derivative instruments</i>	21,131	5,722
- <i>Time deposits</i>	5,374	801
- <i>Intercompany interest income</i>	1,133	1,466
Other	1,228	7,392
	118,755	25,674

Financial Expense	1 January-31 March 2020	1 January-31 March 2019
Foreign exchange expense	(123,135)	(39,772)
- <i>Bonds</i>	(80,612)	(28,302)
- <i>Cash and cash Equivalent</i>	(5,197)	(792)
- <i>Bank loans</i>	(3,465)	(5,959)
- <i>Derivative Instruments</i>	(33,861)	(4,719)
Interest expense	(59,072)	(48,339)
- <i>Interest accrual</i>	(18,609)	(26,716)
- <i>Intercompany interest expense</i>	(837)	(16,949)
- <i>Derivative instruments</i>	(17,590)	(4,674)
- <i>Accruals of bond interest</i>	(16,502)	-
- <i>Operational rent interest</i>	(5,534)	-
Other	(975)	(1,689)
	(183,182)	(89,800)

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34. Financial Income and Expenses (continued)

Financial Income / Expense (Net)	1 January-31 March 2020	1 January-31 March 2019
Foreign exchange income / (expense)	(33.246)	(29.479)
- Bonds issued	(80.612)	(28.302)
- Cash and cash equivalents	24.817	9.501
- Borrowings	(3.258)	(5.959)
- Derivative instruments	25.807	(4.719)
Interest income / (expense)	(31.434)	(40.349)
- Interest accrual	(18.609)	(26.716)
- Bank deposit and borrowings	5.374	801
- Intercompany interest expense	296	(15.483)
- Derivative instruments	3.541	1.049
- Accruals of bond interest	(16.502)	-
- Operational rent interest	(5.534)	-
Other	253	5.702
	(64.427)	(64.126)

35. Assets Held for Sale

None (31 December 2019: None).

36. Taxes on Income

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 TAS and its tax base of statutory financial statements, These differences usually result in the recognition of revenue and expense items in different periods for TAS 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 March 2020	31 December 2019
Deferred tax assets	109,053	137,446
Deferred tax liabilities (-)	(11,670)	(14,437)
Deferred tax assets (net)	97,383	123,009

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36. Taxes on Income (continued)

Deferred tax assets and liabilities (continued)

Temporary Differences	31 March 2020	31 December 2019
Useful life and valuation differences on tangible and intangible assets	(423,450)	(419,685)
Corporate tax allowance	389,483	388,975
Carry forward tax losses	315,853	301,452
Derivative Instruments	(17,652)	113,391
Provision for the cut-off on sales	(8,417)	(5,917)
Rediscount of trade receivable and payables and doubtful receivables	2,118	3,345
Employment termination benefits	157,121	153,773
Temporary difference on inventories	64,807	97,243
Other	60,238	45,440
	540,101	678,017

Deferred tax assets and liabilities	31 March 2020	31 December 2019
Useful life and valuation differences on tangible and intangible assets	(101,778)	(108,341)
Corporate tax allowance	85,686	86,727
Carry forward tax losses	65,637	61,595
Provision for the cut-off on sales	(1,669)	(1,132)
Rediscount of trade receivable and payables and doubtful receivables	466	736
Derivative valuation	(3,883)	25,033
Employment termination benefits	31,007	30,370
Temporary difference on inventories	13,209	20,233
Other	8,708	7,788
	97,383	123,009

The maturity of carry forward tax losses are as follows:

	31 March 2020	31 December 2019
Within 1 year	9,196	-
Within 2 years	-	11,178
Within 3 years	34,705	-
Within 4 years	18,133	25,155
Within 5 years	54,317	16,227
Indefinite years	199,501	248,891
	315,853	301,452

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36. Taxes on Income (continued)

The movements of deferred tax assets and liabilities are as follows:

	31 March 2020	31 March 2019
Beginning of period 1 January	123,009	69,398
Adjustments in accounting policies	-	1,591
Charged to the statement of income	(6,380)	4,652
Charged to other comprehensive statement of income	(15,010)	-
Currency translation differences	(4,236)	4,119
	97,383	79,760

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, if preferred investment allowances and also R&D center incentive) are deducted.

