

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Türkiye Şişe ve Cam Fabrikaları A.Ş.

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 December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

3) Key Audit Matters

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

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

Recognition of property, plant and equipment by revaluation method	
<p>The Group has continued to reflect land and buildings at their revaluated amounts according to results of valuation reports that are prepared by independent valuation appraiser in the consolidated financial statements as of December 31, 2018.</p> <p>Since the valuation models and transactions are complex and include significant judgements and estimations, we have considered this as the key audit matter.</p> <p>The detailed explanations of tangible assets are presented in Note 2.7 and Note 18.</p>	<p>We have evaluated the capabilities, expertise and objectivity of the independent appraisal firm appointed by the management. In our audit, we have evaluated the appropriateness of the valuation methods used by independent valuation appraiser in the valuation of land and buildings for the fair value determination.</p> <p>Real estate valuation experts of EY Network are included in the audit team to evaluate the appropriateness of assumptions compared to market information used by independent valuation appraiser. In this scope, through the review and studies that are conducted by EY Real Estate valuation experts, we have performed the assessment of assumptions and estimations used and assessed whether the fair value determined by independent valuation appraisers are in the acceptable range.</p> <p>The appropriateness of valuation methods and intended use assessment of land and buildings are controlled and square meters used in valuation are compared to the deed registry.</p> <p>The average value per square meter used in market approach by valuation appraiser are compared to market information on a sample. The sensitivity assessment of assumptions like negotiation share and location adjustment on fair value is performed. Besides, the assumptions and estimations used for cost approach used by the valuation appraiser firm are evaluated.</p> <p>In addition, with respect to such accounting treatment, the compliance of the information in the consolidated financial statements and explanatory disclosures in accordance with TAS 16 have been assessed.</p>

Deferred Tax Assets Related to Investment Incentives and carry forward tax losses	
<p>As of 31 December 2018, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2018, TRY 771,232 thousand of deferred tax assets were recognized within the scope of these investment incentive certificates.</p> <p>In addition, the Group has made an estimate of the recoverability of the deferred tax asset reflected in the financial statements, by considering the taxable profits for the future financial years and the periods in which the tax losses carried forward can be deducted from the tax base in various countries. Based on this estimate, a deferred tax asset amounting to TRY 211,547 thousand has been recognized for tax losses carried forward.</p> <p>There are uncertainties in estimating the future taxable profit, which determines whether deferred tax assets will be recognized or not. The evaluation process is based on estimates and assumptions, therefore, it is a key audit matter to assess the measurement and recoverability of deferred tax assets. Considering the sensitivity of the estimates and assumptions used and the size of the amounts, the focus was on the deferred tax assets of subsidiaries operating in Russia.</p> <p>Explanations on deferred tax assets are presented in Note 35 and the assumptions on their recoverability are presented in Note 2.</p>	<p>Our audit procedures include the assessment of the assumptions and estimations made by the Board of Directors, regarding the probability of generating sufficient future taxable profits based on the budgets and business plans and past experiences, the Group's tax position, our knowledge and experience regarding the timing of taxable profit forecasts and the implementation of the current tax legislation.</p> <p>Besides, in order to examine the effect of the Council of Ministers' decision on deferred tax assets created from investment incentives, tax experts in our audit network were included in the audit team that assessed the measurement of the related deferred tax assets.</p> <p>During our procedures, the consistency of the basic estimates has been evaluated and procedures have been applied to ensure that the Group's financial losses, tax practices and financial statements in various countries are complete and accurate.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 1 February 2019.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2018 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



Zeynep Okuyan Özdemir, SMMM
Partner

1 February 2019
Istanbul, Turkey

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

Assets	Notes	31 December 2018	31 December 2017
Current Assets			
Cash and Cash Equivalents	6	3,164,017	3,438,587
Financial Investments	7	221,911	95,200
Trade receivables	10,37	3,234,587	2,338,278
– Due from related parties	37	2,292	30,352
– Other trade receivables	10	3,232,295	2,307,926
Other receivables	11	48,565	38,018
Derivative instruments	12	-	1,209
Inventories	13	3,007,447	2,141,174
Prepaid expenses	14	305,390	167,443
Income tax assets	35	34,028	9,940
Other current assets	26	299,507	136,034
Subtotal		10,315,452	8,365,883
Assets held for sale	34	204	204
Total current assets		10,315,656	8,366,087
Non-current assets			
Financial investments	7	2,383,790	1,784,438
Trade receivables	10	299	-
Other receivables	11	26,798	16,585
Investments accounted for using the equity method	16	626,895	712,108
Investment properties	17	729,968	583,069
Property, plant and equipment	18	12,049,679	9,199,542
Intangible assets	19,20	665,206	161,260
– Goodwill	20	197,911	56,386
– Other intangible assets	19	467,295	104,874
Prepaid expenses	14	185,213	152,156
Deferred tax assets	35	779,449	328,607
Other non-current assets	26	4,603	3,641
Total non-current assets		17,451,900	12,941,406
TOTAL ASSETS		27,767,556	21,307,493

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

LIABILITIES	Notes	31 December 2018	31 December 2017
Current Liabilities			
Short term borrowings	8	1,899,428	956,852
Short term portion of long term borrowings	8	1,203,331	998,571
Other financial liabilities	9	572,660	-
Trade payables	10,37	1,657,192	1,151,866
– Due to related parties	37	72,155	58,374
– Due to third parties	10	1,585,037	1,093,492
Liabilities for employee benefits	24	55,947	35,546
Other payables	11,37	53,400	150,540
– Due to related parties	37	2,639	5,282
– Due to third parties	11	50,761	145,258
Derivative instruments	12	280	20,252
Deferred income	14	99,881	132,951
Current income tax liabilities	35	70,092	61,082
Short term provisions	22,24	173,369	95,705
Other current liabilities	26	218,850	169,227
Total current liabilities		6,004,430	3,772,592
Non-current liabilities			
Long term borrowings	8	4,333,624	3,941,320
Other payables	11	1,244	2,834
Deferred income	14	66,855	56,423
Long term provisions	24	400,027	345,811
Deferred tax liabilities	35	234,602	126,098
Total non-current liabilities		5,036,352	4,472,486
Total liabilities		11,040,782	8,245,078
EQUITY			
Equity holders of the parent			
27			
Paid capital		2,250,000	2,250,000
Adjustment to share capital differences		181,426	181,426
Share Premiums (discount)		527	527
Accumulated other comprehensive income/expense not to be reclassified to profit or loss		2,004,509	1,561,041
– Gains/(losses) on revaluation and remeasurement		2,004,509	1,561,041
– Revaluation gain/(loss) on tangible assets		2,018,108	1,585,926
– Gain/(loss) arising from defined benefit plans		(13,599)	(24,885)
Accumulated other comprehensive income/expense to be reclassified to profit or loss		1,585,402	877,826
– Currency translation differences		1,583,535	877,527
– Hedge reserves		(219)	(112)
– Gain/loss on revaluation and classification		2,086	411
– Revaluation and/or classification gain/(loss) on financial assets available for sale		2,086	411
Restricted reserves		158,437	115,363
Retained earnings		4,231,128	3,624,971
Net profit or (loss) for the period		2,325,840	1,225,420
Non-controlling interests	27	3,989,505	3,225,841
Total equity		16,726,774	13,062,415
TOTAL LIABILITIES AND EQUITY		27,767,556	21,307,493

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
Revenue	28	15,550,314	11,318,495
Cost of sales	28	(10,392,908)	(7,688,153)
Gross profit/ (loss) from trading activity		5,157,406	3,630,342
General administrative expenses	29,30	(883,630)	(724,620)
Marketing expenses	29,30	(1,862,975)	(1,370,327)
Research and development expenses	29,30	(75,265)	(57,108)
Other operating income	31	1,125,937	552,096
Other operating expenses	31	(606,358)	(346,376)
Share of profit/loss of associates and joint ventures	16	132,754	172,080
Operating profit / (loss)		2,987,869	1,856,087
Income from investing activities	32	1,127,564	344,036
Expense from investing activities	32	(366,350)	(48,538)
Impairment gains (losses) arising from TFRS-9	32	(60,010)	-
Other Income (Expenses) from Associates, joint ventures and subsidiaries	32	13,698	-
The gains (losses) from the classification of the financial assets at fair value recognized in other comprehensive Income	32	138,358	-
Operating profit / (loss) before financial income and expense		3,841,129	2,151,585
Finance income	33	2,057,743	1,024,676
Finance expenses	33	(2,431,476)	(1,234,497)
Profit / (loss) before tax from continued operations		3,467,396	1,941,764
Tax income/expense from continued operations		(93,720)	(204,808)
- Taxes on (expense) / income	35	(510,320)	(225,268)
- Deferred tax income / (expense)	35	416,600	20,460
Profit / (loss) for the period		3,373,676	1,736,956
Attributable to:			
- Non-controlling interest	27	1,047,836	511,536
- Equity holders of the parent	27	2,325,840	1,225,420
Earnings per share	36	1.0337	0.5446

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
Profit / (loss) for the Period	27	3,373,676	1,736,956
Other Comprehensive Income:			
Items not to be reclassified to profit or loss	27	609,199	(79,411)
Gains / (loss) on revaluation of tangible fixed assets		701,414	36,509
Gain / (loss) arising from defined benefit plans		20,437	(41,230)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		4,532	211
Taxes on items not to be reclassified to profit or loss		(117,184)	(74,901)
Items to be reclassified to profit or loss	27	714,821	430,786
Currency translation differences		713,219	429,711
Revaluation and/or classification			
gain/(loss) on financial assets available for sale		1,716	226
Hedge reserves		(99)	1,146
Taxes on items to be reclassified to profit or loss		(15)	(297)
Other comprehensive income/ (loss)		1,324,020	351,375
Total Comprehensive Income/ (Loss)		4,697,696	2,088,331
Attributable to:			
- Non-controlling interest		1,192,887	534,643
- Equity holders of parent		3,504,809	1,553,688
Earnings per share	36	1.5577	0.6905

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

	Pain-in Capital	Adjustment to Capital	Share Premium/ Discount	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 effect	-	-	-	1,112	-	-	(4,054)	-	(2,942)	2,942	-
Dividends	-	-	-	-	-	-	(250,000)	-	(250,000)	(124,039)	(374,039)
Subsidiary disposal	-	-	-	(22,525)	-	-	22,527	-	2	(2)	-
Increases/ (decreases) due to changes in shareholding rate in 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 ventures	-	-	-	(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

	Pain-in Capital	Adjustment to Capital	Share Premium/ Discount	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 2018	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
Impact of accounting policy change	-	-	-	-	-	-	(26,025)	-	(26,025)	(6,717)	(32,742)
Balance at 1 January 2018 (restated)	2,250,000	181,426	527	1,561,041	877,826	115,363	3,598,946	1,225,420	9,810,549	3,219,124	13,029,673
Transfer	-	-	-	-	-	43,074	1,182,346	(1,225,420)	-	-	-
Total comprehensive income / (loss)	-	-	-	413,257	707,576	-	58,136	2,325,840	3,504,809	1,192,887	4,697,696
Merger effect	-	-	-	(991)	-	-	56,906	-	55,915	(55,915)	-
Dividends	-	-	-	-	-	-	(300,000)	-	(300,000)	(156,809)	(456,809)
Increases / (decreases) due to changes in shareholding ratio in subsidiaries that do not result in loss of control	-	-	-	31,202	-	-	117,920	-	149,122	(149,122)	-
Transactions with non controlling interest	-	-	-	-	-	-	(506,680)	-	(506,680)	(65,980)	(572,660)
Other changes (*)	-	-	-	-	-	-	23,554	-	23,554	5,320	28,874
Balance at 31 December 2018	2,250,000	181,426	527	2,004,509	1,585,402	158,437	4,231,128	2,325,840	12,737,269	3,989,505	16,726,774

(*) Due to the consolidation of subsidiaries does not have significant impact on the consolidated financial statements, the "financial investments" presented under "Non Current Asset" as "Non-consolidated subsidiaries" is started to be consolidated as of 1 January 2018 and the amounts present initial impact of these subsidiaries for the consolidated financial statements. (Note 27).

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

Notes	1 January- 31 December 2018	1 January- 31 December 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES	1.610.132	1.936.742
Net profit/(loss) for the period	27	3.373.676
Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities	423.242	970.110
- Depreciation and amortization	18,19	1,048,555
- Impairments/(reversals)	6,7,10,11,13,19	239,851
- Changes in provisions	3,22,24,27	188,026
- Interest income and expenses	8,31,33,37	122,288
- Unrealized exchange loss/ (gain)	31,33	(83,412)
- Fair value loss/(gain)	7,32	(1,055,298)
- Income from investments accounted for under equity accounting	16	(132,754)
- Tax expenses	35	93,720
- Adjustments for losses (gains) on disposal of non-current assets	32	1,361
- Income caused by sale or changes in share of associates, joint ventures and financial investments	16	-
- Disposal of subsidiary or joint ventures	27,32	-
- Other adjustments related to profit/(loss) reconciliation	3,26,27	905
Changes in net working capital	(1,324,949)	(204,895)
- (Increases)/decreases in trade receivables	3,10,27,31,37	(166,703)
- (Increases)/decreases in other receivables	11,16,27,31,37	(10,901)
- (Increases)/decreases in derivative instruments	12,33	3,526
- (Increases)/decreases in inventories	3,13,27	(842,706)
- Increases/(decreases) in trade payables	3,10,27,31	(20,893)
- Increases/(decreases) in other payables	11,14,26,27,37	(32,788)
- Increases/(decreases) in derivative liabilities	12,33	(12,898)
- Other increases/(decreases) in net working capital	14,26,27	(241,586)
Cash flows from operating activities	2,471,969	2,502,171
- Interest paid	8,31,33,37	(392,131)
- Interest received	31,33,37	113,811
- Employment termination benefits paid	24	(45,607)
- Taxes received / (paid)	35	(537,910)

