TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2017 - 31 DECEMBER 2017
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT
(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of

Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

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

3) Key Audit Matters

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

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Key Audit Matters	How key audit matter addressed in the audit
Auditor's Rotation and Audit of Opening Balance	
Initial audit engagements involve a number of considerations not encountered in recurring audits. Additional planning activities and assessments necessary to establish an appropriate audit strategy and plan shall include: - Gaining an initial understanding of the Group and its core businesses, including its control environment and information systems to determine audit risks, and develop audit plans, - Gathering sufficient audit evidence regarding the opening balances, adequacy and accuracy of accounting policies, and communicating with the previous auditor to perform file review, - Maintaining communication with the previous auditor	Prior to undertaking audit responsibilities for the Group on 31 December 2017, we developed a transition plan that includes the following items starting from May 2017: - Communicating with the previous auditor to perform file review, to discuss significant audit and accounting matters, and to clarify identified audit differences for all subsidiaries of the Group, - Holding meetings with the auditors and management of the subsidiaries, - Arranging periodic meetings with the management to further understand existing risks, internal control mechanisms and audit findings, - Participating in closing meetings with all subsidiary audit teams via conference calls or in person.
Deferred Tax Assets Related to Investment Incentives	
As of 31 December 2017, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2017, TRY 327,270 thousand deferred tax assets were recognized within the scope of these investment incentive certificates. As detailed in Note 35, based on the regulatory changes of the Council of Ministers decree regarding incentives and due to the assumptions presented in Note 2, a focus on the audit procedures for this area has been granted.	To examine the management's assumptions and the effect of the issued decree of the Council of Ministers, tax experts from an organization associated with our audit firm were included in the process. Assessment of related deferred tax assets is presented for the review and evaluation of the tax experts. In addition, the compliance of disclosures included in the financial statements has been evaluated in accordance with TAS.

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Deferred Tax Asset Related to Unused Tax Loss Carry Forwards	
The Board of Directors has an estimation of the recoverability of the deferred tax asset reflected in the financial statements in respect of tax losses carried forward, considering the future taxable profits and the periods in which tax losses carried forward can be utilized in various countries. Based on this estimate, deferred tax assets amounting to TRY 162,110 thousand related to the tax losses have been reflected in the financial statements. As there is an uncertainty on the estimation of the future taxable profit that is required for the recognition of the deferred tax assets and also as it involves judgments and estimates, evaluation of measurement and of recoverability of deferred income tax assets is a key audit matter for our audit. Disclosures regarding the deferred tax assets are explained in Note 35.	Our audit procedures include; the evaluation of assumptions and estimates by the Board of Directors for the generation of sufficient taxable profits based on budgets and business plans and also past experiences, discussions with management, consideration of the tax position of the Group and timing of potential tax profit assessments, and our experience and knowledge with regard to relevant tax legislation. In line with our procedures, consistency of the assumptions have been evaluated. Additional procedures have been applied for the accuracy and completeness of tax losses of Group companies, of tax treatments in various countries and of disclosures in the financial statements, Compliance of the disclosures in the consolidated financial statements has also been evaluated in accordance with TAS.
Provisions for employee benefits	
As of 31 December 2017, the Group's employee benefits related to termination and vacation pay amount to TL 345,811 thousand and TL 12,015 thousand, respectively. The Group utilizes various assumptions such as discount rate, inflation rate, real salary increase rate, probability of voluntary termination to calculate the provisions for employee benefits. The disclosures on provisions for employee benefits are provided in Note 24.	As part of the audit procedures, in addition to assessing assumptions on discount rate, inflation rate, real salary increase rate, and the probability of voluntary termination, the employee list used in conjunction with the calculations of employee benefits is also evaluated. As part of the performed procedures, a test for the validity of the management's assumptions is performed. An evaluation of the compliance of the disclosures included in the financial statements has also been performed in accordance with TAS.

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4) Other matter

The consolidated financial statements of the Group as of and for the year ended 31 December 2016, were audited by another auditor whose report thereon dated March 6, 2017 expressed an unmodified opinion.

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

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

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

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

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

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

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

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the *consolidated* financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 27 February 2018.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2017 and financial statements are not in compliance with the laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors of the Company submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
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Zeynep Okuyan Özdemir, SMMM
Partner

27 February 2018
Istanbul, Turkey

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Türkiye Şişe ve Cam Fabrikaları A.Ş.

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Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statement of Financial Position
at 31 December 2017 and 31 December 2016
(Amounts on tables are expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	31 December 2017	31 December 2016
Current assets			
Cash and cash equivalents	6	3,438,587	3,205,423
Financial assets	7	95,200	56,821
Trade receivables	10,37	2,338,278	2,043,929
− *Due from related parties*	*37*	*30,352*	*32,060*
− *Other trade receivables*	*10*	*2,307,926*	*2,011,869*
Other receivables	11	38,018	49,579
Derivative instruments	12	1,209	831
Inventories	13	2,141,174	1,959,873
Prepaid expenses	14	167,443	172,771
Current income tax assets	35	9,940	33,566
Other current assets	26	136,034	167,204
Subtotal		***8,365,883***	***7,689,997***
Assets held for sale	34	204	204
Total current assets		**8,366,087**	**7,690,201**
Non-current assets			
Financial assets	7	1,784,438	1,081,128
Other receivables	11	16,585	30,631
Investments accounted for using the equity method	16	712,108	601,400
Investment properties	17	583,069	582,132
Property, plant and equipment	18	9,199,542	8,633,326
Intangible assets	19, 20	161,260	147,608
− *Goodwill*	*20*	*56,386*	*38,158*
− *Other intangible assets*	*19*	*104,874*	*109,450*
Prepaid expenses	14	152,156	72,660
Deferred tax assets	35	328,607	300,462
Other non-current assets	26	3,641	12,949
Total non-current assets		**12,941,406**	**11,462,296**
TOTAL ASSETS		**21,307,493**	**19,152,497**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statement of Financial Position
at 31 December 2017 and 31 December 2016
(Amounts on tables are expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

LIABILITIES	**Notes**	**31 December 2017**	**31 December 2016**
Current liabilities			
Short term borrowings	8	956,852	1,166,033
Short term portion of long term borrowings	8	998,571	821,241
Trade payables	10,37	1,151,866	969,120
− *Due to related parties*	*37*	*58,374*	*74,442*
− *Other trade payables*	*10*	*1,093,492*	*894,678*
Liabilities for employee benefits	24	35,546	28,542
Other payables	11,37	150,540	138,204
− *Due to related parties*	*37*	*5,282*	*5,093*
− *Other payables*	*11*	*145,258*	*133,111*
Derivative instruments	12	20,252	41,582
Deferred income	14	132,951	125,310
Current income tax liabilities	35	61,082	63,112
Short term provisions	22,24	95,705	64,757
Other current liabilities	26	169,227	166,194
Total current liabilities		**3,772,592**	**3,584,095**
Non-current liabilities			
Long term borrowings	8	3,941,320	3,792,914
Other payables	11	2,834	38,750
Deferred income	14	56,423	60,954
Provisions for employment benefits	24	345,811	278,420
Deferred tax liabilities	35	126,098	67,740
Total non-current liabilities		**4,472,486**	**4,238,778**
Total Liabilities		**8,245,078**	**7,822,873**
EQUITY			
Equity holders of the parent	**27**	**9,836,574**	**8,546,313**
Equity holders of the parent		2,250,000	2,050,000
Adjustments to share capital		181,426	241,426
Share premium		527	527
Other comprehensive income/expense not to be reclassified to profit or loss		1,561,041	1,672,915
− *Gain/loss on revaluation and remeasurement*		*1,561,041*	*1,672,915*
- *Revaluation gain/loss on tangible assets*		*1,585,926*	*1,671,015*
- *Funds for actuarial gain/loss on employee termination benefits*		*(24,885)*	*1,900*
Other comprehensive income/expense to be reclassified to profit or loss		877,826	476,995
− *Foreign currency translation reserve*		*877,527*	*477,575*
− *Hedge reserves*		*(112)*	*(833)*
− *Gain/loss on revaluation and classification*		*411*	*253*
- *Revaluation and/or classification gain/loss on financial assets available for sale*		*411*	*253*
Restricted reserves		115,363	99,058
Retained earnings		3,624,971	3,262,034
Net profit for the period		1,225,420	743,358
Non-controlling interests	**27**	**3,225,841**	**2,783,311**
Total equity		**13,062,415**	**11,329,624**
TOTAL LIABILITIES AND EQUITY		**21,307,493**	**19,152,497**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Income
for the Periods between 1 January and 31 December 2017 and 2016

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

	Notes	1 January- 31 December 2017	1 January- 31 December 2016
Revenue	28	11,318,495	8,569,464
Cost of sales (-)	28	(7,688,153)	(5,891,553)
Gross profit from trading activity		**3,630,342**	**2,677,911**
General administrative expenses (-)	29,30	(724,620)	(756,363)
Marketing expenses (-)	29,30	(1,370,327)	(1,060,092)
Research and development expenses (-)	29,30	(57,108)	(73,977)
Other operating income	31	552,096	488,732
Other operating expenses (-)	31	(346,376)	(283,725)
Income from investments in associates and joint ventures	16	172,080	105,912
Operating profit		**1,856,087**	**1,098,398**
Income from investing activities	32	344,036	223,263
Expenses from investing activities (-)	32	(48,538)	(11,658)
Operating profit before financial income and expense		**2,151,585**	**1,310,003**
Financial income	33	1,024,676	1,108,320
Financial expenses (-)	33	(1,234,497)	(1,243,944)
Profit/loss before tax from continued operations		**1,941,764**	**1,174,379**
Tax income/expense from continued operations		**(204,808)**	**(134,351)**
− Taxes on income	35	(225,268)	(206,437)
− Deferred tax income	35	20,460	72,086
Profit for the period		**1,736,956**	**1,040,028**
Attributable to:			
− Non controlling interest	27	511,536	296,670
− **Equity holders of the parent**	**27**	**1,225,420**	**743,358**
Earnings per share	**36**	**0.5446**	**0.3304**

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

Consolidated Statements of Other Comprehensive Income for the Periods between 1 January and 31 December 2017 and 2016

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

	Notes	1 January- 31 December 2017	1 January- 31 December 2016
Profit/loss for the Period	**27**	**1,736,956**	**1,040,028**
Other Comprehensive Income:			
Items not to be reclassified to profit or loss	**27**	**(79,411)**	**99,725**
Gains / (loss) on revaluation of tangible fixed assets		36,509	109,157
Funds for actuarial gain/loss on employee termination benefits		(41,230)	4,552
Share of other comprehensive income of associates accounted for using equity method that will not be reclassified to profit or loss		211	208
Deferred tax losses on items not be reclassified to profit or loss		(74,901)	(14,192)
Items to be reclassified to profit or loss	**27**	**430,786**	**361,236**
Foreign currency translation reserve		429,711	351,818
Revaluation and/or classification gain/loss on financial assets available for sale		226	189
Hedge reserves		1,146	11,547
Deferred tax gain/ (loss) on items to be reclassified to profit or loss		(297)	(2,318)
Other Comprehensive Income/ (Loss)		**351,375**	**460,961**
Total Comprehensive Income		**2,088,331**	**1,500,989**
Attributable to:			
− Non-controlling interest		534,643	314,052
− **Equity holders of parent**		**1,553,688**	**1,186,937**
Earnings per share	**36**	**0.6905**	**0.5275**

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

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2017 and 2016

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

	Paid-in Capital	Adjustment to Capital	Treasury Shares (-)	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Attributable to Equity Holders of the Parent	Non Controlling Interest	Equity
Balance at 1 January 2016	**1,900,000**	**241,426**	**527**	**1,640,971**	**106,972**	**80,717**	**2,772,959**	**722,764**	**7,466,336**	**2,036,200**	**9,502,536**
Transfer	-	-	-	-	-	18,341	704,423	(722,764)	-	-	-
Total comprehensive income/ (loss)	-	-	-	68,413	370,023	-	5,143	743,358	1,186,937	314,052	1,500,989
Capital increase	150,000	-	-	-	-	-	(150,000)	-	-	-	-
Transaction under common control	-	-	-	-	-	-	433	-	433	136	569
Dividends	-	-	-	-	-	-	(250,000)	-	(250,000)	(90,784)	(340,784)
Increases/ (decreases) due to changes in ownership rate of subsidiaries that do not result in loss of control	-	-	-	(36,469)	-	-	(403,751)	-	(440,220)	440,220	-
Transactions with non-controlling interest	-	-	-	-	-	-	582,827	-	582,827	83,487	666,314
Balance at 31 December 2016	**2,050,000**	**241,426**	**527**	**1,672,915**	**476,995**	**99,058**	**3,262,034**	**743,358**	**8,546,313**	**2,783,311**	**11,329,624**

	Paid-in Capital	Adjustment to Capital	Treasury Shares (-)	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Attributable to Equity Holders of the Parent	Non Controlling Interest	Equity
Balance at 1 January 2017	**2,050,000**	**241,426**	**527**	**1,672,915**	**476,995**	**99,058**	**3,262,034**	**743,358**	**8,546,313**	**2,783,311**	**11,329,624**
Transfer	-	-	-	-	-	16,305	727,053	(743,358)	-	-	-
Total comprehensive income/ (loss)	-	-	-	(81,519)	400,831	-	8,956	1,225,420	1,553,688	534,643	2,088,331
Capital increase	200,000	(60,000)	-	-	-	-	(140,000)	-	-	-	-
Merger impact	-	-	-	1,112	-	-	(4,054)	-	(2,942)	2,942	-
Dividends	-	-	-	-	-	-	(250,000)	-	(250,000)	(124,039)	(374,039)
Disposal of a subsidiary	-	-	-	(22,525)	-	-	22,527	-	2	(2)	-
Increases/ (decreases) due to changes in ownership rate of subsidiaries that do not result in loss of control	-	-	-	(8,802)	-	-	(13,441)	-	(22,243)	22,243	-
Transactions with non-controlling interest	-	-	-	-	-	-	11,756	-	11,756	6,743	18,499
Disposal of joint venture	-	-	-	(140)	-	-	140	-	-	-	-
Balance at 31 December 2017	**2,250,000**	**181,426**	**527**	**1,561,041**	**877,826**	**115,363**	**3,624,971**	**1,225,420**	**9,836,574**	**3,225,841**	**13,062,415**

Disclosures for the changes in the equity is presented in Note 27,

Consolidated Statements of Cash Flows
For the periods between 1 January and 31 December 2017 and 2016

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

	Notes	1 January- 31 December 2017	1 January- 31 December 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1,936,742**	**844,917**
Net profit/ (loss) for the period	**27**	**1,736,956**	**1,040,028**
Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities		**970,110**	**716,606**
− Adjustments for depreciation and amortization	3,18,19	968,174	809,641
− Adjustments for impairments/reversals	10,11,13,18,26	59,465	34,534
− Adjustments for Changes in provisions	3,22,24,27	117,206	73,700
− Adjustments for dividend	32	-	(15)
− Interest income and expenses	8,31,33,37	117,364	81,400
− Unrealized exchange loss/ (gain)	31,33	(20,739)	(75,538)
− Adjustments for fair value loss/ (gain)	7	(216,264)	(200,949)
− Income from investments accounted for under equity accounting	16	(140,250)	(105,912)
− Adjustments for tax expenses	35	204,808	134,351
− Gain/ losses on sale of tangible assets	32	(18,045)	(10,641)
− Adjustments related to disposal of associate, joint venture and financial investment or gain/ (loss) change in share rate	16	(31,832)	-
- Adjustments for disposal of subsidiary or joint operations	27,32	(66,089)	-
− Other adjustments related to profit/(loss) reconciliation	26	(3,688)	(23,965)
Changes in net working capital		**(204,895)**	**(491,364)**
− Increases/decreases in trade receivables	3,10,27,31,37	(288,825)	(555,935)
− Increases/decreases in other receivables	11,16,27,31,37	17,430	(14,075)
− Increases/decreases in derivative instruments	12,33	569	105,557
− Increases/decreases in inventories	3,13,27	(241,922)	(286,181)
− Increases/decreases in trade payables	3,10,27,31	161,506	200,156
− Increases/decreases in other payables	11,14,26,27,37	29,730	96,313
− Other increases/decreases in net working capital	14,26,27	116,617	(37,199)
Cash flows from operating activities		**2,502,171**	**1,265,270**
− Interest paid	8,31,33,37	(349,458)	(251,569)
− Interest received	31,33,37	83,034	77,435
− Employment termination benefits paid	24	(57,016)	(41,754)
− Taxes received / (paid)	35	(241,989)	(204,465)

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

Consolidated Statements of Cash Flows
For the periods between 1 January and 31 December 2017 and 2016
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2017	1 January- 31 December 2016
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(1,057,428)**	**(1,812,228)**
− Cash inflow from the disposal of the subsidiary	27	180,845	-
− Cash out flows due to the acquisition a subsidiary	3,11	(77,012)	(124,209)
− Cash inflow from sales of shares or due to capital reduction of associates and/or joint ventures	16	50,404	-
− Proceeds from sale of other entities' or funds' share and debt instruments	7,32	256,011	43,366
− Cash outflows due to purchase of other entities' or funds' share and debt instruments	7,16	(886,541)	(962,534)
− Proceeds from sale of tangible and intangible assets	8,18,19	71,947	119,820
− Cash outflows due to purchases of tangible and intangible assets	8,18,19	(896,767)	(1,158,438)
− Proceeds from sale of investment property	17,32	5,162	-
− Proceeds from sale of assets held for sale	11	7,099	952
− Advances given	14	(722,810)	(195,222)
− Proceeds from advances given	14	643,658	265,198
− Dividend income	16,26,32	98,746	81,441
− Interest received	6,7,32,33	233,569	109,219
− Other cash inflows/ (outflows)	10,11,26	(21,739)	8,179
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(1,041,356)**	**364,565**
− Proceeds from changes in ownership rate of subsidiaries that does not result in loss of control	11,27	18,499	689,785
− Proceeds from issue of shares or other equity instruments	11,27	(41,117)	(49,040)
− Proceeds (cash outflows) from the merger of the entities and under common control	27	-	20
− Proceeds from borrowings	8	1,944,417	1,622,991
− Repayments of borrowings	8,33	(2,587,728)	(1,557,283)
− Financial leases payments	8	(1,388)	(1,124)
− Dividends paid	27	(374,039)	(340,784)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**(162,042)**	**(602,746)**
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		**428,774**	**625,873**
NET DECREASE/ (INCREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**266,732**	**23,127**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**6**	**3,163,693**	**3,140,566**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**6**	**3,430,425**	**3,163,693**

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

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

1. Group's Organizations and Nature of Operations

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 61 subsidiaries, 2 joint ventures and 2 associates.

The Group consists of five operating segments including companies operating in flat glass, glassware, glass packaging, chemicals, and others that includes of export, import, energy, collection, separation, processing, recycling and acquisition of packing waste and insurance agency services. The Group's main area of activity is glass production and it deals with complementary industrial and commercial operations for glass production. Additionally, the Group participates in management of various industrial and commercial companies.

The Group was established 82 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BIST"), formerly named as Istanbul Stock Exchange ("ISE"), since 1986. As of 31 December 2017, İş Bankası holds 65.47% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

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

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

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

Telephone	:	+ 90 850 206 50 50
E-mail address	:	scmuhasebe@sisecam.com
Registered e-mail address	:	sisecam@hs03,kep.tr
Web site	:	http://www.sisecam.com.tr

Trade Register Information of the Company

Registered at	:	İstanbul Ticaret Sicil Memurlugu
Registry no	:	21599
Central Legal Entity Information System	:	0–8150–0344–7300016
Nace Code	:	70.10.01 primary and additionally 74.10.02

Personnel structure of the Group

	31 December 2017	**31 December 2016**
Personnel (paid by monthly)	6,487	6,625
Personnel (paid by hourly)	14,840	14,637
Total	**21,327**	**21,262**

367 employees included in the Group's total personnel structure is consisted of the personnel of joint ventures and associates accounted for under equity method. (31 December 2016: 501 employees)

1. Group's Organizations and Nature of Operations (Continued)

Companies Included in the Consolidation

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

Flat Glass Group

Subsidiaries	Nature of business	Country of registration
Trakya Cam Sanayii A.Ş. (1)	Production and sales of flat glass, auto glass and processed glass	Turkey
Trakya Yenişehir Cam Sanayii A.Ş.	Production and sales of flat glass, coated glass, laminated glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and sales of flat glass and laminated glass	Turkey
Şişecam Otomotiv A.Ş.	Production and sales of automotive glass	Turkey
Trakya Investment B.V. (2)	Finance and investment company	Netherlands
Şişecam Flat Glass Holding B.V.	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Bulgaria EAD	Production and sales of flat glass, laminated, coated glass, and mirror	Bulgaria
Şişecam Automotive Bulgaria EAD	Production and sales of automotive glass and white goods glasses	Bulgaria
Glasscorp S.A.	Production and sales of automotive glass	Romania
Şişecam Flat Glass İtaly S.R.L	Production and sales of flat and laminated glass	Italy
Trakya Glass Rus AO	Production and sales of flat glass and mirror	Russia
Automotive Glass Alliance Rus AO	Production and sales of automotive glass	Russia
Automotive Glass Alliance Rus Trading OOO	Importing and sales services	Russia
Trakya Glass Rus Trading OOO	Importing and sales services	Russia
Richard Fritz Holding GmbH	Commercial activity	Germany
Richard Fritz Prototype+Spare Parts GmbH	Glass encapsulation production and sales services	Germany
Richard Fritz Spol S.R.O.	Glass encapsulation production and sales services	Slovakia
Richard Fritz Kft	Glass encapsulation production and sales services	Hungary

Joint Ventures	Nature of business	Country of registration
HNG Float Glass Limited	Production and sales of flat glass and mirror	India

Associate	Nature of business	Country of registration
Saint Gobain Glass Egypt S.A.E.	Production and sales of flat glass	Egypt

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş. (1)	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
İstanbul İnvestment B.V. (3)	Finance and investment company	Netherlands
Nude Design İnvestment B.V. (3)	Finance and investment company	Netherlands
Nude Glass İnvestment B.V. (3)	Finance and investment company	Netherlands
Paşabahçe Bulgaria EAD	Automatic production and sales of glassware	Bulgaria
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Srl	Sales and marketing services	Italy
Paşabahçe (Shangai) Trading Co. Ltd.	Sales and marketing services	China
Paşabahçe Egypt Glass Manufacturing S.A.E(3)	Automatic production and sales of glassware	Egypt

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. (1), (4)	Production and sales of glass packaging	Turkey
AC Glass Holding B.V.	Finance and investment company	Netherlands
Anadolu Cam Investment B.V.	Finance and investment company	Netherlands
Balsand B.V.	Finance and investment company	Netherlands
OOO Ruscam Management Company	Finance and investment company	Russia
OOO Ruscam Glass Packaging Holding (5)	Production and sales of glass packaging	Russia
OOO Energosystems	Leasing of industrial materials	Russia
CJSC Brewery Pivdenna	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine
JSC Mina	Production and sales of glass packaging	Georgia

Chemicals Group

Subsidiaries	Nature of business	Country of registration
Soda Sanayii A.Ş. (1)	Production and sales of soda and chromium chemicals	Turkey
Cam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Şişecam Elyaf Sanayii A.Ş. (3)	Production and sales of glass fiber	Turkey
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Oxyvit Kimya Sanayi ve Tic. A.Ş. (6)	Vitamin K-3 and derivatives manufacturer	Turkey
Şişecam Chem Investment B.V.	Finance and investment company	Netherlands
Şişecam Bulgaria EOOD	Soda goods trade	Bulgaria
Şişecam Soda Lukavac D.O.O.	Production and sales of soda	Bosnia-Herzegovina
Cromital S.p.A	Production and sales of chromium sub products	Italy
Camiş Egypt Mining Ltd. Co.	Sand mining and sales	Egypt

Joint Venture	Nature of business	Country of registration
Rudnik Krecnjaka Vijenac D.O.O.	Production and sales of lime stone	Bosnia-Herzegovina

Associate	Nature of business	Country of registration
Solvay Şişecam Holding AG	Finance and investment company	Austria

Other

Subsidiaries	Nature of business	Country of registration
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey
Şişecam Enerji A.Ş.	Storage and sales of natural gas and electricity trade	Turkey
Camiş Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Şişecam Çevre Sistemleri A.Ş.	Collection, sorting, processing, recycling and recovery of packaging	Turkey
SC Glass Trading B.V.	Import and sales services	Netherlands
Camiş Limited	Foreign purchasing services	England

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

(1) The shares of the aforementioned subsidiaries have been publicly traded on the Borsa Istanbul A.Ş. ("BIST"), formerly named as Istanbul Stock Exchange ("ISE"). The first trading dates respectively are as follows:

Subsidiary name	First trading date
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3 January 1986
Anadolu Cam Sanayii A.Ş.	3 January 1986
Denizli Cam Sanayii ve Tic. A.Ş.	3 July 1987
Trakya Cam Sanayii A.Ş.	5 November 1990
Soda Sanayii A.Ş.	20 April 2000

Share information	BIST Code	Reuters Code	Bloomberg Code
Türkiye Şişe ve Cam Fabrikaları A.Ş.	SISE	SISE.IS	SISE.TI
Trakya Cam Sanayii A.Ş.	TRKCM	TRKCM.IS	TRKCM.TI
Anadolu Cam Sanayii A.Ş.	ANACM	ANACM.IS	ANACM.TI
Soda Sanayii A.Ş.	SODA	SODA.IS	SODA.TI
Denizli Cam Sanayii ve Tic. A.Ş.	DENCM	DENCM.IS	DENCM.TI

As of 31 December 2017, Türkiye Şişe ve Cam Fabrikaları, Soda Sanayii A.Ş. Trakya Cam Sanayii A.Ş. and Anadolu Cam Sanayii A.Ş. are traded in BIST-30, BIST-50, BIST-100 and BIST-100 respectively. Denizli Cam Sanayii ve Tic. A.Ş. is traded in BIST-ALL shares national index.

Periodic Revision Report on Corporate Governance Rating has been completed by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which is officially authorised to carry out rating processes in Turkey in line with Capital Markets Board Corporate Governance Principles. The Corporate Governance Rating Score of 94.41 (9.44 out of 10) that was announced on 16 December 2016 has been revised upward to 94.83 (9.48 out of 10) as of 15 December 2017, following the continuous improvement efforts made in the area of application of corporate governance principles. In its rating work SAHA used the new methodology based on Corporate Governance Principles published by the CMB in January 2014.

Main sections	Weight	15 December 2017	16 December 2016
Shareholders	%25	95.36	95.36
Public disclosure and transparency	%25	96.98	96.98
Stakeholders	%15	99.48	96.70
Board of directors	%35	90.92	90.92
Average rating	**%100**	**94.83**	**94.41**

Türkiye Şişe ve Cam Fabrikaları A.Ş. is included in the BIST "Corporate Governance Index". The company is placed in the first group according to the World Corporate Governance Index (WCGI) which was published by SAHA on 1 July 2016.

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

(2) Trakya Autoglass Holding B.V. which is located in Netherlands and owned by the Group at 100% is merged with Trakya Investment B.V. as of 1 January 2017. At the same date of the transaction, the shares in Trakya Glass Bulgaria EAD, Şişecam Flat Glass İtaly S.R.L and Saint Gobain Glass Egypt S.A.E. are transferred to Şişecam Flat Glass Holding B.V. which is owned by the Group at 100%. As a result of these transactions, the foreign companies producing flat glass have been gathered under Şişecam Flat Glass Holding B.V. and the foreign companies that are producing automotive glass have been place under Trakya Investment B.V.

(3) It was established in 2017.

(4) As part of the simplification of the capital structures of our community companies, Anadolu Cam Yenişehir Sanayi A.Ş. and Anadolu Cam Eskişehir Sanayi A.Ş. which are registered to Istanbul Trade Registry Directorate with the registration number of 550630 and 797326 according to 155/1-a and other related provisions of the Turkish Commercial Code ("TTK"), the Capital Markets Law No. 6362 and other related legislations, the Capital Markets Board Notice on Merger and Split numbered II.23,2, Articles 19 and 20 of the Law on Corporate Income Tax, are transferred to Anadolu Cam Sanayii A.Ş. over the registered values. In consequence of the merger of Anadolu Cam Yenişehir Sanayi A.Ş and Anadolu Eskişehir Sanayi A.Ş., which are wholly owned by Anadolu Cam Sanayii A.Ş., no capital increase was made. The announcement text and merger agreement regarding the merger transactions was approved by the CMB on 11 August 2017 and the process was completed on 31 August 2017 after registration.