In Turkey, applied corporate tax rate is 22% as of 31 March 2020 (31 December 2019: 22%).

The principal tax rates (%) using to calculate deferred taxes for each country are as follows:

Country	31 December 2019	31 December 2018
Bulgaria	10.0	10.0
Italy (*)	27.9	27.9
Egypt	22.5	22.5
Russia (**)	20.0	20.0
Spain	25.0	25.0
America	21.0	21.0
Germany	31,14	15.0
China (***)	25.0	25.0
Netherlands (****)	20.0-25.0	20.0-25.0

(*) There is a progressive tax rate.

(**) The general tax rate in Russia is 20%, 18% of which is allocated to the "Regional Budget" and 2% to the "General Budget". Since its subsidiaries in Russia's Tatarstan region have been located in Special Economic Zone, so, as a tax, they pay 2% of the profits from their main operations and pay 20% of the profits from the non-core operating income.

(***) 15% of tax rate for the profit up to CNY 300.000 and 25% of tax rate for the exceeding portion are applied in China as a tax.

(****) 20% of tax rate for the profit up to EUR 200.000 and 25% of tax rate for the exceeding portion are applied in Netherlands..

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36. Taxes on Income (continued)

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.

An advance taxation of 19.8% has to be made on the investment allowance amount benefited basing on the investment incentive certificates received before 24 April 2003. Out of the investment expenses without incentive certificate made after this date, 40% of the ones directly related to the companies' production activities can be deducted from the taxable revenue. Any advance tax deduction is not made from the investment expenses without investment incentive.

	31 March 2020	31 December 2019
Current tax provision	542	5,916
Currency translation differences	1,119	2,927
Prepaid taxes and funds (-)	(55)	(6,981)
Tax provision in the financial position	1,606	1,862

	1 January-31 March 2020	1 January-31 March 2019
Provision for corporate tax for current period	(542)	(1,714)
Deferred tax income	(6,380)	4,652
Tax provision in the statement of the financial position	(6,922)	2,938

	1 January-31 March 2020	1 January-31 March 2019
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	20,468	(13,933)
Effective tax rate	22%	22%
Calculated tax	(4,503)	3,065

	1 January-31 March 2020	1 January-31 March 2019
Tax reconciliation		
- Non-deductible expenses	(5,098)	(2,860)
- Dividends and other non-taxable income	2,891	3,967
- Carry forward tax losses	(6,427)	3,887
- Corporate tax allowance	112	595
- Currency translation differences	6,658	(4,367)
- The effect of the foreign companies that have different tax rates	1,142	(574)
- Other	(1,697)	(774)
Tax provision in the statement of income	(6,922)	2,938

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37. Earnings per Share

	1 January-31 March 2020	1 January-31 March 2019
Earnings per share		
Average number of shares existing during the period (total value)	224.117	224.117
Net profit for the period attributable to equity holders of the parent	13.305	(8.467)
Earnings per share	0.0827	0.0045
Total comprehensive income attributable to equity holders of the parent	79,567	55,766
Earnings per share obtained from total comprehensive income	0.3550	0.2488

38. Related Party Disclosures

T. İş Bankası A.Ş. is the ultimate parent of the Group. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated in consolidation and not disclosed in this Note. The details of transactions between the Group and other related parties are disclosed below.