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
B. CASH FLOWS FROM INVESTING ACTIVITIES		(2,244,503)	(1,057,428)
– Cash inflow from sales of losing control of subsidiaries	27	-	180,845
– Cash outflows used in gaining control of subsidiaries	3,11	(466,823)	(77,012)
– Cash inflows from sales of associates or joint ventures' share sales or capital decrease	16	-	50,404
– Cash inflows from sales of other entities' or fund's share	7,32	20,480	256,011
– Cash outflows from purchase of other entities' or fund's share	7,16	(32,485)	(886,541)
– Proceeds from sale of tangible and intangible assets	8,18,19	76,206	71,947
– Purchase of property, plant, equipment and intangible assets	8,11,18,19	(2,220,709)	(896,767)
– Proceeds from sale of investment property	17,32	-	5,162
– Proceeds from sale of assets held for sale	11	7,099	7,099
– Advances given	14	(708,831)	(722,810)
– Proceeds from advances given	14	681,276	643,658
– Dividend received	16,26,32	118,550	98,746
– Interest received	6,7,32,33	284,794	233,569
– Other cash inflows/ (outflows)	10,11,26,27	(4,060)	(21,739)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(793,925)	(1,041,356)
– Proceeds from changes in ownership of subsidiaries that does not result in loss of control	11,27	-	18,499
– Cash inflows from changes in ownership without loss of control in subsidiaries	11,27	(58,679)	(41,117)
– Proceeds from borrowings	8	5,997,952	1,944,417
– Repayments of borrowings	8,33	(6,275,600)	(2,587,728)
– Financial leases payments	8	(789)	(1,388)
– Dividend paid	27	(456,809)	(374,039)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(1,428,296)	(162,042)
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		1,132,350	428,774
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(295,946)	266,732
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	3,460,013	3,163,693
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD (A+B+C+D+E)	6	3,164,067	3,430,425

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. Group's Organizations and Nature of Business

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 67 subsidiaries, 1 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 83 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks, as of Türkiye Şişe ve Cam Fabrikaları A.Ş. Sosyete'si was founded with the title. Company's title have been registered as of Türkiye Şişe ve Cam Fabrikaları A.Ş. in April 25, 1973. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BİST"), formerly named as Istanbul Stock Exchange ("ISE"), since 1986. As of December 31, 2018, İş Bankası holds 67.11% 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 / Türkiye

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

Trade Register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu
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 2018	31 December 2017
Personnel (paid by monthly)	7,001	6,487
Personnel (paid by hourly)	14,967	14,840
Total	21,968	21,327

64 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 2017: 367 employees,)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. GROUP'S ORGANIZATIONS AND NATURE OF OPERATIONS (continued)

Companies Consolidated

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.	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 Italy S.R.L.	Production and sales of flat and laminated glass	Italy
Şişecam Flat Glass South Italy S.R.L. (2)	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
Şişecam Flat Glass India Limited (3)	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 Investment B.V.	Finance and investment company	Netherlands
Nude Design Investment B.V.	Finance and investment company	Netherlands
Nude Glass Investment B.V.	Finance and investment company	Netherlands
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 Spain SL (4)	Production and sales of glassware	Spain
Paşabahçe Glass GmbH (4)	Production and sales of glassware	Germany
Paşabahçe USA Inc. (4)	Production and sales of glassware	USA
Paşabahçe (Shanghai) Trading Co. Ltd.	Sales and marketing services	China
Paşabahçe Egypt Glass Manufacturing S.A.E	Automatic production and sales of glassware	Egypt

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. GROUP'S ORGANIZATIONS AND NATURE OF OPERATIONS (continued)

Companied Consolidated (continued)

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. (1)	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	Production and sales of glass packaging	Russia
OOO Energosystems	Leasing of industrial materials	Russia
CJSC Brewery Pivdena	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.	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.	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
Şişecam Trading Co. (4)	Commercial activity	China

Joint ventures	Nature of business	Country of registration
Rudnik Krechnjaka 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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (continued)

Companies Consolidated (continued)

- (1) The shares of the aforementioned subsidiaries have been publicly traded on the Borsa İstanbul A.Ş. ("BIST"), formerly named as İstanbul 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 2018, Türkiye Şişe ve Cam Fabrikaları, Soda Sanayii A.Ş. are traded in BIST-30, Trakya Cam Sanayii A.Ş. is traded in BIST-50, Anadolu Cam Sanayii A.Ş. is in BIST-100 and 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 95,28 (9.48 out of 10) as of 14 December 2018, 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	14 December 2018	15 December 2017
Shareholders	25%	95,36	95,36
Public disclosure and transparency	25%	96,98	96,98
Stakeholders	15%	99,48	99,48
Board of directors	35%	92,21	90,92
Average Rating	100%	95,28	94,83

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 3 September 2018.

- (2) Established in 2018
- (3) HNG Float Glass Limited, which was 50% owned by a subsidiary, namely Trakya Cam Sanayii A.Ş., and was accounted for using the equity method, has been acquired on 13 June 2018 by the acquisition of the share of 49,80%. It was included in the consolidation with full consolidation method from 13 June 2018. On 28 November 2018, the title of the affiliate was registered as Şişecam Flat Glass India Limited. Furthermore, on 26 December 2018, by the acquisition of the remaining 0.20% of the shares, the shareholding is increased to 100%.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companies Consolidated (continued)

- (4) Due to not significant impact on the financial statements, Paşabahçe Spain SL, Paşabahçe Glass GmbH, Pasabahçe USA Inc. and Şişecam Trading Co was presented as the "non-consolidated subsidiaries" in the Financial Investment account in "Non Current Asset" is started to be consolidated since January 1, 2018.

The following are the direct and effective shareholder share rates within the capital of the companies that are included in the consolidation of the Group:

Subsidiaries of Flat Glass Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
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
Şişecam Flat Glass South Italy S.R.L	100,00	69,45	-	-
Trakya Glass Rus AO	100,00	48,62	100,00	48,62
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
Şişecam Flat Glass India Limited	100,00	69,45	50,00	34,73

Associates of Flat Glass Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Saint Gobain Glass Egypt S.A.E.	30,00	20,84	30,00	20,84

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. Group's Organization and Nature of Business (continued)

Companies Consolidated (continued)

Subsidiaries of Glassware Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99,47	99,47	84,01	84,01
Paşabahçe Mağazaları A.Ş.	100,00	99,47	100,00	84,01
Camiş Ambalaj Sanayii A.Ş.	100,00	100,00	100,00	100,00
Denizli Cam Sanayii ve Tic. A.Ş.	51,00	50,73	51,00	42,84
Paşabahçe Investment B.V.	100,00	99,47	100,00	84,01
İstanbul Investment B.V.	100,00	99,47	100,00	84,01
Nude Design Investment B.V.	100,00	99,47	100,00	84,01
Nude Glass Investment B.V.	100,00	99,47	100,00	84,01
Paşabahçe Bulgaria EAD	100,00	99,47	100,00	84,01
OOO Posuda	100,00	99,47	100,00	84,01
Paşabahçe Srl	100,00	99,47	100,00	84,01
Paşabahçe Spain SL	100,00	99,47	100,00	84,01
Paşabahçe Glass GmbH	100,00	99,47	100,00	84,01
Paşabahçe USA Inc.	100,00	99,47	100,00	84,01
Paşabahçe (Shanghai) Trading Co. Ltd.	100,00	99,47	100,00	84,01
Paşabahçe Egypt Glass Manufacturing S.A.E.	100,00	99,47	100,00	84,01

Subsidiaries of Glass Packaging Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Anadolu Cam Sanayii A.Ş.	77,10	77,10	77,10	77,10
AC Glass Holding B.V.	100,00	77,10	100,00	77,10
Anadolu Cam Investment B.V.	100,00	77,10	100,00	77,10
Balsand B.V.	100,00	77,10	100,00	77,10
OOO Ruscam Management Company	100,00	77,10	100,00	77,10
OOO Ruscam Glass Packaging Holding	100,00	77,10	100,00	77,10
OOO Energosystems	100,00	77,10	100,00	77,10
CJSC Brewery Pivdenna	100,00	77,10	100,00	77,10
Merefa Glass Company Ltd.	100,00	77,10	100,00	77,10
JSC Mina	100,00	77,10	100,00	77,10

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. Group's Organization and Nature of Business (continued)

Companies Consolidated (continued)

Subsidiaries of Chemicals Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
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	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	100,00
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100,00	60,67	100,00	60,67
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
Şişecam Trading Co.	100,00	60,67	100,00	60,67

Joint Ventures of Chemicals Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Rudnik Krcenjaka Vijenac D.O.O.	50,00	50,00	50,00	50,00

Associates of Chemicals Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership(%)	Effective ownership rate (%)
Solvay Şişecam Holding AG	25,00	15,22	25,00	15,22

Other Subsidiaries of the Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
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	83,51
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	99,84	100,00	95,20

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of 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.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its consolidated financial statements in accordance with this decision.

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.

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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of presentation (continued)

Financial Statements of subsidiaries that operate in foreign countries

The financial statements of subsidiaries, partnerships and affiliates operating in foreign countries are prepared in accordance with the laws and regulations applicable in the countries in which they operate, and are regulated according to Group accounting policies. Contained in the financial statements; Assets and liabilities are translated into Turkish lira using the consolidated report history exchange rate, income and expenses are translated into Turkish lira using the average exchange rate. The differences arising from the use of closing and average exchange are followed by the foreign currency cycle differences within the equity item.

The rates used in the cycle of overseas activities within the scope of consolidation are as follows:

Currency	31 December 2018		31 December 2017	
	Period End	Period Average	Period End	Period Average
USD Dollar	5.26090	4.83013	3.77190	3.64446
Euro	6.02800	5.67894	4.51550	4.11588
Bulgarian Lev	3.08207	2.90360	2.30874	2.10442
Egyptian Pound	0.29441	0.27190	0.21333	0.20491
Russian Ruble	0.07534	0.07606	0.06507	0.06210
Georgian Lari	1.96552	1.90572	1.45510	1.45276
Ukrainian Hryvnia	0.19000	0.17757	0.13439	0.13704
Bosnian Mark	3.08207	2.90360	2.30874	2.10442
Romanian Leu	1.28660	1.21327	0.96374	0.89552
Hungarian Forint	0.01875	0.01781	0.01456	0.01331
Chinese Yuan	0.76203	0.72259	0.57622	0.53633
Indian Rupee	0.07538	0.07062	0.05900	0.05597

Consolidation Principles

The consolidated financial statements include the accounts of 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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of presentation (continued)

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 and sustain variable income because of the relationship with this companies.

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 presents all subsidiaries included in the scope of consolidation and effective interest ownership (%) as of December 31, 2018 and December 31, 2017.

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 attributable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses attributable to the non-controlling are recognized as non-controlling interest.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of Presentation (continued)

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 December 31, 2018 and December, 2017. Joint Ventures are accounted for under equity accounting method.

Associates

The equity method is used for accounting of 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. As of December 31, 2018 and December 31, 2017, the details of the Group's associates are disclosed in Note 1. Affiliates are included in the scope of consolidation by using the equity method.

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.

Financial assets at fair value through other comprehensive income

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

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

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 at their fair values in the consolidated financial statements.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.2 Statement of Compliance to TAS

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

2.3 Significant change in the Accounting Policies

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

Impacts on consolidated financial statements

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

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

The Group has applied IFRS 15 Revenue from Contracts with Customers by using "cumulative effect method" on the transition date of 1 January 2018. The cumulative effect adjustment for the first time of this adoption is recognized in retained earnings as of 1 January 2018 and no restatement has been required in the comparative information of the financial statements.

The impacts on the statement of financial position of 31 December 2018 and the profit or loss table for the twelve month period ended for the same date regarding to the adoption of IFRS 9 and IFRS 15 are as follows:

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Financial Statement

Assets	Notes	31 December 2018	Impacts excluded	IFRS-9 Impacts	IFRS-15 Impacts	31 December 2018
Current Assets						
Cash and cash equivalents	6	3,167,052	(3,035)	-	-	3,164,017
Financial assets	7	225,828	(3,917)	-	-	221,911
Trade receivables	10,37	3,324,767	(38,659)	(51,521)	-	3,234,587
Inventories	13	2,966,551	0	40,896	-	3,007,447
Other current assets items except above		687,694	-	-	-	687,694
Total Current Assets		10,371,892	(45,611)	(10,625)		10,315,656
Non-current Assets						
Financial assets	7	2,448,110	(64,320)	-	-	2,383,790
Deferred tax assets	13	755,417	21,596	2,436	-	779,449
Other non-current assets items except above		14,288,661	-	-	-	14,288,661
Total Non-current Assets		17,492,188	(42,724)	2,436		17,451,900
Total Asset		27,864,080	(88,335)	(8,189)		27,767,556
Total Liability		11,040,782	-	-		11,040,782
Equity						
Shareholders' Equity		12,808,543	(66,620)	(4,654)		12,737,269
Currency translation differences	27	1,583,521	14	-	-	1,583,535
Retained Earnings	27	4,257,153	(29,755)	3,730	-	4,231,128
Current period net profit or loss	27	2,371,103	(36,879)	(8,384)	-	2,325,840
Other equity account items except above	27	4,596,766	-	-	-	4,596,766
Non-controlling interests	27	4,014,755	(21,715)	(3,535)		3,989,505
Total Equity		16,823,298	(88,335)	(8,189)		16,726,774

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Income Statement

	Notes	31 December 2018 Impacts excluded	IFRS-9 Impacts	IFRS-15 Impacts	31 December 2018
Revenue	28	15,632,213	-	(81,899)	15,550,314
Cost of Sales	28	(10,456,325)	-	63,417	(10,392,908)
Gross profit	28	5,175,888	-	(18,482)	5,157,406
Expense from operating activities	29,30	(2,821,870)	-	-	(2,821,870)
Other operating income/expense, net	16,31	652,333	-	-	652,333
Operating profit		3,006,351	-	(18,482)	2,987,869
Investment activities income / (expenses) and valuation Gains (Losses)	32	913,270	-	-	913,270
Impairment Gains (Losses) arising from TFRS-9	32	-	(60,010)	-	(60,010)
Operating profit before financial income expense		3,919,621	(60,010)	(18,482)	3,841,129
Financial Income /(Expenses)	33	(373,733)	-	-	(373,733)
Profit/loss before tax from continued operations		3,545,888	(60,010)	(18,482)	3,467,396
Tax income/expense from continued operations		(108,428)	10,613	4,095	(93,720)
- Taxes on income / (expense)	35	(510,320)	-	-	(510,320)
- Deferred tax income (expense)	35	401,892	10,613	4,095	416,600
Profit for the period		3,437,460	(49,397)	(14,387)	3,373,676
Attributable to:					
- Non-controlling assets	27	1,066,357	(12,518)	(6,003)	1,047,836
- Equity holders of the parent	27	2,371,103	(36,879)	(8,384)	2,325,840
Earnings Per Share	36	1.0538	(0.0164)	(0.0037)	1.0337

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant changes in the Accounting Policies (continued)

Classification and Measurement

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Classification and Measurement (Continued)

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

Impairment

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

	1 January 2018
Retained Earnings	3,624,971
Allowance for impairment in cash and cash equivalents	(533)
Allowance for impairment in short term financial investments	(549)
Allowance for impairment in long term financial investments	(10,180)
Increase in allowance for doubtful trade receivables	(38,659)
Deferred tax effect	10,983
Effect of non-controlling interests	9,183
	(29,755)
Retained earnings - 1 January 2018 (Including TFRS-9 impacts, excluding TFRS-15 impacts)	3,595,216

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Impairment (continued)

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

	1 January 2018
Retained earnings (IFRS 9 impacts included, IFRS 15 impacts excluded)	3,595,216
The impact of revenue recognized over time	7,856
The impact of deferred tax	(1,659)
Effect of non-controlling interests	(2,467)
Total impacts of prior year amendments in accordance with TFRS 15	3,730
Retained earnings-January 1, 2018 (TFRS 9 and TFRS 15 impacts included)	3,598,946

The qualities of these effects are described below:

Sale of goods and services with variable price

Some contracts for sale of goods and services give customers the right to refund and turnover premium discounts. The Group has accounted for the price received or taken prior to the IFRS 15 transition as a result of the sale of goods measured by the value of the fair and the return amount and refund obligations. If the income is not reliably measured, the group delays the accounting of revenues until the uncertainty is eliminated. According to IFRS 15, the obligations of return and refund lead to a variable assessment.