(5) OOO Ruscam and OOO Ruscam Glass which are owned by the Group at 100% and engaged in production and sale of glass packaging in Russia have received approval from the local authorities on 9 August 2017 and 18 December 2017 respectively, regarding the merger with OOO Ruscam Glass Packaging Holding.

(6) Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. which is owned by our subsidiary Soda Sanayii A.Ş. at 45%and by our company at 5% and by our business partner, Oxyvit Kimya Sanayii ve Ticaret A.Ş. by 50% is purchased by Cheminvest S.P.A. located in Italy and other partners at the amount of USD 7,000 thousand US Dollar and according to the Board of Directors resolution dated 25 July 2017 Share Purchase Agreement has been signed and the transfer of shares has been transferred. Subsequently, the shares of Oxyvit Kimya Sanayi ve Ticaret A.Ş., which is owned by our company at 5% were sold to our subsidiary Soda Sanayii A.Ş. on 31 July 2017, at the amount of 700 thousand dollars. So Soda Sanayi A.Ş has become the owner of 100% of related companies' shares.

Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş which owns 50% of Oxyvit Kimya Sanayii ve Ticaret A.Ş. shares has been dissolved as a result of inverse merger. The registration was also declared at 19 December 2017.

Also, at 28 February 2017, Eskişehir Oluklu Mukavva Sanayi A.Ş which is one of subsidiaries was sold to a third party.

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

The table below sets out all consolidated companies and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries:

Subsidiaries of Flat Glass Group

	31 December 2017		31 December 2016	
Company's name	**Direct and indirect ownership (%)**	**Effective ownership (%)**	**Direct and indirect ownership (%)**	**Effective ownership (%)**
Trakya Cam Sanayii A.Ş.	69.45	69.45	69.45	69.45
Trakya Yenişehir Cam Sanayii A.Ş.	100.00	74.03	100.00	74.03
Çayırova Cam Sanayii A.Ş.	100.00	91.40	100.00	91.40
Trakya Polatlı Cam Sanayii A.Ş.	100.00	74.03	100.00	74.03
Şişecam Otomotiv A.Ş.	100.00	69.45	100.00	69.45
Trakya Investment B.V.	100.00	69.45	100.00	69.45
Şişecam Flat Glass Holding B.V.	100.00	69.45	100.00	69.45
TRSG Glass Holding B.V.	70.00	48.62	70.00	48.62
Trakya Glass Bulgaria EAD	100.00	69.45	100.00	69.45
Şişecam Automotive Bulgaria EAD	100.00	69.45	100.00	69.45
Glasscorp S.A.	100.00	69.45	100.00	69.45
Şişecam Flat Glass İtaly S.R.L	100.00	69.45	100.00	69.45
Trakya Glass Rus AO	100.00	48.62	100.00	48.62
Trakya Autoglass Holding B.V.	-	-	100.00	69.45
Automotive Glass Alliance Rus AO	100.00	69.45	100.00	69.45
Automotive Glass Alliance Rus Trading OOO	100.00	69.45	100.00	69.45
Trakya Glass Rus Trading OOO	100.00	48.62	100.00	48.62
Richard Fritz Holding GmbH	100.00	69.45	100.00	69.45
Richard Fritz Prototype+Spare Parts GmbH	100.00	69.45	100.00	69.45
Richard Fritz Spol S.R.O.	100.00	69.45	100.00	69.45
Richard Fritz Kft	100.00	69.45	100.00	69.45

Joint Venture of Flat Glass Group

	31 December 2017		31 December 2016	
Company's name	**Direct and indirect ownership (%)**	**Effective ownership (%)**	**Direct and indirect ownership (%)**	**Effective ownership (%)**
HNG Float Glass Limited	50.00	34.73	50.00	34.73

Associates of flat Glass Group

	31 December 2017		31 December 2016	
Company's name	**Direct and indirect ownership (%)**	**Effective ownership (%)**	**Direct and indirect ownership (%)**	**Effective ownership (%)**
Saint Gobain Glass Egypt S.A.E.	30.00	20.84	30.00	20.84

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

Subsidiaries of Glassware Group

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Paşabahçe Cam Sanayii ve Tic. A.Ş.	84.01	84.01	84.01	84.01
Paşabahçe Mağazaları A.Ş.	100.00	84.01	100.00	76.05
Camiş Ambalaj Sanayii A.Ş.	100.00	100.00	100.00	99.98
Eskişehir Oluklu Mukavva Sanayi A.Ş. (*)	-	-	100.00	99.98
Denizli Cam Sanayii ve Tic. A.Ş.	51.00	42.84	51.00	42.84
Paşabahçe Investment B.V.	100.00	84.01	100.00	84.01
İstanbul İnvestment B.V.	100.00	84.01	-	-
Nude Design Investment B.V.	100.00	84.01	-	-
Nude Glass Investment B.V.	100.00	84.01	-	-
Paşabahçe Bulgaria EAD	100.00	84.01	100.00	84.01
OOO Posuda	100.00	84.01	100.00	84.01
Paşabahçe Srl	100.00	84.01	100.00	84.01
Paşabahçe Egypt Glass Manufacturing S.A.E.	100.00	84.01	-	-
Paşabahçe (Shangai) Trading Co. Ltd.	100.00	84.01	100.00	84.01

Subsidiaries of Glass Packaging Group

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Anadolu Cam Sanayii A.Ş.	77.10	77.10	78.45	78.45
Anadolu Cam Yenişehir Sanayi A.Ş.	-	-	100.00	81.68
Anadolu Cam Eskişehir Sanayi A.Ş.	-	-	100.00	81.68
AC Glass Holding B.V.	100.00	77.10	100.00	78.45
Anadolu Cam Investment B.V.	100.00	77.10	100.00	78.45
Balsand B.V.	100.00	77.10	100.00	78.45
OOO Ruscam Management Company	100.00	77.10	100.00	78.45
OOO Ruscam Glass Packaging Holding	100.00	77.10	100.00	78.45
OOO Ruscam	-	-	100.00	78.45
OOO Ruscam Glass	-	-	100.00	78.45
OOO Energosystems	100.00	77.10	100.00	78.45
CJSC Brewery Pivdenna	100.00	77.10	100.00	78.45
Merefa Glass Company Ltd.	100.00	77.10	100.00	78.45
JSC Mina	100.00	77.10	100.00	78.45

Joint Ventures of Glass packaging

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. (*)	-	-	50.00	39.22

(*) These subsidiaries were sold to a third party in 2017, (Note 16 and Note 27)

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

Subsidiaries of Chemicals Group

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Soda Sanayii A.Ş.	60.67	60.67	60.67	60.67
Cam Elyaf Sanayii A.Ş.	100.00	96.57	100.00	96.57
Şişecam Elyaf Sanayii A.Ş.	100.00	60.67	-	-
Camiş Madencilik A.Ş.	100.00	100.00	100.00	100.00
Madencilik Sanayii ve Tic. A.Ş.	100.00	100.00	100.00	99.66
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100.00	60.67	50.00	32.30
Şişecam Chem Investment B.V.	100.00	60.88	100.00	60.88
Şişecam Bulgaria EOOD	100.00	60.88	100.00	60.88
Şişecam Soda Lukavac D.O.O.	100.00	60.88	100.00	60.88
Cromital S.p.A	100.00	61.08	100.00	61.08
Camiş Egypt Mining Ltd. Co.	99.70	99.70	99.70	99.70

Joint Ventures of Chemicals Group

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Rudnik Krecnjaka Vijenac D.O.O.	50.00	50.00	50.00	50.00

Associates of Chemicals Group

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Solvay Şişecam Holding AG	25.00	15.22	25.00	15.22

Other Subsidiaries of the Group

	31 December 2017		31 December 2016	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100.00	100.00	100.00	100.00
Şişecam Dış Ticaret A.Ş.	100.00	100.00	100.00	100.00
Şişecam Enerji A.Ş.	100.00	100.00	100.00	100.00
Camiş Elektrik Üretim A.Ş.	100.00	83.51	100.00	83.78
Şişecam Çevre Sistemleri A.Ş.	90.00	90.00	90.00	90.00
SC Glass Trading B.V.	100.00	100.00	100.00	100.00
Camiş Limited	100.00	95.20	100.00	95.20

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the consolidated financial statements of the Group have been prepared accordingly.

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

Presentation and Functional Currency
The individual financial statements of each Group entity are presented in its currency where 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 thousand Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group.

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

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

(Amounts 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)

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 period consolidated financial statements.

In this scope; the presentation is prepared in thousand Turkish Liras due to the fact that financial assets reach a significant dimension and previous period information has been rounded to thousand Turkish Lira in terms of being comparable with the previous period.

Since the Group can not invoice the freight costs and similar expenses related to the sales contracts in accordance with the maturity date and amount of sales contract, the related costs are accounted in the "Marketing Expenses" account directly in the operating expenses without netting off the revenue. For this reason, they have made the necessary classifications on previous years' consolidated financial statements in accordance with the changes in presentation in the current period.

Profit or Loss Statement

	Previously reported		**Restated**
	1 January-31 December 2016	**Reclassification**	**1 January-31 December 2016**
Revenue	8,421,668	147,796	8,569,464
Cost of sales (-)	(5,891,553)	-	(5,891,553)
Gross Profit/ (Loss)	**2,530,115**	**147,796**	**2,677,911**
General administrative expenses	(756,363)	-	(756,363)
Selling and marketing expenses	(912,296)	(147,796)	(1,060,092)
Research and development expenses	(73,977)	-	(73,977)
Other operating income	488,732	-	488,732
Other operating expenses	(283,725)	-	(283,725)
Income/ (expense) from investments accounted for under equity accounting	105,912	-	105,912
Operating Profit (Loss)	**1,098,398**	**-**	**1,098,398**

(Amounts 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 between the average and balance sheet date rates are included in the "currency translation differences" under shareholders' equity.

The foreign currency exchange rates used in the translation of the foreign operations within the scope of consolidation are as follows:

	31 December 2017		31 December 2016	
Currency	Period End	Period Average	Period End	Period Average
US Dollars	3.77190	3.64446	3.51920	3.01809
Euros	4.51550	4.11588	3.70990	3.33755
Bulgarian Lev	2.30874	2.10442	1.89684	1.70646
Egyptian Pounds	0.21333	0.20491	0.19400	0.31914
Russian Rubles	0.06507	0.06210	0.05732	0.04506
Georgian Lari	1.45510	1.45276	1.32961	1.27522
Ukrainian Hryvnia	0.13439	0.13704	0.12943	0.11814
Bosnian convertible mark	2.30874	2.10442	1.89684	1.70646
New Romanian Leu	0.96374	0.89552	0.81310	0.73900
Hungarian Forint	0.01456	0.01331	0.01193	0.01072
Chinese Yuan	0.57622	0.53633	0.50375	0.45153
Indian Rupee	0.05900	0.05597	0.05179	0.04492

Consolidation Principles
The consolidated financial statements include the accounts of the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş., and its subsidiaries (collectively referred to as the "Group" on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Accounting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

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

2.1 Basis of Presentation (Continued)

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 and exposed to variable yield due to their relationship with the entity, 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 2017 and 31 December 2016.

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 result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively. The expenses related to acquisitions are accounted for under profit/loss statement once occurred.

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.

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2017, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

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

2.1 Basis of Presentation (Continued)

Joint Ventures

Joint Ventures are the companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2017 and 31 December 2016. Joint Ventures are accounted for under equity accounting method.

Associates

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associates.

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

Since income/loss from investment in associates and joint ventures is related with the Group's main operations, they are presented under "Operating Profit" in the consolidated statement of profit or loss.

Available-for-sale investments

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

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

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

2.2 Statement of Compliance to IAS/TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2017 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by CMB, including the compulsory explanations.

2.3 Significant changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The accounting policies except the situation stated below used in the preparation of these consolidated financial statements for the period ended 31 December 2017 are consistent with those used in the preparation of financial statements for the year ended 31 December 2016.

2.4 Restatement and Errors in the Accounting Policies and 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 2017 are consistent with those used in the preparation of financial statements for the year ended 31 December 2016.

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

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

In the current year the group has implemented changes and interpretations that are influential on the financial statements from the amendments and interpretations to the new and revised TAS / TFRS published by Turkish Accounting Standards Board (TASB) and TASB's Turkish Financial Reporting Interpretations Committee (TFRIC) and prevalent with the year periods that starts at 1 January 2017.

The new standards, amendments and interpretations which are effective as at 1 January 2017 are as follows:

TAS 7 Statement of Cash Flows (Amendments)

In December 2017, POA issued amendments to TAS 7 'Statement of Cash Flows'. The amendments are intended to clarify TAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group disclosed additional information in Note 8 in its annual consolidated financial statements for the year ended 31 December 2017.

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

2.5 Amendments in International Financial Reporting Standards (“TFRS”) (Continued)

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

In December 2017, POA issued amendments to TAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are retrospectively applied for annual periods beginning on or after 1 January 2017. This amendment does not have an impact on the financial position or performance of the Group.

Annual Improvements to TFRSs - 2014-2016 Cycle

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

- TFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations. 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 as of 31 December 2017

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

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is 1 January 2018. Early adoption is permitted.

Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required.

The Group does not expect that the standard will have significant impact on the financial position or performance of the Group because contracts with customers in which the sale of goods is generally expected to be the only performance obligation thus are not expected to have any impact on the performance of the Group. Besides, currently trade discounts and volume rebates can be reliably measured on a quarterly basis accordingly they are recognised at annual and interim financial statements. The Group assesses the impact of the amendment on financial position or performance of the Group.

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

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

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

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018. Early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

The Group has undertaken a high-level impact assessment for TFRS 9. This preliminary assessment is based on existing information and will be subject to change from more detailed analyzes or additional supportable information. The Group does not expect any significant impact on the balance sheet and equity except the impairment requirements in TFRS 9 are applied. The Group expects a negative impact on equity due to the increase in trade receivable provisions, but will make a more detailed assessment in the future to determine the size of the impact. The Group assesses the impact of the standard on its financial position and performance.

TFRS 4 Insurance Contracts (Amendments)

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

The interpretation is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

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

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

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

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

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

In 19 December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

This interpretation sets out the date on which the foreign currency is to be used in the initial recognition of the related asset, expense or income and the transaction date and the date on which the entity first recognized non-monetary assets or non-monetary liabilities arising from advances or payments. There is no need for application for this interpretation to income taxes, or to insurance policies (including reinsurance policies) or to reinsurance policies that they hold.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

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

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

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

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

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

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

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

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

In December 2017, POA issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendment are not applicable for the Group and will not have any impact on the financial position or performance of the Group.

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 those amendments indefinitely pending the outcome of its research project on the equity method of accounting. However, early application of the amendments is still permitted.

Annual Improvements to TFRS - 2014-2016 Cycle

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

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment abolish the short-term exemptions about some TFRS 7 "Financial Instruments" disclosures, IAS 19 "Employee Benefits" transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

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

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

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

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

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

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

IFRS 16 Leases

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

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

When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The interpretation will be applied for annual periods beginning on or after 1 January 2019. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

IFRS 17 The new Standard for insurance contracts

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

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

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

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

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

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

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

The amendments are effective from annual periods beginning on or after 1 January 2019. Early application is permitted.

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

Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19)

On 7 February 2018. the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

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

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

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

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

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

2.6 Summary of Significant Accounting Policies

Revenue recognition

Revenues are recognized on an accrual basis at the fair values of consideration received or receivable incurred or to be incurred. Net sales represent the invoiced value of trading goods and services given, less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as operating income (Note 28 and Note 31).

Sales of Goods

The Group's sales consist of flat glass, glass ware, glass fiber and glass packaging that cover all the major areas of glass production, as well as soda and chrome. Revenue obtained from the sales of the goods is accounted for when the conditions below are met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the Group, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Services Rendered

Contract revenue and costs related to projects are recognized when the amount of revenue can be reliably measured and the increase in the revenue due to change in the scope of the contract related to the project is highly probable. Contract revenue is measured at the fair value of the consideration received or receivable. Projects are fixed price contracts and revenue is recognized in accordance with the percentage of completion method. The portion of the total contract revenue corresponding to the completion rate is recognized as contract revenue in the relevant period.

Logistics, import, export and insurance services are undertaken by service companies of the Group.

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.

Dividend income

Dividend income is recorded as income of the collection right transfer date. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

Inventories

Inventories are valued at the lower of cost and 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, goods in transit and other inventory (Note 13).

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

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

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

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 stated 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 in the financial statements as of 31 December 2015.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost of the property, plant and equipment. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use. Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Expected useful life, residual value and amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18).

Leased assets are subject to similar amortization procedures, as with the other tangible assets on the shorter of the related leasing period and economic life of the asset.

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

	Useful life
Land improvements	5–50 years
Buildings	5–50 years
Machinery and equipment	2–30 years
Motor vehicles	3–15 years
Furniture and fixtures	2–20 years
Other tangible assets	3–20 years

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/Loss from Investing Activities" and are determined as the difference between the carrying value and amounts received.

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

2.6 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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 19).

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 - 15 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 19).

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

Mining assets
Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine are recognized in the statement of comprehensive income.

In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income. Depreciation starts when the asset is in a location and condition necessary for it to be capable of operating in the manner intended by the management.

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible assets (Continued)

Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of tons of ore extracted during the period by the remaining proven and probable mine reserves in terms of tons for attributable area of interest.

Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

Mineral and surface rights are recorded at acquisition cost and amortized principally by the units of production method based on estimated proven and probable reserves. In accordance with the unit of production method, the amortisation charge of mineral and surface rights are calculated by dividing the amount of ore extracted during the period to the remaining proven and probable mine reserves in terms of tonnes (Note 19).

Development costs

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis in projected project life. Expense of current period amortisation and depreciation are recognized with cost of goods sold and operational expenses (Note 28 and Note 30).

Investment Properties

Land and buildings those are held for long term rental yields or value increase 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 independent valuation firms that have related CMB licenses and 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Assets Classified as Held for Sale

Non-current asset are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets are classified as assets held for sale when their carrying amount is considered to be recovered principally through a sale transaction instead of usage. The assets can be a business unit, sales group or a separate tangible asset. The sale of assets held for sale is expected to be settled within 12 months after the end of balance sheet date. Various events or circumstances can extend the completion time more than one year. If there is no sufficient evidence supporting that the delay is beyond the control of entity and sales plan of sales transaction of the asset (or disposal asset group) continues; the delay does not prevent the classification of assets (or disposal asset group) as assets held for sale.

Assets held for sale are stated at the lower of carrying amount and fair value. The impairment loss is recognised as expense under consolidated profit or loss statement of the period, at which time the carrying value is less than the fair value. No amortisation is recognized for these assets.

Derivative Financial Instruments

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement. The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

<u>Cash flow hedge</u>

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated comprehensive income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated comprehensive income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the profit or loss statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

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

2.6 Summary of Significant Accounting Policies (Continued)

Derivative Financial Instruments (Continued)

Impairment of Assets

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

Financial Leases

a) The Group as the leasee

Financial Leasing

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

Operating leases

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

b) The Group as the lessor

Operating leases

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Borrowing costs

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

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

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

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

Related 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, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties (Note 37).

Offsetting

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

Financial Assets

Classification
The group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The Group's receivables are classified as "trade and other receivables" in the statements of financial position (Note 10 and Note 11).

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date (Note 7).

Held to maturity financial assets

Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity, excluding the financial assets classified as originated loans and advances to customers are classified as “held-to-maturity financial assets”. Held-to-maturity financial assets are carried at amortized cost using the effective yield method (Note 7).

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables are carried at amortized cost using the effective yield method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income. Dividends on available-for sale equity instruments are recognized in the statement of income as part of financial income when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost minus impairment in the consolidated financial statements.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and measurement (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Trade receivables

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

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income (Note 10 and Note 31).

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

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Company. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

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).

2. Basis of Presentation of Consolidated 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.

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.

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. Basis of Presentation of Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill (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 IFRS 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.

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

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

Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of 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 36).

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 22).

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; flat glass, glass-ware, glass packaging, chemicals, and other included export-import and insurance services. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. The evaluation of geographical performance by the management is performed in terms of Turkey, Russia, Ukraine, Georgia, and Europe. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 5).

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

2.6 Summary of Significant Accounting Policies (Continued)

Segment reporting (Continued)

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

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.

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 21).

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

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

Current and deferred income tax

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

The current 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 nor 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Current and deferred income tax (Continued)

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.

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.

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.

Employee Benefits

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

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. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

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.

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

2.7 Significant Accounting Estimates and Assumptions

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

As a result of the assessment of Group Management, a tax asset of TRY 162,110 thousand (31 December 2016: TRY 180,101 thousand) results from temporary differences as of 31 December 2017 that are arising from the tax allowances and can be used since the tax advantage continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2017, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY 327,270 thousand (31 December 2016: TRY 300,326 thousand) (Note 35).

In the Board of Directors' meeting held on 30 December 2015, it has been decided to revalue the properties (land and buildings) which are valued at "Cost Method" within the scope of Turkish Accounting Standards (TAS) 16, with "Revaluation Method" based on the revaluated amounts as at 30 September 2015 and effective from the financial statements as of 31 December 2015, and apply this policy for the all Group Companies.

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2015 are based on the appraisal reports prepared by independent valuation firms.

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of market reference comparison if not the method of cost approach. 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.

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

2.7 Significant Accounting Estimates and Assumptions (Continued)

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components. The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement.Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

Revaluation gains from land and buildings were accounted for under "Gain/loss on revaluation" in equity and revaluation loss were accounted for under "Expenses from investing activities (-)" in the income statement.

The Company has revalued the properties accounted for within the scope of TAS 40 "Investment Property" and revaluation gain were accounted for under income from investment activities in the income statement (Note 32). Deferred tax liability was calculated from the amount which is recognized in the income statement by considering the possibility of sale in the subsequent period and tax exemption of profit on sale in accordance with the current Corporate Tax Law ("CTL") article 5/1-e and accounted for under deferred tax expense for the period (Note 35).

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

3. Business Combinations

Within the scope of TFRS-3 "Business Combinations" the Group acquired company named Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. and its business partnership in Turkey for USD 7,000 thousand as of 25 July 2017, USD 6,000 thousand was paid on 25 July 2017 and USD 1,000 thousand was paid on 29 December 2017.

With this acquisition, the group holds total shares of Oxyvit Kimya Sanayii ve Tic. A.Ş. which produces and sells vitamin K.

The fair value of identifiable net assets acquired on the date of the control to the Group is as follows:

	Book value	Fair value of net assets
Current Assets		
Cash and cash equivalents	1	1
Other current assets	20	20
Total current assets	**21**	**21**
Non – Current Assets (*)		
Financial Investments/Investments valued by equity method	15,551	13,928
Total non-current assets	**15,551**	**13,928**
Total Assets	**15,572**	**13,949**
Liabilities		
Total Liabilities	**-**	**-**
Net Assets	**15,572**	**13,949**

(*) Aforementioned non-current assets are present 50% shares of Oxyvit Kimya Sanayii ve Tic. A.Ş.

Here mentioned company does not have any revenue in 1 January – 12 December 2017 period. On 12 December 2017; Oxyvit Kimya Sanayii ve Tic.A.Ş. of which the company owns 50% share has been dissolved through reverse merger.

From 1 January 2017 to 25 July 2017; Oxyvit Kimya Sanayii ve Tic. A.Ş. received TRY 1,740 thousand dividend income and TRY 45 thousand general administrative expenses are incurred, as a result net profit is TRY 1,695 thousand.

The Group acquired all shares of Oxyvit Kimya Sanayii ve Tic. A.Ş, which has been valued with equity method according to 50% interest share previously, by purchasing Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş. on 25 July 2017. From the date of acquisition, Oxyvit Kimya Sanayii ve Tic. AŞ accounted according to the full consolidation method.

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

3. Business Combinations (Continued)

The fair value of the identifiable assets and liabilities at 30 June 2017 which is the closest balance sheet date to this business combination that has occurred progressively and the profit or loss statement for 1 Jan- 30 June period are as follows. Since there is no significant transaction affecting financial statement items for 25-day period until the purchase date of 25 July 2017, the identifiable assets and liabilities at 30 June 2017 were included in full consolidation according to the financial position.

The statement of financial position of the identifiable assets and liabilities of Oxyvit Kimya Sanayii ve Ticaret AS dated 30 June 2017 is as follows:

	30 June 2017
Assets	
Current Assets	
Cash and cash equivalents	9,021
Trade receivables	2,407
- *Trade receivables*	*2,505*
- *Receivable rediscount*	*(36)*
- *Doubtful receivables*	*(62)*
Other receivables	16,339
- *Due from related parties*	*16,292*
- *Other receivables*	*47*
Inventory	4,491
- *Raw materials*	*2,570*
- *Work-in-progress*	*118*
- *Finished goods*	*1,802*
- *Trade goods*	*1*
Prepaid expenses	484
Other current assets	1,178
Total current assets	**33,920**
Non-Current Assets	
Tangible Assets	13,275
Intangible Assets	11
Total non-current assets	**13,286**
Total Assets	**47,206**

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

3. Business Combinations (Continued)

	30 June 2017
Liabilities	
Current Liabilities	
Short-term borrowings	92
Trade payables	2,352
- *Trade payables*	*2,384*
- *Payable rediscount*	*(32)*
Liabilities for employee benefits	10
Other payables	8,334
- *Due to related parties*	*8,294*
- *Other payables*	*40*
Deferred income	557
Current income tax liabilities	1,741
- *Provision for corporate tax*	*3,321*
- *Prepaid taxes and funds*	*(1,580)*
Short-term provisions	1,081
Other current liabilities	215
Total current liabilities	**14,382**
Non-Current Liabilities	
Long-term borrowings	4,003
Long-term provisions	738
Deferred tax liabilities	227
Total non-current liabilities	**4,968**
Total Liabilities	**19,350**
Equity	
Shared capital	335
Adjustment to shared capital	841
Other comprehensive income/expense not to be reclassified to profit or loss	3,664
- *Revaluation gain/loss on tangible assets*	*3,593*
- *Funds for actuarial gain/loss on employee termination benefits*	*71*
Retained earnings	10,809
Net profit for the period	12,207
Total equity	**27,856**
Total liabilities and equity	**47,206**
Dividend payment for the period	**3,480**
Number of employees	**47**

With this acquisition, the effective ownership rate increased from 32.30% to 62.64%.

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

3. Business Combinations (Continued)

Profit or loss statement of Oxyvit Kimya Sanayii ve Ticaret AŞ for the period of 1 January – 30 June 2017 is as follows:

	1 January-30 June 2017
Revenue	36,180
Cost of sales	(17,594)
Gross profit from trading activity	**18,586**
General administrative expenses	(1,359)
Marketing expenses	(1,158)
Other operating income	452
Other operating expenses	(403)
Operating profit	**16,118**
Financial income	1,280
Financial expenses	(2,165)
Profit/loss before tax from continued operations	**15,233**
Tax income/expense from continued operations	(3,026)
- *Tax on income*	*(3,321)*
- *Deferred tax income*	*295*
Profit for the period	**12,207**
Depreciation expense for the period	724
EBITDA	**16,842**

Transferred amount	24,811
Non-controlling interest	-
The fair value of the net assets and liabilities before acquisition	13,928
a	**38,739**
Net identifiable assets of Cheminvest Deri Kimyasalları Sanayii ve Tic. AŞ (100%)	13,949
Net identifiable assets of Oxyvit Kimya Sanayii ve Tic. AŞ. (50%)	13,928
b	**27,877**
Goodwill (a-b)	**10,862**
Total cash paid (USD 7,000 thousand)	25,077
Cash and cash equivalents acquired	(9,022)
- *Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş.*	*(1)*
- *Oxyvit Kimya Sanayii ve Tic. A.Ş.*	*(9,021)*
Net cash outflow as of 31 December 2017	**16,055**

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

3. Business Combinations (Continued)

Between 1 January and 31 December 2016, The Group established a new company named Şişecam Flat Glass Italy S.R.L in Italy and the new company acquired the assets of the Sangalli Vetro Porto Nogaro company in Italy for EUR 52,017 thousand and including its financial debts on 31 October 2016. The acquisition price was calculated considering temporary amounts and the certain amount will be determined and the payments will be completed within nine months. The acquisition is performed in an asset acquisition in form. However, considering that the group of assets constitutes a business, the acquisition meets the business combination criteria in accordance with IFRS 3 Business Combination in substance. The Group aimed to gain a large market share in Italy and support its target of production and sale of flat glass in Europe.