As of 31 December 2019, the exact list shows the associated level of our companies that are considered as related parties as listed in alphabetical order as follows:

Parent company

Company's name	Registered Company
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey

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38. Related Party Disclosures (continued)

Ultimate parent company's subsidiaries, joint ventures and associates

<u>Company's name</u>	<u>Registered Company</u>
Anadolu Anonim Türk Sigorta A.Ş.	Turkey
Anadolu Hayat Emeklilik Sigorta A.Ş.	Turkey
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	Turkey
Camiş Yatırım Holding A.Ş.	Turkey
Efes Yatırım Holding A.Ş.	Turkey
İş Factoring Finansman Hizmetleri A.Ş.	Turkey
İş Finansal Kiralama A.Ş.	Turkey
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey
İş Koray Tur.Orm.Mad.İnş.Tah.Tic.A.Ş.	Turkey
İş Merkezleri Yönetim Ve İşletim A.Ş.	Turkey
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret Ve İletişim Hizmetleri A.Ş.	Turkey
İş Portföy Yönetimi A.Ş.	Turkey
İş Yatırım Menkul Değerler A.Ş.	Turkey
İş Yatırım Ortaklığı A.Ş.	Turkey
İşbank AG	Turkey
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	Turkey
Kültür Yayınları İş-Türk Ltd. Şti.	Turkey
Milli Reasürans T.A.Ş.	Turkey
Mipaş Mümessillik İth. İhr. Ve Paz. A.Ş.	Turkey
Topkapı Yatırım Holding A.Ş.	Turkey
Trakya Yatırım Holding A.Ş.	Turkey
TSKB Gayrimenkul Değerleme A.Ş.	Turkey
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
Türkiye Sınai Kalkınma Bankası A.Ş.	Turkey
Yatırım Finansman Menkul Değerler A.Ş.	Turkey

Subsidiaries' shareholders

<u>Company's name</u>	<u>Registered Company</u>
Denizli Cam San. Vakfı	Turkey
European Bank For Reconstruction and Development ("EBRD")	England

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38. Related Party Disclosures (continued)

Parent company's subsidiaries

Company's name	Registered Company
Anadolu Cam Sanayii A.Ş.	Turkey
Şişecam Bulgaria EOOD	Bulgaria
Şişecam Automotive Bulgaria EAD	Bulgaria
Camiş Ambalaj Sanayii A.Ş.	Turkey
Cam Elyaf Sanayii A.Ş.	Turkey
Şişecam Çevre Sistemleri A.Ş.	Turkey
Çayırova Cam Sanayii A.Ş.	Turkey
Şişecam Dış Ticaret A.Ş.	Turkey
Camiş Elektrik Üretim A.Ş.	Turkey
SC Glass Trading B.V.	Netherlands
Camiş Madencilik A.Ş.	Turkey
OOO Ruscam Glass Packaging Holding	Russia
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey
Şişecam Enerji A.Ş.	Turkey
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Turkey
Şişecam Otomotiv A.Ş.	Turkey
Soda Sanayii A.Ş.	Turkey
Trakya Glass Bulgaria EAD	Bulgaria
Trakya Yenişehir Cam Sanayii A.Ş.	Turkey
Trakya Cam Sanayii A.Ş.	Turkey

Deposit and loans from/to related parties:

Deposits held on related parties	31 March 2020	31 December 2019
T. İş Bankası A.Ş.		
- Time deposits	286,934	264,331
- Demand deposits	19,199	23,845
	306,133	288,176
İşbank AG		
- Demand deposits	257	16
	257	16

Due from related parties:

Financial liabilities due to related parties	31 March 2020	31 December 2019
T. Şişe ve Cam Fabr. A.Ş. per financial borrowing	904,924	838,102
	904,924	838,102

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38. Related Party Disclosures (continued)

Parent company's subsidiaries (continued)

Trade receivables due from related parties	31 March 2020	31 December 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	232	364
Şişecam Çevre Sistemleri A.Ş.	173	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	137	-
Şişecam Otomotiv A.Ş.	-	204
SC Glass Trading B.V.	-	198
Trakya Cam Sanayii A.Ş.	-	14
Anadolu Cam Sanayii A.Ş.	8	9
Other	259	730
	809	1,519