Volume rebates to customers

Before TFRS 15 is effective, the group predicted the expected volume rebates according to the probability weighted average method and reserved money in commercial and other debts. According to IFRS 15, volume discounts are assessed as variable price. The Group has implemented the "most probable amount" method for contracts with a single volume threshold and the "expected value" method for contracts with multiple volume thresholds to estimate the variable cost that the group can qualify for.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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 December 31, 2018 are consistent with those used in the preparation of financial statements for the year ended 31 December 2017.

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

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

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

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

TFRS 15 – Revenue from contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group adopted TFRS 15 using full retrospective approach or modified retrospective approach and disclosed the impact of the standard on financial position and performance of the Group in Note 2.3.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.5 Amendments in Turkish Financial Reporting Standards (continued)

New standard, amendments and comments effective January 1, 2018 (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. 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. An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2018. The impact of these amendments on the financial position and performance of the Group is presented in Note 2.3.

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. The amended standard will:

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

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments did not have a significant impact on the financial position or performance of the Group.

TFRS 22 Foreign Currency Transactions and Advance Consideration

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

New standard, amendments and comments effective January 1, 2018 (continued)

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

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

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

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

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

In December 2017, POA issued amendments to TAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

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

Annual Improvements to TFRSs – 2014-2016

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

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital 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.

a) The standards published but not still effective and not implemented early in December 31, 2018 (continued):

Standards, 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 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

a) The standards published but not still effective and not implemented early in December 31, 2018 (continued):

TFRS 16 Leases (continued)

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e. leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g. personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e. the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e. the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

The lessee will have to remeasure the lease liability if certain events occur (for example, changes in rental time, due to change in a specific index or rate of future lease payments change, etc.). In this case, the lessee will register the remeasure effect of the lease obligation as a correction on the right to use.

The Group has assessed the impact of TFRS 16 on consolidated financial statements, including its subsidiaries, and according to the draft assessment, an entity with a rate of 2% of the approximate consolidated assets in accordance with the current lease agreements reserves the right to use and to register the rental obligation. This calculation will be revised in 2019 due to the variability in the parameters used.

Transition to TFRS 16

The Group plans to implement TFRS 16 with the simplified retrospective approach. The Group will choose to apply this standard to contracts it has previously defined as leasing by implementing TAS 17 leasing transactions. For this reason, the Group will not apply this standard to contracts that previously did not define as a lease by TAS 17. As of the transition date, the Group plans to take advantage of the recognised facilitator for leases and low-value leases that will expire in 12 months or less. The Group's office equipment leases are considered as low value rentals.

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, with early application permitted.

The Group does not expect impact of the amendments on financial position or performance of the Group.

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

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

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

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

a) The standards published but not still effective and not implemented early in December 31, 2018 (continued):

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

TFRIC 23 Uncertainty over Income Tax Treatments

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

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

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

Annual Improvements 2015-2017 Cycle

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

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

Changes to the plan, downsizing or fulfilling (TAS 19 Amendments)

In January 2019, POA published the "Change to the plan, downsizing or fulfilling" amendments to TAS 19. Amendment: Changes to the plan require that the cost of the service determined for the remainder of the annual accounting period and the net interest cost to be calculated using current actuarial assumptions after a reduction or fulfilment occurs. The amendments, will be applied for the annual accounting periods beginning on January 1, 2019. Early application is allowed.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

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

a) The standards published but not still effective and not implemented early in 31 December 2018 (Continued):

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

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

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

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

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

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 TFRS 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

TFRS 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. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

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

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

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

2. Basis of Presentation of Financial Statements (Continued)

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

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) as of 31 December 2018 (Continued)

Definition of a Business (Amendments to IFRS 3)

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

The changes are as follows:

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

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

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

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

The amendment will be effective for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies

Revenue

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

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

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

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

Interest Income

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

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

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

Inventories

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tangible Assets

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

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

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

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

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

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

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

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

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tangible Assets (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 5 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 (3-5 years).

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

Intangible assets acquired in a business combination

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

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

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

2.6 Summary of significant Accounting Policies (Continued)

Intangible assets (Continued)

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 Group management.

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).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Investment Properties

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

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 Instruments and Hedging 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:

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Cash flow hedge

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.

Hedge Accounting:

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

Impairment of Assets

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

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2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial Leases

a) The Group as the lessee

Financial Leasing

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leased 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.

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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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, 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

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

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

Recognition and Measurement

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and Measurement (Continued)

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

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

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

Derecognition

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

Impairment

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

Provision for loss measured as below ;

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Trade receivables

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

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

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).

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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill (Continued)

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

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. 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.

Revenue and expense items are translated using the average exchange rates for the period when the exchange rates in the period in which the transactions are to be made do not fluctuate significantly (in the case of significant fluctuations, the exchange rates at the transaction date are used). The resulting exchange differences are classified as equity and transferred to the Group's currency translation differences fund. Such conversion differences are recognized in profit or loss in the period in which the foreign operation is derecognized. Goodwill and fair value adjustments arising from acquisitions of operations abroad are treated as assets and liabilities of the foreign operation and translated using the period end exchange rate.

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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Earnings per Share

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

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, 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. 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).

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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Current and deferred income tax

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

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

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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.

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

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

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

Employee Benefits

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

2.7 Critical accounting estimates, judgments, 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 TRY211,547 thousand (31 December 2017: TRY162,110 thousand) results from temporary differences as of 31 December 2018 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 2018, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY771,232 thousand (31 December 2017: TRY327,270 thousand) (Note 35).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2018 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.

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.

For the period 1 January-31 December 2018, if the fair value determined by the independent valuation company was 1% lower / higher, the total income for the period would have been TRY4.943 thousand lower / higher.

Revaluation gains from land and buildings were accounted for under "Gain/loss on revaluation" in equity and revaluation loss were accounted if any, is deducted in the Revaluation and Measurement Earnings / Losses account, which is previously recognized in equity, the undue value decrease is more; in the statement of profit in the statement of profit or loss for under "Expenses from investing activities (-)" in the income statement.

The Group has revalued the investment properties accounted for within the scope of TAS 40 "Investment Property" and revaluation gain were accounted for under income from investment activities in the consolidated 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).

The impacts of the revaluation model accounting for the land and buildings on financial statements as of December 31, 2018 is as follows:

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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

Assets	Note	Flat Glass	Glassware	Glass Packaging	Chemicals	Other	Total
Financial investments accounted for using the equity method	16	-	-	-	4,532	-	4,532
Investment Properties	17	19,972	8,415	77,911	33,291	7,310	146,899
- Properties in Turkey	17	19,972	8,415	77,911	33,291	7,310	146,899
Tangible fixed assets	18	210,281	146,880	276	41,450	17,810	416,697
Gross value	18	222,672	151,564	12,382	43,872	18,178	448,668
- Properties in Turkey	18	174,847	82,467	113,595	42,359	18,178	431,446
- Properties in Europe	18	16,520	5,245	-	1,513	-	23,278
- Properties in Russia, Ukraine and Georgia	18	31,305	28,370	(101,213)	-	-	(41,538)
- Properties in other countries	18	-	35,482	-	-	-	35,482
Amortization Effect Based on Expertise Values (-)	18	(12,391)	(4,684)	(12,106)	(2,422)	(368)	(31,971)
Total Assets		230,253	155,295	78,187	79,273	25,120	568,128
Liabilities							
Deferred Tax Liability	35	42,430	26,654	(1,882)	3,610	3,037	73,849
- Properties in Turkey	35	29,927	12,473	18,015	3,459	3,037	66,911
- Properties in Europe	35	1,783	524	-	151	-	2,458
- Properties in Russia, Ukraine and Georgia	35	10,720	5,674	(19,897)	-	-	(3,503)
- Properties in other countries	35	-	7,983	-	-	-	7,983
Non current liabilities		42,430	26,654	(1,882)	3,610	3,037	73,849

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

Liabilities	Note	Flat glass	Glassware	Glass Packaging	Chemicals	Other	Total
Equity							
Shareholder's Equity	27	135,146	121,832	77,637	59,684	22,083	416,382
Revaluation and Measurement Earnings (Losses)	27	131,325	125,591	92,912	77,980	15,872	443,680
- Revaluation Fund (Gross)	27	232,523	158,892	99,964	107,406	18,178	616,963
- Properties in Turkey	27	184,552	92,265	194,573	101,105	18,178	590,673
- Properties in Europe	27	17,034	5,245	-	6,301	-	28,580
- Properties in Russia, Ukraine and Georgia	27	30,937	25,900	(94,609)	-	-	(37,772)
- Properties in other countries	27	-	35,482	-	-	-	35,482
- Deferred Tax Effect	27	(42,402)	(26,420)	(82)	(8,670)	(2,306)	(79,880)
- Properties in Turkey	27	(29,855)	(12,733)	(18,628)	(8,493)	(2,306)	(72,015)
- Properties in Europe	27	(1,834)	(524)	-	(177)	-	(2,535)
- Properties in Russia, Ukraine and Georgia	27	(10,713)	(5,180)	18,546	-	-	2,653
- Properties in other countries	27	-	(7,983)	-	-	-	(7,983)
- Non-controlling interests	27	(58,796)	(6,881)	(6,970)	(20,756)	-	(93,403)
Net Period Profit or Loss	27	3,821	(3,759)	(15,275)	(18,296)	6,211	(27,298)
Non-controlling interest	27	52,677	6,809	2,432	15,979	-	77,897
- Revaluation Fund	27	58,796	6,881	6,970	20,756	-	93,403
- From Period Profit or Loss	27	(6,119)	(72)	(4,538)	(4,777)	-	(15,506)
Total Equity	27	187,823	128,641	80,069	75,663	22,083	494,279

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

Statement of profit or loss	Note	Flat glass	Glassware	Glass Packaging	Chemicals	Other	Total
Current Year Amortization Expenses	28,29	(12,391)	(4,684)	(12,106)	(2,422)	(368)	(31,971)
- Properties in Turkey	28,29	(5,270)	(2,623)	(3,115)	(845)	(368)	(12,221)
- Properties in Europe	28,29	(4,131)	(705)	-	(1,577)	-	(6,413)
- Properties in Russia, Ukraine and Georgia	28,29	(2,990)	(909)	(8,991)	-	-	(12,890)
- Properties in Other Countries	28,29	-	(447)	-	-	-	(447)
Income from Investment Activities	32	20,181	8,186	2,009	1,196	7,310	38,882
- Owner occupied Property	32	370	8,186	2,009	1,196	-	11,761
- Investment Property	32	19,811	-	-	-	7,310	27,121
Expenses from Investment Activities	32	(10,061)	(7,099)	(11,679)	(26,907)	-	(55,746)
- Owner occupied Property	32	(10,061)	(7,099)	(11,679)	(26,907)	-	(55,746)
Deferred Tax (Expense) Income	35	(28)	(234)	1,963	5,060	(731)	6,030
- Owner occupied Property	35	1,953	(234)	1,963	5,060	-	8,742
- Investment Property	35	(1,981)	-	-	-	(731)	(2,712)
Period Profit (Loss)		(2,299)	(3,831)	(19,813)	(23,073)	6,211	(42,805)
Distribution of Period Profit (Loss)							
- Non-controlling interest	27	(6,120)	(72)	(4,538)	(4,777)	-	(15,507)
- Equity holders of parent	27	3,821	(3,759)	(15,275)	(18,296)	6,211	(27,298)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations

The Group has been consolidating its joint venture, HNG Float Glass Limited ("HNG"), in India with a 50% interest since June 11, 2013 and on June 13, 2018, the Group has acquired other partner's shares, namely Hindustan National Glass and Industries Ltd., Spotlight Vanquish Limited, Brabourne Commerce Pvt Ltd, in the total of approximately 49.80% for a cash at 85,405 thousand USD and other remaining shares of 0,20 % were acquired for a cash at 345 thousand USD, in total 85,750 thousand US Dollars. Starting from 30 June 2018, the financial results of HNG have been consolidated by full consolidation method.

The fair value (100%) of the identifiable assets and liabilities of the business combination by step acquisition, which is closest to the acquisition date, and the profit or loss statement for the period 1 January-30 June 2018 are as follows: The financial position as of June 30, 2018 was included in full consolidation due to the fact that there were no significant transactions affecting financial statement items in 17-day period between June 30, 2018 and June 13, 2018.

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

30 June 2018

Assets

Current Assets

Cash and Cash equivalents	3,093
Financial Assets	28,183
Trade receivables	12,488
Other receivables	41
Inventories	53,781
– Raw Materials	8,971
– Work in progress	1,628
– Finished Goods	35,734
– Trade Goods	1,755
– Other Inventories	6,504
– Provision for impairment of inventory (-)	(811)
Prepaid expenses	934
Current tax assets	56
Other current assets	3,660
Total Current Assets	102,236

Non-current Assets

Trade receivables	601
– Trade receivables	4,452
– Allowance for doubtful receivables (-)	(3,851)
Other trade receivables	6,436
Tangible assets	228,638
Intangible asset	287,516
Prepaid expenses	2
Deferred tax assets	723
Other non-current assets	712
Total Non-current assets	524,628
Total Assets	626,864

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (continued)

30 June 2018

Liabilities

Current Liabilities

Trade payables	12,289
Employee benefit obligations	1,474
Other payables	12,240
– Other payables to related parties	5,864
– Other payables third parties	6,376
Deferred income	2,263
Current provisions	4,602
Other current liabilities	3,392
Total Current Liabilities	36,260

Non-current Liabilities

Non-current provisions	1,690
Total Current Liabilities	1,690

Total Liabilities

37,950

Equity

Paid-in capital	207,135
Other accumulated comprehensive income and expense not to be reclassified to profit or loss	2,855
– Gains (losses) on revaluation and remeasurement of land and buildings	2,855
Other accumulated comprehensive income and expense to be reclassified to profit or loss	164,331
– Currency translation differences	164,331
Retained earnings	206,690
Current period net profit or loss	7,903
Total Equity	588,914

Total Liabilities and Equity

626,864

Personnel

308

Paid in total cash (85,750 thousand USD equivalent)	390,085
Cash and cash equivalents received	(3,093)
Net cash outflow as of 26 December 2018	386,992

The value of definable net assets is TRY588.914 thousand and the fair value is TRY624.136 thousand. The amount of TRY390,085 thousand paid for the share purchase includes the control premium.