The fair value of net asset on the date of acquisition is as follows;

	Fair value
Trade receivables	25,159
- *Trade receivables*	*35,503*
- *Doubtful receivables*	*(10,344)*
Inventories	21,380
- *Raw materials*	*11,588*
- *Finished goods*	*9,792*
Total Current Assets	**46,539**
Property, plant and equipment	238,539
Intangible assets	82
Total Non-Current Assets	**238,621**
Total Assets	**285,160**
Short term portion of long term borrowings	7,670
Total Current Liabilities	**7,670**
Long term borrowings	101,372
Provisions for employment benefits	125
Total Non-current Liabilities	**101,497**
Total Liabilities	**109,167**
Net Assets	**175,993**
Total cash paid on 31 October 2016	124,209
Fair value of the amount that will be paid in 2017 as of 31 October 2016	51,784
Total Purchase Price	**175,993**
Goodwill	-

Şişecam Flat Glass Italy S.R.L contributed TRY 45,887 thousand in revenues after the acquisition, as included in the consolidated profit and loss statement dated 31 December 2016. Had the entity been included in the consolidation as of 1 January 2016 and additional net revenue of TRY 274,839 thousand would have been recognized.

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

4. Interests in Other Entities

The Group presents the disclosures related to the changes in ownership rates that do not result in control ceases in the subsidiaries in Note 27.

The disclosures related to Company's subsidiaries, business associations and affiliate's names, affiliated country and ownership rates presented in Note 1.

The share prices and market values of the Group's quoted entities in Borsa İstanbul A.Ş. (the "BIST") are as follows:

31 December 2017	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	4.70	4.70	10,575,000
Trakya Cam Sanayii A.Ş.	4.58	4.62	5,220,600
Anadolu Cam Sanayii A.Ş.	2.63	2.63	1,972,500
Soda Sanayii A.Ş.	5.03	5.04	4,536,000
Denizli Cam Sanayii ve Tic. A.Ş.	11.83	11.83	70,980

31 December 2016	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3.82	3.83	7,851,500
Trakya Cam Sanayii A.Ş.	2.84	2.84	2,641,200
Anadolu Cam Sanayii A.Ş.	2.63	2.64	1,172,160
Soda Sanayii A.Ş.	5.29	5.29	3,967,500
Denizli Cam Sanayii ve Tic. A.Ş.	13.30	13.30	79,800

The Rate of Shares Traded in BIST (%)	31 December 2017	31 December 2016
Türkiye Şişe ve Cam Fabrikaları A.Ş.	33.83	34.04
Trakya Cam Sanayii A.Ş.	30.52	30.92
Anadolu Cam Sanayii A.Ş.	22.77	21.40
Soda Sanayii A.Ş.	39.31	39.31
Denizli Cam Sanayii ve Tic. A.Ş.	48.96	48.96

The capital increases through internal resources that our public companies have made during the period:

	1 January- 31 December 2017	1 January- 31 December 2016
Türkiye Şişe ve Cam Fabrikaları A.Ş.	200,000	150,000
Trakya Cam Sanayii A.Ş.	200,000	35,000
Anadolu Cam Sanayii A.Ş.	306,000	-
Soda Sanayii A.Ş.	150,000	90,000
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

Cash dividend distributions of our publicly traded companies during the period:

	1 January- 31 December 2017	1 January- 31 December 2016
Türkiye Şişe ve Cam Fabrikaları A.Ş.	250,000	250,000
Soda Sanayii A.Ş.	200,000	240,000
Trakya Cam Sanayii A.Ş.	106,000	93,000
Anadolu Cam Sanayii A.Ş.	60,295	-
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

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

4. Interests in Other Entities (Continued)

Financial statement summaries which are consolidated before inter-group elimination transaction has been explained below by grouping the related subsidiaries.

The statement of the financial position as of 31 December 2017

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	3,105,793	1,521,641	1,630,714	37,804
Non-current assets	4,915,532	2,661,423	2,249,975	54,450
Total assets	**8,021,325**	**4,183,064**	**3,880,689**	**92,254**
Current liabilities	1,526,220	1,277,983	379,071	34,989
Non-current liabilities	2,138,930	1,012,818	309,171	7,807
Total liabilities	**3,665,150**	**2,290,801**	**688,242**	**42,796**
Non-controlling interests	346,210	-	4,522	-
Net assets of the Company	**4,009,965**	**1,892,263**	**3,187,925**	**49,458**
Dividend paid to non-controlling interests	14,400	-	1,124	-

Profit/Loss for the period between 1 January and 31 December 2017

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Revenue	4,331,162	2,410,837	2,451,292	81,882
Profit/ (loss) for the year	**643,882**	**183,872**	**661,974**	**(2,612)**
Other comprehensive income	245,971	(35,282)	129,960	(2,813)
Total comprehensive income/ (loss)	**889,853**	**148,590**	**791,934**	**(5,425)**
Non-controlling interests	67,172	2,555	1,667	-

Summary of cash flows for the period between 1 January and 31 December 2017:

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Cash flows from operating activities	667,579	376,218	404,193	2,890
Cash flows from investing activities	(349,288)	(414,414)	(479,983)	7,679
Cash flows from financing activities	(242,514)	(267,754)	(222,706)	(10,199)
Before currency translation difference	**75,777**	**(305,950)**	**(298,496)**	**370**
Currency translation differences	162,189	84,852	110,854	(182)
Change in cash and cash equivalents	**237,966**	**(221,098)**	**(187,642)**	**188**
Cash and cash equivalents at the beginning of the year	1,152,391	788,789	969,867	56
Cash and cash equivalents at the end of the year period	**1,390,357**	**567,691**	**782,225**	**244**

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

4. Interests in Other Entities (Continued)

The statement of the financial position as of 31 December 2016

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	2,601,706	1,951,729	1,673,616	29,658
Non-current assets	4,277,691	2,465,140	1,643,264	67,656
Total assets	**6,879,397**	**4,416,869**	**3,316,880**	**97,314**
Current liabilities	1,288,140	1,392,401	438,232	37,117
Non-current liabilities	2,004,535	1,113,744	275,933	5,314
Total liabilities	**3,292,675**	**2,506,145**	**714,165**	**42,431**
Non-controlling interests	293,438	107,981	3,979	-
Net assets of the Company	**3,293,284**	**1,802,743**	**2,598,736**	**54,883**
Dividend paid to non-controlling interests	11,250	6,000	488	-

Profit/Loss for the period between 1 January and 31 December 2016

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Revenue	3,016,238	1,830,044	2,067,700	64,202
Profit/ (loss) for the year	**575,089**	**464,990**	**576,624**	**(8,916)**
Other comprehensive income	(10,800)	(294,917)	90,795	(471)
Total comprehensive income/ (loss)	**564,289**	**170,073**	**667,419**	**(9,387)**
Non-controlling interests	56,840	8,173	3,845	-

Summary of cash flows for the period between 1 January and 31 December 2016:

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Cash flows from operating activities	338,757	99,301	438,048	(15,534)
Cash flows from investing activities	(418,063)	(36,747)	(157,757)	(7,650)
Cash flows from financing activities	(108,780)	(148,236)	(315,170)	23,206
Before currency translation difference	**(188,086)**	**(85,682)**	**(34,879)**	**22**
Currency translation differences	172,336	198,725	147,428	(195)
Change in cash and cash equivalents	**(15,750)**	**113,043**	**112,549**	**(173)**
Cash and cash equivalents at the beginning of the year	1,168,141	675,746	857,318	229
Cash and cash equivalents at the end of the year	**1,152,391**	**788,789**	**969,867**	**56**

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

5. Segment Reporting

a) Operational segments

1 January – 31 December 2017	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net external revenue	4,302,284	1,953,607	2,405,824	2,321,451	335,329	-	11,318,495
Inter-group revenue	28,879	2,171	5,014	595,332	638,544	(1,269,940)	-
Revenue	**4,331,163**	**1,955,778**	**2,410,838**	**2,916,783**	**973,873**	**(1,269,940)**	**11,318,495**
Total costs	(2,930,873)	(1,294,604)	(1,739,247)	(1,911,589)	(890,764)	1,078,924	(7,688,153)
Gross profit	**1,400,290**	**661,174**	**671,591**	**1,005,194**	**83,109**	**(191,016)**	**3,630,342**
Operating expenses	(817,702)	(594,527)	(424,859)	(455,285)	(79,721)	220,039	(2,152,055)
Other operating income	257,731	101,630	72,842	111,325	25,610	(17,042)	552,096
Other operating expenses	(130,484)	(53,779)	(67,078)	(80,217)	(18,581)	3,763	(346,376)
Income from investments in associates and joint ventures	41,033	-	37,911	92,526	-	610	172,080
Operating profit/ (loss)	**750,868**	**114,498**	**290,407**	**673,543**	**10,417**	**16,354**	**1,856,087**
Income from investing activities	124,185	7,491	38,112	80,380	213,513	(119,645)	344,036
Loss from investing activities	(2,954)	(2,526)	(9,383)	(33,675)	(7,016)	7,016	(48,538)
Operating profit before financial income and expense	**872,099**	**119,463**	**319,136**	**720,248**	**216,914**	**(96,275)**	**2,151,585**
Financial income	285,942	68,760	282,726	294,223	227,655	(134,630)	1,024,676
Financial expenses	(365,323)	(201,066)	(417,620)	(195,256)	(193,303)	138,071	(1,234,497)
Profit before tax from continued operations	**792,718**	**(12,843)**	**184,242**	**819,215**	**251,266**	**(92,834)**	**1,941,764**
Tax income/ (expense) for the period	(133,441)	26,398	471	(82,200)	(12,616)	(3,420)	(204,808)
Profit for the period from continued operations	**659,277**	**13,555**	**184,713**	**737,015**	**238,650**	**(96,254)**	**1,736,956**
Purchases of tangible and intangible assets	232,733	144,349	305,626	144,852	56,775	-	884,335
Depreciation and amortization charges (-)	(307,295)	(168,076)	(296,466)	(158,653)	(37,684)	-	(968,174)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (*)	**1,179,394**	**287,539**	**615,602**	**878,901**	**254,598**	**(96,275)**	**3,119,759**

(*) 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.

The Statement of Financial position (31 December 2017)	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Total Assets	**8,329,263**	**3,312,361**	**4,171,201**	**4,492,295**	**4,678,403**	**(3,676,030)**	**21,307,493**
- *Investments accounted for under equity accounting*	*354,203*	-	-	*357,905*	-	-	*712,108*
- *Deferred tax asset*	*52,516*	*73,949*	*184,441*	*16,788*	*913*	-	*328,607*
Total Liabilities	**3,729,622**	**1,604,906**	**2,290,942**	**804,692**	**1,583,244**	**(1,768,328)**	**8,245,078**
- *Deferred tax liabilities*	*70,795*	*14,384*	*1,125*	*11,117*	*32,422*	*(3,745)*	*126,098*

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

5. Segment Reporting (Continued)

a) Operational Segments (Continued)

1 January – 31 December 2016	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net external revenue	2,989,163	1,789,934	1,827,476	1,665,495	297,396	-	8,569,464
Inter group revenue	27,074	13,556	2,569	766,823	460,126	(1,270,148)	-
Revenue	**3,016,237**	**1,803,490**	**1,830,045**	**2,432,318**	**757,522**	**(1,270,148)**	**8,569,464**
Total costs	(2,128,700)	(1,239,235)	(1,377,750)	(1,661,901)	(731,037)	1,247,070	(5,891,553)
Gross profit	**887,537**	**564,255**	**452,295**	**770,417**	**26,485**	**(23,078)**	**2,677,911**
Operating expenses	(666,137)	(553,515)	(366,438)	(320,278)	(15,294)	31,230	(1,890,432)
Other operating income	176,934	142,760	62,946	99,591	25,537	(19,036)	488,732
Other operating expenses	(93,529)	(57,064)	(54,460)	(68,547)	(12,596)	2,471	(283,725)
Income from investments in associates and joint ventures	24,455	-	8,286	72,991	-	180	105,912
Operating profit/ (loss)	**329,260**	**96,436**	**102,629**	**554,174**	**24,132**	**(8,233)**	**1,098,398**
Income from investing activities	410,427	4,815	389,489	14,921	74,764	(671,153)	223,263
Loss from investing activities	(455)	(3,420)	(7,568)	(187)	(28)	-	(11,658)
Operating profit before financial income and expense	**739,232**	**97,831**	**484,550**	**568,908**	**98,868**	**(679,386)**	**1,310,003**
Financial income	287,496	28,392	491,573	265,945	164,946	(130,032)	1,108,320
Financial expenses	(405,822)	(140,687)	(495,903)	(148,111)	(183,454)	130,033	(1,243,944)
Profit before tax from continued operations	**620,906**	**(14,464)**	**480,220**	**686,742**	**80,360**	**(679,385)**	**1,174,379**
Tax income/ (expense) for the period	(23,800)	4,266	(30,933)	(75,962)	(9,610)	1,688	(134,351)
Profit for the period from continued operations	**597,106**	**(10,198)**	**449,287**	**610,780**	**70,750**	**(677,697)**	**1,040,028**
Purchases of tangible and intangible assets	250,277	330,611	331,613	181,548	64,387	-	1,158,436
Depreciation and amortization charges (-)	(254,290)	(162,479)	(244,767)	(122,349)	(25,756)	-	(809,641)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**993,522**	**260,310**	**729,317**	**691,257**	**124,624**	**(679,386)**	**2,119,644**
The Statement of financial position (31 December 2016)							
Total assets	**7,154,914**	**3,264,671**	**4,425,230**	**3,832,720**	**4,527,902**	**(4,052,940)**	**19,152,497**
- *Investments accounted for under equity accounting*	*275,586*	-	*19,750*	*305,108*	*956*	-	*601,400*
- *Deferred tax assets*	*50,405*	*39,594*	*182,277*	*27,690*	*496*	-	*300,462*
Total liabilities	**3,317,521**	**1,501,598**	**2,526,427**	**816,600**	**1,656,659**	**(1,995,932)**	**7,822,873**
- *Deferred tax liabilities*	*29,702*	*7,120*	*15,895*	*1,076*	*21,112*	*(7,165)*	*67,740*

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

5. Segment Reporting (Continued)

b) Geographical segments

1 January – 31 December 2017	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net external revenue	7,212,506	1,547,152	2,545,814	13,023	11,318,495	-	11,318,495
Inter group sales	265,882	19,466	250,260	23,117	558,725	(558,725)	-
Total net sales (*)	**7,478,388**	**1,566,618**	**2,796,074**	**36,140**	**11,877,220**	**(558,725)**	**11,318,495**
Cost of sales	(4,939,192)	(1,128,358)	(2,127,544)	(22,236)	(8,217,330)	529,177	(7,688,153)
Gross profit	**2,539,196**	**438,260**	**668,530**	**13,904**	**3,659,890**	**(29,548)**	**3,630,342**
Operating expenses	(1,361,744)	(289,495)	(544,816)	(17,646)	(2,213,701)	61,646	(2,152,055)
Other operating income	462,561	40,070	82,062	368	585,061	(32,965)	552,096
Other operating expenses	(277,768)	(40,825)	(29,162)	(291)	(348,046)	1,670	(346,376)
Income from investments in associates and joint ventures	66,535	-	105,545	-	172,080	-	172,080
Operating profit/ (loss)	**1,428,780**	**148,010**	**282,159**	**(3,665)**	**1,855,284**	**803**	**1,856,087**
Income from investing activities	554,304	5,816	1,220	-	561,340	(217,304)	344,036
Loss from investing activities	(38,185)	(10,330)	(23)	-	(48,538)	-	(48,538)
Operating profit before financial income and expense	**1,944,899**	**143,496**	**283,356**	**(3,665)**	**2,368,086**	**(216,501)**	**2,151,585**
Financial income	891,200	129,956	9,480	-	1,030,636	(5,960)	1,024,676
Financial expenses	(883,694)	(305,408)	(51,901)	(2,062)	(1,243,065)	8,568	(1,234,497)
Profit before tax from continued operations	**1,952,405**	**(31,956)**	**240,935**	**(5,727)**	**2,155,657**	**(213,893)**	**1,941,764**
Tax income/ (expense) for the period	(162,255)	(14,118)	(28,166)	(269)	(204,808)	-	(204,808)
Profit for the period	**1,790,150**	**(46,074)**	**212,769**	**(5,996)**	**1,950,849**	**(213,893)**	**1,736,956**
Purchases of tangible and intangible assets	576,477	122,345	170,158	15,355	884,335	-	884,335
Depreciation and amortization charges (-)	(502,482)	(219,823)	(244,717)	(1,152)	(968,174)	-	(968,174)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**2,447,381**	**363,319**	**528,073**	**(2,513)**	**3,336,260**	**(216,501)**	**3,119,759**
Statement of financial position (30 December 2017)							
Total assets	**17,064,073**	**2,843,955**	**7,256,888**	**113,804**	**27,278,720**	**(5,971,227)**	**21,307,493**
- *Investments accounted for under equity accounting*	*287,355*	-	*424,753*	-	*712,108*	-	*712,108*
- *Deferred tax assets*	*193,407*	*122,887*	*12,313*	-	*328,607*	-	*328,607*
Total liabilities	**4,392,676**	**1,646,120**	**2,522,340**	**117,124**	**8,678,260**	**(433,182)**	**8,245,078**
- *Deferred tax liabilities*	110,062	2,391	13,630	15	126,098	-	126,098

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

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

5. Segment Reporting (Continued)

b) Geographical segments (Continued)

1 January – 31 December 2017	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net external revenue	5,904,703	958,049	1,696,594	10,118	8,569,464	-	8,569,464
Inter group sales	201,853	12,335	210,842	17,663	442,693	(442,693)	-
Total net sales (*)	**6,106,556**	**970,384**	**1,907,436**	**27,781**	**9,012,157**	**(442,693)**	**8,569,464**
Cost of sales	(4,064,089)	(819,964)	(1,430,206)	(15,341)	(6,329,600)	438,047	(5,891,553)
Gross profit	**2,042,467**	**150,420**	**477,230**	**12,440**	**2,682,557**	**(4,646)**	**2,677,911**
Operating expenses	(1,389,958)	(141,175)	(365,313)	(12,257)	(1,908,703)	18,271	(1,890,432)
Other operating income	409,044	27,421	66,172	38	502,675	(13,943)	488,732
Other operating expenses	(217,827)	(52,263)	(13,675)	(163)	(283,928)	203	(283,725)
Income from investments in associates and joint ventures	25,789	-	80,123	-	105,912	-	105,912
Operating profit/ (loss)	**869,515**	**(15,597)**	**244,537**	**58**	**1,098,513**	**(115)**	**1,098,398**
Income from investing activities	304,788	8,689	534	-	314,011	(90,748)	223,263
Loss from investing activities	(4,612)	(7,046)	-	-	(11,658)	-	(11,658)
Operating profit before financial income and expense	**1,169,691**	**(13,954)**	**245,071**	**58**	**1,400,866**	**(90,863)**	**1,310,003**
Financial income	843,479	259,511	8,189	1,731	1,112,910	(4,590)	1,108,320
Financial expenses	(864,540)	(348,002)	(34,153)	-	(1,246,695)	2,751	(1,243,944)
Profit before tax from continued operations	**1,148,630**	**(102,445)**	**219,107**	**1,789**	**1,267,081**	**(92,702)**	**1,174,379**
Tax income/ (expense) for the period	(130,641)	10,615	(13,648)	(677)	(134,351)	-	(134,351)
Profit for the period	**1,017,989**	**(91,830)**	**205,459**	**1,112**	**1,132,730**	**(92,702)**	**1,040,028**
Purchases of tangible and intangible assets	754,655	198,245	204,820	718	1,158,438	-	1,158,438
Depreciation and amortization charges (-)	(472,619)	(162,883)	(174,009)	(130)	(809,641)	-	(809,641)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**1,642,310**	**148,929**	**419,080**	**188**	**2,210,507**	**(90,863)**	**2,119,644**
Statement of Financial position (30 December 2016)							
Total assets	**15,717,312**	**2,570,379**	**5,776,390**	**16,423**	**24,080,504**	**(4,928,007)**	**19,152,497**
- *Investments accounted for under equity method*	*259,070*	-	*342,330*	-	*601,400*	-	*601,400*
- *Deferred tax assets*	*164,741*	*124,698*	*11,023*	-	*300,462*	-	*300,462*
Total liabilities	**4,380,856**	**1,660,567**	**2,108,622**	**12,889**	**8,162,934**	**(340,061)**	**7,822,873**
- *Deferred tax liabilities*	*44,478*	*11,652*	*11,603*	*7*	*67,740*	-	*67,740*

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

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

6. Cash and Cash Equivalents

	31 December 2017	31 December 2016
Cash on hand	298	281
Cash at banks	3,437,908	3,204,956
− *Demand deposits*	*265,430*	*177,312*
− *Time deposits (with a maturity of three months or less)*	*3,172,478*	*3,027,644*
Other liquid assets	381	186
	3,438,587	**3,205,423**

Time deposits

Currency	Interest rate (%)	Interest Maturity	31 December 2017	31 December 2016
US Dollars	1.50%- 4.10%	January- February 2018	1,467,127	1,550,959
Turkish Lira	10.50%-15.45%	January- February 2018	731,941	841,821
EUR	1.00%-2.00%	January 2018	840,337	600,161
Russian Rubles	6.50%-14.75%	January 2018	113,004	20,179
British Pound	0.10%-1.00%	January 2018	20,069	14,328
New Romanian Leu			-	196
			3,172,478	**3,027,644**

Cash and cash equivalents as of 31 December 2017 and 31 December 2016 presented in the consolidated statement of cash flows are as follows:

	31 December 2017	31 December 2016
Cash and cash equivalents	3,438,587	3,205,423
Less: Interest accrual	(8,162)	(6,486)
Less: Restricted cash (*)	-	(35,244)
	3,430,425	**3,163,693**

(*) Presents the restricted cash balance held in Türkiye İş Bankası A.Ş. amounted to TRY 35,244 thousand in order to provide collateral for the transactions with our natural gas suppliers (Note 23, 37).

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

7. Financial Assets

a) Current financial asset

Current financial asset	**31 December 2017**	**31 December 2016**
Financial assets held to maturity (*)	95,200	53,976
Time deposits with a maturity of longer than three months and shorter than one year	-	2,845
	95,200	**56,821**

(*) Short term portion of the semi-annually yielding long term financial asset denominated in US Dollars

b) Non-current financial asset

Financial assets available for sale	**31 December 2017**	**31 December 2016**
Financial investments not traded in an active market	3	51,660
Financial investments carried at market price	734	508
Unconsolidated subsidiaries	767	163
	1,504	**52,331**
Financial assets held to maturity	**1,782,934**	**1,028,797**
Total non-current financial assets	**1,784,438**	**1,081,128**

Movements of financial assets available for sale during the period are as below:

	31 December 2017	**30 December 2016**
1 January	52,331	52,642
Sales	(51,708)	-
Reversal of impairment provision	655	-
Change in fair value	226	189
Impact of merger with in entities under common control	-	(500)
31 December	**1,504**	**52,331**

Financial assets carried at market price	**Rate of Share (%)**	**31 December 2017**	**Rate of Share (%)**	**31 December 2016**
İş Finansal Kiralama A.Ş. (*)	<1	734	<1	508

(*) İş Finansal Kiralama A.Ş. is quoted in BIST and it was revalued at the best bid price which is TRY 1.48 (31 December 2016: TRY 1.11). Non-cash capital increase amounting to TRY 50,000 thousand has been procured from profit for the year 2016 by Iş Finansal Kiralama A.Ş. and the portion attributable to the Group shares amounting to TRY 38 thousand of the capital increase has been accounted on 12 June 2017.

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

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

Financial assets not traded in an active market	Rate of Share (%)	31 December 2017	Rate of Share (%)	31 December 2016
Bosen Enerji Elek.Üret.Oto.Pro.Grb. A.Ş.	<1	2	<1	2
Çukurova İnşaat Mak. Sanayii ve Tic. A.Ş.	<1	1	<1	1
Trakya Yatırım Holding A.Ş. (1)	-	-	34,65	51,657
		3		**51,660**

Non-consolidated subsidiaries	Rate of Share (%)	31 December 2017	Rate of Share (%)	31 December 2016
Şişecam Shanghai Trade Co. Ltd.	100,00	655	100,00	655
Paşabahçe Glass GmbH	100,00	68	100,00	68
Paşabahçe Spain SL	100,00	43	100,00	43
Paşabahçe USA Inc.	100,00	1	100,00	1
Topkapı Yatırım Holding A.Ş. (1)		-	80,00	51
Tasfiye Halinde Mepa Merkezi (2)		-	99,71	212
Impairment (-)		-		(867)
		767		**163**

(1) Trakya Yatırım Holding A.Ş. is under the control of Türkiye İş Bankası A.Ş. and the Group does not have any significant influence or control power over this financial asset because the following criteria are not met:

- Representation on the board of directors or equivalent governing body of the investee,
- Participation in policy-making processes, including participation in decisions about dividends or other distributions,
- Material transactions between the investor and the investee,
- Interchange of managerial personnel or providing technical information required for the enterprise.

All shares of the financial investment with nominal value of TRY 47,476 thousand have been sold to Türkiye İş Bankası A.Ş. with a cash reward amounting to TRY 52,000 thousand on 27 October 2017.

Moreover, Topkapı Yatırım Holding A.Ş. is not included in consolidation due to the fact that its impact to consolidated financial statements is not significant. All shares in aforementioned financial investments with nominal value of TRY 40 thousand have been sold to Camiş Yatırım Holding A.Ş. with a cash reward amounting to TRY 304 thousand on 27 October 2017.

(2) In the Shareholders’ General Assembly Meeting held on 28 March 2017, it is decided to liquidate Mepa Merkezi Pazarlama A.Ş. since there is not any economical benefit from the continuing activities of the Company and the aforementioned decision was approved by Trade Registry in the name of Tasfiye Halinde Mepa Merkezi Pazarlama A.Ş. on 20 April 2017, The Liquidation Board was made on 20 December 2017, the liquidation decision was registered in Trade Register on 26 December 2017 and announced in Trade Registry Gazette on 2 January 2018. Impairment provision was booked for all of Tasfiye Halinde Mepa Merkezi Pazarlama AŞ’s subsidiaries in consolidated financial statements. The Group obtained TRY 2,440 thousand cash from the liquidation share and accounted this generated cash as profit.

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

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

Due to improvements occurred on Şişecam Shanghai Trade Co Ltd.'s financial structure, impairment provision booked for this amount in previous periods is released in this period.

Paşabahçe Glass GmbH, Paşabahçe Spain SL and Paşabahçe USA Inc. are subsidiaries incorporated internationally, engaging in the production, marketing and sale operations. The financial statements of these companies are not included in consolidation due to the fact that their impact to consolidated financial statements are not significant.

The ratio of total assets, revenues and net income of unconsolidated subsidiaries to consolidated total assets, revenue and net income is below 1%.

Held to maturity investments

The entity that issues the bond	31 December 2017	31 December 2016
Türkiye İş Bankası A.Ş.	446,947	281,053
Türkiye Vakıflar Bankası T.A.O.	291,456	100,016
Türkiye Halk Bankası A.Ş.	215,711	199,913
Türkiye Sınai Kalkınma Bankası A.Ş.	200,850	108,668
Yapı ve Kredi Bankası A.Ş.	193,360	19,704
Turkcell İletişim Hizmetleri A.Ş.	138,837	119,492
Türkiye Garanti Bankası A.Ş.	116,613	101,835
Arçelik A.Ş.	114,633	101,340
Ziraat Bankası A.Ş.	77,335	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	39,003	35,937
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	38,671	-
Finansbank A.Ş.	4,718	-
Türk Telekomünikasyon A.Ş.	-	14,815
Eurobond (*)	**1,878,134**	**1,082,773**

(*) Fixed yield securities held to maturity were accounted for by using effective interest rate with amortized costs. Aforementioned eurobonds securities are denominated in US Dollar with fixed rate coupon payment every 6-month.