Other receivables due from related parties	31 March 2020	31 December 2019
Şişecam Dış Ticaret A.Ş.	23,236	29,009
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	62,344
Anadolu Cam Sanayii A.Ş.	-	-
Other	144	11
	23,380	91,364

Due to related parties:

Trade payables due to related parties	31 March 2020	31 December 2019
Camiş Ambalaj Sanayii A.Ş. (1)	15,029	12,864
Trakya Glass Bulgaria EAD (2)	13,839	37,329
Türkiye Şişe ve Cam Fabrikaları A.Ş. (3)	11,972	6,794
Sisecam Bulgaria EOOD (4)	8,744	6,454
Camiş Elektrik Üretim A.Ş. (5)	4,234	4,587
Şişecam Enerji A.Ş. (6)	4,064	2,617
Camiş Madencilik A.Ş. (7)	811	1,061
Anadolu Cam Sanayii A.Ş. (8)	636	565
Other	2,711	2,260
	62,040	74,531

(1)It consists of purchases of packaging material trade payables from Camiş Ambalaj Sanayii A.Ş

(2)It consists of purchases of raw material trade payables from Trakya Glass Bulgaria EAD

(3)It consists of purchases of consultancy service trade payable from Türkiye Şişe ve Cam Fabrikaları A.Ş.

(4)It consists of purchases of raw material trade payables from Şişecam Bulgaria EOOD

(5)It consist of purchase of electric trade payables from Camiş Elektrik Üretim A.Ş.

(6)It consists of purchases of energy trade payables from Şişecam Enerji A.Ş

(7)It consists of purchases of raw material trade payables from Camiş Madencilik A.Ş.

(8)It consists of purchases of raw material trade payables from Anadolu Cam Sanayii A.Ş.

PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

38. Related Party Disclosures (continued)

Other payables due to related parties (*)	31 March 2020	31 December 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	6,933	-
Anadolu Cam Sanayii A.Ş.	2	-
Other	-	246
	6,935	246

(*) The non-trade related party payables and receivables of the Group consist of loans given and utilized by the Group and other companies under its parent, Türkiye Şişe ve Cam Fabrikaları A.Ş. for the purposes of financing. These non-trade payables and receivables are not subject to any predetermined payment terms, but based on Türkiye Şişe ve Cam Fabrikaları A.Ş.'s considerations of the economy and events within the money markets, a monthly interest is accrued using a monthly current interest rate. As of 31 December 2019, this interest rate has been applied as 0,92% (December 2018: 2.09%).

Interest income from related parties	1 January-31 March 2020	1 January-31 March 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	751	-
Şişecam Dış Ticaret A.Ş.	382	1.464
Anadolu Cam Sanayii A.Ş.	-	1
Other	-	1
	1.133	1.466

Interest expenses to related parties	1 January-31 March 2020	1 January-31 March 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	(837)	(16,911)
Other	-	(38)
	(837)	(16,949)

(1) It consists of intercompany interest invoices that issued during year obtained unpaid borrowings by Türkiye Şişe ve Cam Fabrikaları A.Ş. in order to finance.

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38. Related Party Disclosures (continued)

Purchases from related parties	1 January-31 March 2020	1 January-31 March 2019
Camiş Ambalaj Sanayii A.Ş.(1)	(17,024)	(16,238)
Trakya Glass Bulgaria EAD (2)	(13,619)	(36,650)
Camiş Elektrik Üretim A.Ş. (3)	(10,807)	(9,633)
Şişecam Enerji A.Ş. (4)	(10,790)	
Şişecam Bulgaria EOOD (5)	(8,352)	(11,569)
Camiş Madencilik A.Ş. (6)	(5,342)	(5,237)
Soda Sanayii A.Ş. (7)	(2,870)	(5,063)
Diğer	(45)	(4,837)
	(68,849)	(89,227)

(1) It consists of purchases of packaging material from Camiş Ambalaj Sanayii A.Ş.