With acquisition, the effective ownership rate increased from 34.73% to 69.45%

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (continued)

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

	1 January- 30 June 2018
Revenue	162,051
Cost of sales	(120,332)
Gross profit from trading activity	41,719
General administrative expenses	(4,079)
Marketing expenses	(25,389)
Other income from operating activities	217
Profit (Loss) from operating activities	12,468
Income from investment activities	2,474
Profit (Loss) before financing income (expense)	14,942
Financial income	632
Financial expenses	(3,855)
Profit before tax	11,719
Gain on taxation on income	(3,816)
– Current tax expense	(7,657)
– Deferred tax expense	3,841
Profit for the period	7,903
Depreciation expense for the period	18,485
EBITDA	30,953
i) Transferred price	390,085
ii) Non-controlling Interest Amount	-
iii) Reasonable value at the date of acquisition of the shares before acquisition	312,068
– Value of identifiable assets before acquisition	294,457
– Goodwill before acquisition	3,913
– Fair value change before acquisition (*)	13,698
a. (=i+ii+iii)	702,153
b. Net identifiable assets	588,914
Goodwill (a-b)	113,239

(*) When the valuation studies are completed, the portion to be associated with the period profit or loss will be recognized in profit or loss for the period.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (continued)

Within the scope of the TFRS-3 "Business Combinations", by establishing a new company in Italy named "Sisecam Flat Glass South Italy SRL", which is a subsidiary, the assets of Fallimento Sangalli Vetro Manfredonia SpA, Fallimento Sangalli Vetro Satinato Srl were agreed to be acquired for 15,715 thousand Euros. However, final acquisition amount is decreased to € 14,886 thousand due to deductions regarding to the payable to employees of 741 thousand employees and impaired inventories of 88 thousand euros

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

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

	Fair value of identifiable assets
Assets	
Inventories	13,573
Property, plant and equipment	70,229
Total assets	83,802
Liabilities	
Liabilities for employee benefits	3,971
Total Liabilities	3,971
Net Assets	79,831
Total paid in cash (14,886 Thousand Euro) (*)	79,831
Goodwill	-

(*) The transferred amount is converted to Turkish Lira using the exchange rates prevailing at the date of control of the net assets acquired.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

In period of 1 January-31 December 2017 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:

	Net 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 accounted for using the 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 TRY1,740 thousand dividend income and TRY45 thousand general administrative expenses are incurred, as a result net profit is TRY1,695 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. .

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

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
– Rediscount on receivables	(36)
– Doubtful receivables	(62)
Other receivables	16,339
– Due from related parties	16,292
– Other receivables from third parties	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	
Property, plant and equipment	13,275
Intangible Assets	11
Total non-current assets	13,286
Total Assets	47,206

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

30 June 2017

Liabilities

Current Liabilities

Short-term borrowings	92
Trade payables	2,352
– Trade payables	2,384
– Rediscount on trade payable	(32)
Liabilities for employee benefits	10
Other payables	8,334
– Due to related parties	8,294
– Other payables due to third parties	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

Paid in 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
– Gain/loss arising from defined benefit plans	71
Retained earnings	10,809
Net profit for the period	12,207
Total equity	27,856

Total liabilities

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%

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

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)
– Taxes on income (expense)	(3,321)
– Deferred tax income (expense)	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. (%100)	13,949
Net identifiable assets of Oxyvit Kimya Sanayii ve Tic. AŞ. (%50'si)	13,928
b	27,877
Goodwill (a-b)	10,862
Total cash in 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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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 2018	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5.67	5.67	12,757,500
Trakya Cam Sanayii A.Ş.	3.03	3.03	3,423,900
Anadolu Cam Sanayii A.Ş.	2.67	2.68	2,010,000
Soda Sanayii A.Ş.	7.10	7.10	6,390,000
Denizli Cam Sanayii ve Tic. A.Ş.	11.52	11.52	69,120

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

The Rate of Shares Traded in BIST (%)	31 December 2018	31 December 2017
Türkiye Şişe ve Cam Fabrikaları A.Ş.	33.69	33.83
Trakya Cam Sanayii A.Ş.	30.52	30.52
Anadolu Cam Sanayii A.Ş.	22.78	22.77
Soda Sanayii A.Ş.	39.31	39.31
Denizli Cam Sanayii ve Tic. A.Ş.	48.84	48.96

The capital increases through internal resources in our public companies during the period is as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	200,000
Trakya Cam Sanayii A.Ş.	120,000	200,000
Anadolu Cam Sanayii A.Ş.	-	306,000
Soda Sanayii A.Ş.	100,000	150,000
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

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

	1 January- 31 December 2018	1 January- 31 December 2017
Türkiye Şişe ve Cam Fabrikaları A.Ş.	300,000	250,000
Soda Sanayii A.Ş.	225,000	200,000
Trakya Cam Sanayii A.Ş.	170,000	106,000
Anadolu Cam Sanayii A.Ş.	67,883	60,295
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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 2018

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	3,770,998	1,485,886	2,612,358	53,399
Non-current asset	6,541,783	3,515,896	3,756,700	70,912
Total assets	10,312,781	5,001,782	6,369,058	124,311
Current liabilities	2,150,953	1,385,605	1,086,585	51,803
Non-current liabilities	2,377,855	1,306,715	413,278	9,501
Total liabilities	4,528,808	2,692,320	1,499,863	61,304
Non-controlling interests	472,520	-	6,274	-
Net assets of the Company	5,311,453	2,309,462	4,862,921	63,007
Dividend paid to non-controlling interests	-	-	680	-

Profit/Loss for the year between 1 January and 31 December 2018

Revenue	5,875,064	3,230,556	3,430,360	106,599
Profit/ (loss) for the year	998,687	450,743	1,557,014	(379)
Other comprehensive income	611,519	35,360	338,157	13,811
Total comprehensive income/ (loss)	1,610,206	486,103	1,895,171	13,432
Non-controlling interests	124,739	-	2,432	-

Summary of cash flows for the period between 1 January and 31 December 2018:

Cash flows from operating activities	708,170	397,137	803,242	(5,755)
Cash flows from investment activities	(676,201)	(724,021)	(616,998)	(6,255)
Cash flows from financing activities	(367,050)	(265,266)	(111,077)	12,324
Before currency translation	(335,081)	(592,150)	75,167	314
Currency translation differences	283,364	178,042	328,799	(371)
Change in cash and cash equivalents	(51,717)	(414,108)	403,966	(57)
Cash and cash equivalents at the beginning	1,390,357	567,689	788,839	244
Cash and cash equivalents at the end	1,338,640	153,581	1,192,805	187

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

4. Interests in Other Entities (Continued)

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

Revenue	4,331,162	2,410,837	2,451,292	81,882
Net profit / (loss)	643,882	183,872	661,974	(2,612)
Other comprehensive income	245,971	(35,282)	129,960	(2,813)
Total comprehensive income	889,853	148,590	791,934	(5,425)
Non-controlling interest	67,172	2,555	1,667	-

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

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	1,152,391	788,789	969,867	56
Cash and cash equivalents at the end	1,390,357	567,691	782,225	244

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

5. Segment Reporting

a) Operational segments

1 January-31 December 2018	Flat glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net sales – third parties	5,830,071	2,522,421	3,231,835	3,369,176	596,811	-	15,550,314
Net sales - intergroup	44,994	6,471	7,353	601,845	513,485	(1,174,148)	-
Total net sales	5,875,065	2,528,892	3,239,188	3,971,021	1,110,296	(1,174,148)	15,550,314
Cost of sales	(3,958,680)	(1,586,347)	(2,261,487)	(2,484,503)	(985,644)	883,753	(10,392,908)
Gross profit	1,916,385	942,545	977,701	1,486,518	124,652	(290,395)	5,157,406
Operating expenses	(1,103,431)	(741,971)	(562,143)	(592,186)	(119,513)	297,374	(2,821,870)
Other operating income	415,399	204,799	184,088	294,876	48,210	(21,435)	1,125,937
Other operating expenses	(185,361)	(71,425)	(134,135)	(183,459)	(37,169)	5,191	(606,358)
Income from investments in associates and joint ventures	40,701	-	-	92,053	-	-	132,754
Operating profit/ (loss)	1,083,693	333,948	465,511	1,097,802	16,180	(9,265)	2,987,869
Income from investing activities	378,455	19,402	122,177	456,144	161,767	(10,381)	1,127,564
Loss from investing activities	(107,165)	(11,144)	(26,027)	(222,014)	-	-	(366,350)
Other valuation gains / (losses)	128,718	(52)	(7,370)	(18,374)	(10,876)	-	92,046
Operating profit before financial income and expense	1,483,701	342,154	554,291	1,313,558	167,071	(19,646)	3,841,129
Financial income	728,231	30,971	250,464	803,913	435,983	(191,819)	2,057,743
Financial expenses (-)	(1,015,195)	(202,439)	(415,573)	(539,269)	(413,145)	154,145	(2,431,476)
Profit before tax from continued operations	1,196,737	170,686	389,182	1,578,202	189,909	(57,320)	3,467,396
Tax income/ (expense) for the period	(180,754)	(10,548)	60,786	64,842	(31,317)	3,271	(93,720)
Profit (loss) for the period	1,015,983	160,138	449,968	1,643,044	158,592	(54,049)	3,373,676
Purchases of tangible and intangible assets	361,727	169,088	693,948	857,977	84,690	-	2,167,430
Depreciation and amortization charges (-)	(376,397)	(118,448)	(341,406)	(165,753)	(46,551)	-	(1,048,555)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (*)	1,860,098	460,602	895,697	1,479,311	213,622	(19,646)	4,889,684

(*) 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 2018)

Total Assets	10,671,153	4,285,079	4,985,759	7,029,918	6,192,093	(5,396,446)	27,767,556
- Investments accounted for under equity accounting	172,700	-	-	454,195	-	-	626,895
- Deferred tax asset	78,853	75,300	254,829	367,436	3,031	-	779,449
Total Liabilities	4,624,950	1,949,467	2,689,418	1,589,358	2,882,430	(2,694,841)	11,040,782
- Deferred tax liabilities	123,815	19,049	3,680	53,630	41,441	(7,013)	234,602

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

5. Segment Reporting (Continued)

a) Operational Segments (Continued)

1 January–31 December 2017	Flat glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net sales – third parties	4,302,284	1,953,607	2,405,824	2,321,451	335,329	-	11,318,495
Net sales - intergroup	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)
Other valuation gains / (losses)	-	-	-	-	-	-	-
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 (EBITDA)	1,179,394	287,539	615,602	878,901	254,598	(96,275)	3,119,759
The Statement of Financial position (31 December 2017)							
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

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

5. Segment Reporting (Continued)

b) Geographical segments

1 January -31 December 2018	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net sales – third parties	9,534,802	2,141,742	3,614,850	258,920	15,550,314	-	15,550,314
Net sales - intergroup	435,837	51,774	382,452	91,178	961,241	(961,241)	-
Total net sales (*)	9,970,639	2,193,516	3,997,302	350,098	16,511,555	(961,241)	15,550,314
Cost of sales	(6,482,317)	(1,515,561)	(3,033,266)	(261,048)	(11,292,192)	899,284	(10,392,908)
Gross profit	3,488,322	677,955	964,036	89,050	5,219,363	(61,957)	5,157,406
Operating expenses	(1,646,973)	(393,666)	(803,963)	(89,069)	(2,933,671)	111,801	(2,821,870)
Other operating income	1,002,288	47,465	134,818	7,913	1,192,484	(66,547)	1,125,937
Other operating expenses	(531,526)	(46,660)	(35,196)	(2,443)	(615,825)	9,467	(606,358)
Income from investments in associates and joint ventures	5,297	-	127,457	-	132,754	-	132,754
Operating profit/ (loss)	2,317,408	285,094	387,152	5,451	2,995,105	(7,236)	2,987,869
Income from investing activities	1,116,972	10,699	5,247	153,338	1,286,256	(158,692)	1,127,564
Loss from investing activities	(239,083)	(29,709)	(831)	(96,727)	(366,350)	-	(366,350)
Other valuation gains / (losses)	92,233	(187)	-	-	92,046	-	92,046
Operating profit before financial income and expense	3,287,530	265,897	391,568	62,062	4,007,057	(165,928)	3,841,129
Financial income	1,953,477	87,665	32,150	479	2,073,771	(16,028)	2,057,743
Financial expenses	(2,144,046)	(230,598)	(69,660)	(12,875)	(2,457,179)	25,703	(2,431,476)
Profit before tax from continued operations	3,096,961	122,964	354,058	49,666	3,623,649	(156,253)	3,467,396
Tax income/ (expense) for the period	(34,198)	(18,396)	(42,503)	1,377	(93,720)	-	(93,720)
Profit for the period	3,062,763	104,568	311,555	51,043	3,529,929	(156,253)	3,373,676
Purchases of tangible and intangible assets	1,653,097	187,403	275,900	51,030	2,167,430	-	2,167,430
Depreciation and amortization charges (-)	(488,118)	(238,337)	(298,467)	(23,633)	(1,048,555)	-	(1,048,555)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3,775,648	504,234	690,035	85,695	5,055,612	(165,928)	4,889,684
Statement of Financial position (31 December 2018)							
Total assets	21,452,502	3,437,748	9,996,228	1,020,780	35,907,258	(8,139,702)	27,767,556
- Investments accounted for under equity method	40,753	-	586,142	-	626,895	-	626,895
- Deferred tax assets	631,957	130,103	17,063	326	779,449	-	779,449
Total liabilities	6,494,193	1,815,653	3,183,343	309,465	11,802,654	(761,872)	11,040,782
- Deferred tax liabilities	191,281	16,048	21,509	5,764	234,602	-	234,602

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

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

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

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 sales – third parties	7,212,506	1,547,152	2,545,814	13,023	11,318,495	-	11,318,495
Net sales - intergroup	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)
Other valuation gains / (losses)	-	-	-	-	-	-	-
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 (31 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 method	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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

6. Cash and Cash Equivalents

	31 December 2018	31 December 2017
Cash on hand	392	298
Cash at banks	3,164,051	3,437,908
– Demand deposits	327,649	265,430
– Time deposits with a maturity of three months or less	2,836,402	3,172,478
Other liquid assets	2,609	381
Provision for impairment	(3,035)	-
	3,164,017	3,438,587