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

7. Financial Assets (Continued)

Financial assets denominated in US Dollars held to maturity have an active market and the values according to market prices (dirty prices) are as follows:

The entity that issues the bond	**31 December 2017**	**31 December 2016**
Türkiye İş Bankası A.Ş.	453,674	270,440
Türkiye Vakıflar Bankası T.A.O.	295,224	98,257
Türkiye Halk Bankası A.Ş.	211,454	192,810
Türkiye Sınai Kalkınma Bankası A.Ş.	202,593	103,991
Yapı ve Kredi Bankası A.Ş.	195,803	19,835
Turkcell İletişim Hizmetleri A.Ş.	146,548	113,441
Türkiye Garanti Bankası A.Ş.	119,420	98,590
Arçelik A.Ş.	117,908	98,047
Ziraat Bankası A.Ş.	77,401	-
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	41,051	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	40,837	34,717
Finansbank A.Ş.	4,665	-
Türk Telekomünikasyon A.Ş.	-	13,880
	1,906,578	**1,044,008**

The expiry dates of held to maturity investments are as follow:

Collection periods	**31 December 2017**	**31 December 2016**
Less than three months	11,891	7,450
3 – 12 Months	83,309	46,526
1 – 5 years	1,536,847	668,105
More than 5 years	246,087	360,692
	1,878,134	**1,082,773**

Movements of held to maturity investments during the period are as below:

	31 December 2017	**31 December 2016**
1 January	1,082,773	28,589
Additions	886,541	962,534
Valuation difference	190,781	153,135
Disposals	(14,767)	(43,366)
Principal collection during the period	(186,500)	-
Interest collection during the period	(80,694)	(18,119)
	1,878,134	**1,082,773**

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

7. Financial Assets (Continued)

Held to maturity investments (Continued)

The amounts of held to maturity investments within the portfolios of İş Yatırım Menkul Değerler A.Ş. and İş Portföy Yönetimi A.Ş., which are calculated by the effective interest rate method, are as follows per each company:

	31 December 2017	31 December 2016
İş Portföy Yönetimi A.Ş.	1,776,746	988,259
İş Yatırım Menkul Değerler A.Ş.	101,388	94,514
	1,878,134	**1,082,773**

The details of the financing bonds denominated in Turkish Lira and all of them are realized.

ISIN Code	Transaction date	Maturity date	Purchase amount	Value at maturity	Value difference
TRFISMD41715	17.01.2017	19.04.2017	29,191	30,000	810
TRFISMD41731	23.01.2017	25.04.2017	19,437	20,000	563
TRFISMD317F2	02.02.2017	27.03.2017	19,970	20,300	330
TRFISMD317G0	06.02.2017	31.03.2017	19,674	20,000	326
TRFISMD317C9	02.02.2017	20.03.2017	19,914	20,200	286
TRFISMD317E5	02.02.2017	24.03.2017	14,966	15,200	234
TRFISMD317D7	02.02.2017	23.03.2017	14,971	15,200	229
TRFISMD317A3	02.02.2017	02.03.2017	14,975	15,200	225
TRFISMD317B1	02.02.2017	21.03.2017	14,980	15,200	220
TRFISMD31799	02.02.2017	17.03.2017	14,999	15,200	201
			183,077	**186,500**	**3,424**

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

7. Financial Assets (Continued)

Held to maturity investments (Continued)

Coupon interest rates and the redemption dates for financial assets held until maturity denominated in USD are as follows. Effective interest rate of marketable securities is 5.53% (2016: 5.47%).

Marketable security issuer	ISIN Code	Coupon interest rate (%)	Redemption date
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3.375	01.11.2022
Arçelik A.Ş.	XS0910932788	5.000	03.04.2023
Finansbank A.Ş.	XS1613091500	4.875	19.05.2022
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5.750	15.10.2025
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5.250	13.09.2022
Türkiye Halk Bankası A.Ş.	XS1439838548	5.000	13.07.2021
Türkiye Halk Bankası A.Ş.	XS1188073081	4.750	11.02.2021
Türkiye Halk Bankası A.Ş.	XS0882347072	3.875	05.02.2020
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1496463297	5.375	24.10.2023
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1345632811	5.375	08.02.2021
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1028943089	5.000	23.09.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	06.10.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	25.06.2021
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	21.04.2022
Türkiye İş Bankası A.Ş.	XS1117601796	5.375	30.10.2019
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	25.04.2024
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	18.05.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	22.04.2020
Türkiye Vakıflar Bankası T.A.O.	XS0849728190	6.000	01.11.2022
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5.500	27.10.2021
Türkiye Vakıflar Bankası T.A.O.	XS1622626379	5.625	30.05.2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4.000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5.125	22.10.2019
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5.750	24.02.2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5.850	21.06.2024
Ziraat Bankası A.Ş.	XS1223394914	4.750	29.04.2021
Ziraat Bankası A.Ş.	XS1605397394	5.125	03.05.2022

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

8. Borrowings

Current financial liabilities	31 December 2017	31 December 2016
Short term borrowings	956,852	1,166,033

Short term portion of long term borrowing	31 December 2017	31 December 2016
Short term portion of long term borrowings and interests	990,602	813,995
Bonds issued	8,800	7,409
Discount on issuance of bonds	(1,458)	(1,435)
Financial lease obligations	627	1,272
Total short term portion of long term borrowings	**998,571**	**821,241**
Total current financial liabilities	**1,955,423**	**1,987,274**

Long term borrowings	31 December 2017	31 December 2016
Long term portion of long term borrowings	2,057,063	2,035,973
Bonds issued	1,885,950	1,759,600
Bond issuance costs and commissions	(2,008)	(3,412)
Financial lease obligations	315	753
Total long term financial liabilities	**3,941,320**	**3,792,914**
Total financial liabilities	**5,896,743**	**5,780,188**

The following international rating agencies were confirmed the Company's credit ratings as follows;

- On 7 December 2016 Standard & Poor's Rating Services (S&P) stated the outlook of the Company as "Stable" and long term credit rating as "BB".
- On 27 September 2016 International credit agency Moody's stated the long term credit rating of the Company as "Ba1" and the outlook of the Company as "Stable".
- Based on its statement dated 8 February 2017, S&P, in accordance with the outlook revision of our main shareholder, Türkiye İş Bankası A.Ş., in relation with negative outlook of Turkey, revised the Company's outlook from "Stable" to "Negative" on 10 February 2017 while it affirmed the Company's credit rating at "BB". The same note is confirmed again on 14 September 2017.
- On 22 March 2017 press release, Moody's has affirmed long-term issuer rating of the Company as "Ba1" with outlook as "Stable". The rating was triggered by Moody's recent decision to change the outlook on Turkey's government issuer rating to "Negative" from "Stable" on 18 March 2017. In its press release, Moody's has underlined that the Company's strong financial structure, liquidity profile, low leverage, its competitive position in the Turkish market and also continuously increasing international sales reaching 55% of total revenues by the end of 2016 have been the main rationale behind the affirmation of the rating and the outlook decision.

The Group has financial covenants regarding its financial liabilities. The Group meets the covenants as of the date of financial position.

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

8. Borrowings (Continued)

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 dates for loans	31 December 2017	31 December 2016
Shorter than 3 months	867,412	1,051,764
3 – 12 months	2,445,117	2,412,359
1 – 5 years	651,129	551,878
5 years and more	40,859	-
	4,004,517	**4,016,001**

The interest rate for the issued bonds of TRY 1,891,284 thousand is 4.25% (Effective interest rate 4.415%) and the coupon interest payments would be paid semi-annually in equal instalments. (31 December 2016: TRY 1,762,162 thousand).

The financial leases of TRY 942 thousand are paid up in equal monthly instalments (31 December 2017: TRY 2,025 thousand).

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

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

Bank borrowings	Capital	Interest	Commission	Total
1 January	4,000,619	21,708	(6,326)	4,016,001
Borrowed –accrued during the period	1,948,274	252,479	(3,857)	2,196,896
Currency translation differences	463,196	2,018	(424)	464,790
Foreign exchange gain/ (loss)	164,272	-	-	164,272
Impact of business combinations	4,095	-	-	4,095
Payments-reversals during the period	(2,587,566)	(259,904)	5,933	(2,841,537)
31 December 2017	**3,992,890**	**16,301**	**(4,674)**	**4,004,517**

Bonds issued	Capital	Interest	Discount on Bonds	Commission	Total
1 January	1,759,600	7,409	(3,452)	(1,395)	1,762,162
Foreign exchange gain/ (loss)	126,350	-	-	-	126,350
Accrued during the period	-	80,152	-	-	80,152
Payments-reversals during the period	-	(78,761)	973	408	(77,380)
31 December 2017	**1,885,950**	**8,800**	**(2,479)**	**(987)**	**1,891,284**

Financial lease obligations	Principal	Interest (-)	Total
1 January	2,025	-	2,025
Currency translation differences	305	-	305
Provision charge for the period	73	(73)	-
Payments during the period	(1,461)	73	(1,388)
31 December 2017	**942**	**-**	**942**

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

8. Borrowings (Continued)

Financial liabilities movements for the period between 1 January and 30 December 2016 are summarized as below:

Bank borrowings	**Capital**	**Interest**	**Commission**	**Total**
1 January	3,142,987	21,250	(5,825)	3,158,412
Borrowed –accrued during the period	1,624,696	175,388	(1,705)	1,798,379
Currency translation differences	612,648	4,089	(579)	616,158
Business combination effect	109,042	-	-	109,042
Foreign exchange gain/ (loss)	68,531	-	-	68,531
Payments – reversals during the period	(1,557,283)	(179,018)	1,780	(1,734,521)
31 December 2016	**4,000,621**	**21,709**	**(6,329)**	**4,016,001**

Bonds issued	**Capital**	**Interest**	**Discount on Bonds**	**Commission**	**Total**
1 January	1,453,800	5,325	(4,385)	(1,804)	1,452,936
Foreign exchange gain/ (loss)	305,800	-	-	-	305,800
Accrued during the period	-	66,614	-	-	66,614
Payments-reversals during the period	-	(64,530)	933	409	(63,188)
31 December 2016	**1,759,600**	**7,409**	**(3,452)**	**(1,395)**	**1,762,162**

On 9 May 2013, the Group issued 7 year term, fixed interest bonds amounting to USD 500,000 thousand with the maturity date of May 2020. The interest rate for the bonds was determined as 4.25%. The capital payment of the bond would be made at maturity date.

The amounts were transferred on 9 May 2013 to the bank accounts of our subsidiaries, which provided a guarantee for capital, interest, and similar payments in relation to the issue of the bonds (USD 250,000 thousand of Trakya Cam Sanayii A.Ş., USD 100,000 thousand of Anadolu Cam Sanayii A.Ş. and USD 50,000 thousand of Soda Sanayii A.Ş.), under the same terms and circumstances.

The Company quoted the bond amounting to USD 407,210 thousand with the code of ISIN: XS0927634807, issued under Regulation S and the bond amounting to USD 92,790 thousand with the code of ISIN: US90016AAA88, issued under Rule 144A on the Irish Stock Exchange and the issue certificate of the notes was provided by the CMB on 3 May 2013 and approved on 30 April 2013 with decision no 15/487, Citigroup, BNP Paribas, J.P. Morgan and HSBC acted as agencies for the issue of the bond. The procedures related to the sale of the bonds to foreign qualified investors were completed on 9 May 2013. The central safekeeping institutions of traded securities are Euroclear and Clearstream.

Financial leases	**Principal**	**Interest (-)**	**Total**
1 January	2,805	(1)	2,804
Currency translation differences	344	-	344
Payments-reversals during the period	(1,124)	1	(1,123)
30 December 2016	**2,025**	**-**	**2,025**

There are no capitalized financial expense for the period 1 January – 31 December 2017 (None - 1 January-31 December 2016).

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

8. Borrowings (Continued)

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

31 December 2017

Currency	Maturity	Interest range (%) (*)	Short Term	Long Term	Total
EUR	2018–2026	Euribor+1.10-6.00	1,367,738	1,337,268	2,705,006
US Dollars	2018–2026	Libor+1.15-5.95	61,525	2,025,609	2,087,134
Russian Rubles	2018–2021	8.85-12.51	449,056	357,278	806,334
Turkish Lira	2018–2023	12.66-16.10	22,152	207,000	229,152
Ukrainian Hryvnia	2018–2021	15.50-21.50	45,452	14,165	59,617
Egyptian Pound	2018	22.00	9,500	-	9,500
			1,955,423	**3,941,320**	**5,896,743**

(*) The lower and upper rates are expressed and the weighted average cost for Euro is Euribor + 2.35%, Libor + 2.37% for the US Dollar, Mosprime + 3.10% for RUB, 15.80% for UAH, TRlibor + 2.15 (average effective annual interest rates for EUR, USD, RUB, UAH, EGP and TRY are 2.32%, 4.14%, 11.19%, 15.80%, 22% and 14.10% respectively).

31 December 2016

Currency	Maturity	Interest range (%) (*)	Short Term	Long Term	Total
EUR	2017–2026	Euribor+1.10-6.00	1,005,998	1,488,254	2,494,252
US Dollars	2017–2026	Libor+2.15-4.50	177,686	1,938,291	2,115,977
Russian Rubles	2017–2021	9.90-16.00	592,571	283,963	876,534
Turkish Lira	2017–2023	10.90-12.20	183,773	62,700	246,473
Ukrainian Hryvnia	2017–2021	16.25-22.05	27,246	19,706	46,952
			1,987,274	**3,792,914**	**5,780,188**

(*) Presents the lower and upper rates and the weighted average interest rate for EUR is Euribor + 2.36%, for USD is Libor + 2.38%, for RUB is Mosprime + 3.18%, for UAH is 20.45% and for TRY is +2.15 (average effective annual interest rates for EUR, USD, RUB, UAH, and TRY are 2.28%, 4.12%, 12.28%, 19.59%, and 11.20% respectively).

The redemption schedule of the financial liabilities is as follows:

	31 December 2017	31 December 2016
Within 1 year	1,955,423	1,987,274
Within 1- 2 years	906,226	915,101
Within 2- 3 years	2,637,912	543,444
Within 3- 4 years	177,281	1,996,841
Within 4- 5 years	119,283	133,523
More than 5 years	100,618	204,005
	5,896,743	**5,780,188**

The weighted average maturity of the financial liabilities is 645 days (31 December 2016: 794 days).

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

9. Other Financial Liabilities

None (31 December 2016: None).

10. Trade Receivables and Payables

Trade Receivables

Current trade receivables	**31 December 2017**	**31 December 2016**
Trade receivables	2,297,155	2,039,590
Notes receivables	108,650	50,866
Due from related parties (Note 37)	30,352	32,060
Other trade receivables	8,563	298
Rediscount of notes receivable (-)	(18,154)	(10,669)
Provision for doubtful receivables	(88,288)	(68,216)
	2,338,278	**2,043,929**

The Group has collected RUB 373,922 thousand of trade receivables in total factored RUB 406,705 thousand. Financing expenses of RUB 2,616 were recognized due to this factoring of receivables. (Note 33).

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

A portion of domestic sales of basic glasses is made on cash. The average term for basic glasses sales is 90 days (31 December 2016: 90 days. A portion of export sales is made on cash and rest of export sales' term is 45 days. 2% overdue interest rate is applied for the payments made after the due date (31 December 2016: 2%).The average sales term for auto glass and processed glass items is 45 days (31 December 2016: 45 days).

The average sales term for automatic glassware is 75 days (31 December 2016: 75 days) and a monthly overdue interest rate of 1.25% is applied for the payments made after the due date (31 December 2016: 2%).

Glass packaging products have been sold on cash terms since 1 November 2009, For customers paying in terms, a monthly interest of 1.25% for terms up to 121 days, and a monthly interest rate of 2% is applied for terms exceeding 121 days (31 December 2016: 2%). The average sales term for domestic sales of glass packaging products is 64 days (2016: 64 days). The average sales term for foreign sales of glass packaging products is 73 days (31 December 2016: 66 days).

Inter-group sales terms of Soda products are 60 days (31 December 2016: 60 days) and average term of domestic external sales of Soda products are 60 days (31 December 2016: 55 days). Monthly 2% overdue interest is applied for the payments made after due dates (31 December 2016: 2%).

The average sales term for domestic sales of chromium products in foreign currency is 4 days (31 December 2016: 20 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (31 December 2016: 1%). Average sales term for export sales is 67 days (31 December 2016: 66 days).

The Group has recognized provision for doubtful receivables. Allowance for doubtful receivables is determined by referring to past experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date.

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

10. Trade Receivables and Payables (Continued)

The Group has no significant concentration on credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful receivables.

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

	31 December 2017	31 December 2016
1 January	(68,216)	(44,437)
Period expense	(22,023)	(19,116)
Currency translation differences	(4,984)	(3,358)
Impact of business mergers	(62)	(10,344)
Collections	6,997	9,039
31 December	**(88,288)**	**(68,216)**

The Group has received the following collaterals for trade receivables:

	31 December 2017	31 December 2016
Letters of guarantees	308,076	268,678
Direct debit system	231,850	150,218
Promissory notes and bills	204,959	203,370
Cash	27,890	32,708
Mortgages	13,045	13,369
	785,820	**668,343**

As of 31 December 2017, TRY 248,468 thousand (31 December 2016: TRY 253,730 thousand) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2017	31 December 2016
1- 30 days overdue	126,787	158,620
1-3 months overdue	45,084	59,934
3-12 months overdue	63,894	27,817
1- 5 years overdue	18,417	7,359
Total overdue receivables	**254,182**	**253,730**
The portion under guarantee with collaterals and similar guarantees	**36,127**	**46,771**

Trade Payables

Short term trade payables	31 December 2017	31 December 2016
Trade payables	1,097,537	898,025
Due to related parties (Note 37)	58,374	74,442
Other trade payables	2,000	596
Rediscount on notes payable (-)	(6,045)	(3,943)
	1,151,866	**969,120**

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

11. Other Receivables and Payables

Other current receivable	31 December 2017	31 December 2016
Other receivables	24,872	36,686
Due from sales of financial asset (*)	7,099	7,099
Deposits and guarantees given	5,183	4,693
Due from personnel	1,831	1,381
Rediscount on other notes receivables (-)	(7)	(5)
Allowance for other doubtful receivables (-)	(960)	(275)
	38,018	**49,579**

The movement of other doubtful receivables is as follows:

	31 December 2017	31 December 2016
1 January	(275)	(258)
Change in period	(881)	(5)
Currency translation differences	(47)	(12)
Collections	43	-
Effect of disposal of subsidiary	200	-
	(960)	**(275)**

Other non-current receivables	31 December 2017	31 December 2016
Due from sales of financial asset (*)	14,199	21,298
Deposits and guarantees given	4,993	3,528
Rediscount on other notes receivables (-)	(2,607)	(3,862)
Receivable from tax office	-	9,667
	16,585	**30,631**

(*) Shares of Avea İletişim Hizmetleri A.Ş. were sold to Türk Telekomünikasyon A.Ş. at a nominal value of TRY 30,303 thousand on 30 July 2015, remaining maturity as follows:

Collection periods	31 December 2017	31 December 2016
3 – 12 Months	7,099	7,099
1 – 5 years	14,199	21,298
	21,298	**28,397**

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

	31 December 2017	31 December 2016
1 January	-	(35)
Collections	-	40
Currency translation differences	-	(5)
	-	**-**

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

11. Other Receivables and Payables (Continued)

Other current payables	**31 December 2017**	**31 December 2016**
Liability from acquisition of asset group (Note 18) (*)	54,693	-
Due to acquisition of additional shares of subsidiary (Note 27) (**)	45,155	33,204
Deposits and guarantees received	26,560	32,281
Other payables	18,917	10,899
Other payables due to related parties (Note 37)	5,282	5,093
Rediscount on other notes payables (-)	(67)	(54)
Payable from the the acquisition of a subsidiary (Note 3) (***)	-	56,781
	150,540	**138,204**

(*) Debt balance amounting to USD 14,500 thousand which is going to be paid in 2018 within the scope of "Asset Transfer Agreement" signed with Pearl for Glass Manufacturing S.A.E. which operates in Egypt.

Other non-current liabilities	**31 December 2017**	**31 December 2016**
Other payables	1,504	1,224
Deposits and guarantees received	1,330	427
Payable from the acquisition of additional shares of subsidiary (Note 27) (**)	-	37,099
	2,834	**38,750**

(**)The minority share (10%) of Glasscorp, one of subsidiaries, was acquired at EUR 3,950 thousand on 17 October 2016, EUR 3,000 thousand of the total amount is paid on 17 October 2016 and EUR 950 thousand (=TRY 3,787 thousand) is paid on 17 January 2017,

In accordance with the restructuring of our companies operating in Russia, it has been decided that the shares of Sudel Invest S.a.r.l. at a rate of 24.075% in the portfolio of the subsidiaries Anadolu Cam Investment B.V. and 49% in the portfolio of Balsand B.V. are acquired by AC Glass Holding B.V. established in Netherlands. In accordance with this decision, the share transfer of Sudel Invest S.a.r.l. was completed on 10 July 2015 with the amount of EUR 66,000 thousand and the maturity of remaining payable which is amounting to EUR 10,000 thousand (31 December 2016: EUR 18,000 thousand) , is as follows:

Payment period	**31 December 2017**	**31 December 2016**
3 – 12 Months	45,155	29,679
1 – 5 years	-	37,099
	45,155	**66,778**

Additionally, there is an agreement amounting to EUR 4,000 thousand for the consultancy services. Based on this agreement, EUR 1,000 thousand, EUR 1,000 thousand and EUR 1,000 thousand of the total payment amounting to EUR 3,000 thousand have been paid respectively in 2015, 2016 and 2017 and the remaining balance of EUR 1,000 thousand is planned to be paid in 2018 in the return of the service.

(***)The net asset of the Sangalli Vetro Porto Nogaro in Italy was acquired for EUR 52,017 thousand on 31 October 2016 and EUR 10,391 thousand (=TRY 40,652 thousand) of the total amount of EUR 15,306 thousand which has been suspended to 2017 is paid on 21 April 2017. Remaining portion which is amounting to EUR 4,915 thousand (=TRY 20,305 thousand) is paid on 31 July 2017 and with this payment there is no outstanding debt has left.

12. Derivative Instruments

The Group has performed following transactions for cash flow hedging;

- The Group entered into a loan agreement with Rabobank in 10 June 2016 and fixed the interest rates of variable interest rated loans that were denominated in Euro along the maturity with the purpose of hedging the liability position of the companies located in Russia and operating under glass packaging segment with their asset position in terms currency and fix interest rates.

  Hedging instruments include interest rates swaps that fix floating rate of 3 month Libor+2.50% on EUR 75,000 thousand with 2 year maturity to the rate of 12.71% and cross currency swaps that fix EUR/RUB rates to 75.72 for principal and interest payments.

- The Group entered into a loan agreement with HSBC London in 27 November 2013 and fixed the interest rates of variable interest rated loans that were denominated in US Dollar along the maturity with the purpose of hedging the liability position of the companies located in Russia and operating under glass packaging segment with their asset position in terms currency and hedging fix interest rates.

  Hedging instruments include interest rates swaps that fix floating rate of 3 month Libor+2.55% on USD 70,000 thousand with 3 year maturity to the rate of 9.30% and cross currency swaps that fix USD/RUB rates to 33.1132 for principal and interest payments. As of 31 December 2016, the hedge instrument is realized.

  The Group signed the following forward agreements (cross currency) for the period 1 January-31 December 2017.

- From 11 July 2017 to 26 April 2018, a total of EUR 9,500 thousand, including different dates, has signed a Russian Ruble acquisition agreement with Citibank. As of 31 December 2017, a portion amounting to EUR 4,500 thousand was realized from the sale contracts of EUR 9,500 thousand.
- Citibank signed the purchase contract of Russian Rubles by the sale of EUR 5,000 thousand that will be due on various dates from 10 November 2017 to 30 October 2018.

The amounts mentioned below have been realized during the period from the contracts signed in 2016.

- From 16 January 2016 to 15 December 2017, a total of EUR 9,600 thousand has been sold and signed the Turkish Lira purchase agreement with Türkiye İş Bankası A.Ş. on different dates. As of 31 December 2016, EUR 6,000 thousand of the sale contracts of EUR 9,600 thousand were realized and EUR 3,600 thousand was realized in the period of 1 January – 31 December 2017.

  Further; Türkiye İş Bankası A.Ş sold EUR 4,000 thousand which was signed in 2015 and realized EUR 3,750 thousand of Turkish Lira foreign exchange buying and selling transactions during 1 January-31 December 2016 period.

- An agreement with HSBC including the purchase of Russian Rubles by the sale of USD 2,000 thousand that will be due on various dates between 29 June 2016 and 29 July 2016 has been signed. Related contract of sale has been realized as of 31 December 2016.

  Additionally, a forward agreement for the purchase of Ruble by the sale of USD 6,000 thousand signed in 2015 has been realized as of 31 December 2016.

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

12. Derivative Instruments (Continued)

- A foreign currency swap agreement with HSBC including the purchase of Turkish Lira by the sale of EUR 12,500 thousand that will be due on various dates between 2 August 2016 and 30 December 2016 has been signed. Related contract of sale has been realized as of 31 December 2016.
- An agreement for the purchase of USD by the sale of EUR 7,500 thousand from 2 August 2016 to 30 September 2016 has been signed with HSBC. Related contract of sale has been realized as of 31 December 2016.
- An agreement for the purchase of USD by the sale of EUR 3,000 thousand from 2 August 2016 to 30 September 2016 has been signed with Citibank. Related contract of sale has been realized as of 31 December 2016.
- An agreement for the purchase of RUB by the sale of EUR 2,000 thousand on various dates from 17 November 2016 to 31 March 2017 has been signed with Citibank. Related contract of sale amounting to EUR 2,000 has been realized.

The transactions related to derivative instruments are as follows:

	31 December 2017		31 December 2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Swap transactions	-	20,252	-	40,772
Forward transactions	1,209	-	831	810
	1,209	**20,252**	**831**	**41,582**

The transactions related to derivative instruments are as follows:

	31 December 2017	**31 December 2016**
1 January	(40,751)	87,952
Foreign exchange gain/ (loss) recognized to statement of profit or loss (*)	25,179	(38,951)
Fair value changes recognized in equity	1,146	11,547
Currency translation differences	(4,080)	5,597
Cash inflows/(outflows) due to realized foreign exchange gain/loss	(569)	(105,557)
Interest expense charged to statement of profit or loss	32	(1,339)
Net asset/ (liability)	**(19,043)**	**(40,751)**

(*) TRY 1,786 thousand foreign exchange gain of total TRY 25,179 thousand in consolidated statement of income in the period between 1 January-31 December 2017 was recognized in other operating income; the amount of TRY 23,393 thousand was recognized in finance income. (From 1 January – 31 December 2016, TRY 3,929 thousand foreign exchange gain of total TRY 39,951 thousand in consolidated statement of income in the period between 1 January-31 December 2017 was recognized in other operating income; the amount of (TRY 42,880) thousand foreing exchange losses was recognized in finance income.)

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

13. Inventories

	31 December 2017	31 December 2016
Finished goods	1,200,442	1,178,151
Raw materials	631,217	508,130
Trade goods	157,211	141,527
Other inventories	90,708	78,724
Work in process	58,607	47,134
Supplies	52,761	33,416
Goods in transit	463	874
Provision for inventory impairment (-)	(50,235)	(28,083)
	2,141,174	**1,959,873**

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

	31 December 2017	31 December 2016
1 January	(28,083)	(17,232)
Provision for the year	(32,316)	(14,767)
Currency translation differences	(1,690)	(2,106)
Provision released	11,854	6,022
	(50,235)	**(28,083)**

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

Prepaid expenses in current assets	31 December 2017	31 December 2016
Advances given for inventories	140,824	148,580
Prepaid expenses	26,619	24,191
	167,443	**172,771**

Prepaid expenses in non-current assets	31 December 2017	31 December 2016
Advances given for tangible and intangible assets	117,910	37,215
Prepaid Expenses	34,246	35,445
	152,156	**72,660**

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

	31 December 2017	31 December 2016
1 January	37,215	102,680
Advances given in the period	722,810	195,222
Currency translation differences	1,543	4,511
Released in the period	(643,658)	(265,198)
31 December	**117,910**	**37,215**

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

14. Prepaid Expenses and Deferred Income (Continued)

Deferred Income

Short term deferred income	**31 December 2017**	**31 December 2016**
Deferred income (*)	74,260	77,402
Advances received from customers	52,965	47,313
Other advances received	5,726	595
	132,951	**125,310**

Long term deferred income	**31 December 2017**	**31 December 2016**
Deferred income (*)	56,423	60,954

(*)TRY 11,179 thousand of the amount of the short term deferred income and all of long term deferred income consists of the government incentive provided by the Romania government to Glasscorp SA and Bulgarian government to Trakya Glass Bulgaria EAD and Paşabahçe Bulgaria EAD (31 December 2016: in total TRY 66,625 thousand, respectively to TRY 5,671 thousand, TRY 60,954 thousand).