(2) It consists of cost of machineries and equipment that are sold to Trakya Glass Bulgaria EAD.

(3) It consists of purchases of energy from Camiş Elektrik Üretim A.Ş.

(4) It consists of purchases of energy from Şişecam Enerji A.Ş.

Net sales to related parties	1 January-31 March 2020	1 January-31 March 2019
Şişecam Çevre Sistemleri A.Ş.	323	139
Türkiye Şişe ve Cam Fabrikaları A.Ş.	166	80
Trakya Glass Bulgaria EAD	56	44
Anadolu Cam Sanayii A.Ş.	26	25
Trakya Cam Sanayii A.Ş.	9	1
Şişecam Otomotiv A.Ş.	3	36
Other	41	3
	624	328

Other income from related parties	1 January-31 March 2020	1 January-31 March 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1,634	1,763
OOO Ruscam	49	-
Trakya Cam Sanayii A.Ş.	17	-
Şişecam Otomotiv A.Ş.	14	77
Şişecam Dış Ticaret A.Ş.	11	-
Camiş Ambalaj Sanayii A.Ş.	4	-
Diğer	23	549
	1,752	2,389

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38. Related Party Disclosures (continued)

	1 January-31 March 2020	1 January-31 March 2019
Other expense from related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	(18,322)	(14,945)
Şişecam Dış Ticaret A.Ş.	(957)	(1,023)
Anadolu Cam Sanayii A.Ş.	(730)	(850)
Trakya Cam Sanayii A.Ş.	(220)	(255)
Camiş Ambalaj Sanayii A.Ş.	(32)	(26)
Çayırova Cam Sanayii A.Ş.	-	(85)
OOO Ruscam Glass Packaging Holding	(19)	(21)
Diğer	(10)	-
	(20,290)	(17,205)

	1 January-31 March 2020	1 January-31 March 2019
Benefits provided to key management		
Parent company	672	543
Consolidated entities	878	1,122
	1,550	1,665

Key management personnel are composed of top management, members of board of directors, general manager and vice general managers and factory directors. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits between 1 January - 31 March 2020 and 1 January - 31 December 2019.

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39. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status 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 Notes 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 28.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 31 December 2019 and 31 December 2018 the Group's net debt / total equity ratios are as follows:

	31 March 2020	31 December 2019
Financial liabilities and trade payables	2,305,144	2,231,108
Less: Cash and cash equivalents	(428,141)	(405,900)
Net debt	1,877,003	1,825,208
Total equity	2,295,617	2,215,809
Net debt / total equity ratio	81,8%	82,4%

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.

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39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

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 consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated periodically.

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management

Credit risks exposed through types of financial instruments	Receivables				Cash and Cash Equivalents	Financial Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposed as of balance sheet date 31 December 2019 (*) (A+B+C+D+E)	809	764,358	23,380	6,280	427,983	18,453
- The part of maximum risk under guarantee with collaterals, etc	-	(326,099)	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	809	604,070	23,380	6,280	428,475	18,453
- The part under guarantee with collaterals, etc.	-	(302,248)	-	-	-	-
B. Netbook value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	160,288	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(25,851)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(492)	-
- Past due (gross carrying amount)	-	20,122	-	-	-	-
- Impairment (-)	-	(20,122)	-	-	(492)	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	867	-	-	-	-
- Impairment (-)	-	(867)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

Credit risks exposed through types of financial instruments	Receivables				Cash and Cash Equivalents	Financial Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposed as of balance sheet date 31 December 2019 (*) (A+B+C+D+E)	1,519	855,743	91,364	4,796	405,707	1,453
- The part of maximum risk under guarantee with collaterals, etc	-	(325,995)	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	1,519	689,480	91,364	4,796	406,141	1,453
- The part under guarantee with collaterals, etc.	-	(302,870)	-	-	-	-
B. Netbook value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	118,813	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(23,125)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(434)	-
- Past due (gross carrying amount)	-	26,500	-	-	-	-
- Impairment (-)	-	(26,500)	-	-	(434)	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

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

	31 March 2020	31 December 2019
1-30 days overdue	72,859	46,328
1-3 months overdue	45,169	25,497
3-12 months overdue	42,260	36,207
1-5 years overdue	-	-
Total overdue receivables	160,288	108,032
The part secured with guarantee, etc, (-)	25,851	23,125

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 an adequate number of high quality creditors.