Time deposits

Currency	Interest Rate %	Interest Maturity	31 December 2018	31 December 2017
EUR	1.25% -2.00 %	January 2019	1,607,941	840,337
US Dollar	2.50 % - 4.85 %	January 2019	795,856	1,467,127
Russian Rubles	5.00 % -7.58 %	January 2019	311,459	113,004
Turkish Lira	20.00 %- 23.50%	January 2019	67,385	731,941
British Pound	0.10 %	January 2019	43,357	20,069
Chinise Yuan	1.00 %	January 2019	10,404	-
			2,836,402	3,172,478

Movements in allowance for impairment of cash and cash equivalents are as follows:

	31 December 2018	31 December 2017
1 January	-	-
Adjustment on changes in accounting policies	(533)	-
Current year allowance	(2,516)	-
Released during the period	12	-
Currency translation differences	2	-
	(3,035)	-

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

	31 December 2018	31 December 2017
Cash and cash equivalents	3,164,017	3,438,587
Effect of impairment loss	3,035	-
Less: Interest accrual	(2,985)	(8,162)
Effect of changing in consolidation scope (Note 27)	-	29,588
	3,164,067	3,460,013

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

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

7. Financial Assets

a) Current financial asset

	31 December 2018	31 December 2017
Current financial asset		
Financial assets measured at amortized cost (*)	225,828	95,200
Provision for impairment on financial Assets (Note 2)	(3,917)	-
	221,911	95,200

(*) TRY 180.064 thousand of this amount represents the short-term portion of the long-term semi-annually fixed-rate securities in USD and the SBI Mutual Fund ("SBI") in India in the Indian Rupee currency of 45.764 thousand Turkish Liras.

b) Non-current financial asset

	31 December 2018	31 December 2017
Financial assets at fair value through other comprehensive income		
Financial investments carried at market price	2,450	734
Financial investments not traded in an active market	3	3
Unconsolidated subsidiaries	-	767
	2,453	1,504

	31 December 2018	31 December 2017
Long term financial investments measured at amortized cost		
Financial investments measured by amortized cost	2,445,657	1,782,934
Impairment provision (Note 2)	(64,320)	-
	2,381,337	1,782,934

Total non-current financial assets	2,383,790	1,784,438
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The movement of financial assets at fair value through other comprehensive income are as follows:

	31 December 2018	31 December 2017
Beginning of the period - 1 January	1,504	52,331
Change in fair value	1,716	226
Sale of subsidiaries	-	(51,708)
Release of impairment	-	655
Transfers to consolidated entities	(767)	-
	2,453	1,504

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

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

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

Financial investments valued at market price	Rate of Share (%)	31 December 2018	Rate of share (%)	31 December 2017
İş Finansal Kiralama A.Ş. (*)	<1	2,450	<1	734

(*) İş Finansal Kiralama A.Ş. is quoted in BIST and it was revalued at the best bid price which is TRY2.19 (31 December 2017: TRY1.48). İş Finansal Kiralama A.Ş. the Company has made a bonus share capital increase of TRY45,000,000 to cover the entire year 2017 and the share of TRY34,000, which is the share of the Group, has been transferred to the accounts on 28 May 2018.

Financial investment not traded in an active market	Rate of Share (%)	31 December 2018	Rate of Share (%)	31 December 2017
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
		3		3

Non-consolidated subsidiaries (*)	Rate of Share (%)	31 December 2018	Rate of Share (%)	31 December 2017
Şişecam Trading Co.	100,00	-	100,00	655
Paşabahçe Glass GmbH	100,00	-	100,00	68
Paşabahçe Spain SL	100,00	-	100,00	43
Paşabahçe USA Inc.	100,00	-	100,00	1
		-		767

(*) On 1 January 2018 the related subsidiaries have been accounted for using the full consolidation method and the value of the financial investment has been netted with the equity of the subsidiary. The summary financial statements as of December 31, 2017 are presented in Note 27.

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

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7. Financial Assets (Continued)

Financial assets measured at amortized cost

Bond issuer	31 December 2018	31 December 2017
Türkiye İş Bankası A.Ş.	606,030	434,040
Türkiye Vakıflar Bankası T.A.O.	407,766	291,456
Türkiye Halk Bankası A.Ş.	302,997	215,711
Türkiye Sınai Kalkınma Bankası A.Ş.	298,849	213,757
Yapı ve Kredi Bankası A.Ş.	269,754	193,360
Turkcell İletişim Hizmetleri A.Ş.	193,249	138,837
Türkiye Garanti Bankası A.Ş.	162,696	116,613
Arçelik A.Ş.	160,296	114,633
Ziraat Bankası A.Ş.	108,078	77,335
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	55,110	39,003
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	54,310	38,671
Finansbank A.Ş.	6,586	4,718
Eurobond (*)	2,625,721	1,878,134

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

Financial assets measured at amortized cost have an active market and the values according to market prices (dirty prices) are as follows:

Bond issuer	31 December 2018	31 December 2017
Türkiye İş Bankası A.Ş.	556,370	440,583
Türkiye Vakıflar Bankası T.A.O.	371,665	295,224
Türkiye Sınai Kalkınma Bankası A.Ş.	278,967	215,684
Türkiye Halk Bankası A.Ş.	266,072	211,454
Yapı ve Kredi Bankası A.Ş.	252,657	195,803
Turkcell İletişim Hizmetleri A.Ş.	174,246	146,548
Türkiye Garanti Bankası A.Ş.	154,350	119,420
Arçelik A.Ş.	147,836	117,908
Ziraat Bankası A.Ş.	100,623	77,401
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	53,836	40,837
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	52,130	41,051
Finansbank A.Ş.	6,218	4,665
	2,414,970	1,906,578

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7. Financial Assets (Continued)

Financial assets measured at amortized cost (Continued)

The expiry dates of financial assets measured at amortized cost are as follow:

Collection periods	31 December 2018	31 December 2017
Less than three months	62,350	11,891
3 – 12 Months	163,478	83,309
1 – 5 years	2,259,944	1,536,847
More than 5 years	185,713	246,087
	2,671,485	1,878,134

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

	31 December 2018	31 December 2017
1 January	1,878,134	1,082,773
Valuation difference	876,121	190,781
Addition	32,485	886,541
Effect of change in consolidation method (Note 3)	28,183	-
Currency translation differences	4,295	-
Interest received during the period	(127,253)	(80,694)
The principal collected within the period	(20,480)	(186,500)
Disposals	-	(14,767)
	2,671,485	1,878,134

Also, between 1 January - 31 December 2017, 183.077 thousandTRYdenominated financing bonds were purchased in Turkish Lira and sold to 186.500 thousandTRYat its maturity date in the period.

The movement of impairment on financial investments is as follows:

	31 December 2018	31 December 2017
Beginning of the period - 1 January	-	-
Adjustments on changes in accounting policies	(10,729)	-
Current year charge	(57,508)	-
	(68,237)	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

7. Financial Assets (Continued)

Financial assets measured at amortized cost (Continued)

The held to maturity investments are kept in the portfolios of İş Yatırım Menkul Değerler A.Ş. and İş Portföy Yönetimi A.Ş. and are measured by the effective interest rate method. The amount per Portfolio Company is as follows;

	31 December 2018	31 December 2017
İş Portföy Yönetimi A.Ş.	2,484,173	1,776,746
İş Yatırım Menkul Değerler A.Ş.	141,548	101,388
	2,625,721	1,878,134

Coupon interest rates and the redemption dates for financial assets measured at amortized cost denominated in USD are as follows. Effective interest rate of marketable securities is 5.53% (2017: 5.53%).

Bond 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.	XS1578203462	6,125	25.04.2024
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,375	30.10.2019
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

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8. Borrowings

	31 December 2018	31 December 2017
Current financial liabilities		
Short term borrowings	1,899,428	956,852
	31 December 2018	31 December 2017
Short term portion of long term borrowing		
Short term portion of long term borrowings and interests	1,190,869	990,602
Bonds issued	13,524	8,800
Bond issuance costs and commissions	(1,482)	(1,458)
Financial lease obligations	420	627
Total short term portion of long term borrowings	1,203,331	998,571
Total current financial liabilities	3,102,759	1,955,423
	31 December 2018	31 December 2017
Long term borrowings		
Bond issued	2,630,450	1,885,950
Long term portion of long term borrowings	1,703,732	2,057,063
Bond issuance costs and commissions	(558)	(2,008)
Financial lease obligations	-	315
Total long term financial liabilities	4,333,624	3,941,320
Total borrowings	7,436,383	5,896,743

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

Ratings and explanations received during the period January 1 - December 31. 2017:

Moody's

- 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.

Standard & Poor's Rating Services (S&P)

- 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".
- In its report dated September 14. 2017. International Credit Rating Agency Standard & Poor's Rating Services (S & P) confirmed our Company's long-term foreign currency credit rating as BB and the outlook as "negative".

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8. Borrowings (Continued)

Ratings and explanations received during the period January 1 – December 31, 2018:

Moody's

- On March 9, 2018 press release, Moody's, the international credit rating agency, affirmed the Company's long-term foreign currency credit rating as Ba1 and its outlook as "Stable". Evaluation, Turkey's credit rating by Moody's notes the date of March 8, 2018 from Ba2 to Ba1 while the outlook to "Negative" to "Stable" is performed following the translation.
- Following the international credit rating agency Moody's by 1 June 2018 be watching for Turkey with notes of downgrades in September 2018 with its 6 June 2018 statement dated, the Company 's has also been monitoring for lowering the credit rating grade. Strong financial and liquidity profile of our Group. A balanced range of products in sales revenues and other spots have been highlighted in the press release issued by Moody's leadership position in the market in Turkey.
- International credit rating agency Moody's August 17, 2018 Date of the country's credit rating note from the Ba2 while and that the outlook lowered to Ba3, following the announcement that it is negative, August 28, 2018 Date of Türkiye Şişe ve Cam Fabrikaları A.Ş. also note from the Ba1 from Ba2 to reducing the view is also negative.

Fitch Ratings

- On 18 June 2018, Fitch Ratings, the International Credit Rating Agency, announced that the Company's long term credit rating in foreign currency was BB + and its outlook was "stable", Fitch Ratings also rated our company for the first time as a credit rating note, and also rated the Eurobond, which was issued in 2013 with a maturity of 2020 and \$ 500 million as BB +, In the context of Fitch Ratings, Şişecam's market share in domestic and foreign markets in terms of its strengths also pointed to the high profit and low debt levels that different macroeconomic dynamics resulted in different geographies with diversification brought by the broad product spectrum.
- International credit rating agency Fitch Ratings, July 20, 2018 Date BB of Turkey's Country credit rating in his statement BB+ to BB Decreasing and the outlook "negative" after the determination. Türkiye Şişe ve Cam Fabrikaları A.Ş. together with other companies in similar situations in the assessment made for our company, it does not change the credit rating of our company and it is announced to BB + publicly that the appearance is determined as "negative".

Standart&Poor's Rating Services (S&P)

- International credit rating agency Standard & Poor's Rating Services (S & P) by lowering the Turkey country credit rating results, the Company's BB / Stable long-term foreign currency denominated credit rating grade S & P reduced one level by May 7, 2018 statement dated BB- and the outlook has been affirmed as stable.
- After, Standard & Poor's ("S & P") 's August 17, 2018 Turkey's sovereign credit rating downs B + / stable, at 21 August 2018, Türkiye Şişe ve Cam Fabrikaları A.Ş.'s ("Şişecam") credit rating lowered B+ from BB- and view is negative. S & P stated that it expects Şişecam to continue to have extremely strong credit rating criteria on an individual basis. However, S&P's methodology should Sisecam's credit rating grade is not higher than the main partner Türkiye İş Bankası A.Ş.. Türkiye İş Bankası A.Ş. cannot be higher than the country rating. On the request of Şişecam. S & P will not issue a credit rating for Şişecam as of August 21. 2018.

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

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8. Borrowings (Continued)

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

Repricing dates for loans	31 December 2018	31 December 2017
Shorter than 3 months	1,480,164	867,412
3 – 12 months	2,612,549	2,445,117
1 – 5 years	652,747	651,129
5 years and more	48,569	40,859
	4,794,029	4,004,517

The coupon interest rate of the issued bonds amounting to TRY2,641,934 thousand is 4.25% (effective interest rate is 4,415%) and coupon interest payments are made in equal installments every six months. (31 December 2017: TRY1,891,284 thousand).

The financial leases of TRY420 thousand are paid up in equal monthly instalments (31 December 2017: TRY942 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 2018 are summarized as below:

Bank borrowings	Capital	Interest	Commission	Total
Beginning at the period - 1 January	3,992,890	16,301	(4,674)	4,004,517
Borrowed –accrued during the period	5,997,953	268,475	(1)	6,266,427
Currency translation differences	826,145	3,351	(479)	829,017
Foreign exchange gain/ (loss)	236,908	-	-	236,908
Payments-reversals during the period	(6,273,860)	(270,957)	1,977	(6,542,840)
As of 31 December 2018	4,780,036	17,170	(3,177)	4,794,029

Bonds issued	Capital	Interest	Discount on Bonds	Commission	Total
Beginning at the period – 1 January	1,885,950	8,800	(2,479)	(987)	1,891,284
Foreign exchange gain/ (loss)	744,500	-	-	-	744,500
Borrowed –accrued during the period	-	106,865	-	-	106,865
Payments-reversals during the period	-	(102,141)	1,017	409	(100,715)
As of 31 December 2018	2,630,450	13,524	(1,462)	(578)	2,641,934

Financial lease obligations	Principal + Interest
Beginning at the period - 1 January	942
Currency translation differences	267
Payments during the period	(789)
As of 31 December 2018	420

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8. Borrowings (Continued)

Financial liabilities movements for the period between 1 January and 30 December 2017 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
Beginning at the period - 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
Effect of change in consolidation method	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

Bond issued	Capital	Interest	Discount on Bonds	Commission	Total
Beginning at the period - 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

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	Capital+Interest
Beginning at the period - 1 January	2,025
Currency translation differences	305
Payments – reversals during the period	(1,388)
As of 31 December 2017	942

There is 21,366 thousandTRYcapitalized interest expense for the period 1 January – 31 December 2018 (None - 1 January- 31 December 2017).