15. Construction Contracts

None (31 December 2016: None).

16. Joint Ventures and Associates

Net asset values of joint ventures and associates accounted for using equity method presented in the financial position of the associates are as follows:

Joint Ventures

	31 December 2017	**31 December 2016**
HNG Float Glass Limited	257,897	205,952
Rudnik Krecnjaka Vijenac D.O.O.	29,458	23,803
Oxyvit Kimya Sanayii ve Tic. A.Ş.	-	9,565
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	-	19,750
	287,355	**259,070**

Associates

	31 December 2017	**31 December 2016**
Solvay Şişecam Holding AG	328,447	272,696
Saint Gobain Glass Egypt S.A.E.	96,306	69,634
	424,753	**342,330**
	712,108	**601,400**

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

16. Joint Ventures and Associates (Continued)

The Group's shares in investments accounted for using equity method in the income statement are as follows:

Joint Ventures

	31 December 2017	31 December 2016
HNG Float Glass Limited	22,079	14,898
Rudnik Krecnjaka Vijenac D.O.O.	444	808
Oxyvit Kimya Sanayii ve Tic. A.Ş.	6,103	1,797
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	6,079	8,286
	34,705	**25,789**

Associates

	31 December 2017	31 December 2016
Solvay Şişecam Holding AG	86,590	70,566
Saint Gobain Glass Egypt S.A.E.	18,955	9,557
	105,545	**80,123**
	140,250	**105,912**
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. sales profit	**31,830**	**-**
Total profit impact of investments accounted for using equity method	**172,080**	**105,912**

Dividend income from joint ventures are as follows:

	31 December 2017	31 December 2016
Solvay Şişecam Holding AG	89,749	73,438
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	7,257	5,737
Oxyvit Kimya Sanayii ve Tic. A.Ş.	1,740	2,250
	98,746	**81,425**

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

	31 December 2017	31 December 2016
1 January	601,400	562,724
Net income for the period (net) from joint ventures and associates	140,250	105,912
Currency translation differences	101,704	11,870
Dividend income from joint ventures	(98,746)	(81,425)
Disposal of joint venture	(18,572)	-
Transfers to subsidiaries as a result of business combinations	(13,928)	-
Share payment of capital increase	-	2,274
Funds for actuarial gain/loss on employee termination benefits	-	45
	712,108	**601,400**

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follows:

<u>**HNG Float Glass Limited**</u>

	31 December 2017	**31 December 2016**
Current assets	133,968	119,593
Non-current assets	497,098	446,623
Total assets	**631,066**	**566,216**
Current liabilities	45,438	81,540
Non-current liabilities	69,833	72,772
Total liabilities	**115,271**	**154,312**
Net asset (including goodwill)	**515,795**	**411,904**
Group's share (%)		
− Direct and indirect ownership rate (%)	50.00	50.00
− Effective ownership rate (%)	34.73	34.73
Group's share in net assets	**257,897**	**205,952**

	1 January-31 December 2017	**1 January-31 December 2016**
Revenue	303,280	221,884
Profit from continuing operations	**44,158**	**29,796**
Other comprehensive income	59,733	62,513
Total comprehensive income/ (loss)	**103,891**	**92,309**
The Group's share in profit/ (loss) from continuing operations	**22,079**	**14,898**

Shares of Joint Venture in non-group parties are related to Hindusthan National Glass and Industries Limited.

The Group has been including the joint venture in the consolidation since 11 June 2013.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follows:

Rudnik Krecnjaka Vijenac D.O.O.

	31 December 2017	31 December 2016
Current assets	7,335	4,836
Non-current assets	60,969	50,449
Total assets	**68,304**	**55,285**
Current liabilities	8,525	7,016
Non-current liabilities	862	663
Total liabilities	**9,387**	**7,679**
Net asset (including goodwill)	**58,917**	**47,606**
Group's share (%)		
− Direct and indirect ownership rate (%)	50.00	50.00
− Effective ownership rate (%)	50.00	50.00
Group's share in net assets(including goodwill)	**29,458**	**23,803**

	1 January- 31 December 2017	1 January- 31 December 2016
Revenue	20,216	17,027
Profit from continuing operations	**888**	**1,616**
Other comprehensive income	10,423	6,753
Total comprehensive income/ (loss)	**11,311**	**8,369**
The Group's share in profit/ (loss) from continuing operations	**444**	**808**

Shares of Joint Venture in non-group parties are related to Fabrika Cementa Lukavac D.D. (FCL).

The Group has been including the joint venture in consolidation since 10 December 2010.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follow (Continued):

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.

	12 June 2017	**31 December 2016**
Current assets	43,339	44,004
Non-current assets	8,068	8,628
Total assets	**51,407**	**52,632**
Current liabilities	10,254	8,918
Non-current liabilities	4,005	4,213
Total liabilities	**14,259**	**13,131**
Net Assets	**37,148**	**39,501**
Group's share (%)		
− Direct and indirect ownership ratio (%)	50.00	50.00
− Effective ownership ratio (%)	39.22	39.22
Group's share in net assets	**18,574**	**19,750**

	1 January- 12 June 2017	**1 January- 31 December 2016**
Revenue	37,147	70,915
Profit from continuing operations	**12,162**	**16,573**
Other comprehensive income/ (loss)	-	59
Total comprehensive income/ (loss)	**12,162**	**16,632**
The Group's share in profit/ (loss) from continuing operations	**6,079**	**8,286**
Dividend distribution from retained earnings	**14,515**	**11,474**
Group's share in the dividend distributed	**7,257**	**5,737**
Sale Price (=EUR 12,800 thousand provision)	**50,404**	**-**
Profit on Sale	**31,830**	**-**

It has been decided on the Shareholders' General Assembly Meeting held on 20 March 2017 that the dividend would be paid on 7 April 2017.

The Group has been including the joint venture in the consolidation since 30 June 2001 and 12 June 2017 all shares of The Group with the total value of EUR 12,800 thousand are sold to Omco International N.V. who owns 50% of the shares outside of The Group.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follows (Continued):

Oxyvit Kimya Sanayii ve Tic. A.Ş.

	30 June 2017	31 December 2016
Current assets	33,920	22,021
Non-current assets	13,286	13,365
Total assets	**47,206**	**35,386**
Current liabilities	14,382	11,347
Non-current liabilities	4,968	4,910
Total liabilities	**19,350**	**16,257**
Net Asset	**27,856**	**19,129**
Group's share (%)		
− Direct and indirect ownership ratio (%)	50.00	50.00
− Effective ownership ratio (%)	32.30	32.30
Group's share in net assets	**13,928**	**9,565**

	1 January-30 June 2017	1 January-31 December 2016
Revenue	36,180	36,125
Profit from continuing operations	**12,207**	**3,594**
Other comprehensive income/ (loss)	-	31
Total comprehensive income/ (loss)	**12,207**	**3,625**
The Group's share in profit from continuing operations	**6,103**	**1,797**
Dividend distribution from retained earnings	**3,480**	**4,500**
Group's share in dividend distributed	**1,740**	**2,250**

It has been decided on the Shareholders' General Assembly Meeting held on 22 March 2017 that the dividend is going to be paid on 30 April 2017, however the dividend was paid on 27 March 2017.

While shares of Joint Venture in non-group parties belonged to Cheminvest Türkiye Deri Kimyasalları Sanayi ve Tic. A.Ş., they have been accounted using the full consolidation method after the purchase of 100% of Cheminvest Türkiye Deri Kimyasalları Sanayi ve Tic. A.Ş. shares in 25 July 2017. The Group has been including the joint venture in the consolidation since 30 August 1996.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follows (Continued):

Solvay Şişecam Holding AG

	31 December 2017	31 December 2016
Current assets	451,873	331,392
Non-current assets	1,074,834	929,906
Total assets	**1,526,707**	**1,261,298**
Current liabilities	131,037	97,360
Non-current liabilities	55,294	50,962
Total liabilities	**186,331**	**148,322**
Non-controlling interest	26,589	22,189
Net assets	**1,313,787**	**1,090,787**
Group's share (%)		
− Direct and indirect ownership ratio (%)	25.00	25.00
− Effective ownership ratio (%)	15.22	15.22
Group's share in net assets	**328,447**	**272,696**

	1 January-31 December 2017	1 January-31 December 2016
Revenue	991,172	774,096
Net profit from continuing operations	262,189	187,155
Dividend advances paid from profit	84,170	95,107
Profit from continuing operations	**346,359**	**282,262**
Other comprehensive income/ (loss)	235,636	157,058
Total comprehensive income/ (loss)	**581,995**	**439,320**
The Group's share in profit/ (loss) from continuing operations	**86,590**	**70,566**
Dividend distribution from retained earnings	**274,825**	**198,647**
Group's share from dividend distributed	**89,749**	**73,438**

Founded based on Bulgarian Republic laws, Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97.95% direct and indirect ownership of Solvay Sodi A.D., which was located in Devnya, Bulgaria.

The Group has been consolidating the associate since 23 July 1997.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Associates is as follows (Continued):

Saint Gobain Glass Egypt S.A.E

	31 December 2017	31 December 2016
Current assets	118,702	79,110
Non-current assets	243,857	225,808
Total assets	**362,559**	**304,918**
Current liabilities	29,321	66,557
Non-current liabilities	12,219	6,249
Total liabilities	**41,540**	**72,806**
Net asset (including goodwill)	**321,019**	**232,112**
Group's share (%)		
− Direct and indirect ownership ratio (%)	30.00	30.00
− Effective ownership ratio (%)	20.84	20.84
Group's share in net assets (including goodwill)	**96,306**	**69,634**

	1 January-31 December 2017	1 January-31 December 2017
Revenue	277,092	208,558
Profit from continuing operations	**63,184**	**31,857**
Other comprehensive income/ (loss)	25,723	(207,132)
Total comprehensive income/ (loss)	**88,907**	**(175,275)**
The Group's share in profit/ (loss) from continuing operations	**18,955**	**9,557**
Capital increase within the period (*)	**-**	**8,138**
The Group's share in increased capital	**-**	**2,274**

(*) Saint Gobain Glass Egypt reduced its share from 30.01% to 30.00% by participating in the capital increase of EGP 25,500 thousand, which was made by S.A.E on 25 July 2016, in the amount of EGP 7,500 thousand. The capital share repayment has been paid from capital advances given before 1 January 2016.

The Group has been including the associate in the consolidation since 4 October 2012.

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

17. Investment Properties

	Net Book Value	Revaluation Fund	Revaluation Profit/ (Loss) Effect	Fair Value
1 January	24,122	402,176	155,834	582,132
Transfers from tangible assets	80	5,500	-	5,580
Disposals	(422)	(2,282)	(2,246)	(4,950)
Revaluation value increase	-	-	28,015	28,015
Revaluation value decrease	-	(25,176)	(2,532)	(27,708)
31 December 2017 closing balance	**23,780**	**380,218**	**179,071**	**583,069**

	Net Book Value	Revaluation Fund	Revaluation Profit/ (Loss) Effect	Fair Value
1 January	24,122	402,176	108,020	534,318
Revaluation value increase	-	-	47,814	47,814
31 December 2017 closing balance	**24,122**	**402,176**	**155,834**	**582,132**

The Group has classified Çayırova properties located in Gebze, Kocaeli, as investment property due to the cessation of operational use as of 31 December 2012. The fair value of the property is determined as TRY 306,879 thousand as of 31 December 2017 (TRY 297,132 thousand as of 31 December 2016). Revaluation gain of TRY 28,015 thousand is recognized under "Income From Investment Activities" in the profit and loss statement in 2017, revaluation loss of TRY 2,532 thousand is recognized under "Expense from Investment Activities" and revaluation loss of TRY 16,366 thousand is recognized by the reversal of "Revaluation Increase (Decrease) in Property, Plant and Equipment" Fund account in previous years. The fair value of the investment property of Çayırova is determined based on the valuations made by independent valuation company, "Harmoni Gayrimenkul ve Danışmanlık A.Ş.", which are authorized by CMB and has required professional experience and up-to-date information concerning the classification and location of the investment property. The fair value of properties were calculated by using " Cost Analysis", "Direct Capitalization", "Cash Flow Analysis" and "Market Approach" for lands where existing constructions have valid construction plan and/or occupancy permit. It has been reached the results by considering the region subject to revaluation of properties, the scarcity of similar land in the region, transportation relations, environmental restructuring and construction plan process ongoing in the region. In 2017 partial sales of property have occurred. In addition, a parcel in the region is classified as "Investment Property".

The Group has classified Beykoz property located in İncirköy, Beykoz, İstanbul as investment property due to the termination of operational use as of 30 June 2011. The fair value of the property is determined as TRY 276,190 thousand as of 31 December 2017 (TRY 285,000 thousand as of 31 December 2016) Revaluation gain of TRY 8,810 thousand is recognized by the reversal of "Revaluation Increase (Decrease) in Property, Plant and Equipment" Fund account in previous years. The fair value of the investment property of Beykoz is determined based on the valuations made by independent valuation company, "Harmoni Gayimenkul ve Danışmanlık A.Ş.", which are authorized by CMB and has required professional experience and up-to-date information concerning the classification and location of the investment property. The fair value of properties were determined by using "Cost Analysis", "Direct Capitalization", "Cash Flow Analysis" and "Market Approach".

The fair value hierarchy of investment properties is set as Level 2.

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

18. Property, Plant and Equipment

Asset Group Acquisition:

The Group has established a new company, namely Paşabahçe Egypt Glass Manufacturing S.A.E. in Egypt, that has completed negotiations on the "Asset Transfer Agreement" with Pearl for Glass Manufacturing S.A.E. in Egypt and took over Pearl for Glass Manufacturing SAE's assets with an amount of USD 18,000 thousand as of October 1, 2017. The relevant acquisition is based on the asset acquisition agreement.

Reaching to lower labor costs and raw materials prices compared to Turkey, and selling to Middle East, Africa and North America with better customs and tax rates was the reason for the acquisition that strengthen the growth strategy of the Group in the Middle East and Africa.

There are no intangible assets such as the company name, brand, customer and supplier etc within the asset group which were acquired. For the group's know-how transfers, especially in plants in Turkey, qualified employees will ensure the establishment of manufacturing operations at this facility on a contractual basis.

Without any process, procedure or system taken over, processes that are adopted in other factories of the Group's "Glassware Group" are transferred to the working team in question. Procedures applied in the Group will be translated into Arabic.

The products which are the basic output of the plant will be sold completely to their customers at the discretion of "Glassware Group".

Goodwill is not accounted under the "TFRS-3 Business Combinations" accounting standard since the asset group acquired for the reasons mentioned above does not evaluated in the scope of the business definition.

The fair value of the net assets received on the date of transition to the Community is as follows:

	The Fair Value
Tangible fixed assets	
- Terrain and Lands	2,594
- Buildings	19,784
- Plant machinery and equipment	41,493
- Furniture and Fixture	66
Total Non-current Assets	**63,937**

(*)The total amount of the received asset group was determined as USD 18,000 thousand on 1 October 2017, and the control of related assets were transferred to the Group at that date. Before the control of the related assets were moved to the Group, a pre-payment of USD 3,500 thousand was made on 26 July 2017, As of 31 December 2017, the Bank has accounted for the acquisition of USD 14,500 thousand in the financial statements as short term liabilities.

In 2016, there is no asset group acquisition with same manner as mentioned above.

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

18. Property, Plant and Equipment (Continued)

Cost	Land	Land improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Beginning- 1 January	1,534,594	457,118	2,479,253	9,791,992	74,675	526,238	727,125	316,562	15,907,557
Classifications (*)	(4,273)	6,522	4,102	37,013	16	(143,283)	99,657	-	(246)
Currency translation differences	20,845	28,916	261,238	663,133	10,784	17,654	44,518	32,872	1,079,960
Impact of subsidiary disposal (Note 27)	(22,600)	(1,128)	(14,212)	(65,332)	-	(5,455)	-	-	(108,727)
The effect of business combinations (Note 3)	3,829	1,228	1,579	22,188	32	488	-	725	30,069
The effect of asset group purchase	2,594	-	19,784	41,493	-	66	-	-	63,937
Additions	6	424	1,534	36,918	2,323	12,248	23,302	778,070	854,825
Disposals	-	(162)	(9,524)	(192,415)	(2,685)	(22,313)	(77,611)	-	(304,710)
Transfers to construction in progress	(5,580)	-	-	-	-	-	-	-	(5,580)
Transfers from construction in progress	20,809	18,627	68,868	485,299	2,068	33,804	136,303	(765,778)	-
Balance at 31 December 2017	**1,550,224**	**511,545**	**2,812,622**	**10,820,289**	**87,213**	**419,447**	**953,294**	**362,451**	**17,517,085**
Accumulated depreciation and impairment									
Beginning- 1 January	(11,327)	(253,496)	(138,971)	(5,984,698)	(51,172)	(352,092)	(482,475)	-	(7,274,231)
Classification (*)	-	428	(4,031)	(28,163)	(16)	91,207	(63,452)	-	(4,027)
Currency translation differences	(1,998)	(12,352)	(19,844)	(321,220)	(7,106)	(11,727)	(28,105)	-	(402,352)
The effect of subsidiary disposal	-	459	610	59,711	-	3,601	-	-	64,381
The effect of business combinations (Note 3)	-	(359)	(76)	(15,961)	(32)	(366)	-	-	(16,794)
Charge for the period (**)	-	(27,346)	(95,285)	(645,691)	(7,829)	(35,957)	(115,197)	-	(927,305)
Disposals	-	123	871	171,692	2,532	21,519	50,948	-	247,685
Impairment provision	-	-	-	(4,900)	-	-	-	-	(4,900)
Balance at 31 December 2017	**(13,325)**	**(292,543)**	**(256,726)**	**(6,769,230)**	**(63,623)**	**(283,815)**	**(638,281)**	**-**	**(8,317,543)**
Net book value as of 31 December 2017	**1,536,899**	**219,002**	**2,555,896**	**4,051,059**	**23,590**	**135,632**	**315,013**	**362,451**	**9,199,542**
Net book value as of 31 December 2016	**1,523,267**	**203,622**	**2,340,282**	**3,807,294**	**23,503**	**174,146**	**244,650**	**316,562**	**8,633,326**

(*) The Group reconsidered the fully amortized property, plant and equipment and performed reclassifications and offsetting in the related accounts. The related changes on tangible assets have no impact on profit/ (loss).

(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30,

The net book value of buildings, facilities, machinery and equipment acquired through finance lease is TRY 5,624 thousand (TRY 5,603 thousand as of 31 December 2016). No leasing activity occurred during the period.
The Group has no mortgage over lands and buildings due to bank borrowings exist (1 January – 31 December 2016: None).

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

18. Property, Plant and Equipment (Continued)

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Beginning- 1 January	1,507,648	394,394	1,997,142	8,137,504	64,698	421,335	562,562	436,026	13,521,309
Classifications (*)	(4,501)	(553)	(12,779)	21,908	3	(4)	-	10,857	14,931
Currency translation differences	18,961	43,299	359,756	686,929	9,079	48,510	47,716	41,279	1,255,529
The effect of business combinations (Note 3)	10,051	-	41,710	182,683	63	3,299	733	-	238,539
Additions	50	1,683	1,697	104,494	765	39,047	60,247	913,141	1,121,124
Disposals	(6,002)	(187)	(3,869)	(162,488)	(1,705)	(24,773)	(44,851)	-	(243,875)
Transfers from construction in progress	8,387	18,482	95,596	820,962	1,772	38,824	100,718	(1,084,741)	-
Balance at 31 December 2016	**1,534,594**	**457,118**	**2,479,253**	**9,791,992**	**74,675**	**526,238**	**727,125**	**316,562**	**15,907,557**
Accumulated depreciation and impairment									
Beginning- 1 January	(10,397)	(208,609)	(43,139)	(5,195,742)	(39,729)	(292,009)	(383,845)	-	(6,173,470)
Classifications (*)	399	1,079	1,396	(21,908)	(3)	3	-	-	(19,034)
Currency translation differences	(1,329)	(21,564)	(20,749)	(328,269)	(5,761)	(31,371)	(31,188)	-	(440,231)
Change for the period (**)	-	(24,509)	(76,692)	(532,034)	(7,219)	(43,965)	(93,076)	-	(777,495)
Disposals	-	107	213	93,255	1,540	15,250	25,634	-	135,999
Balance at 31 December 2016	**(11,327)**	**(253,496)**	**(138,971)**	**(5,984,698)**	**(51,172)**	**(352,092)**	**(482,475)**	**-**	**(7,274,231)**
Net book value as of 31 December 2016	**1,523,267**	**203,622**	**2,340,282**	**3,807,294**	**23,503**	**174,146**	**244,650**	**316,562**	**8,633,326**
Net book value as of 31 December 2015	**1,497,251**	**185,785**	**1,954,003**	**2,941,762**	**24,969**	**129,326**	**178,717**	**436,026**	**7,347,839**

(*) The Group reconsidered the fully amortized property, plant and equipment and performed reclassifications and offsetting in the related accounts. The related changes have no impact on profit/ (loss).

(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

The net book value of the buildings and facilities, machinery and equipment acquired through financial leasing is TRY 5,603 thousand (TRY 5,640 thousand as of 31 December 2015). No financial leasing has been made in the period.

The Group has no mortgage over lands and buildings due to bank borrowings (1 January – 31 December 2015: None).

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

19. Intangible Assets

Cost	Rights	Mine fields	Capitalized Development costs	Other	Total
1 January	159,211	13,135	83,411	28,624	284,381
Classifications	-	-	-	4,273	4,273
Currency translation differences	14,151	-	-	2,913	17,064
Impact of subsidiary disposal (Note 27)	(221)	-	-	(19)	(240)
The business combinations effect (Note 3)	208	-	-	5	213
Additions	23,521	-	5,623	366	29,510
Disposals	(344)	-	-	(131)	(475)
Balance at 31 December 2017	**196,526**	**13,135**	**89,034**	**36,031**	**334,726**
Accumulated depreciation					
1 January	(115,900)	(8,228)	(38,768)	(12,035)	(174,931)
Currency translation differences	(12,331)	-	-	(2,035)	(14,366)
Impact of subsidiary disposal	147	-	-	19	166
The business combinations effect (Note 3)	(197)	-	-	(5)	(202)
Charge for the period (*)	(21,058)	(725)	(14,583)	(4,503)	(40,869)
Disposals	344	-	-	6	350
Balance at 31 December 2017	**(148,995)**	**(8,953)**	**(53,351)**	**(18,553)**	**(229,852)**
Net book value as of 31 December 2017	**47,531**	**4,182**	**35,683**	**17,478**	**104,874**
Net book value as of 31 December 2016	**43,311**	**4,907**	**44,643**	**16,589**	**109,450**

Cost	Rights	Mine fields	Capitalized Development costs	Other	Total
1 January	132,388	13,135	66,154	20,783	232,460
Classifications (*)	-	-	-	4,103	4,103
Currency translation differences	9,946	-	-	1,911	11,857
The business combinations effect (Note 3)	-	-	-	82	82
Additions	16,971	-	17,257	3,084	37,312
Disposals	(94)	-	-	(1,339)	(1,433)
Balance at 31 December 2017	**159,211**	**13,135**	**83,411**	**28,624**	**284,381**
Accumulated depreciation					
1 January	(91,836)	(7,459)	(26,913)	(7,949)	(134,157)
Currency translation differences	(7,565)	-	-	(1,194)	(8,759)
Change for the period (**)	(16,594)	(769)	(11,855)	(2,928)	(32,146)
Disposals	95	-	-	36	131
Balance at 31 December 2016	**(115,900)**	**(8,228)**	**(38,768)**	**(12,035)**	**(174,931)**
Net book value as of 31 December 2016	**43,311**	**4,907**	**44,643**	**16,589**	**109,450**
Net book value as of 31 December 2015	**40,552**	**5,676**	**39,241**	**12,834**	**98,303**

(*) The Group has reassessed its intangible assets and has made related account classifications and netting including the assets which have been expired. Such changes do not have any effect on profit / (loss).

(**) Allocation of amortisation expense is disclosed in Note 28 and Note 30.

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

20. Goodwill

The movement of goodwill balance is as follows:

	31 December 2017	31 December 2016
1 January	38,158	32,198
Acquisition in the period	10,862	-
Currency translation differences	7,366	5,960
	56,386	**38,158**

The detail of goodwill in terms of subsidiaries is as follows:

	31 December 2017	31 December 2016
Glasscorp S.A.	24,833	20,951
Oxyvit Kimya Sanayii ve Tic. A.Ş.	10,862	-
Cromital S.p.A	10,638	8,741
Richard Fritz Holding GmbH	6,570	5,398
OOO Ruscam Glass Packaging Holding	3,483	3,068
	56,386	**38,158**

21. Government Grants

Certain expenses regarding industries relating to R&D projects which have been certified by expert organizations are reviewed and evaluated so that a specific proportion of these expenses are considered as grants and can be refunded within the context of the Decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board's Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

In line with the Law on the Support of R & D Activities No. 5746 on the basis of new technology and research and development activities in search of information, 100% of the expenditures made in the R & D centers within the scope of the enterprises are considered as R & D discounts in determining the corporate income until 31 December 2023. On the basis of the provisions of the law no 5746, the amount of R & D reduction that cannot be deducted in the relevant accounting period due to insufficient earnings is transferred to the next accounting period. Amounts transferred shall be taken into consideration by increasing the revaluation rate determined every year according to Tax Procedure Law No: 213 without any time limit in the following years.

In addition, according to the Law No. 5746, withholding tax incentive and insurance premium support is provided for personnel working in the R & D center. According to this law, among the design and support personnel working in R & D and design centers; ninety five percent (95%) for those who have at least a master's degree in one of the basic sciences, ninety percent (90%) for those who have a bachelor's degree in one of the basic sciences, others (80%) are excluded from income tax. Among design and support personnel working in R & D and design centers; half of the employer's share of the insurance premium calculated on the wages they have obtained in return for these works shall be met from the appropriation to be made to the Ministry of Finance for each employee. R & D incentives mentioned in our group are also utilized.

21. Government Grants (Continued)

Discounted Corporate Tax Application

İn the line with the article 32 / A of the Corporate Tax Law No.5520, the Ministry of Economy receives tax support for the profits obtained from investments connected to the incentive certificate. 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.

Export Operations and Exchange Earning Activities

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

Turquality

Turquality, which is a brand support program aiming to increase consciousness and awareness for Turkish brands by supporting them, and in the frame of "No.16 / 4" Communiqué on Turkish Branding Abroad, Placement of Turkish Product Image and Support of TURQUALITY " companies',

• 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 foreign units,

• Consulting expenses

are supported within certain limits.

According to the areas in which our Group operates, the brand support program is utilized

Incentives provided in foreign contries

A memorandum for government incentive was signed between Trakya Glass Bulgaria EAD, 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.

Glasscorp S.A. utilizes government grants in Romania within this scope.

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

22. Provisions, Contingent Assets and Liabilities

The total amount of the law suits as of 31 December 2017 filed and continuing against the Group is approximately TRY 56,946 thousand (31 December 2016: TRY 40,229 thousand). The Group has been defendant and plaintiff of various cases within the ordinary operations during the period. According to the opinions of independent legal and tax advisors, apart from the cases for which provision amounting to TRY 30,376 thousand (31 December 2016: TRY 17,023 thousand) have been allocated, the Group considers the possibility of incurring loss from the cases as remote as of 31 December 2017.