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39. Financial Instruments and Financial Risk Management (continued)

b.2) Liquidity Risk Management (continued)

The following table details the Group's expected maturity for its financial liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table.

31 March 2020

Non derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	965.621	1.031.163	174.988	24.947	316.046	515.182
Trade payables	225.867	225.987	219.835	4.511	1.641	-
Operating lease obligations	231.244	209.340	206.661	2.501	178	-
Bonds issued	904.924	1.292.644	-	63.400	253.603	975.641
Due to related parties	68.427	252.633	219.524	11.213	21.896	-
Other payables	7.471	6.562	6.209	10	343	-
Total liabilities	2.403.554	3.018.329	827.217	106.582	593.707	1.490.823

31 December 2019

Non derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	946,739	1,001,917	554,706	119,129	63,693	264,389
Trade payables	230,665	231,510	223,841	3,078	3,912	679
Operating lease obligations	141,070	225,051	6,875	19,530	19,771	178,875
Bonds	838,102	1,207,316	28,899	-	28,899	1,149,518
Due to related parties	74,777	74,778	49,336	21,811	1,289	2,342
Other payables	3,210	362	293	41	28	-
Total liabilities	2,234,563	2,740,934	863,950	163,589	117,592	1,595,803

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

39. 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 denominated in foreign currency cause the formation of exchange rate risk. The Group, its subsidiaries and associates acknowledge the currencies other than the functional currencies of countries in which they operate, as foreign currency.

The Group, its subsidiaries and associates acknowledge the currencies other than the functional currencies of countries in which they operate, as foreign currency:

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

39. 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 31 March 2020			
		TRY Equivalent	USD	EUR	TRY Equivalent of Other Currencies
1.	Trade receivables	559.699	54.953	17.699	73.927
2a.	Monetary financial assets (cash and bank accounts included)	257.159	36.794	1.503	6.565
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	24.825	1.655	1.711	1.696
4.	Current Assets (1+2+3)	841.683	93.402	20.913	82.188
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-Current Assets (5+6+7)	-	-	-	-
9.	Total Assets (4+8)	841.683	93.402	20.913	82.188
10.	Trade payables	302.780	34.391	7.785	22.519
11.	Financial liabilities	39.689	2.901	2.881	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	4.277	395	236	-
13.	Current Liabilities (10+11+12)	346.746	37.687	10.902	22.519
14.	Trade payables	-	-	-	-
15.	Financial liabilities	902.186	138.457	-	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-Current Liabilities (14+15+16)	902.186	138.457	-	-
18.	Total Liabilities (13+17)	1.248.932	176.144	10.902	22.519
19.	Net assets of off balance sheet derivative items / (liability) position (19a-19b)	937.009	182.898	(35.309)	-
19a.	Total amount of assets hedged	1.191.763	182.898	-	-
19b.	Total amount of liabilities hedged	254.755	-	35.309	-
20.	Net foreign currency asset / (liability) position (9-18+19)	529.760	100.156	(25.298)	59.669
21.	Net foreign currency asset / (liability)/(position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(427.797)	(84.002)	8.536	57.973
22.	Fair value of derivative instruments used in foreign currency hedge	68.667	10.538	-	-
23.	Export	399.922	17.607	35.581	28.478
24.	Import	148.356	5.411	12.049	26.164