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8. Borrowings (Continued)

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

31 December 2018

Currency	Maturity	Interest range (%) (*)	Short term	Long term	Total
US Dollar	2019–2026	Libor+2.15-4.50	78,042	2,762,306	2,840,348
Euro	2019–2026	Euribor+1,10-3.45	1,618,504	1,017,676	2,636,180
Russian Rubles	2019–2021	8.00-11.20	826,554	496,916	1,323,470
Turkish Lira	2019–2023	13.15-25.75	438,613	45,600	484,213
Ukrainian Hryvnia	2019–2021	21.00-25,00	95,154	11,126	106,280
Egyptian Pound	2019	18.50-19.25	45,892	-	45,892
			3,102,759	4,333,624	7,436,383

(*) The lower and upper rates are expressed and the weighted average cost for Euro is Euribor + 1,96%, Libor + 2,29% for the US Dollar, Mosprime + 3.20% for RUB, 19.16% for UAH, TRlibor + 2.15 (average effective annual interest rates for EUR, USD, RUB, UAH, EGP and TRY are 1.98%, 4.21%, 8.75%, 23.62%, 18.66% and 16.98% respectively).

31 December 2017

Currency	Maturity	Interest range (%) (*)	Short Term	Long Term	Total
Euro	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

(*) Presents the lower and upper rates and the weighted average interest rate for EUR is Euribor + 2.35%, for USD is Libor + 2.37%, for RUB is Mosprime + 3.10%, for UAH is 15.80% and for TRY is +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).

The redemption schedule of the financial liabilities is as follows:

	31 December 2018	31 December 2017
Within 1 year	3,102,759	1,955,423
Within 1-2 years	3,248,626	906,226
Within 2-3 years	791,813	2,637,912
Within 3-4 years	147,473	177,281
Within 4-5 years	83,351	119,283
More than 5 years	62,361	100,618
	7,436,383	5,896,743

The weighted average maturity of the financial liabilities is 463 days (31 December 2017: 645 days).

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9. Other Financial Liabilities

The Company and European Bank for Reconstruction and Development (EBRD) signed purchase / sale option contracts between 10 November 2014 and 24 October 2014. Accordingly the Company, has a purchase option for the shares while also providing EBRD with a sale option. If the public offering of Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") takes place until October 24, 2019, such purchase / sale options will become invalid.

In the probability of the option is closed before its maturity, the Group has recognized a liability for 14,85% shares of EBRD by accounting in the scope of transactions with the non-controlling interests. By this recognition, the Group's share in Pasabahçe increased from 84.62% to 99.47%.

10. Trade Receivables and Payables

Trade Receivables

	31 December 2018	31 December 2017
Current trade receivables		
Trade receivables	3,245,390	2,297,155
Notes receivables and cheques	108,627	108,650
Other trade receivables	23,635	8,563
Due from related parties (Note 37)	2,292	30,352
Rediscount of notes receivable (-)	(39,070)	(18,154)
Provision for doubtful receivables	(106,287)	(88,288)
	3,234,587	2,338,278
	31 December 2018	31 December 2017
Non- Current trade receivables		
Trade receivables	4,582	-
Provision for doubtful receivables (-)	(4,283)	-
	299	-

The Group has recognized 15.501 thousand RUB as financial expense due to factored receivables. (Note 33) (31 December 2017: 2.616 thousand RUB)

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 (2017: 90 days). A portion of export sales is made on cash and rest of export sales' term is 45 days. The Group is applied 4% overdue interest rate. (31 December 2017: 2%). The average sales term for auto glass and processed glass items is 45 days (31 December 2017: 45 days).

The average sales term for automatic glassware is 75 days (31 December 2017: 75 days) and a monthly overdue interest rate of 2.75 % is applied for the payments made after the due date (31 December 2017: 1.25%).

Glass packaging products have been sold on cash terms since 1 November 2009. According to customer demand for terms, a monthly interest of 2.50% for terms up to 121 days and a monthly interest rate of 3.50% is applied for terms exceeding 121 days (31 December 2017: 2%). The average sales term for domestic sales of glass packaging products is 62 days (2017: 64 days). The average sales term for foreign sales of glass packaging products is 68 days (31 December 2017: 73 days).

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10. Other Receivables and Payables (Continued)

Trade Receivables (Continued)

Inter-group sales terms of Soda products are 60 days (31 December 2017: 60 days) and average term of domestic external sales of Soda products are 60 days (31 December 2017: 60 days). Monthly 2.5% overdue interest is applied for the payments made after due dates (31 December 2017: 2%).

The average sales term for domestic sales of chromium products in foreign currency is 2 days (31 December 2017: 4 days). A monthly overdue interest rate of 0.75% is applied for the payments made after the due date (31 December 2017: 1%). Average sales term for export sales is 66 days (31 December 2017: 67 days).

The Group has recognized allowance for doubtful receivables that has no recoverability. Allowance for doubtful receivables is determined based on the 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.

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

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

	31 December 2018	31 December 2017
Beginning at the period - 1 January	(88,288)	(68,216)
Adjustment on changes in accounting policies	(38,659)	-
Current year charge	(14,510)	(22,023)
Currency translation differences	(9,406)	(4,984)
Collections	44,576	6,997
Effect of change in consolidation method (Note 3)	-	(62)
	(106,287)	(88,288)

Allowance for long-term doubtful trade receivables's actual movements are as follows:

	31 December 2018	31 December 2017
Beginning at the period - 1 January	-	-
Effect of change in consolidation method (Note 3)	(3,851)	-
Currency translation differences	(462)	-
Collections	30	-
	(4,283)	-

The Group has received the following collaterals for trade receivables:

	31 December 2018	31 December 2017
Letters of guarantees	601,560	308,076
Promissory notes and bills	448,695	204,959
Direct debit system	223,473	231,850
Mortgages	43,184	13,045
Cash	35,144	27,890
	1,352,056	785,820

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10. Trade Receivables and Payables (Continued)

Trade Receivables

The aging analysis of trade receivable amount was past due but not impaired is as follows. This is related to various independent customers with no recent history of default.

	31 December 2018	31 December 2017
1- 30 days overdue	249,987	126,787
1-3 months overdue	54,576	45,084
3-12 months overdue	67,144	63,894
1- 5 years overdue	30,374	18,417
Total overdue receivables	402,081	254,182
The portion under guarantee with collaterals and similar guarantees	93,774	36,127

Trade Payable

	31 December 2018	31 December 2017
Short term trade payables		
Trade payables	1,597,912	1,097,537
Due to related parties (Note 37)	72,155	58,374
Other trade payables	2,522	2,000
Rediscount on notes payable (-)	(15,397)	(6,045)
	1,657,192	1,151,866

11. Other Receivables and Payables

	31 December 2018	31 December 2017
Short- term other receivables		
Other miscellaneous receivables	24,531	16,146
Due from sales of financial asset (*)	7,099	7,099
Receivable from tax office	8,995	8,726
Deposits and guarantees given	5,941	5,183
Due from personnel	3,209	1,831
Rediscount on other receivables (-)	(12)	(7)
Allowance for other doubtful receivables (-)	(1,198)	(960)
	48,565	38,018

The movement of other doubtful receivables is as follows:

	31 December 2018	31 December 2017
Beginning at the period - 1 January	(960)	(275)
Current year charge	(671)	(881)
Collections	578	43
Currency translation differences	(145)	(47)
Effect of disposal of subsidiary	-	200
	(1,198)	(960)

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11. Other Receivables and Payables (Continued)

	31 December 2018	31 December 2017
Other non-current receivables		
Deposits and guarantees given	20,909	4,993
Due from sales of financial asset (*)	7,100	14,199
Other receivables	147	-
Rediscount on other notes receivables (-)	(1,358)	(2,607)
	26,798	16,585

(*) Shares of Avea İletişim Hizmetleri A.Ş. were sold to Türk Telekomünikasyon A.Ş. at a nominal value of TRY30,303 thousand on 30 July 2015. remaining maturity as follows:

	31 December 2018	31 December 2017
Collection periods		
1 – 12 Months	7,099	7,099
1 – 5 years	7,100	14,199
	14,199	21,298

	31 December 2018	31 December 2017
Other current payable		
Deposits and guarantees received	34,649	26,560
Other payables	16,187	18,917
Other payables due to related parties (Note 37)	2,639	5,282
Rediscount on other notes payables (-)	(75)	(67)
Due to acquisition of asset group (Note 18) (**)	-	54,693
Due to acquisition of additional shares of subsidiary (Note 27) (*)	-	45,155
	53,400	150,540

(*) Within the scope of the restructuring works of our companies operating in Russia, Anadolu Cam Investment B.V.'s 24,075% of the subsidiaries operating in the Netherlands, and Sudel Invest S.a.r.l. AC Glass Holding B.V. and on July 10, 2015 Sudel Invest S.a.r.l. share transfer was performed. The 10 million Euro balance of the share purchase debt, which was decided to be purchased at an amount of EUR 66 million, was paid on 1 December 2018 and the pledge on the shares was lifted.

Additionally, there is an agreement amounting to EUR 4,000 thousand for the consultancy services. Between 2015-2018, the debt was settled by paying 1 million Euros each year.

(**) According the asset transfer agreement with Pearl for Glass Manufacturing SA A.E. located in Egypt, total payable of 14.5 million is closed by 10 Million US Dollars payment as of May 22, 2018 and 4.5 million USD Dolars payment as of 10 September 2018.

	31 December 2018	31 December 2017
Other non-current liabilities		
Deposits and guarantees received	495	1,330
Other payables	749	1,504
	1,244	2,834

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12 Derivative Instruments

The Group has performed following transactions for cash flow hedging.

- The Group entered into a loan agreement with Rabobank in 10 September 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 converting floating rate of Libor+2.50% to fixed rate of 12.71% with 3-month intervals for a Euro denominated borrowing of EUR 75.000 thousand with 2 year term and cross currency swaps converting Euro denominated capital and interest payables into Russian Ruble denominated ones. As of 9 April 2018, it has been realized.
- On June 12, 2018 and June 20, 2018, The Group purchased Citibank N.A. to hedge its commodity and foreign currency risks arising from gas storage and purchase transactions and signed a contract with London Branch. An agreement was made to pay US \$ 6.463 thousand (average unit price per thousand cm3 USD 258.50) for 25 million cm3 natural gas purchase. The half amount of the contract was realized as of December 31, 2018 and the other half will realize 1 April 2019.

The Group has signed the following contracts within the scope of forward cross currency exchange transactions:

- The Group has made cross currency exchange contacts with Citibank and Türkiye İş Bankası A.Ş. for EUR, USD and RUB currencies in the current period. As of 31 December 2018 all contracts have been realized.

The distribution of derivative instruments is as follows:

	31 December 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
Swap contracts	-	280	-	20,252
Forward contracts	-	-	1,209	-
	-	280	1,209	20,252

The transactions related to derivative instruments are as follows:

	31 December 2018	31 December 2017
Beginning at the period - 1 January	(19,043)	(40,751)
Foreign exchange gain/(loss) recognized to statement of profit or loss (*)	12,676	25,179
Cash inflows/outflows due to realized foreign exchange	9,372	(569)
Currency translation differences	(3,186)	(4,080)
Fair value changes recognized in equity	(99)	1,146
Interest expense charged to statement of profit or loss	-	32
Net asset/ (liability)	(280)	(19,043)

(*) 12,676 thousandTRYforeign exchange difference income was recognized in the consolidated profit and loss statement of which TRY 14,824 exchange rate difference gain is under finance income and TRY 2,148 foreign exchange loss expense under other operating expenses in the period between 1 January-31 December 2018. (From 1 January – 31 December 2017. 25,179 thousandTRYforeign exchange difference income was recognized in the consolidated profit and loss statement of which TRY 1,786 exchange rate difference gain is under other operating income andTRY23,393 foreign exchange loss expense under finance expense)

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13. Inventories

	31 December 2018	31 December 2017
Finished goods	1,535,348	1,200,442
Raw materials	941,211	631,217
Trade goods	324,250	157,211
Other inventories	131,285	90,708
Work in process	79,646	58,607
Supplies	54,896	52,761
Goods in transit	1,747	463
Provision for inventory impairment (-)	(60,936)	(50,235)
	3,007,447	2,141,174

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

	31 December 2018	31 December 2017
Beginning at the period - 1 January	(50,235)	(28,083)
Charge for the year	(23,991)	(32,316)
Currency Translation Differences	(3,330)	(1,690)
Effect of change in consolidation method (Note 3)	(811)	-
Released	17,431	11,854
	(60,936)	(50,235)

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

	31 December 2018	31 December 2017
Prepaid expenses in current assets		
Advances given for inventories	269,356	140,824
Prepaid expenses	36,034	26,619
	305,390	167,443
Prepaid expenses in non-current assets		
Advances given for tangible and intangible assets	147,978	117,910
Prepaid Expenses	37,235	34,246
	185,213	152,156

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14. Prepaid Expenses and Deferred Income (Continued)

Prepaid Expenses (Continued)

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

	31 December 2018	31 December 2017
Beginning at the period - 1 January	117,910	37,215
Advances given in the period	708,831	722,810
Currency translation differences	2,438	1,543
Effect of change in consolidation scope (Note 27)	73	-
Changing of consolidation scope (Note 3)	2	-
Released	(681,276)	(643,658)
	147,978	117,910

Deferred Income

	31 December 2018	31 December 2017
Short term deferred income		
Advances received from customers	57,622	52,965
Deferred Income (*)	33,902	74,260
Other advances received	8,357	5,726
	99,881	132,951

	31 December 2018	31 December 2017
Long term deferred income		
Deferred Income for future years (*)	66,855	56,423

(*) TRY 10.327 thousand of the short term deferred income and 66.834 of long term deferred income is related to the government incentive provided by the Romanian government to Glasscorp SA and Bulgarian government to Trakya Glass Bulgaria EAD and Paşabahçe Bulgaria EAD (31 December 2017: inTRY11.179 thousand of deferred income consists of the government incentives.)

15. Construction Contracts

None (31 December 2017: None).