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017				
The CPMs given by the Company	**TRY Equivalent**	**USD**	**EUR**	**RUR**	**TRY equivalent of TRY and other Currencies**
A. CPM's given in the name of own legal personality	40,441	10,000	-	-	2,722
B. CPM's given on behalf of the fully consolidated companies	3,121,880	46,168	444,753	10,866,131	232,398
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	1,508,760	400,000	-	-	-
i. Total amount of CPM's given on behalf of the main shareholder (*)	1,508,760	400,000	-	-	-
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	**4,671,081**	**456,168**	**444,753**	**10,866,131**	**235,120**

Percentage of other CPM's given by the Company to the Company's equity is 11.55 % as of 31 December 2017,

(*) On 9 May 2013, The Group issued a bond with 7 year term and nominal amount of USD 500,000 thousand which were transferred to subsidiaries, Trakya Cam Sanayi A.Ş. by USD 250,000 thousand, to Anadolu Cam Sanayii A.Ş.by USD 100,000 thousand and to Soda Sanayii A.Ş. by USD 50,000 thousand. The subsidiaries has guaranteed that principal, interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries has guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

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

22. Provisions, Contingent Assets and Liabilities (Continued)

	31 December 2016				
The CPMs given by the Company	**TRY Equivalent**	**USD**	**EUR**	**RUR**	**TRY equivalent of TRY and other Currencies**
A. CPM's given in the name of own legal personality	2,113	-	-	-	2,113
B. CPM's given on behalf of the fully consolidated companies	3,438,611	97,650	581,779	12,367,381	227,723
C. CPM's given on behalf of third parties or ordinary course of business					
D. Total amount of other CPM's given	1,407,680	400,000	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	1,407,680	400,000	-	-	-
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	**4,848,404**	**497,650**	**581,779**	**12,367,381**	**229,836**

Percentage of other CPM's given by the Company to the Company's equity is 12.42% as of 31 December 2016.

(*) On 9 May 2013, The Group issued a bond with 7 year term and nominal amount of USD 500,000 thousand which were transferred to subsidiaries, Trakya Cam Sanayi A.Ş. by USD 250,000 thousand, to Anadolu Cam Sanayii A.Ş.by USD 100,000 thousand and to Soda Sanayii A.Ş. by USD 50,000 thousand. The subsidiaries has guaranteed that principal, interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries has guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

Put/call option agreements

Put/call option agreements were signed between the Group and European Bank for Reconstruction and Development ("EBRD") on 10 November 2014 and 24 October 2014. Accordingly, Group has call option for Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") whereas the agreement granted a put option to EBRD. If Paşabahçe will go public until 24 October 2019, the put/call options will be expired.

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

22. Provisions, Contingent Assets and Liabilities (Continued)

Short term provisions

	31 December 2017	31 December 2016
Accrued expenses	43,899	34,645
Litigation provisions	31,167	17,023
Provisions for employee benefits (Note 24)	12,015	10,124
Turnover premium provision	8,624	2,416
Other short term provisions	-	549
	95,705	**64,757**

23. Commitments

According to the agreements with Türkiye Petrolleri Anonim Ortaklığı A.Ş. , Shell Enerji A.Ş. , Mersin Organize Sanayi Bölgesi, Aygaz Doğal Gaz Toptan Satış A.Ş., Boru Hatları ve Petrol Taşıma A.Ş. (BOTAŞ), Eskişehir Organize Sanayii Bölge Müdürlüğü, Palgaz Doğalgaz A.Ş. , Enerya Denizli Gaz Dağıtım A.Ş. , Akfel Petrol and Doğalgaz Mühendislik A.Ş., the Group has a purchase commitment of 1,510,091,673 sm3 of natural gas between 1 January 2018 and 31 December 2018 (1 January- 31 December 2016: 1,007,136,266 sm3).

24. Employee Benefits

Short term liabilities for employee benefits

	31 December 2017	31 December 2016
Due to personnel	35,546	28,542

Short term provisions for employee benefits	31 December 2017	31 December 2016
Unused vacation provision	12,015	10,124

Long term provisions for employment benefits

Provision for employee termination benefits

	31 December 2017	31 December 2016
Domestic	337,209	271,637
Foreign	8,602	6,783
	345,811	**278,420**

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. Also, 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.

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

24. Employee Benefits (Continued)

Long term provisions for employment benefits (Continued)

Provision for employee termination benefits (Continued)

The amount payable consists of one month's salary limited to a maximum of TRY 4,732.48 for each period of service as of 31 December 2017 (31 December 2016: TRY 4,297.21). TRY 5,001.75 which is effective from 1 January 2018, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2016: TRY 4,426.16 which is effective from 1 January 2017).

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 Employee Termination Benefits.

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 December 2017 and 31 December 2016 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 6.40% (31 December 2016: 6.00%) and a discount rate of 11.39% (31 December 2016: 11.50%), the real discount rate is approximately 4.69% (31 December 2016: 5.19%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 31 December 2017, estimated probability of not leaving work until retirement is 98.48% (31 December 2016: 90.87%).

The movement of the employment termination benefits is as follows:

	31 December 2017	31 December 2016
1 January	278,420	261,989
Service costs	56,583	49,285
Actuarial Gain/ (Loss)	41,235	(4,563)
Interest costs	30,747	12,395
Currency translation differences	1,504	943
The effect of business combinations (Note 3)	738	125
Disposal of a subsidiary (Note 27)	(6,400)	-
Payments made during the period	(57,016)	(41,754)
	345,811	**278,420**

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

25. Impairment of Assets

Impairment of assets	31 December 2017	31 December 2016
Provision for doubtful receivables (Note 10)	88,288	68,216
Provision for inventory write down (Note 13)	50,235	28,083
Impairment on investment properties (Note 17)	27,708	-
Impairment on tangible assets (Note 18)	4,900	-
Provision for other doubtful receivables (Note 11)	960	275
Impairment on financial assets (Note 7)	-	100,484
	172,091	**197,058**

The details of impairment of available-for-sale financial assets	31 December 2017	31 December 2016
Şişecam Shanghai Trade Co. Ltd.	-	655
Trakya Yatırım Holding A.Ş.	-	99,617
Tasfiye Halinde Mepa Merkezi Pazarlama A.Ş.	-	212
	-	**100,484**

26. Other Assets and Liabilities

Other current assets	31 December 2017	31 December 2016
Deductible VAT on exports	73,502	49,444
VAT transferred	45,863	40,364
Income accruals (*)	3,688	63,470
Work advances	625	1,278
Other	12,356	12,648
	136,034	**167,204**

(*) Presents damage compensation receivable of TRY 59,890 thousand (=EUR 16,143 thousand) as of 31 December 2016 from the insurance company due to fire outbreak in Eskişehir Plant of Paşabahçe Cam Sanayii ve Tic. A.Ş. at 26 May 2016. The Group management recognized an income accrual based on the minimum amount to be received in with the prudent approach. On 30 June 2017, receivable from insurance company amounting to EUR 16,463 thousand (=TRY 65,900 thousand) was collected.

Damage amount due to fire and accured income are as follows;

	Thousand TRY
Damage in 2015	(66,573)
Cash receipt in 2015	30,114
Benefit received in 2016	42,449
Income accrual in 2016	59,890
Income accrual in 2017	6,010
Total effect	**71,890**

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

26. Other Assets and Liabilities (Continued)

The movement of other current assets balance is as follows:

	31 December 2017	**31 December 2016**
1 January	-	(475)
Charge for the period	-	(647)
Currency translation differences	-	(65)
Collections		1,187
	-	**-**

Other non-current assets	**31 December 2017**	**31 December 2016**
Vat deductible	3,222	2,933
VAT deductible	374	9,979
Other non-current assets	45	37
	3,641	**12,949**

Other current liabilities	**31 December 2017**	**31 December 2016**
Taxes and funds payables	56,631	57,892
Social security withholdings payable	52,767	44,479
Expense accruals	47,654	56,716
VAT and other payables	10,609	4,931
Other	1,566	2,176
	169,227	**166,194**

27. Capital, Reserves and Other Equity Items

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

a) Paid in capital and adjustment to share capital

The approved and paid-in share capital of the Company consists of 225,000,000 thousand shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

	31 December 2017	**31 December 2016**
Registered capital ceiling (*)	4,000,000	2,500,000
Issued and paid-in capital (**)	2,250,000	2,050,000

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

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

a) Paid in capital and adjustment to share capital (continued)

(*) The amendment of Article 7 in Articles of Association related with capital which contains the increase of registered capital ceiling from TRY 2,500,000 thousand to TRY 4,000,000 thousand has been approved by the Capital Market Board with the letter dated 2 March 2017 and numbered 2779. Additionally, following to the approval obtained from Turkish Republic Custom and Trade Ministry, the increase of the ceiling has been accepted by the shareholders in the Ordinary General Assembly Meeting held on 30 March 2017 and published on the Trade Registry Gazette dated 13 April 2017 and numbered 9305. The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2017-2021 (5 years).

(**) Capital Markets Board approved the certificate of share issuance amounting to TRY 200,000 thousand dated 7 July 2017 as a result of capital increase from TRY 2,050,000 thousand to TRY 2,250,000 thousand. TRY 80,189 thousand of to be added to the paid-in capital is to be met by the extraordinary reserve funds, TRY 53,903 thousand portion by 2016 net profit, TRY 5,908 thousand portion by the private fund and the remaining TRY 60,000 thousand is to be met by the positive balance of the capital adjustments. Registration process was completed on 21 July 2017. Distribution of shares has started on 25 July 2017.

	31 December 2017		31 December 2016	
Shareholders	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
Türkiye İş Bankası A.Ş.	1,473,118	65.47	1,356,202	66.15
Efes Holding A.Ş.	185,073	8.23	168,622	8.23
Anadolu Hayat Emeklilik A.Ş.	1,081	0.05	985	0.05
Other (*)	590,728	26.25	524	25.57
Nominal capital	**2,250,000**	**100.00**	**2,050,000**	**100.00**
Adjustment to share capital	181,426		241,426	
Total share capital	**2,431,426**		**2,291,426**	

(*) Other includes the publicly traded portion of Türkiye Şişe ve Cam Fabrikaları A.Ş.'s shares.

Indirect ultimate shareholders of the Company are as follows:

	31 December 2017		31 December 2016	
Shareholders	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	773,845	34.39	713,346	34.80
Atatürk Shares (Cumhuriyet Halk Partisi)	414,048	18.40	381,185	18.59
Other (*)	1,062,107	47.21	955,469	46.61
Nominal capital	**2,250,000**	**100.00**	**2,050,000**	**100.00**

(*) Other includes various shareholders and the publicly traded portion of T.İş Bankası A.Ş.'s shares.

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

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

b) Share premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 527 thousand as of 31 December 2017 (31 December 2016: TRY 527 thousand).

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

	31 December 2017	31 December 2016
Gain/loss fund on revaluation and remeasurement	1,585,926	1,671,015
Revaluation funds of land and buildings	*1,258,349*	*1,305,499*
Revaluation funds of investment properties	*327,577*	*365,516*
Actuarial gain / loss funds provision for employee termination benefits	(24,885)	1,900
	1,561,041	**1,672,915**

<u>Revaluation funds of land and buildings on revaluation</u>

The Group has revalued the land and buildings in accordance with "Financial Reporting in Hyperinflationary Economies" in year end 2004 and revalued the purchases after this date by cost method.

As of 31 December 2015, The Group decided to re-evaluate the land and buildings in accordance with revaluation method in order to present with fair value, gain on revaluation is accounted for under equity by considering impact of deferred tax and non-controlling interest.

The movement of the revaluation funds of land and buildings on revaluation is as follows:

	31 December 2017	31 December 2016
1 January	1,305,499	1,276,174
Currency translation differences	61,685	109,157
Impact of business combinations	1,090	-
Impact of investments accounted for under equity accounting	148	163
- *Impact of fund*	*211*	208
- *Impact of tax*	*(63)*	*(45)*
Impact of non-controlling interests	(2,479)	(26,135)
Transfers to investment properties	(4,776)	-
Impact of property disposal	(7,019)	(4,369)
- *Impact of fund*	*(7,406)*	*(6,686)*
- *Impact of tax*	*387*	*616*
- *Impact of non-controlling interest*	-	*1,701*
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control cease	(8,745)	(36,210)
Impact of disposal of a subsidiary	(21,722)	-
Impact of deferred tax	(65,332)	(13,281)
- *Currency translation differences*	*(9,292)*	*(16,886)*
- *Impact of tax rate change*	*(56,040)*	*3,605*
	1,258,349	**1,305,499**

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

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

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

Revaluation funds of investment properties

Due to the change in their use, the Group transferred Beykoz properties located in İstanbul, İncirköy/ Beykoz district and Çayırova properties located in Kocaeli, Gebze/Çayırova to investment properties, which were accounted for under plant and equipment previously. The fair value increase recognized during the initial transfer was accounted for under "Gain/Loss on Revaluation and Remeasurement" in equity holders of the parent.

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

	31 December 2017	**31 December 2016**
1 January	365,516	365,744
Transfers from tangible assets	4,776	-
- *Impact of fund*	*5,500*	-
- *Impact of deferred tax*	*(275)*	-
- *Impact of non-controlling interest*	*(449)*	-
Increase (decrease) due to share changes not resulting loss of control in subsidiaries	46	(228)
Impact of subsidiary disposal	(1,982)	-
- *Impact of fund*	*(2,282)*	-
- *Impact of deferred tax*	*114*	-
- *Impact of non-controlling interest*	*186*	-
Impact of tax rate change during the period	(19,387)	-
- *Impact of deferred tax*	*(20,270)*	-
- *Impact of non-controlling interest*	*883*	-
Impact of valuations during the period	(21,392)	-
- *Impact of fund*	*(25,177)*	-
- *Impact of deferred tax*	*2,518*	-
- *Impact of non-controlling interest*	*1,267*	-
	327,577	**365,516**

Actuarial gain / loss funds provision for employee termination benefits

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 "Funds for actuarial gain/loss on employee termination benefits" under the equity.

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

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

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

The movement of the provision for employee termination benefits actuarial gain / loss funds is as follows:

	31 December 2017	31 December 2016
1 January	1,900	(945)
Deferred tax effect	8,246	(911)
Non-controlling interest effect	7,177	(810)
Impact of business combinations	23	-
Currency translation difference	5	(10)
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control cease	(58)	(31)
Impact of joint-venture disposal	(140)	-
Impact of subsidiary disposal	(803)	-
Change in the period	(41,235)	4,562
Impact from investments accounted for equity method	-	45
	(24,885)	**1,900**

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

	31 December 2017	31 December 2016
Currency translation differences	877,527	477,575
Hedge reserve	(112)	(833)
Available for sale financial asset revaluation fund	411	253
	877,826	**476,995**

Currency translation differences

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

The movement of currency translation differences is as follows:

	31 December 2017	31 December 2016
1 January	477,575	115,048
Accounted under equity in the period	399,952	362,527
- *Accounted for under other comprehensive income*	*429,711*	*351,818*
- *Impact of non-controlling interests*	*(29,759)*	*10,709*
	877,527	**477,575**

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

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

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

Hedge reserves

It consists of the effective portion of cumulative change in the fair value of derivative financial instruments related to cash flow hedge.

The movement of hedging reserves is as follows:

	31 December 2017	**31 December 2016**
1 January	(833)	(8,149)
Effective portion of the derivative instrument recognized in the equity	1,146	11,547
Deferred tax effect	(229)	(2,309)
Change in non-controlling interest shares	(196)	(1,922)
	(112)	**(833)**

Available for sale financial asset fund

Available for sale financial asset revaluation fund arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

The movement of the fund on financial assets is as follows:

	31 December 2017	**31 December 2016**
1 January	253	73
Change in fair values	226	189
Deferred tax effect	(68)	(9)
	411	**253**

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

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

e) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

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

Entities publicly traded make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

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

Restricted reserves attributable to equity holders of the Parent	31 December 2017	31 December 2016
Legal reserves	115,363	99,058

f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 3,624,971 thousand (31 December 2016: TRY 3,262,034 thousand) is TRY 5,523 thousand (31 December 2016: TRY 85,713 thousand).

Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

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

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

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

f) Retained Earnings (Continued)

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. Provision for taxes in the net profit for the period was calculated based on estimations since the amount had not been certain as of the report date.

	31 December 2017	31 December 2016
Net profit for the period	991,895	326,116
Special fund within the scope of Corporate Tax Law no: 5/1-e	(130,406)	-
I. legal reserves	(49,595)	(16,306)
Distributable profit for the period	**811,894**	**309,810**
Extraordinary reserves	5,523	85,713
	817,417	**395,523**

Corporate Tax Law 5/1-e article of the details of amounts received special funds are as follows:

	31 December 2017	31 December 2016
Profit from sales of shares	124,101	-
Income from sale of properties	6,305	-
	130,406	**-**

The Company has made these funds until the end of the fifth year following the year in which the sales are made in passive income should be kept in a special fund account. If the funds are transferred to another account (except for the capital addition) within the following five years, the tax authority shall be liable to pay tax penalty and default interest in accordance with the Tax Procedure Law.

It has been decided in Ordinary General Assembly Meeting held on 30 March 2017 that a gross dividend amounting to TRY 250,000 thousand, equivalent of 12.19512% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 140,000 thousand, equivalent of 6.82927% of paid in capital will be distributed as bonus shares. It has also been decided that the date of payment of cash dividend will be 31 May 2017 and the bonus shares will be distributed after the completion of legal procedures.

g) Non-controlling interest

Shares of third parties including the issued and paid-in capital of the subsidiaries in consolidation are separately presented for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components. Shares of third parties in the net profit or loss for the period of the subsidiaries in consolidation separately accounted for as non-controlling interests in the distribution of period profit/ (loss) section of the consolidated statement of profit and loss.

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

g) Non-controlling interest (Continued)

Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2017:

There is neither capital contribution of the non-controlling interests for the period between 1 January and 31 December 2017 nor for the period between 1 January and 31 December 2016.

The transactions made with the non-controlling interest owners within the context of restructuring of the Group companies between 1 January and 31 December 2017:

- A call option agreement with the usage price of TRY 2.60 per share and 3,000,000 pieces on Anadolu Cam Sanayii A.Ş.'s, our subsidiary, publicly traded shares was signed between our Company and İş Yatırım Menkul Değerler A.Ş. within the scope of the circular 466 of Istanbul Stock Exchange on 28 December 2016, The option was terminated on 4 May 2017 by collecting TRY 7,800 thousand.

- A call option agreement with the usage price of TRY 3.68 per share and 3,000,000 pieces on Anadolu Cam Sanayii A.Ş.'s, our subsidiary, publicly traded shares was signed between our Company and İş Yatırım Menkul Değerler A.Ş. within the scope of the circular 466 of Istanbul Stock Exchange on 4 May 2017. Price and quantity of the related put option had been revised to 5,067,600 pieces and TRY 2.1119 per share as a consequence of capital increase through bonus share issuance and dividend payments occurred in the period. The option was terminated on 17 August 2017 by collecting TRY 10,699 thousand.

The acquisition and sale of shares in subsidiaries and joint ventures within restructuring of the Group companies between 1 January and 31 December 2017:

- The Company sold all of its shares equivalent to 15% and amounting to TRY 11,850 thousand at nominal value in Anadolu Cam Yenişehir Sanayi A.Ş. to Anadolu Cam Sanayii AŞ, subsidiary of the Company, at the value of TRY 70,271 thousand on 30 March 2017. The value has been determined in accordance with the Appraisal Report prepared by KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and since it is an intergroup transaction, it has no impact on consolidated income statement.

- The Company sold all of its shares equivalent to 15% and amounting to TRY 43,500 thousand at nominal value in Anadolu Cam Eskişehir Sanayi A.Ş. to Anadolu Cam Sanayii AŞ, subsidiary of the Company, at the value of TRY 36,484 thousand on 30 March 2017. The value has been determined in accordance with the Appraisal Report prepared by KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and since it is an intergroup transaction, it has no impact on consolidated income statement.

- Denizli Cam Sanayii ve Tic. A.Ş. sold all of its shares equivalent to 19.32% and amounting to TRY 1,100 thousand at nominal value in Paşabahçe Mağazaları A.Ş to Paşabahçe Cam Sanayii, subsidiary of the Company, at the value of TRY 9,533 thousand on 4 May 2017. The value has been determined in accordance with the Appraisal Report prepared by KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and since it is an intergroup transaction, it has no impact on consolidated income statement.

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

g) Non-controlling interest (Continued)

The purchase and sale of shares in Subsidiaries and Joint Ventures within the scope of restructuring of the Group companies between 1 January and 31 December 2017 (Continued):

- From subsidiaries Denizli Cam San. ve Tic A.Ş.'s portfolio, all shares of Paşabahçe Mağazaları A.Ş. (19.32% share) with a nominal value of TRY 1,100 thousand, were sold to one of our subsidiaries Paşabahçe Cam Sanayii ve Tic. A.Ş. for TRY 9,533 thousand on 4 May 2017. The quoted price is determined by KPMG Akis Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. according to the result of the valuation report made by the Company. This sale of intra-group shares has no impact on the Company's consolidated profit/loss statement.

- The shares in the portfolios of the subsidiaries, which are explained in detail below, are purchased in advance with the decision resolved at the Board Of Directors' meeting of the Company held on 28 April 2017. After this purchase, companies which are not subject to Capital Markets Board (SPK) and Republic of Turkey Energy Market Regulatory Authority (EPDK) and are under the control of the Group have taken the status of single joint stock company.

  - ➢ Cam Elyaf Sanayii A.Ş., Camiş Madencilik A.Ş., and Şişecam Sigorta Aracılık Hizmetleri A.Ş. sold all of theirs shares amounting to TRY 21 thousand nominal value in Topkapı Yatırım Holding A.Ş. at the value of TRY 27 thousand.
  - ➢ Cam Elyaf Sanayii A.Ş. sold all of its shares amounting to TRY 5 thousand nominal value in Madencilik Sanayii ve Tic. A.Ş. at the value of TRY 73 thousand.
  - ➢ Şişecam Dış Ticaret A.Ş. sold all of its shares amounting to TRY 2 thousand nominal value in Şişecam Sigorta Aracılık Hizmetleri A.Ş. at the value of TRY 18 thousand.
  - ➢ Denizli Cam Sanayii and Tic. A.Ş., Soda Sanayii A.Ş. sold all of its shares amounting to TRY 40 thousand nominal value in Camiş Elektrik Üretim A.Ş. at the value of TRY 102 thousand.
  - ➢ Paşabahçe Cam Sanayii ve Tic. A.Ş sold all of its shares amounting to TRY 9 thousand nominal value in Camiş Ambalaj Sanayii A.Ş. at the value of TRY 187 thousand.
  - ➢ Paşabahçe Cam Sanayii ve Tic. A.Ş., Camiş Madencilik A.Ş., sold all of theirs shares amounting to TRY 59 thousand nominal value in Anadolu Cam Sanayii A.Ş. at the value of TRY 204 thousand. Furthermore, 38 founder's shares of Anadolu Cam Sanayii A.Ş. which are included in the portfolio of Camiş Madencilik A.Ş. are purchased with the total value of TRY 154 thousand.
  - ➢ Camiş Madencilik A.Ş sold all of its shares amounting to TRY 197 thousand nominal value in Soda Sanayii A.Ş. at the value of TRY 1,237 thousand.

  Camiş Madencilik A.Ş. sold all of its shares amounting to TRY 3,730 thousand nominal value in Trakya Cam Sanayii A.Ş. at the value of TRY 12,421 thousand.

  - ➢ Şişecam Sigorta Aracılık Hizmetleri A.Ş. sold all of its shares amounting to TRY 3 thousand nominal value in Şişecam Dış Ticaret A.Ş. at the value of TRY 20 thousand.
  - ➢ Şişecam Sigorta Aracılık Hizmetleri A.Ş. sold all of its shares amounting to TRY 1 at nominal value in Camiş Madencilik A.Ş. at the value of TRY 15 thousand.

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

g) Non-controlling interest (Continued)

The purchase and sale of shares in Subsidiaries and Joint Ventures within the scope of restructuring of the Group companies between 1 January and 31 December 2017 (Continued):

- Oxyvit Kimya Sanayii ve Ticaret A.Ş. which is 5% of the Company's assets with nominal amount of TRY 17 thousand is sold for USD 700 thousand to Soda San. A.Ş., our subsidiary, on 31 July 2017.
- Merge process of OOO Ruscam, which is one of the subsidiaries of the Group and operates in glass packaging production and sales in Russia, and OOO Ruscam Glass Packaging Holding is approved by local authorities on 9 August 2017.

- We received approval from the local authorities regarding the merger of OOO Ruscam Glass with OOO Ruscam Glass Packaging Holding on 19 December 2017, which is engaged in glass packaging production and sales in Russia and 100% from our subsidiaries of the Group.

- Anadolu Cam Sanayii A.Ş., Anadolu Cam Yenişehir Sanayi A.Ş. and Anadolu Cam Eskişehir Sanayi A.Ş. are operating as separate legal entities in glass and glass packaging material and vessels in Turkey. Within the scope of simplifying capital structures of our Group, a decision has been resolved on carrying facilitated merger practices by means of takeover of Anadolu Cam Yenişehir A.Ş. and Anadolu Cam Eskişehir Sanayi A.Ş. under the organization of Anadolu Cam Sanayi A.Ş. at the Board of Directors' meeting of Anadolu Cam Sanayii A.Ş. held on 5 June 2017.

  Due to Anadolu Cam Sanayii A.Ş. owns 100% of shares of the companies which are to be merged, there has not been change in the application of accounting policies and consolidated financial statements after the merge. The financial statements of Anadolu Cam Sanayii A.Ş. as of 31 December 2016 has been the base in merger transactions. Due to Anadolu Cam Sanayii A.Ş. owns 100% of shares of the companies which are to be transferred, there will be no capital increase after the merger. The text of the announcement noticed by our subsidiary has been approved by the Capital Markets Board on 11 August 2017.

The sale of Subsidiary made by the Group companies between 1 January and 31 December 2017:

- Anadolu Cam Sanayii A.Ş. sold all of its shares equivalent to 50% and amounting to TRY 1,935 thousand at nominal value in Omco İstanbul Kalıp Sanayii ve Tic. A.Ş to Omco International N.V., subsidiary of the Company, at the value of EUR 12,800 thousand (= TRY 50,404 thousand) on 12 June 2017.

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2017:

- Cheminvest Deri Kimyasalları Sanayi ve Ticaret A.Ş. who owns 50% of shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. (whose 45% of shares is owned by Soda Sanayi A.Ş., our subsidiary, and remaining 5% of shares is owned by our Company) is purchased from Cheminvest S.P.A. located in Italy and other shareholders with USD 7,000 thousand (=TRY 24,811 thousand). In accordance with the resolution of the Board of Directors dated 25 July 2017, the Share Transfer Agreement was signed and the transfer of the shares took place accordingly. Subsequently, Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. which is resident in Turkey and %100 owned by Community dissolved by the result of reverse merger of %50 owned Oxyvit Kimya Sanayii ve Ticaret A.Ş. On 19 December 2017 the registration was also declared.

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

g) Non-controlling interest (Continued)

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2016:

- On 14 March 2016, Şişecam Chem Investment B.V. acquired the 10.70% of the non-controlling shares of one of our subsidiaries, Şişecam Soda Lukavac DOO, at a nominal value of BAM 13,050 thousand with an amount of EUR 2,812 thousand (= BAM 5,500 thousand) in cash.

- On 17 March 2016, Anadolu Cam Sanayii A.Ş. acquired the 0.14% of the non-controlling shares of one of our subsidiaries, JSC Mina, at a nominal value of GEL 24 thousand with an amount of USD 16 thousand in cash.

- One of the Company’s subsidiary, Anadolu Cam San. A.Ş. sold its shares of Soda San. A.Ş. with a nominal value by TRY 64,000 thousand (at a rate of 9.70%) on 17 March 2016 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4.50 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 3,146 thousand.

- One of the Company’s subsidiary, Anadolu Cam San. A.Ş. sold its shares of Soda San. A.Ş. with a nominal value by TRY 18,796 thousand (at a rate of 2.85%) on 27 May 2016 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4.50 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 857,626 thousand.

- One of the Company’s subsidiary, Trakya Cam Sanayii A.Ş sold its shares of Soda San. A.Ş. with a nominal value by TRY 67,225 thousand (at a rate of 10.19%) on 27 May 2016 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4.50 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 3,176 thousand.