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39. 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 31 December 2019			
		TRY Equivalent	USD	EUR	TRY Equivalent of Other Currencies
1.	Trade receivables	265,201	23,063	14,864	29,348
2a.	Monetary financial assets (cash and bank accounts included)	247,958	37,962	2,214	7,732
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	16,730	1,524	1,098	375
4.	Current Assets (1+2+3)	529,889	62,549	18,176	37,455
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-Current Assets (5+6+7)	-	-	-	-
9.	Total Assets (4+8)	529,889	62,549	18,176	37,455
10.	Trade payables	75,729	7,485	3,993	4,711
11.	Financial liabilities	36,108	2,871	2,865	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	2,811	190	253	-
13.	Current Liabilities (10+11+12)	114,648	10,546	7,111	4,711
14.	Trade payables	-	-	-	-
15.	Financial liabilities	821,185	138,242	-	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-Current Liabilities (14+15+16)	821,185	138,242	-	-
18.	Total Liabilities (13+17)	935,833	148,788	7,111	4,711
19.	Net assets of off balance sheet derivative items / (liability) position (19a-19b)	593,285	130,000	(26,906)	-
19a.	Total amount of assets hedged	772,226	130,000	-	-
19b.	Total amount of liabilities hedged	178,940	-	26,906	-
20.	Net foreign currency asset / (liability) position (9-18+19)	187,341	43,761	(15,841)	32,744
21.	Net foreign currency asset / (liability)/(position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(419,863)	(87,573)	10,220	32,369
22.	Fair value of derivative instruments used in foreign currency hedge	68,667	11,560	-	-
23.	Export	1,948,674	103,061	175,372	170,142
24.	Import	649,526	21,024	44,680	227,490

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(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

39. 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 USD risks. Effects of other currencies are immaterial.

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD 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.

Foreign currency sensitivity

	31 March 2020			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(54.736)	54.736	7	(7)
2- USD hedged from risks (-)	84,966	(84,966)	-	-
3- USD net effect (1+2)	30,230	(30,230)	7	(7)
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	6,159	(6,159)	219,145	(219.145)
5- EUR hedged from risks (-)	(19,450)	19,450	-	-
6- EUR net effect (4+5)	13,219	(13,291)	219,145	(219.145)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	14,104	(14,104)	25,308	(25.308)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	14,104	(14,104)	25,308	(25.308)
Total (3+6+9)	31.043	(31,043)	244,460	(244,460)

(*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

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39. 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 sensitivity (continued)

	31 December 2019			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(52,020)	52,020	56	(56)
2- USD hedged from risks (-)	77,458	(77,458)	-	-
3- USD net effect (1+2)	25,438	(25,438)	56	(56)
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	6,797	(6,797)	200,591	(200,591)
5- EUR hedged from risks (-)	(17,928)	17,928	-	-
6- EUR net effect (4+5)	(11,131)	11,131	200,591	(200,591)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	7,327	(7,327)	30,198	(30,198)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	7,327	(7,327)	30,198	(30,198)
Total (3+6+9)	21,634	(21,634)	230,845	(230,845)

(*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

b.3.2) Interest Rate Risk Management

The Group's exposure to interest rate risk is related to its financial liabilities. Based on floating interest rate of the current balance sheet composition and analysis calculated by the Group, as of 31 December 2019 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 3,894 thousand TRY (31 December 2018: 1,678 thousand TRY).

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39. Financial Instruments and Financial Risk Management (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 March 2020			
	Floating Interest	Fixed Interest	Non-interest Bearing	Total
Financial Assets	-	1,141,095	82,268	1,223,363
Cash and cash equivalents	-	346,057	82,084	428,141
Trade receivables	-	764,358	-	764,358
Due from related parties	-	24,189	-	24,189
Other receivables	-	6,491	-	6,491
Financial liabilities	315,381	952,222	331	1,267,934
Bank borrowings	315,381	650,237	3	965,621
Trade payables	-	225,867	-	225,867
Due to related parties	-	68,975	-	68,975
Other payables	-	7,143	328	7,471