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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 2018	31 December 2017
Rudnik Krecnjaka Vijenac D.O.O.	40,753	29,458
Şişecam Flat Glass India Limited	-	257,897
	40,753	287,355

Associates

	31 December 2018	31 December 2017
Solvay Şişecam Holding AG	413,442	328,447
Saint Gobain Glass Egypt S.A.E.	172,700	96,306
	586,142	424,753
	626,895	712,108

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

Joint Ventures

	31 December 2018	31 December 2017
Şişecam Flat Glass India Limited	3,951	22,079
Rudnik Krecnjaka Vijenac D.O.O.	1,346	444
Oxyvit Kimya Sanayii ve Tic. A.Ş.	-	6,103
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	-	6,079
	5,297	34,705

Associates

	31 December 2018	31 December 2017
Solvay Şişecam Holding AG	90,707	86,590
Saint Gobain Glass Egypt S,A,E,	36,750	18,955
	127,457	105,545
Total Profit and investments accounted for using equity method	132,754	140,250
Gain on the sale of Omco İstanbul Kalıp Sanayii ve Tic, A,Ş	-	31,830
Total profit impact of investments accounted by using equity method	132,754	172,080

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16. Joint Ventures and Associates (Continued)

Dividend income from joint ventures are as follows:

	31 December 2018	31 December 2017
Solvay Şişecam Holding AG	118,550	89,749
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	-	7,257
Oxyvit Kimya Sanayii ve Tic. A.Ş.	-	1,740
	118,550	98,746

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

	31 December 2018	31 December 2017
Beginning at the period - 1 January	712,108	601,400
Currency translation differences (net)	194,421	101,704
Net income for the period from joint ventures and associates	132,754	140,250
Revaluation increase of tangible assets	4,532	-
Dividend income from joint ventures	(118,550)	(98,746)
Transfer to subsidiaries after business combination	(298,370)	(13,928)
Sales of joint ventures	-	(18,572)
	626,895	712,108

The Group has been consolidating its joint ventures, HNG Float Glass Limited, since September 11, 2013. As of 13 September 2018, the Group has acquired an additional share of 49.80% from third party and started full consolidation after the acquisition date. On 28 December 2018; the remaining share of 0.2% have been acquired.

The changes in joint ventures and consolidation scope in 01 January - 31 December 2017 period are detailed below;

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş subsidiary of the company has been included into the consolidation since 30 June 2001 by the Group. But on 12 June 2017, all shares of the group was sold to Omco International N.V for EUR 12.800 thousand. (Omco International N.V is the partner that owned half of the shares outside of the Group.) Group has no right on the subsidiary since the sales date.

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. subsidiary of the company, paidTRY14.515 thousand amount of dividend as cash on 7 April 2017 according to Shareholders Ordinary General Assembly Resolution met on 20 March 2017.

Furthermore, shares of Oxyvit Kimya Sanayii ve Tic. A.Ş outside of the Group belong to Cheminvest Türkiye Deri Kimyasalları Sanayii ve Tic. A.Ş. was recognised by consolidating after 100% purchase of Cheminvest Türkiye Deri Kimyasalları Sanayii ve Tic. A.Ş. on 25 July 2017. Subsidiary is included into the consolidation since 30 August 1996 by the Group.

Oxyvit Kimya Sanayii ve Tic. A.Ş. paidTRY3.480 thousand amount of dividend as cash on 27 March 2017 with regards to the payment commitment until 30 April 2017 decided on Shareholders Ordinary General Assembly Meeting on 22 March 2017.

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16. Joint Ventures and Associates (Continued)

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

HNG Float Glass Limited (Current Title: Şişecam Flat Glass India Limited)

	13 June 2018	31 December 2017
Current assets	102,236	133,968
Non-current assets	524,628	497,098
Total Assets	626,864	631,066
Current liabilities	36,260	45,438
Non-current liabilities	1,690	69,833
Total liabilities	37,950	115,271
Net asset (including goodwill)	588,914	515,795
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	294,457	257,897
	1 January- 13 June 2018	1 January- 31 December 2017
Revenue	162,051	303,280
Profit from continuing operations (or loss)	7,903	44,158
Other comprehensive income (expense)	65,216	59,733
Total comprehensive income/ (expense)	73,119	103,891
The Group's share in profit/ (loss) from continuing operations	3,951	22,079

As of June 13, 2018, the Group has acquired 50 % of its shares from third party at 85.750 thousand US dollars in cash. Since from acquisition date, the Group has started to full consolidation without netting investments accounted by using equity method in consolidated financial position statement. Net profit or loss for the period between 1 January-13 June 2018 is netted off with "Share of profit/loss of associates and joint ventures " and the period after June 13, 2018; It is reported on the relevant accounts with full consolidation method without netting in the consolidated statement of profit or loss.

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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 2018	31 December 2017
Current assets	8,184	7,335
Non-current assets	80,310	60,969
Total Assets	88,494	68,304
Current liabilities	5,791	8,525
Non-Current liabilities	1,196	862
Total liabilities	6,987	9,387
Net Assets (including goodwill)	81,507	58,917
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)	40,753	29,458
	1 January- 31 December 2018	1 January - 31 December 2017
Revenue	28,757	20,216
Profit from continuing operations	2,691	888
Other comprehensive income	19,900	10,423
Total comprehensive income/(loss)	22,591	11,311
The Group's share in profit/(loss) from continuing operations	1,346	444

Shares of joint venture in third party are owned by Fabrika Cementa Lukavac D.D. (FCL)..

The Group has been consolidated the joint venture since December 10, 2010.

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16. Joint Ventures and Associates (Continued)

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

Solvay Şişecam Holding AG

	31 December 2018	31 December 2017
Current assets	600,412	451,873
Non-current assets	1,419,587	1,074,834
Total Assets	2,019,999	1,526,707
Current liabilities	262,561	131,037
Non-current liabilities	66,253	55,294
Total Liabilities	328,814	186,331
Non-controlling interest	37,419	26,589
Net assets	1,653,766	1,313,787
Group's share (%)		
– Direct and indirect ownership rate (%)	25,00	25,00
– Effective ownership rate (%)	15,22	15,22
Group's share in net assets	413,442	328,447
	1 January- 31 December 2018	1 January - 31 December 2017
Revenue	1,302,939	991,172
Net profit from continuing operations	227,104	262,189
Advance dividends paid from period profit	135,727	84,170
Profit from continuing operations	362,831	346,359
Other comprehensive income/ (loss)	451,347	235,636
Total comprehensive income/ (loss)	814,178	581,995
The Group's share in profit/ (loss) from continuing operations	90,707	86,590
Dividend distribution from previous years' profit	338,472	274,825
The Group's share of the dividend distributed	118,550	89,749

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 founded based on Bulgarian Republic laws and located in Devnya, Bulgaria.

The Group has been consolidated the associate since July 23, 1997.

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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 2018	31 December 2017
Current Assets	365,805	118,702
Non-current assets	411,109	243,857
Total Assets	776,914	362,559
Current liabilities	193,041	29,321
Non-current liabilities	8,205	12,219
Total Liabilities	201,246	41,540
Net asset (including goodwill)	575,668	321,019
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)	172,700	96,306
	1 January- 31 December 2018	1 January- 31 December 2017
Revenue	217,486	277,092
Profit from continuing operations	122,499	63,184
Other comprehensive income/ (loss)	132,150	25,723
Total comprehensive income/ (loss)	254,649	88,907
The Group's share in profit/ (loss) from continuing operations	36,750	18,955

The Group has been consolidated the associate since October 4, 2012. The associate has subsidiaries in Egypt, namely "Saint-Gobain Mirrors Egypt S.A.E" and Saint-Gobain Egypt Trade LLC".

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17. Investment Properties

	Net Book Value	Revaluation Fund	Revaluation Profit/ (Loss) Effect	Fair Value
1 January	23,780	380,218	179,071	583,069
Transfer from the tangible assets	9,174	110,739	-	119,913
Revaluation gain	-	292	27,121	27,413
Revaluation loss	-	(427)	-	(427)
31 December 2018 closing balance	32,954	490,822	206,192	729,968

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

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

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

Cost approach, direct capitalization, cash flow and market approach have been used for the fair value of the real estates, for the parcels in which the existing buildings with valid construction plan and / or building permit. The shortage of number of land parcels in the region and region where the real estates subject to appraisal is located, transportation relations and environmental structures, and the ongoing construction plan processes are considered in the determination of results.

All investment properties are located in Turkey.

Rental income generated from investment properties is TRY 861 thousand and maintenance and repair expense has been recognized as TRY 210 thousand.

On June 23, 2017 there had been a partial disposal from investment properties.

The fair value level of investment properties is determined as 2. (Level 2: Expresses the value from inputs used to determine the direct or indirect market price other than the stock prices).

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18. Property, Plant and Equipment

Asset Group Acquisition:

The Group has not acquired any qualifying asset group during the period of January 1, – December 31, 2018.

The acquisition of the asset group made in the period of 1 January-31 December 2017 has been explained below:

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 above-mentioned, the transaction does not meet of the business definition.

The fair value of the net assets received on the date of that control has been transferred to the Group is as follows:

	The Fair Value
Property, Plant and Equipment	
– Lands	2,594
– Buildings	19,784
– Plant machinery and equipments	41,493
– Furniture and Fixtures	66
Total Non-current Assets	63,937
The fair value of the net assets received on the date of control transfer to the Group (*)	63,937

(*) The total amount of the asset group was determined as USD 18.000 thousand on October 1, 2017 and the control of related assets were transferred to the Group at same date. Before the control of the related assets were transferred to the Group, a pre-payment of USD 3.500 thousand was made on July 26, 2017. As of December 31, 2017, the Group has accounted for the acquisition of USD 14.500 thousand in the financial statements as short term liabilities (Note 11).

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18. Property, Plant and Equipment (Continued)

Cost	Lands	Land improvements	Buildings	Machinery and equipments	Vehicles	fixtures	Other fixed assets	Construction in progress	Total
1 January	1,550,224	511,545	2,812,622	10,820,289	87,213	419,447	953,294	362,451	17,517,085
Classifications (*)	(1,718)	(1,560)	23,071	1,084	-	-	-	-	20,877
Currency translation differences	47,271	45,347	479,203	1,281,258	20,353	32,491	76,561	54,975	2,037,459
Effect of change in consolidation method (Note 3)	61,422	-	123,022	292,338	1,878	1,742	3,157	49	483,608
Impact of the business combinations (Note 3)	2,907	-	28,943	37,847	469	63	-	-	70,229
Effect of change in consolidation scope (Note 27)	-	-	-	1,107	187	656	836	-	2,786
Additions (**)	13,509	851	13,178	55,750	372	9,308	73,002	1,944,802	2,110,772
Disposals	(18,157)	(30)	(6,670)	(225,527)	(2,067)	(14,279)	(70,075)	-	(336,805)
Revaluation (***)	248,477	-	(111,005)	-	-	-	-	-	137,472
Transfers from construction in progress	-	35,853	93,389	727,414	9,692	41,872	119,608	(1,061,421)	(33,593)
Transfers to investment properties	(119,177)	-	(736)	-	-	-	-	-	(119,913)
Transfers to mine assets	(91,855)	-	-	-	-	-	-	-	(91,855)
December 31, 2018 closing balance	1,692,903	592,006	3,455,017	12,991,560	118,097	491,300	1,156,383	1,300,856	21,798,122
Accumulated depreciation and impairment									
1 January	(13,325)	(292,543)	(256,726)	(6,769,230)	(63,623)	(283,815)	(638,281)	-	(8,317,543)
Classifications (*)	1,964	2,173	(19,110)	(5,904)	-	-	-	-	(20,877)
Currency translation differences	(2,898)	(19,266)	(46,063)	(664,492)	(14,046)	(21,754)	(47,943)	-	(816,462)
Effect of change in consolidation method (Note 3)	(1,796)	-	(15,008)	(233,038)	(1,210)	(1,207)	(2,711)	-	(254,970)
Effect of change in consolidation scope (Note 27))	-	-	-	(80)	(2)	(432)	(459)	-	(973)
Period expense (****)	-	(29,954)	(121,190)	(682,375)	(8,586)	(36,598)	(128,367)	-	(1,007,070)
Provision for impairment	(176)	-	-	-	-	-	-	-	(176)
Disposals	-	30	825	193,798	1,895	12,148	50,780	-	259,476
Revaluation(***)	16,231	-	393,921	-	-	-	-	-	410,152
December 31, 2018 closing balance	-	(339,560)	(63,351)	(8,161,321)	(85,572)	(331,658)	(766,981)	-	(9,748,443)
Net Book Value as of 31 December 2018	1,692,903	252,446	3,391,666	4,830,239	32,525	159,642	389,402	1,300,856	12,049,679
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

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

(**) TRY 21.366 thousand financial expense capitalized in current year addition. (Note 8)

(***) As of December 31, 2018, according to valuation results dated September 30, 2018, lands and buildings are accounted by net method according to revaluation model. With the revaluation, the remaining useful lives of the buildings have been reviewed and the depreciation expense of TRY32.077 thousand has been calculated in the last three months due to revaluation..

(****) The allocation of period depreciation expense is given in Note 28 and Note 30.

The net book value of buildings, machinery and equipment acquired through financial leasing amounted to EUR 1.090 - equivalentTRY6.573 thousand. (EUR 1.245 – EquivalentTRY5.624 thousand as of December 31, 2017). The Group has not acquired any property plant equipment via financial leasing during the period. The Group has no mortgage over lands and buildings due to bank borrowings exist (January 1– December 31, 2017: None).

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18. Property, Plant and Equipment (Continued)

Cost	Lands	Land improvements	Buildings	Machinery and equipments	Vehicles	fixtures	Other fixed Assets	Construction in progress	Total
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
Subsidiary sales effect (Note 27)	(22,600)	(1,128)	(14,212)	(65,332)	-	(5,455)	-	-	(108,727)
Effect of business combinations (Note 3)	3,829	1,228	1,579	22,188	32	488	-	725	30,069
Asset group purchase effect	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 investment properties	(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)	-
December 31, 2017 closing balance	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									
1 January	(11,327)	(253,496)	(138,971)	(5,984,698)	(51,172)	(352,092)	(482,475)	-	(7,274,231)
Classifications (*)	-	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)
Subsidiary sales effect	-	459	610	59,711	-	3,601	-	-	64,381
Effect of business combinations (Note 3)	-	(359)	(76)	(15,961)	(32)	(366)	-	-	(16,794)
Period Expenses (**)	-	(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
Provision for impairment	-	-	-	(4,900)	-	-	-	-	(4,900)
December 31, 2017 closing balance	(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 property, plant and equipment including the fully amortized 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 amounted to EUR 1.304 thousand equivalent TRY 5.467 thousand (EUR 1.510 thousand equivalent TRY 5.603 thousand as of December 31, 2015). No financial leasing has been made in the period.

The Group has no mortgage over lands and buildings due to bank borrowings (January 1 – December 31, 2016: None).