- The Company acquired the shares of Cam Elyaf Sanayii A.Ş., one of our subsidiaries, at a nominal value by TRY 593 thousand (rate of <1%) which is in in the non-controlling interest with an amount of TRY 1,020 thousand on cash on 31 May 2016 and 24 June 2016,

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

g) Non-controlling interest (Continued)

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2016 (Continued):

- A call option agreement signed with İş Yatırım Menkul Değerler A.Ş. within the scope of the Circular of Borsa İstanbul numbered 466 on 22 September 2015 at a price of TRY 1.79 per share for a total of 3,000 thousand shares of Trakya Cam Sanayii A.Ş., one of our subsidiaries. The price and the amount of the aforementioned call option was determined approximately paid as TRY 1.6226 per share for a total of 3,117 thousand shares due to the non-cash capital increase and dividend paid. The option exercised with a collection of TRY 5,058 thousand on 21 September 2016.

- A call option agreement signed with İş Yatırım Menkul Değerler A.Ş. within the scope of the Circular of Borsa İstanbul numbered 466 on 14 October 2015 at a price of TRY 4.73 per share for a total of 1,000 thousand shares of Soda Sanayii A.Ş., one of our subsidiaries. The price and the amount of the aforementioned call option was determined approximately as TRY 3.8424 per share for a total of 1,136 thousand shares due to the non-cash capital increase and dividend paid. The option exercised with a collection of TRY 4,366 thousand on 21 September 2016.

- Within the scope of the restructuring efforts of our companies operating in the automotive sector, 10% of shares of Glasscorp SA located in Romania were acquired for a total of EUR 3,950 thousand. The consideration will be paid in instalments to Nordexo Manufacturing SRL. A portion of EUR 3,000 thousand was paid on 17 October 2016. With this purpose, the Group increased the capital of Trakya Investment BV. The Group holds 100% of shares of Glasscorp SA after the acquisition of 10% share.

- Soda Sanayii A.Ş. shares with a TRY 187 thousand nominal value (<1% rate) in the portfolio of Denizli Cam Sanayii ve Tic. A.Ş., one of our subsidiary, was sold for TRY 982 thousand at the 5.24-5.26 price range on 27 December 2016. Transaction cost amounting to TRY 2 thousand was incurred.

- The call option agreement was signed between the Company and İş Yatırım Menkul Değerler A.Ş. on 22 April 2014, within the scope of circular letter no. 466 of Borsa İstanbul. Shares of Anadolu Cam Sanayii A.Ş., one of our subsidiary, are being traded at Borsa İstanbul National Market with 3,000 thousand shares each and a TRY 1.89 exercise price. The option is realised by collecting TRY 5.670 thousand on 29 December 2016.

- The Company sold shares of Şişecam Çevre Sistemleri A.Ş. with a TRY 5.800 thousand nominal value (%10 rate) to European Bank for Reconstruction and Development ("EBRD") for TRY 5,800 thousand on
28 December 2016.

The sale and purchase of shares in financial investments with the purpose of restructuring of the Group companies between 1 January and 31 December 2016:

- In the extraordinary general meeting held on 28 June 2016, it is decided to merge non consolidated subsidiary, namely Paşabahçe Yatırım ve Pazarlama A.Ş., which is accounted for under non-current financial assets since it is not material for consolidated financial statements, with Paşabahçe Mağazaları A.Ş and registered on 15 July 2016. Increased paid in capital share amounting to TRY 194 thousand has been given to Paşabahçe Cam Sanayii AŞ. from Paşabahçe Mağazaları AŞ because of the merge.

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

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

g) Non-controlling interest (Continued)

The aforementioned transactions have impacts on the effective capital structures of the related companies' associates and subsidiaries. The impact on the total equity is as follows:

	31 December 2017	**31 December 2016**
Equity of the parents	(10,487)	142,607
Non-controlling interests	28,986	523,707
Net effect of the sale and purchase of shares	**18,499**	**666,314**

The values of net revenue from the transactions made with the non-controlling interests as of the transaction date are as follows:

	1 January- 31 December 2017	**1 January- 31 December 2016**
Sale of shares		
- Anadolu Cam Sanayii A.Ş.	18,499	5,670
- Soda Sanayii A.Ş.	-	673,257
- Şişecam Çevre Sistemleri A.Ş.	-	5,800
- Trakya Cam Sanayii A.Ş.	-	5,058
A - Collected amount	**18,499**	**689,785**
Acquisition of shares		
- Glasscorp S.A.	-	(13,428)
- Şişecam Soda Lukavac D.O.O.	-	(8,978)
- Cam Elyaf Sanayii A.Ş.	-	(1,020)
- JSC Mina	-	(45)
B - Amount paid/ (to be paid) on share acquisition date	**-**	**(23,471)**
C (=A+B) - Net impact of share acquisition and sales	**18,499**	**666,314**

The cash dividends paid by the Group companies to the companies out of the Group are as follows:

Dividend payments of group companies:	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Türkiye Şişe ve Cam Fabrikaları A.Ş.	250,000	250,000
Soda Sanayii A.Ş.	78,657	62,684
Trakya Cam Sanayii A.Ş.	32,383	28,099
Anadolu Cam Sanayii A.Ş.	12,995	-
Camiş Egypt Mining Ltd. Co.	4	1
	374,039	**340,784**

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

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

h) Impact of disposal of subsidiary

On February 28, 2017, all of the shares of Eskişehir Oluklu Mukavva Sanayi A.Ş. has been sold to Mosburger GmbH belonging to Prinzhorn Holding located in Austria and operating under Dunapack Packaging Group at the amount of USD 50,400 thousand (= TRY 180,845 thousand).

The financial position of Eskişehir Oluklu Mukavva Sanayi AŞ as of 31 December 2016 is as follows:

Trade receivables	45,731
Other receivables	9,540
Inventories	31,106
- *Raw material*	*26,026*
- *Finished goods*	*4,353*
- *Work-in progress*	*651*
- *Other inventories*	*76*
Prepaid expenses	774
Other current assets	31
Total current assets	**87,182**
Tangible assets	44,346
Intangible assets	74
Total non-current assets	**44,420**
Total assets	**131,602**
Trade payables	7,732
- *Creditors*	*7,763*
- *Rediscount on notes payables(-)*	*(31)*
Other payables	161
Liabilities for employee benefits	206
Deferred income	5
Short term provisions	9
Other current liabilities	1,081
Total current liabilities	**9,194**
Long term provisions	6,400
Deferred tax liability	1,252
Total non-current liabilities	**7,652**
Total liabilities	**16,846**
A - Net Assets	**114,756**
B – Sales Amount (= USD 50,400 thousand equivalent)	**180,845**
C = (B-A) Gain on sale	**66,089**
Impact of non controlling interest	**2**

There is no sale of subsidiary during the period between 1 January and 31 December 2016.

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

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

i) Merger of non-consolidated subsidiaries in the consolidation:

Paşabahçe Yatırım ve Pazarlama A.Ş was merged with Paşabahçe Mağazaları A.Ş. with the resolution of the Extraordinary General Assembly Meeting held on 28 June 2016. If the merger transaction were realised on 31 December 2015, the impact on the financials would have been as follows:

Cash and cash equivalents	19
Other receivables	981
Other current assets	68
Total Assets	**1,068**
Other current liabilities	1
Total Liabilities	**1**
Net Assets	**1,069**
Less: Net carrying amount in the Group	**(500)**
Total impact on equity	**569**
Effect of non-controlling shares	**136**
−Equityholders of parent	**433**

The effect of the profit or loss table in the period of 1 January – 31 December 2015 would be as follows:

Revenue	-
Cost of sales	-
Gross profit from trading activity	**-**
General administrative expenses	(44)
Other operating income	122
Operating profit/ (loss)	**78**
Financial income	196
Financial expenses	(2)
Profit/ (loss) before tax from continued operations	**272**
Tax expense for the period	(29)
Profit/ (loss) for the period	**243**

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

28. Sales and Cost of Sales

Sales	1 January- 31 December 2017	1 January- 31 December 2016
Revenue	12,042,892	9,089,297
Other income	20,684	15,585
Sales discounts	(580,561)	(441,991)
Sales returns	(62,440)	(59,439)
Other sales discounts	(102,080)	(33,988)
	11,318,495	**8,569,464**
Cost of sales		
Direct materials	(3,256,593)	(2,481,750)
Direct labor	(602,350)	(474,346)
Production overheads	(1,733,334)	(1,514,807)
Depreciation and amortization	(843,530)	(712,701)
Change in work-in-progress inventories	12,006	663
Change in finished goods inventories	24,842	153,179
Cost of goods sold	**(6,398,959)**	**(5,029,762)**
Cost of trade goods sold	(1,069,363)	(788,690)
Cost of services given (*)	(161,964)	(27,574)
Other costs	(57,867)	(45,527)
	(7,688,153)	**(5,891,553)**

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January – 31 December 2017 amounts to TRY 14,865 thousand (1 January – 31 December 2016: TRY 7,576 thousand).

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

	1 January- 31 December 2017	1 January- 31 December 2016
General administrative expenses	(724,620)	(756,363)
Marketing expenses	(1,370,327)	(1,060,092)
Research and development expenses	(57,108)	(73,977)
	(2,152,055)	**(1,890,432)**

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

30. Expenses by Nature

	1 January- 31 December 2017	1 January- 31 December 2016
Indirect material costs	(36,958)	(28,050)
Salaries and wages	(523,678)	(462,971)
Outsourced services	(751,209)	(767,589)
Miscellaneous expenses	(730,431)	(542,458)
Depreciation and amortization	(109,779)	(89,364)
	(2,152,055)	**(1,890,432)**

31. Other Operating Income/ (Expenses)

Other operating income	1 January- 31 December 2017	1 January- 31 December 2016
Foreign exchange gains from other operating activities	240,973	203,390
Delay interest gain from other operating activities	82,655	72,173
Insurance claim income (*) (Note 26)	24,776	72,626
Gain on sale of raw materials	18,558	17,239
Gain on sale of scrap items	12,706	10,732
Rediscount interest income on operating activities	10,748	8,642
Provisions no longer required	7,695	10,267
Investment incentive income	6,935	13,062
Brand incentive (Turquality) income	3,574	1,027
Royalty income	3,345	2,703
Foreign exchange gain from derivative hedging instruments	1,786	3,929
Commission income	-	255
Income from other operations	138,345	72,687
	552,096	**488,732**

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

31. Other Operating Income/ (Expenses) (Continued)

Other operating expenses	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Foreign exchange losses from other operating activities	(197,790)	(143,888)
Provision expenses	(22,904)	(19,767)
Rediscount interest expense on operating activities	(14,829)	(6,799)
Loss on sale of raw materials	(13,228)	(17,523)
Delay interest expense from other operating activities	(2,766)	(4,561)
Government right – mining fund	(2,399)	(2,796)
Commission Expenses	(1,863)	(4,516)
Loss on sale of scrap items	(1,308)	(2,354)
Expense from other operations	(89,289)	(57,842)
The amount paid to benefit from the tax amnesty (**)	-	(23,679)
	(346,376)	**(283,725)**

(*) An insurance loss settlement of TRY 6,010 thousand has occurred (1 January – 31 December 2016: TRY 59,890 thousand) due to the fire outbreak at 26 May 2015 in finished goods warehouse of Eskişehir plant of Paşabahçe Cam Sanayii ve Tic. A.Ş., one of the subsidiaries of the Company.

(**) As part of the "Law on restructuring of receivables", which was adopted on 3 August 2016 in Turkey and entered into force in the Official Gazette on 19 August 2016. As a result of the tax examinations conducted as a relationship to previous periods, the dispute has been terminated by taking advantage of the reductions in the law, which is not finalized or in the case of the public receivables at the end of the proceedings. In case of results, high consistent risks are eliminated.

32. Income and Loss from Investing Activities

Income from Investment Activities	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Valuation gain of held to maturity financial assets (*)	224,353	153,135
Gain on sale of a subsidiary	66,089	-
Fair value change of investment properties	28,015	47,814
Gain on sale of property, plant and equipment	22,331	22,299
Sale and liquidation profit of available-for-sale financial assets	3,036	-
Gain on sale of investment property	212	-
Dividend income (Note 37)	-	15
	344,036	**223,263**

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

32. Income and Loss from Investing Activities (Continued)

Expenses from Investment Activities	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Valuation loss of held to maturity financial assets (*)	(33,572)	-
Loss on sale of property, plant and equipment	(7,534)	(11,658)
Impairment of fixed asset	(4,900)	-
Impairment of investment properties	(2,532)	-
	(48,538)	**(11,658)**

Net Expenses/Income from Investing Activities	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Valuation difference of held to maturity financial assets (*)	190,781	153,135
Gain on sale of a subsidiary	66,089	-
Impairment of investment properties	25,483	47,814
Gain/Loss on sale of property, plant and equipment	14,797	10,641
Sale and liquidation profit of available-for-sale financial assets	3,036	-
Fair value change of investment property	212	-
Impairment of fixed asset	(4,900)	-
Dividend income (Note 37)	-	15
	295,498	**211,605**

(*)The Group retains the financial assets of the nature of the bonds as held-to-maturity financial assets within a business model aimed at collecting the cash flows of the financial assets. However the bonds which were issued by Türk Telekomünikasyon A.Ş that are not significant in size to change the business model, were sold in 2017. In the year 2017, TRY 2,244 thousand profit has been realized due to the sale of the Türk Telekomünikasyon Bonds, which are included in the valuation gains / (losses) on financial assets held until maturity, before the due date, and this amount has been netted with valuation gain. In the year 2016, a loss amounting to TRY 2,391 thousand has also been incurred due to the partial sale transaction of some of the bonuses issued by the Türkiye İş Bank A.Ş. Valuation gain / (losses) is netted with profit / (loss).

In addition, a profit of TRY 3,424 thousand was obtained from the short term financing bills received in Turkish Lira currency during the period and net amount of "valuation gains on financial assets held to maturity" was netted.

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

32. Income and Loss from Investing Activities (Continued)

Fixed income financial assets held to maturity were collected from the market securities detailed below during the period.

Bond Issuer	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Türkiye İş Bankası A.Ş.	20,241	7,147
Türkiye Vakıflar Bankası T.A.O.	12,152	2,691
Türkiye Halk Bankası A.Ş.	9,767	-
Türkiye Sınai Kalkınma Bankası A.Ş.	7,817	1,960
Turkcell İletişim Hizmetleri A.Ş.	7,499	2,385
Türkiye Garanti Bankası A.Ş.	5,743	1,246
Yapı ve Kredi Bankası A.Ş.	5,711	-
Arçelik A.Ş.	5,498	1,872
Ziraat Bankası A.Ş.	2,265	-
Türkiye İhracat Kredi Bankası A.Ş.	2,071	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	1,357	460
Finansbank A.Ş.	573	-
Türk Telekomünikasyon A.Ş.	-	358
	80,694	**18,119**

Bond Issuer	**1 January- 31 December 2017**	**1 January- 31 December 2016**
Türkiye İş Bankası A.Ş.	45,833	39,975
Türkiye Vakıflar Bankası T.A.O.	28,209	11,902
Türkiye Halk Bankası A.Ş.	25,566	29,984
Türkiye Sınai Kalkınma Bankası A.Ş.	19,090	17,309
Turkcell İletişim Hizmetleri A.Ş.	15,695	17,218
Türkiye Garanti Bankası A.Ş.	13,185	13,701
Yapı ve Kredi Bankası A.Ş.	15,052	130
Arçelik A.Ş.	12,906	14,169
Ziraat Bankası A.Ş.	4,955	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	4,423	6,098
Türkiye İhracat Kredi Bankası A.Ş.	1,632	-
Finansbank A.Ş.	861	-
Türk Telekomünikasyon A.Ş.	(50)	2,649
	187,357	**153,135**

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

33. Financial Income and Expenses

Financial Income	1 January- 31 December 2017	1 January- 31 December 2016
Foreign exchange income	869,714	1,009,239
- *Cash and cash equivalents*	*560,723*	*625,800*
- *Borrowings*	*104,553*	*169,848*
- *Bonds issued*	*123,255*	*69,975*
- *Derivative instruments*	*53,133*	*114,661*
- *Other*	*28,050*	*28,955*
Interest income	154,962	99,081
- *Time deposits*	*154,551*	*93,810*
- *Derivative instruments*	*32*	*9*
- *Other*	*379*	*5,262*
	1,024,676	**1,108,320**

Financial Expenses	1 January- 31 December 2017	1 January- 31 December 2016
Foreign exchange expense	(893,677)	(997,132)
- *Cash and cash equivalents*	*(328,857)*	*(205,012)*
- *Borrowings*	*(268,825)*	*(238,379)*
- *Bond issued*	*(249,605)*	*(375,775)*
- *Derivative instruments*	*(29,740)*	*(157,541)*
- *Other*	*(16,650)*	*(20,425)*
Interest expense	(340,820)	(246,812)
- *Borrowings*	*(252,479)*	*(175,388)*
- *Bond issued*	*(80,152)*	*(66,614)*
- *Derivative instruments*	-	*(1,348)*
- *Financial leasing*	*(73)*	-
- *Factoring expenses*	*(162)*	-
- *Other*	*(7,954)*	*(3,462)*
	(1,234,497)	**(1,243,944)**

Financial Income/Expense (Net)	1 January- 31 December 2017	1 January- 31 December 2016
Foreign exchange income / (expense)	(23,963)	12,107
- *Cash and cash equivalents*	*231,866*	*420,788*
- *Borrowings*	*(164,272)*	*(68,531)*
- *Bond issued*	*(126,350)*	*(305,800)*
- *Derivative instruments*	*23,393*	*(42,880)*
- *Other*	*11,400*	*8,530*
Interest income / (expense)	(185,858)	(147,731)
- *Bank loan interest accrual*	*(97,928)*	*(81,578)*
- *Bond issued*	*(80,152)*	*(66,614)*
- *Financial leasing*	*(73)*	-
- *Derivative instruments*	*32*	*(1,339)*
- *Factoring Expenses*	*(162)*	-
- *Other*	*(7,575)*	*1,800*
	(209,821)	**(135,624)**

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

34. Assets Held for Sale

Cost	31 December 2017	31 December 2016
Plant, machinery and equipment	38,214	38,214
Accumulated Depreciation and Impairment		
Plant, machinery and equipment	38,010	38,010
Net Book Value	**204**	**204**

Cam Elyaf, subsidiary of the Group ceased its operations of the second oven in December, since the related machinery and equipment and fixtures came to their end of their technical useful lives. These machinery and equipment and fixtures has been reduced their recoverable amount and reclassified under Asset Held for Sale in accordance with TFRS-5 "Asset held for sales and discontinued operations". The part that cannot be used is accounted as expense by calculating impairment amount. Practices on the sale of fixed assets are continuing.

The movements of assets held for sale are as follows:

	31 December 2017	31 December 2016
Beginning - January 1	204	204
	204	**204**

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

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with 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 CMB 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.

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

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

Deferred Tax Assets and Liabilities (Continued)

Temporary differences	**31 December 2017**	**31 December 2016**
Deferred tax assets	328,607	300,462
Deferred tax liabilities (-)	(126,098)	(67,740)
Deferred tax assets (net)	**202,509**	**232,722**

Temporary differences	**31 December 2017**	**31 December 2016**
Useful life and valuation differences on tangible and intangible assets	1,727,898	1,611,424
Valuation of investment property	559,289	558,010
Investment incentive	(1,558,430)	(1,501,629)
Carry forward tax losses	(974,867)	(1,070,805)
Employment termination benefits	(345,811)	(278,420)
Provision for inventory write-down	(60,676)	(64,116)
Provision for doubtful receivables	(5,705)	(29,737)
Derivative financial valuation	(19,043)	(40,751)
Other	(78,752)	24,816
	(756,097)	**(791,208)**

Deferred tax assets/ (liabilities)	**31 December 2017**	**31 December 2016**
Useful life and valuation differences on tangible and intangible assets	(350,552)	(303,318)
Valuation of investment property	(55,929)	(27,900)
Corporate tax allowance	327,270	300,326
Carry forward tax losses	162,110	180,101
Employment termination benefits	68,920	55,588
Provision for inventory write-down	12,781	12,017
Provision for doubtful receivables	7,535	5,769
Derivative financial valuation	3,809	8,150
Other	26,565	1,989
	202,509	**232,722**

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

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

Deferred Tax Assets and Liabilities (Continued)

The expiry dates of carry forward tax losses that are utilized are as follows:

	31 December 2017	**31 December 2016**
Within 1 year	2,471	6,154
Within 2 year	-	62,409
Within 3 year	12,081	36,250
Within 4 year	24,777	26,839
Within 5 year	26,237	40,010
Within 6 year	16,833	21,274
Within 7 year	4,924	14,202
Indefinite years	887,544	863,667
	974,867	**1,070,805**

Carry forward tax losses can be carried for 5 years in Turkey, 7 years in Romania, 10 years in Russia, indefinite in Ukraine if will be offset from taxable profit in next years. However, loss cannot be deducted retrospectively from retained earnings.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 345,374 thousand (31 December 2016: TRY 169,733 thousand).

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

	31 December 2017	**31 December 2016**
1 January	232,722	129,760
Recognized in the statement of profit or loss	23,391	47,386
Currency translation differences	20,460	72,086
Impact of disposal of subsidiary	1,252	-
Impact of business combinations (Note 3)	(118)	-
Recognized in the other compherensive income (Note 27)	(75,198)	(16,510)
	202,509	**232,722**

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.

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

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

Corporate Tax (Continued)

Turkey, corporate tax rate applied is 20% as of 31 December 2017 (31 December 2016: 20%).

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

Country	31 December 2017	31 December 2016
Bosnia-Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Georgia (*)	-	-
Italy	27.9	31.4
Egypt	22.5	22.5
Romania	16.0	16.0
Russia (**)	2.0–20.0	2.0–20.0
Ukraine	18.0	18.0
Germany	15.0	15.0
China	25.0	25.0
India	30.0	30.0
Netherlands (***)	20.0-25.0	20.0-25.0

(*) Corporation income tax has been abolished in Georgia and it is only subject to bonus share. Thus, deferred tax amount is zero.

(**) The tax rate in Tatary region of Russia is 3.0% (31 December 2016:2%) while the tax rate in other regions is 20.0%.

(***) 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

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income in 2017, (31 December 2016: 20%).

The 20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law No 5520 Law and the amendment to the Law on the Amendment of Certain Tax Laws and Some Other Laws No. 7061, which was accepted on 28 November 2017, and the tax rate of 20% for the taxation periods of 2018, 2019 and 2020, 22 as a provisional provision. In addition, the 75% portion of the taxable profits from the sale of immovable properties that are included in the assets of the institutions for at least two full years has been changed to 50%, which is stated in the same "Pack Law" and in the first paragraph of Article 5 of the Corporate Tax Law No. 5520 Law.

Therefore timing differences in the companies in the deferred tax calculation Turkey up to 2020 transactions in 22%, the effect of short and longer term to published procedures, taking into account the effect when size is 21%, and recognized deferred tax assets and liabilities according to 20%.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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

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

Current period tax asset is TRY 9,940 thousand (31 December 2016: TRY 33,566 thousand).

	31 December 2017	**31 December 2016**
Current tax provision	231,599	208,172
Prepaid taxes and funds (-)	(170,517)	(145,060)
Tax provision in the statement of the financial position	**61,082**	**63,112**

	1 January-31 December 2017	**1 January-31 December 2016**
Provision for corporate tax for current period	(231,599)	(208,172)
Effect of business combinations on current year tax provision	3,321	-
Currency translation differences	3,010	1,735
Effect of business combinations on deferred tax provision	(295)	-
Deferred tax income	20,755	72,086
Tax provision in the statement of income	**(204,808)**	**(134,351)**
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	1,941,764	1,174,379
Effective tax rate	%20	%20
Calculated tax	**(388,353)**	**(234,876)**
Tax reconciliation		
− Non-deductible expenses	(83,641)	(43,943)
− Derivative financial instruments	(4,089)	28,461
− Currency translation differences	(14,098)	(30,817)
− Corporate tax allowance	154,814	100,305
− Dividends and other non-taxable income	106,947	(9,230)
− The effect of the foreign companies that have different tax rates	22,147	16,520
− Carry forward tax losses to be utilized	1,465	39,229
Tax provision in the statement of income	**(204,808)**	**(134,351)**
Effective tax rate	**%11**	**%11**

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

36. Earnings per share

Earnings per share	1 January- 31 December 2017	1 January- 31 December 2016
Average number of shares existing during the period (1/1000 value)	2,250,000	2,250,000
Net profit for the period attributable to equity holders of the parent	1,225,420	743,358
Earnings per share	**0.5446**	**0.3304**
Total comprehensive income attributable to equity holders of the parent	1,553,688	1,186,937
Earnings per share obtained from total comprehensive income	**0.6905**	**0.5275**

The Company increased its paid-in-capital from TRY 2,050,000 thousand to TRY 2,250,000 thousand by issuing bonus shares amounting to TRY 200,000 thousand to the existing shareholders from the retained earnings on 25 July 2017. The number of shares increased by issuing bonus shares are considered in the determination of average number of shares subject to calculation of earnings per share for both the current period and the other periods from beginning of immediately preceding period presented in accordance with TAS 33, Accordingly the average number of shares used in the calculation of earnings per share for the period between 1 January and 31 December 2016 was presented by considering bonus shares issued.

37. Related Party Disclosures

T. İş Bankası A.Ş. is the main shareholder of the Group and retains the control 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.

As of 31 December 2017, 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's shareholder

Company's name	Registered Country
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Ve Yardımlaşma Vakfı	Turkey

Parent company

Company's name	Registered Country
Türkiye İş Bankası A.Ş.	Turkey

37. Related Party Disclosures (Continued)

Parent company's subsidiaries, joint ventures and associates

Company's name	Registered Country
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

Non-consolidated subsidiaries

Company's name	Registered Country
Paşabahçe Glass Gmbh	Germany
Paşabahçe Spain SL	Spain
Paşabahçe Usa Inc.	USA
Şişecam Shangai Trade Co.Ltd.	China

Subsidiaries' shareholders

Company's name	Registered Country
Denizli Cam San. Vakfı	Turkey
European Bank For Reconstruction and Development ("EBRD")	England
IFC	USA
Mohsen Mohamed Attia	Egypt

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

37. Related Party Disclosures (Continued)

Joint Ventures

Company's name	Registered Country
HNG Float Glass Limited	India
Rudnik Krecnjaka Vijenac D.O.O.	Bosnia-Herzegovina

Joint Ventures Partners

Company's name	Registered Country
Fabrika Cementa Lukavac D.D. (FCL)	Bosnia-Herzegovina
Hindusthan National Glass and Industries Limited	India

Associates

Company's name	Registered Country
Saint Gobain Glass Egypt S.A.E.	Egypt
Solvay Şişecam Holding Ag	Austria

Associates' shareholders

Company's name	Registered Country
Saint Gobain Glass France S.A.	France
Société Financière D'Administration Et De Gestion SAS (SOFIAG)	Belgium

Avaliable for sale investments

Company's name	Registered Country
Bosen Enerji Elektrik Üret. Oto Pro. Grb. A.Ş.	Turkey
Çukurova İnşaat Mak. San. ve Tic. A.Ş.	Turkey

Details of the transactions between the Group and the related parties mentioned above are explained below.

Deposit and loans from/to related parties:

Deposits held on related parties	31 December 2017	31 December 2016
Türkiye İş Bankası A.Ş.		
− Time deposits	2,792,705	2,905,801
− Demand deposits	32,756	12,038
	2,825,461	**2,917,839**
İşbank AG		
− Demand deposits	19,823	20,506
	19,823	**20,506**
	2,845,284	**2,938,345**

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

37. Related Party Disclosures (Continued)

Deposit and loans from/to related parties:

Borrowings received from related parties	**31 December 2017**	**31 December 2016**
IFC	400,332	341,362
İşbank AG	45,155	-
Türkiye Sınai ve Kalkınma Bankası	12,452	-
	457,939	**341,362**

Book value of financial assets held to maturity:

Financial assets held to maturity	**31 December 2017**	**31 December 2016**
Türkiye İş Bankası A.Ş.	446,947	281,053
Türkiye Sınai Kalkınma Bankası A.Ş.	200,850	108,668
	647,797	**389,721**

Coupon interest rates and nominal values of financial assets held to maturity is as follows:

			31 December 2017	**31 December 2016**
Bond issuer	**ISIN code**	**Coupon Interest Rate (%)**	**Nominal Amount (thousand USD)**	**Nominal Amount (thousand USD)**
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	45,464	44,464
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	34,200	13,200
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	33,924	21,900
Türkiye İş Bankası A.Ş.	XS1117601796	5.375	3,386	-
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	1,200	-
			118,174	**79,564**
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	38,830	25,027
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	14,600	6,000
			53,430	**31,027**
			171,604	**110,591**

Forward transactions:

Forward transactions	**31 December 2017**	**31 December 2016**
Türkiye İş Bankası A.Ş.	-	(810)

A foreign currency swap agreement signed with Türkiye İş Bankası A.Ş. including the purchase of TRY 13,204 thousand by the sale of EUR 3,600 thousand that will be due on various dates. As of 31 December 2017, the entire amount has been realized. As of 31 December 2016, the fair value of the forward foreign currency purchase and sale agreement is TRY 810 thousand.