	31 December 2019			
	Floating Interest	Fixed Interest	Non-interest Bearing	Total
Financial Assets	-	1,171,289	69,621	1,240,910
Cash and cash equivalents	-	336,279	69,621	405,900
Trade receivables	-	736,930	-	736,930
Due from related parties	-	92,883	-	92,883
Other receivables	-	5,197	-	5,197
Financial liabilities	262,252	993,120	19	1,255,391
Bank borrowings	262,252	684,485	2	946,739
Trade payables	-	230,665	-	230,665
Due to related parties	-	74,777	-	74,777
Other payables	-	3,193	17	3,210

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

Categories of Financial Instruments

31 March 2020	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	428,141	-	-	-	428,141	6
Derivative instruments	-	-	18,453	-	18,453	12
Trade receivables	-	764,358	-	-	764,358	10
Due from related parties	-	24,189	-	-	24,189	37
<u>Financial liabilities</u>						
Financial liabilities	965,621	-	-	-	965,621	8
Derivative instruments	-	-	800	-	800	12
Trade payables	225,867	-	-	-	225,867	10
Due to related parties	68,975	-	-	-	68,975	37

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

Categories of Financial Instruments (continued)

31 December 2019	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
Financial assets						
Cash and cash equivalents	405,900	-	-	-	405,900	6
Derivative instruments	-	-	1,453	-	1,453	12
Trade receivables	-	736,930	-	-	736,930	10
Due from related parties	-	92,883	-	-	92,883	37
Financial liabilities						
Financial liabilities	946,739	-	-	-	946,739	8
Derivative instruments	-	-	114,844	-	114,844	12
Trade payables	230,665	-	-	-	230,665	10
Due to related parties	74,777	-	-	-	74,777	37

Fair Value of Financial Instruments

31 March 2020

Financial assets	Total	Category 1	Category 2	Category 3
Derivative instruments	18,453	-	18,453	-
Total	18,453	-	18,453	-

31 December 2019

Financial liabilities	Total	Category 1	Category 2	Category 3
Derivative instruments	800	-	800	-
Total	800	-	800	-

31 December 2019

Financial assets	Total	Category 1	Category 2	Category 3
Derivative instruments	1,453	-	1,453	-
Total	1,453	-	1,453	-

31 December 2019

Financial liabilities	Total	Category 1	Category 2	Category 3
Derivative instruments	114,844	-	114,844	-
Total	114,844	-	114,844	-

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

Categories of Financial Instruments (continued)

The classification of the Group's financial assets and liabilities at fair value is as follows:

Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes;

Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes;

Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

41. Events after the Balance Sheet Date

Within the framework of the Şişecam Board of Directors decision numbered 34, on April 2020, as a subsidiary of Paşabahçe Cam Sanayii ve Tic. A.Ş. It was decided to take over all active and passive assets of Denizli Cam Sanayii by Şişecam as a whole. In this context PwC Yönetim Danışmanlık A.Ş prepared in accordance with articles 145 and 147 of the Turkish Commercial Code. The "Merger report and Merger agreement" based on the determinations stipulated in the expert institution report was signed and the CMB was applied to the CMB on April 27, 2020.

The exchange rates calculated by the expert institution and the right to leave prices are as follows:

Company Title	Code	Rate of Change	Strike Price
Paşabahçe Cam Sanayii ve Tic. A.Ş.	PASAB	0,53423	4,3
Denizli Cam Sanayii ve Tic. A.Ş.	DENCM	0,33089	8,85

Covid-19 (Corona) virus outbreak that occurs in China and spreads to various parts of the world, causing potentially fatal respiratory infections; It affects regional and global economic conditions negatively, especially in countries exposed to infectious diseases. The final magnitude of the corona virus outbreak remains uncertain at this time, and therefore the Company cannot reasonably predict its impact on its operations.

42. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for the Clear Understanding of Financial Statements

None.