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

37. Related Party Disclosures (Continued)

Receivables due from related parties:

Trade receivables from related parties	**31 December 2017**	**31 December 2016**
Paşabahçe USA Inc.	13,637	9,144
HNG Float Glass Limited	4,757	1,935
Hindusthan National Glass and Industries Limited	4,172	-
Solvay Şişecam Holding AG	3,597	3,132
Şişecam Shanghai Trade Co. Ltd.	3,293	6,141
Paşabahçe Glass GmbH	344	200
Türkiye İş Bankası A.Ş. ve İşbank AG	309	309
Fabrika Cementa Lukavac D.D. (FCL)	74	30
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	69	96
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	63	91
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	37	38
Oxyvit Kimya Sanayii ve Tic. A.Ş. (*)	-	6,243
İş Merkezleri Yönetim ve İşletim A.Ş.	-	2,101
Saint Gobain Glass Egypt S.A.E	-	1,535
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. (**)	-	486
Bosen Enerji Elektrik Üret. Oto Pro. Grb. A.Ş.	-	399
Paşabahçe Spain SL	-	178
İş Yatırım Menkul Değerler A.Ş.	-	1
Anadolu Hayat Emeklilik Sigorta A.Ş.	-	1
	30,352	**32,060**

Trade payables to related parties:

Trade receivables due to related parties	**31 December 2017**	**31 December 2016**
Solvay Şişecam Holding AG	49,736	35,830
Anadolu Anonim Türk Sigorta Şirketi	3,918	5,463
Rudnik Krecnjaka Vijenac D.O.O.	2,303	1,092
İş Merkezleri Yönetim ve İşletim A.Ş.	1,749	2,815
Şişecam Shanghai Trade Co. Ltd.	310	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	170	329
Paşabahçe USA Inc.	159	38
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	14	9
Kültür Yayınları İş-Türk Ltd. Şti.	12	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	3	8
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. (**)	-	17,495
Oxyvit Kimya Sanayii ve Tic. A.Ş. (*)	-	11,267
İş Portföy Yönetimi A.Ş.	-	83
İş Yatırım Menkul Değerler A.Ş.	-	13
	58,374	**74,442**

(*) Within the new shares received, Oxyvit Kimya Sanayii ve Tic. A.Ş. is accounted as a subsidiary with full consolidation method as of 25 July 2017, and the receivable and payable amounts have been eliminated.

(**) Omco İstanbul Kalıp Sanayii ve Tic. A.Ş has been sold as of 12 June 2017.

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

37. Related Party Disclosures (Continued)

Other payables to related parties	31 December 2017	31 December 2016
Dividend Payable to Shareholders (*)	2,147	1,469
Saint Gobain Glass France S.A.	1,633	769
Saint Gobain Glass Egypt S.A.E.	1,090	-
Paşabahçe Glass GmbH	281	193
Paşabahçe Spain SL	97	247
Denizli Cam Sanayii Vakfı	34	24
Tasfiye Halinde Mepa Merkezi Pazarlama A.Ş.	-	2,391
	5,282	**5,093**

(*) Consist of the accumulated dividend of the founding shareholders of Anadolu Cam Sanayii A.Ş. (one of our subsidiaries).

Income and expenses from/ to related parties:

Interest income from related parties	1 January- 31 December 2017	1 January- 31 December 2016
Türkiye İş Bankası A.Ş. ve İşbank AG	136,980	76,794
Paşabahçe USA Inc.	175	-
İş Merkezleri Yönetim ve İşletim A.Ş.	2	-
İş Portföy Yönetimi A.Ş.	-	4,949
Oxyvit Kimya Sanayii ve Tic. A.Ş.	-	300
Rudnik Krecnjaka Vijenac D.O.O.	-	10
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	2
	137,157	**85,055**

Interest expenses to related parties	1 January- 31 December 2017	1 January- 31 December 2016
IFC	3,278	3,345
Türkiye Sınai Kalkınma Bankası A.Ş.	974	798
Türkiye İş Bankası A.Ş. ve İşbank AG	665	4,952
European Bank For Reconstruction and Development ("EBRD")	441	-
Oxyvit Kimya Sanayii ve Tic. A.Ş.	-	213
Tasfiye Halinde Mepa Merkezi Pazarlama A.Ş.	-	118
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	-	6
	5,358	**9,432**

Income and expenses from/ to related parties: (Continued)

Dividend income from related parties	1 January- 31 December 2017	1 January- 31 December 2016
İş Finansal Kiralama A.Ş.	-	15
	-	**15**

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

37. Related Party Disclosures (Continued)

Gain of the valuation difference of held to maturity financial assets	1 January- 30 December 2017	1 January- 30 December 2016
Türkiye İş Bankası A.Ş.	45,833	39,747
Türkiye Sınai Kalkınma Bankası A.Ş.	19,090	17,309
	64,923	**57,056**

Income and expenses from/ to related parties (Continued):

Other income from related parties	31 December 2017	31 December 2016
Hindusthan National Glass and Industries Limited (1)	13,583	-
HNG Float Glass Limited (1)	11,979	694
Paşabahçe USA Inc. (2)	6,630	5,990
Solvay Şişecam Holding AG (3)	3,896	3,077
Anadolu Anonim Türk Sigorta Şirketi (4)	3,626	4,269
Saint Gobain Glass Egypt S.A.E.	2,939	3,882
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1,406	154
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	670	694
Paşabahçe Glass GmbH	542	401
Rudnik Krecnjaka Vijenac D.O.O.	418	329
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	373	383
Türkiye İş Bankası A.Ş. ve İşbank AG	277	279
Fabrika Cementa Lukavac D.D. (FCL)	92	73
Türkiye Sınai Kalkınma Bankası A.Ş. ve TSKB Gayrimenkul Değerleme A.Ş.	15	8
Milli Reasürans T.A.Ş.	11	8
Anadolu Hayat Emeklilik Sigorta A.Ş.	6	4
Yatırım Finansman Yatırım Ortaklığı A.Ş.	5	2
İş Portföy Yönetimi A.Ş.	5	2
İş Yatırım Menkul Değerler A.Ş.	4	5
İş Merkezleri Yönetim ve İşletim A.Ş.	2	16,987
İş Factoring Finansman Hizmetleri A.Ş.	2	1
Oxyvit Kimya Sanayii ve Tic. A.Ş. (5)	-	5,578
Bosen Enerji Elektrik Üret. Oto Pro. Grb. A.Ş.	-	3,993
Omco İstanbul Kalıp Sanayii Ve Tic. A.Ş.	-	925
Saint Gobain Glass France S.A.	-	9
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	-	2
İş Finansal Kiralama A.Ş.	-	1
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	1
	46,481	**47,751**

(1) Consists of revenues from sales of energy.

(2) Consists of revenues from sales of glassware.

(3) Consist of management and technic service income.

(4) TRY 3,611 thousand of the total amount consist of insurance agency income that Şişecam Sigorta Aracılık Hizmetleri A.Ş. acquired between 1 January and 31 December 2017 (1 January – 31 December 2016: TRY 4,203 thousand).

(5) With the new shares received, the subsidiary is accounted as a subsidiary with full consolidation method as of 25 July 2017 and income and expense amounts have been eliminated.

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

37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued):

Other expense to related parties	**1 January-31 December 2017**	**1 January-31 December 2016**
Solvay Şişecam Holding AG (1)	239,466	184,955
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (2)	16,005	22,462
Rudnik Krecnjaka Vijenac D.O.O. (3)	13,503	10,881
İş Merkezleri Yönetim ve İşletim A.Ş. (4)	8,707	9,442
Anadolu Anonim Türk Sigorta Şirketi	3,860	4,346
Paşabahçe Glass GmbH	1,967	1,727
Türkiye İş Bankası A.Ş. ve İşbank AG	1,436	1,298
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. ve Yard. Vakfı	1,009	975
İş Portföy Yönetimi A.Ş.	1,081	523
Paşabahçe Spain SL	994	769
Anadolu Hayat Emeklilik Sigorta A.Ş.	703	446
Paşabahçe USA Inc.	581	519
İş Yatırım Menkul Değerler A.Ş.	439	538
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	371	338
Kültür Yayınları İş-Türk Ltd. Şti.	20	25
Fabrika Cementa Lukavac D.D. (FCL)	2	-
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. (5)	-	29,192
Şişecam Shanghai Trade Co. Ltd.	-	2,356
Oxyvit Kimya Sanayii ve Tic. A.Ş. (6)	-	713
	290,144	**271,505**

(1) Amount consists of the purchases of soda from Solvay Sodi AD.
(2) TRY 15,705 thousand of the total amount consists of rent expenses for İş Kuleleri, Kule 3 for the period of 1 January – 31 December 2017 (1 January – 31 December2016: TRY 22,102 thousand).
(3) Amount consists of the expenses related with purchase of glass raw-materials (sand).
(4) It consists of management and operating expenses of Tuzla Şişecam Headquarters and İş Kuleleri
(5) It consists of mold expenses. On 12 June 2017 the business partnership was sold out of the Group.
(6) Oxyvit Kimya Sanayi ve Tic. A.Ş. As of 25 July 2017 together with new shares acquired, the subsidiary have been included in consolidation and income and expense amounts have been eliminated

Short-term benefits provided to key management	**1 January-31 December 2017**	**1January-31 December 2016**
Parent (Holding)	18,010	16,308
Consolidated entities	53,656	47,835
	71,666	**64,143**

Key management personnel are composed of top management, members of board of directors, general manager and general manager assistants 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 December 2017 and 1 January – 31 December 2016.

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

38. 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 27,

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 the calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents.

As of 31 December 2017 and 31 December 2016 the Group's net debt / total equity ratios are as follows:

	31 December 2017	**31 December 2016**
Financial liabilities and trade payables	7,048,609	6,749,308
Less: Cash and cash equivalents and financial assets held to maturity	(5,316,721)	(4,291,041)
Net debt	**1,731,888**	**2,458,267**
Total equity	**13,062,415**	**11,329,624**
Net debt / total equity ratio	**%13**	**%22**

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 Accounting 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 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.

38. 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 in the financial statements after the provision for doubtful receivables is made (Note 10).

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

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

	Receivables					
	Trade Receivables		Other Receivables		Cash and	
	Related	Third	Related	Third	cash	Financial
Credit risks exposed through types of financial instruments	**Parties**	**Parties**	**Parties**	**Parties**	**equivalents**	**Derivatives**
Maximum credit risk exposed as of balance sheet date 31 December 2017 (*) (A+B+C+D+E)	**30,352**	**2,307,926**	**-**	**54,603**	**3,437,908**	**1,879,343**
− **The part of maximum risk under guarantee with collaterals etc**	**-**	**(785,820)**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due not impaired	30,352	2,053,744		54,603	3,437,908	1,879,343
− The part under guarantee with collaterals, etc.	-	(749,693)	-	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-
− The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	254,182	-	-	-	-
− The part under guarantee with collaterals, etc.	-	(36,127)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
− Past due (gross carrying amount)	-	88,288	-	960	-	-
− Impairment (-)	-	(88,288)	-	(960)	-	-
− The part under guarantee with collaterals, etc	-	-	-	-	-	-
− Not past due (gross carrying amount)	-	-	-	-	-	-
− 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.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

	Receivables					
	Trade Receivables		Other Receivables		Cash and	
	Related	Third	Related	Third	cash	Financial
Credit risks exposed through types of financial instruments	**Parties**	**Parties**	**Parties**	**Parties**	**equivalents**	**Derivatives**
Maximum credit risk exposed as of balance sheet date						
31 December 2016 (*) (A+B+C+D+E)	**32,060**	**2,011,869**	**-**	**80,210**	**3,204,956**	**1,086,449**
− **The part of maximum risk under guarantee with collaterals etc.**	**-**	**(668,343)**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	32,060	1,758,139	-	80,210	3,204,956	1,086,449
− The part under guarantee with collaterals, etc.	-	(621,572)	-	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-
− The part under guarantee with collaterals, etc	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	253,730	-	-	-	-
− The part under guarantee with collaterals, etc.	-	(46,771)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
− Past due (gross carrying amount)	-	68,216	-	275	-	-
− Impairment (-)	-	(68,216)	-	(275)	-	-
− The part under guarantee with collaterals, etc	-	-	-	-	-	-
− Not past due (gross carrying amount)	-	-	-	-	-	-
− 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.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

Guarantees received from the customers are as follows:

	31 December 2017	31 December 2016
Letters of guarantee	308,076	268,678
Direct debit system	231,850	203,370
Security cheques and bonds	204,959	150,218
Mortgages	27,890	32,708
Cash	13,045	13,369
	785,820	**668,343**

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

	31 December 2017	31 December 2016
1-30 days overdue	126,787	158,620
1-3 months overdue	45,084	59,934
3-12 months overdue	63,894	27,817
1-5 years overdue	18,417	7,359
Total overdue receivables	**254,182**	**253,730**
The part secured with guarantee, etc. (-)	**(36,127)**	**(46,771)**

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 and 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.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.2) Liquidity Risk Management (Continued)

Liquidity risk tables (Continued)

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

	31 December 2017					
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	4,004,517	4,241,718	318,304	1,815,712	1,997,930	109,772
Bond issued	1,891,284	2,086,332	-	80,153	2,006,179	-
Financial Leases	942	942	302	325	315	-
Trade Payables	1,093,492	1,099,537	1,082,669	16,868	-	-
Due to related parties	63,656	63,656	63,656	-	-	-
Other financial liabilities	148,092	148,159	145,325	-	2,834	-
Total Liabilities	**7,201,983**	**7,640,344**	**1,610,256**	**1,913,058**	**4,007,258**	**109,772**

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)**
Cash inflows	1,209	1,209	-	-		
Cash outflows	(20,252)	(20,252)	-	(20,252)	-	-
	(19,043)	**(19,043)**	**-**	**(19,043)**	**-**	**-**

	31 December 2016					
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	4,016,001	4,399,928	283,239	1,931,812	1,961,907	222,970
Bond issued	1,762,162	2,021,341	-	74,783	1,946,558	-
Financial Leases	2,025	2,025	320	952	753	-
Trade Payables	894,678	898,621	871,221	27,400	-	-
Due to related parties	79,535	79,535	79,535	-	-	-
Other financial liabilities	171,861	171,915	133,111	-	38,804	-
Total liabilities	**6,926,262**	**7,573,365**	**1,367,426**	**2,034,947**	**3,948,022**	**222,970**

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)**
Cash inflows	831,014	831,014	831,014	-	-	-
Cash outflows	(41,581,851)	(41,581,851)	(189,532)	(189,532)	(41,202,787)	-
	(40,750,837)	**(40,750,837)**	**641,482**	**(189,532)**	**(41,202,787)**	**-**

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management

The Group is exposed to financial risks related to changes in foreign exchange and interest rates as a consequence of its operations. At the Group level, market risk exposures are measured by sensitivity analysis. When compared to previous year, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign currency risk management

Transactions in foreign currency cause the exchange rate risk to occur. The Group has adopted currencies different than the functional currencies according to the economies of the countries in which the subsidiaries and associates operate as foreign currencies.

The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)
b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

		Foreign Currency Position as of 31 December 2017			
		TRY equivalent	**USD**	**EUR**	**TRY Equivalent of other Currencies**
1.	Trade receivables	626,215	91,334	53,533	39,984
2a.	Monetary financial assets, (cash and banks included)	2,454,359	410,913	192,451	35,424
2b.	Non-monetary financial assets	95,199	25,239	-	-
3.	Other	46,974	7,538	3,775	1,495
4.	**Current assets (1+2+3)**	**3,222,747**	**535,024**	**249,759**	**76,903**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	1,782,936	472,689	-	-6b.
	Non-monetary financial assets	-	-	-	-
7.	Other	94,006	776	19,324	3,821
8.	**Non-current assets (5+6+7)**	**1,876,942**	**473,465**	**19,324**	**3,821**
9.	**Total Assets (4+8)**	**5,099,689**	**1,008,489**	**269,083**	**80,724**
10.	Trade payables	214,019	24,474	25,793	5,238
11.	Financial liabilities	812,023	16,698	165,882	-
12a.	Other monetary liabilities	107,072	21,544	5,214	2,266
12b.	Other non-monetary liabilities	-	-	-	-
13.	**Current liabilities (10+11+12)**	**1,133,114**	**62,716**	**196,889**	**7,504**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	2,438,516	537,559	90,997	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**2,438,516**	**537,559**	**90,997**	**-**
18	**Total liabilities (13+17)**	**3,571,630**	**600,275**	**287,886**	**7,504**
19.	Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	(293,508)	-	(65,000)	-
19a.	Total amount of assets hedged	45,155	-	10,000	-
19b.	Total amount of liabilities hedged	338,663	-	75,000	-
20	**Net foreign assets / (liability) position (9–18+19)**	**1,234,551**	**408,214**	**(83,803)**	**73,220**
21.	**Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10–11-12a–14–15-16a)**	**1,291,880**	**374,661**	**(41,902)**	**67,904**
22.	Fair value of derivative instruments used in foreign currency hedge	(19,042)	- -	(4,217)	-
23.	Export	3,189,628	467,959	326,709	139,475
24.	Import	1,202,150	139,778	161,746	27,008

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

		Foreign Currency Position as of 31 December 2016			
		TRY Equivalent	**USD**	**EUR**	**TRY Equivalent of other Currencies**
1.	Trade receivables	556,802	95,263	50,863	32,856
2a.	Monetary financial assets, (cash and banks included)	2,238,535	450,280	169,519	25,011
2b.	Non-monetary financial assets	53,975	15,337	-	-
3,	Other	126,440	13,480	21,000	1,092
4,	**Current assets (1+2+3)**	**2,975,752**	**574,360**	**241,382**	**58,959**
5,	Trade receivables	-	-	-	-
6a.	Monetary financial assets	1,028,869	292,359	-	-
6b.	Non-monetary financial assets	-	-	-	-
7,	Other	22,812	309	5,573	1,051
8,	**Non-current Assets (5+6+7)**	**1,051,681**	**292,668**	**5,573**	**1,051**
9,	**Total assets (4+8)**	**4,027,433**	**867,028**	**246,955**	**60,010**
10,	Trade payables	228,570	36,455	26,020	3,745
11,	Financial liabilities	228,570	36,455	26,020	3,745
12a.	Other monetary liabilities	41,583	4,118	7,100	753
12b.	Other non-monetary liabilities	-	-	-	-
13,	**Current liabilities (10+11+12)**	**900,673**	**91,471**	**154,794**	**4,498**
14,	Trade payables	-	-	-	-
15,	Financial liabilities	2,746,391	551,746	216,903	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17,	**Non-current liabilities (14+15+16)**	**2,746,391**	**551,746**	**216,903**	**-**
18,	**Total liabilities (13+17)**	**3,647,064**	**643,217**	**371,697**	**4,498**
19,	Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	(284,178)	-	(76,600)	-19a.
	Total amount of assets hedged	7,420	-	2,000	-
19b.	Total amount of liabilities hedged	291,598	-	78,600	-
20,	**Net foreign assets / (liability) position (9–18+19)**	**96,191**	**223,812**	**(201,342)**	**55,510**
21,	**Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a–10–11-12a–14–15-16a)**	**177,142**	**194,685**	**(151,315)**	**53,369**
22,	Fair value of derivative instruments used in foreign currency hedge	(40,751)	-	(10,984)	-
23,	Export	2,106,581	383,476	251,516	109,769
24,	Import	615,026	89,330	98,929	15,240

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)
b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

The table below represents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group while generating exchange rate risk reports; 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 December2017			
	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	141,318	(141,318)	-	-
2- USD hedged from risks (-)	-	-	-	
3- USD net effect (1+2)	**141,318**	**(141,318)**	**-**	
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(18,920)	18,920	677,517	(677,517)
5- EUR hedged from risks (-)	(29,351)	29,351	-	-
6- EUR net effect (4+5)	**(48,271)**	**48,271**	**677,517**	**(677,517)**
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	6,790	(6,790)	163,097	(163,097)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	**6,790**	**(6,790)**	**163,097**	**(163,097)**
Total (3+6+9)	**99,837**	**(99,837)**	**840,614**	**(840,614)**

(*) Presents the increase or decrease in total shareholders' equity due to 10% change in currency translation to Turkish Lira of Subsidiaries, Associates and Ventures operating outside of Turkey.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.1) Foreign currency risk management (Continued)

Foreign currency sensitivity (Continued)

	31 December 2016			
	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	68,513,745	(68,513,745)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	**68,513,745**	**(68,513,745)**	**-**	**-**
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(56,136)	56,136	525,464	(525,464)
5- EUR hedged from risks (-)	(28,418)	28,418	-	-
6- EUR net effect (4+5)	**(84,554)**	**84,554**	**525,464**	**(525,464)**
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	5,337	(5,337)	126,302	(126,302)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	**5,337**	**(5,337)**	**126,302**	**(126,302)**
Total (3+6+9)	**(10,703)**	**10,703**	**651,766**	**(651,766)**

(*) It represents the increase or decrease in total shareholders' equity due to 10% change in currency translation to Turkish Lira of Subsidiaries, Associates and Ventures operating outside of Turkey.

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased/decreased by 1% and foreign currency interest rates were increased/decreased by 0.25% with the assumption of keeping all other variables constant, the effect on net profit/loss for the period before taxation and non-controlling interest would decrease/increase by TRY 5,320 thousand as of 31 December 2017 (31 December 2016: TRY 6,044 thousand).

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)
b.3.2) Interest rate risk management

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

	31 December 2017			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	**-**	**7,443,493**	**267,613**	**7,711,106**
Cash and cash equivalents	-	3,172,478	266,109	3,438,587
Financial assets	-	1,878,134	-	1,878,134
Available for sale financial assets	-	-	1,504	1,504
Trade receivables	-	2,307,926	-	2,307,926
Due from related parties	-	30,352	-	30,352
Other receivables	-	54,603	-	54,603
Financial liabilities	**2,183,131**	**5,018,539**	**313**	**7,201,983**
Bank borrowings	2,183,131	1,821,073	313	4,004,517
Bond issues	-	1,891,284	-	1,891,284
Financial leases	-	942	-	942
Trade payables	-	1,093,492	-	1,093,492
Due to related parties	-	63,656	-	63,656
Other payables	-	148,092	-	148,092

	31 December 2016			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	**-**	**6,237,401**	**230,110**	**6,467,511**
Cash and cash equivalents	-	3,027,644	177,779	3,205,423
Financial assets	-	1,085,618	-	1,085,618
Available for sale financial assets	-	-	52,331	52,331
Trade receivables	-	2,011,869	-	2,011,869
Due from related parties	-	32,060	-	32,060
Other receivables	-	80,210	-	80,210
Financial liabilities	**2,342,386**	**4,583,489**	**387**	**6,926,262**
Bank borrowings	2,342,386	1,673,228	387	4,016,001
Bond issues	-	1,762,162	-	1,762,162
Financial leases	-	2,025	-	2,025
Trade payables	-	894,678	-	894,678
Due to related parties	-	79,535	-	79,535
Other payables	-	171,861	-	171,861

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)
b.3) Market Risk Management (Continued)

b.3.3) Other price risks

Equity Price Sensitivity
The Group's financial assets available for sale that are not consolidated, is traded at BIST 100 index.

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased/decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2017 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.

- The other equity funds would increase/decrease by TRY 62 thousand (31 December 2016: TRY 48 thousand). This change is resulted from the changes in fair value of the available for sale securities.

  Group's sensitivity to equity share price has not changed materially compared to the prior year.

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

Categories of Financial Instruments

31 December 2017	Assets and liabilities at amortized cost	Loans and receivables	Assets for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
Financial assets	**5,317,930**	**2,338,278**	**1,504**	**-**	**7,657,712**	
Cash and cash equivalents	3,438,587	-	-	-	3,438,587	6
Trade receivables	-	2,307,926	-	-	2,307,926	10
Due from related parties	-	30,352	-	-	30,352	37
Derivative financial assets	1,209	-	-	-	1,209	12
Financial investments	1,878,134	-	1,504	-	1,879,638	7
Financial liabilities	**7,074,143**	**-**	**-**	**-**	**7,074,143**	
Financial liabilities	5,896,743	-	-	-	5,896,743	8
Trade payables	1,093,492	-	-	-	1,093,492	10
Due to related parties	63,656	-	-	-	63,656	37
Derivative financial liability	20,252	-	-	-	20,252	12

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

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

Categories of Financial Instruments (Continued)

31 December 2016	Assets and liabilities at amortized cost	Loans and receivables	Assets for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
Financial assets	**4,291,872**	**2,043,929**	**52,331**	**-**	**6,388,132**	
Cash and cash equivalents	3,205,423	-	-	-	3,205,423	6
Trade receivables	-	2,011,869	-	-	2,011,869	10
Due from related parties	-	32,060	-	-	32,060	37
Derivative financial investments	831	-	-	-	831	12
Financial investments	1,085,618	-	52,331	-	1,137,949	7
Financial liabilities	**6,795,983**	**-**	**-**	**-**	**6,795,983**	
Financial liabilities	5,780,188	-	-	-	5,780,188	8
Trade payables	894,678	-	-	-	894,678	10
Due to related parties	79,535	-	-	-	79,535	37
Derivative financial liability	41,582	-	-	-	41,582	12

Fair Value of Financial Instruments

	31 December 2017			
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	1,504	734	-	770
Derivative financial assets	1,209	-	1,209	-
Total	**2,713**	**734**	**1,209**	**770**

	31 December 2016			
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	52,331	508	-	51,823
Derivative financial assets	831	-	831	-
Total	**53,162**	**508**	**831**	**51,823**

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

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

40. Events after reporting period

- In the meeting dated 29 January 2017 of the Board of Directors, In accordance with Article 10 titled "Transactions Provided by Corporate Governance Communiqué" numbered "II-17,1" which was published in the Official Gazette No. 28871 dated 3 January 2014 of the Capital Markets Board, our Company's financial plan for 2018 (budget) scope;

  - From the industrial enterprises of the Group and our subsidiaries Şişecam Dış Ticaret A.Ş. of the total amount of the Company's public and publicly traded export sales is expected to reach more than 10% of the cost of the sales and the revenue of the company in the last annual financial statements announced to the public, It is expected that the export sales will be realized at the same price as the price applied to the third parties that are not related parties, a modest commission will be collected for the service to be provided and the transaction conditions will be compatible with the previous years and with the market.

- In order to meet the need for an increase in production capacity in parallel with the forecast of domestic demand and supply balance, our subsidiary, Trakya Polatlı Cam Sanayii A.Ş., it was decided to carry out the "TR 8 Polatlı Düzcam Hat Yatırımı" project which is projected as total investment amount of USD 122,600 thousand and total investment amount including operating capital requirement of USD 126,600 thousand.

- Trakya Cam Sanayii A.Ş. has decided to parcitipate in the tender of acquisition of Sangalli Manfredonia plant located in Monte Sant'Angelo, which is an Italian-based Sangalli group, and the proposal has been submitted.

- From our subsidiaries Soda Sanayii A.Ş. has been a guarantor of the amount of TRY 175,000 thousand which will be used by Sisecam Elyaf Sanayii AŞ, which is a direct 100% owned subsidiary and located in the chemicals group, to finance the investments for the new glass fiber production facility investment.

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

Approval of Financial Statements

The Group's audited consolidated financial statements as of 31 December 2017 prepared in accordance with the Capital Markets Board's Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Financial Controller and Reporting Director, Gökhan Güralp and the Financial Controller Statutory Reporting Manager Murat Yalçın and approved for the public announcement by the Board of Directors on 27 February 2018.