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19. Intangible Assets

Cost	Rights	Capitalized		Other	Total
		Mine Assets	Development Cost		
1 January	196,526	13,135	89,034	36,031	334,726
Classifications (*)	-	16,449	-	(16,449)	-
Currency translation differences	64,663	-	-	5,962	70,625
Effect of change in consolidation method (Note 3)	314,101	-	-	1,399	315,500
Effect of change in consolidation scope	31	-	-	-	31
Transfers of property, plant and equipment	-	91,855	-	-	91,855
Transfers from construction in progress	-	-	33,593	-	33,593
Additions	25,552	30,191	-	915	56,658
Disposals	(55)	-	-	(240)	(295)
December 31, 2018 closing balance	600,818	151,630	122,627	27,618	902,693
Accumulated depreciation and impairment					
1 January	(148,995)	(8,953)	(53,351)	(18,553)	(229,852)
Classifications (*)	-	(215)	-	215	-
Currency translation differences	(34,745)	-	-	(4,831)	(39,576)
Effect of change in consolidation method (Note 3)	(26,887)	-	-	(1,097)	(27,984)
Effect of change in consolidation scope (Note 27)	(8)	-	-	-	(8)
Period expenses (**)	(15,785)	(3,511)	(18,967)	(3,222)	(41,485)
Disposals	55	-	-	2	57
Provision for impairment	(96,550)	-	-	-	(96,550)
December 31, 2018 closing balance	(322,915)	(12,679)	(72,318)	(27,486)	(435,398)
Net Book Value as of 31 December 2018	277,903	138,951	50,309	132	467,295
Net Book Value as of 31 December 2017	47,531	4,182	35,683	17,478	104,874

Cost	Rights	Capitalized		Other	Total
		Mine Assets	Development Cost		
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
Subsidiary sales effect (Note 27)	(221)	-	-	(19)	(240)
Effects of business combinations (Note 3)	208	-	-	5	213
Additions	23,521	-	5,623	366	29,510
Disposals	(344)	-	-	(131)	(475)
December 31, 2017 closing balance	196,526	13,135	89,034	36,031	334,726
Accumulated depreciation and impairment					
1 January	(115,900)	(8,228)	(38,768)	(12,035)	(174,931)
Currency translation differences	(12,331)	-	-	(2,035)	(14,366)
Subsidiary sales effect	147	-	-	19	166
Effects of business combinations (Note 3)	(197)	-	-	(5)	(202)
Period expenses (**)	(21,058)	(725)	(14,583)	(4,503)	(40,869)
Disposals	344	-	-	6	350
December 31, 2017 closing balance	(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

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

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

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20. Goodwill

The movement of goodwill balance is as follows:

	31 December 2018	31 December 2017
1 January	56,386	38,158
Current year addition	113,239	10,862
Currency translation differences	28,286	7,366
	197,911	56,386

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

	31 December 2018	31 December 2017
Şişecam Flat Glass India Limited	126,892	-
Glasscorp S,A,	33,152	24,833
Oxyvit Kimya Sanayii ve Tic, A,Ş,	10,862	10,862
Cromital S,p,A	14,202	10,638
Richard Fritz Holding GmbH	8,771	6,570
OOO Ruscam Glass Packaging Holding	4,032	3,483
	197,911	56,386

21. Government Grants

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. With holding 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.

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21. Government Grants (Continued)

Reduced Corporate Tax Application (Investment Incentives)

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

Export Operations and Other Foreign Exchange Earning Activities

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

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

are supported within certain limits.

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

Incentives provided in foreign countries

A memorandum for government incentive was signed between 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. and the Ministry of Finance of the Republic of Romania signed a Memorandum on Government Grants within the framework of the European Union's "Government Grant Regulations" with "Investment Incentive Law and Implementation Regulation". In this context; As of 31 December 2019, Glasscorp S.A. has an obligation to reimburse the government incentive amounting to RON 77,766 thousand and the government incentives collected in cash and deferred income in accordance with the related legislation. As of 31 December 2018, the amount of non-repayable incentive is TRY 40,432 thousand. Glasscorp S.A continues to negotiate with the relevant institutions to extend the reimbursement period for the relevant incentive.

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22. Provisions. Contingent Assets and Liabilities

The total amount of the continuing law suits against the Group as of 31 December 2018 is approximately TRY95.147 thousand (31 December 2017: TRY56.946 thousand). The Group has been defendant and plaintiff of various cases within the ordinary operations during the period. As of December 31, 2018, according to the opinions of independent legal and tax advisors, apart from the cases for which provision amounting to TRY53.639 thousand (31 December 2017: TRY30.376 thousand) have been allocated, The Group considers the possibility of incurring loss from the cases as low.

Collaterals pledges and mortgages "CPM" given by the Company as of 31 December 2018 and 31 December 2017 are as follows:

The CPMs given by the Company	TRY Equivalents	31 December 2018			TRY equivalent of TRY and other Currencies
		USD	Euro	RUB	
A. CPM's given in the behalf of own company	2,887	-	-	-	2,887
B. CPM's given on behalf of the fully consolidated subsidiaries	3,267,974	34,539	257,079	15,092,524	399,525
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	2,104,360	400,000	-	-	-
i. Total amount of CPM's given on behalf of the parent (*)	2,104,360	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	5,375,221	434,539	257,079	15,092,524	402,412

Percentage of other CPM's given by the Company to the Company's equity is 12.58 % as of December 31, 2018.

(*) On May 9, 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.

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

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22. Provisions. Contingent Assets and Liabilities (Continued)

The CPMs given by the Company	31 December 2017					TRY equivalent of TRY and other Currencies
	TRY Equivalent	USD	Euro	RUB		
A. CPM's given in the behalf of own company	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 or 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 majority 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 December 31, 2017.

(*) On May 9, 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. The 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.

Negotiations with the EBRD are ongoing to settle the option before maturity and to re-determine the conditions of option.

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22. Provisions. Contingent Assets and Liabilities (Continued)

Short term provisions

	31 December 2018	31 December 2017
Provisions of cost	90,755	43,899
Litigation provisions	53,639	30,376
Provisions for employee benefits (Note 24)	15,694	12,015
Turnover premium provision	5,760	8,624
Other short term provisions	7,521	791
	173,369	95,705

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 1.279.444.517 sm3 of natural gas between 1 January 2019 and 31 December 2019 (1 January- 31 December 2018: 1.510.091.673 sm3).

24. Employee Benefits

Short term liabilities for employee benefits

	31 December 2018	31 December 2017
Due to personnel	55,947	35,546

Short term provisions for employee benefits

	31 December 2018	31 December 2017
Unused vacation provision	15,694	12,015

Long term provisions for employment benefits

Provision for employee termination benefits

	31 December 2018	31 December 2017
Domestic	379,580	337,209
Foreign	20,447	8,602
	400,027	345,811

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Additionally, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments dated 23 May 2002.

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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 TRY5.434.42 for each period of service as of 31 December 2018 (31 December 2017: TRY4.732.48). TRY6.017.60 which is effective from 1 January 2019, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2017: TRY5.001.75 which is effective from 1 January 2018).

Liability of employment termination benefits is not subject to any funding as there is not any obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be used to estimate the Group's obligation under the defined benefit plans.

The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under Funds for Actuarial Gain/Loss on Defined Benefit Plans.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, the liabilities in the accompanying consolidated financial statements as of 31 December 2018 and 31 December 2017 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 9.30% (31 December 2017: 6.40%) and a discount rate of 15.20% (31 December 2017: 11.39%). the real discount rate is approximately 5.40% (31 December 2017: 4.69%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 31 December 2018, estimated probability of not leaving work until retirement is 97.98% (31 December 2017: 98.48%).

The movement of the employment termination benefits is as follows:

	31 December 2018	31 December 2017
1 January	345,811	278,420
Service costs	76,498	56,583
Interest costs	38,518	30,747
Currency translation differences	3,496	1,504
Effect of change in consolidation method (Note 3)	1,690	738
Actuarial loss/(gain)	(20,379)	41,235
Payments made during the period	(45,607)	(57,016)
Disposal of a subsidiary (Note 27)	-	(6,400)
	400,027	345,811

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25. Impairment of Assets

	31 December 2018	31 December 2017
Impairment of assets		
Provision for short term doubtful receivables (Note 10)	106,287	88,288
Provision for impairment of intangible assets (Note 19)	96,550	-
Provision for impairment of long term financial investments (Note 7)	64,320	-
Provision for inventory impairment (Note 13)	60,936	50,235
Revaluation impairment of property, plant and equipment (net) (Note 32)	43,941	-
Provision for long term doubtful receivables (Note 10)	4,283	-
Provision for impairment of short term financial investments (Note 7)	3,917	-
Impairment for cash and cash equivalents (Note 6)	3,035	-
Provision for other doubtful receivables (Note 11)	1,198	960
Impairment on investment properties (Note 17)	427	27,708
Impairment on property, plant and equipments (Note 18)	176	4,900
	385,070	172,091

26. Other Assets and Liabilities

	31 December 2018	31 December 2017
Other current assets		
VAT transferred	179,636	45,863
Deductible VAT on exports	103,021	73,502
Income accruals	2,783	3,688
Work advances	3,633	625
Other	10,434	12,356
	299,507	136,034

	31 December 2018	31 December 2017
Other non-current assets		
Long term inventory	3,745	3,222
Other non-current assets	858	45
VAT deductible	-	374
	4,603	3,641

	31 December 2018	31 December 2017
Other current liabilities		
Taxes and funds payables	77,023	56,631
Expense accruals	52,387	47,654
VAT and other payables	42,299	10,609
Social security withholdings payable	40,500	52,767
Other	6,641	1,566
	218,850	169,227

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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 / 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 2018	31 December 2017
The limit of registered capital	4,000,000	4,000,000
Issued share capital in nominal value	2,250,000	2,250,000

Shareholders	31 December 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye İş Bankası A.Ş.	1,510,035	67.11	1,473,118	65.47
Efes Holding A.Ş.	185,073	8.23	185,073	8.23
Anadolu Hayat Emeklilik A.Ş.	1,081	0.05	1,081	0.05
Other (*)	553,811	24.61	590,728	26.25
Nominal capital	2,250,000	100.00	2,250,000	100.00
Adjustment to share capital	181,426		181,426	
Total share capital	2,431,426		2,431,426	

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

b) Share Premium (Discounts)

It describes the difference between the nominal price and the sales price of the shares publicly traded. It is TRY527 thousand as of 31 December 2018 (31 December 2017: TRY527 thousand).

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss

	31 December 2018	31 December 2017
Inceases / (decreases) in revaluation fund	2,018,108	1,585,926
- Revaluation funds of land and buildings	1,606,558	1,258,349
- Revaluation funds of investment properties	411,550	327,577
Remeasurement gain / (loss) funds of defined benefit plans	(13,599)	(24,885)
	2,004,509	1,561,041

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

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss (Continued)

Revaluation funds of land and buildings on revaluation

As of December 31, 2018, the Group has revalued its land and buildings, and value increase has been accounted in the equity by taking into account the effects of deferred tax and non-controlling interests.

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

	31 December 2018	31 December 2017
Beginning	1,258,349	1,305,499
Valuation made during the period	385,616	-
- Fund effect	591,565	-
- Tax effect	(97,928)	-
- Effect of change in non-controlling interests	(108,021)	-
Currency translation differences	69,362	37,789
- Fund effect	109,983	61,685
- Tax effect	(15,182)	(9,292)
- Effect of change in non-controlling interests	(25,439)	(14,604)
Transfers to investment properties	(84,062)	(4,776)
- Fund effect	(110,739)	(5,500)
- Tax effect	11,153	275
- Effect of change in non-controlling interests	15,524	449
Transfers to mining assets	(32,546)	-
- Fund effect	(57,912)	-
- Tax effect	5,791	-
- Effect of change in non-controlling interests	19,575	-
Impact of property disposal	(25,590)	(7,019)
- Fund effect	(30,499)	(7,406)
- Tax effect	2,857	387
- Effect of change in non-controlling interests	2,052	-
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control cease	33,661	(8,745)
Effect of change in consolidation method (Note 3)	(991)	1,090
- Fund effect	(2,194)	1,891
- Tax effect	796	(95)
- Effect of change in non-controlling interests	407	(706)
Impact of investments accounted for under equity method	2,759	148
- Fund effect	4,532	211
- Tax effect	-	(63)
- Effect of change in non-controlling interests	(1,773)	-
Impact of disposal of a subsidiary	-	(21,722)
- Fund effect	-	(23,084)
- Tax effect	-	1,358
- Effect of change in non-controlling interests	-	4
Effect of change in deferred tax rate	-	(43,915)
- Fund effect	-	(56,040)
- Effect of change in non-controlling interests	-	12,125
	1,606,558	1,258,349

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss (Continued)

Revaluation funds of investment properties

Due to the change in their use, the Group transferred its properties to investment properties which were accounted for under property, 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 2018	31 December 2017
1 January	327,577	365,516
Valuation during the period	(89)	(21,392)
– Fund effect	(135)	(25,177)
– Deferred Tax effect	14	2,518
– Effect of change in non-controlling interests	32	1,267
Transfers from property, plant and equipment	84,062	4,776
– Fund effect	110,739	5,500
– Deferred Tax effect	(11,153)	(275)
– Effect of change in non-controlling interests	(15,524)	(449)
Effect of disposals during the period	-	(1,982)
– Fund effect	-	(2,282)
– Deferred Tax effect	-	114
– Effect of change in non-controlling interests	-	186
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control change	-	46
Effect of change in deferred tax rate	-	(19,387)
– Fund effect	-	(20,270)
– Effect of change in non-controlling interests	-	883
	411,550	327,577

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss (Continued)

Remeasurement gain / (loss) funds of defined benefit plans

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 "Remeasurement gain / (loss) funds of defined benefit plans" under the equity.

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

	31 December 2018	31 December 2017
1 January	(24,885)	1,900
Valuation during the period	13,687	(25,810)
- Fund effect	20,379	(41,235)
- Tax effect	(4,087)	8,247
- Effect of change in non-controlling interests	(2,605)	7,178
Currency translation difference	58	3
- Fund effect	58	5
- Deferred Tax effect	-	(1)
- Effect of change in non-controlling interests	-	(1)
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control change	(2,459)	(58)
Impact of subsidiary disposal	-	(803)
- Fund effect	-	(1,004)
- Deferred Tax effect	-	201
Impact of change in consolidation method	-	23
- Fund effect	-	45
- Deferred Tax effect	-	(9)
- Effect of change in non-controlling interests	-	(13)
Impact of joint-venture disposal	-	(140)
- Fund effect	-	(223)
- Deferred Tax effect	-	45
- Effect of change in non-controlling interests	-	38
	(13,599)	(24,885)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

	31 December 2018	31 December 2017
Currency translation differences	1,583,535	877,527
Hedging reserve	(219)	(112)
Revaluation and reclassification gains (losses)	2,086	411
	1,585,402	877,826

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 2018	31 December 2017
1 January	877,527	477,575
Recognized in the equity	706,008	399,952
- <i>Accounted for under other comprehensive income</i>	713,219	429,711
- <i>Impact of change in non-controlling interests</i>	(7,211)	(29,759)
	1,583,535	877,527

Hedge reserve

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 2018	31 December 2017
1 January	(112)	(833)
Effective portion of the derivative instrument recognized in the equity	(99)	1.146
Deferred tax effect	26	(229)
Change in non-controlling interest shares	(34)	(196)
	(219)	(112)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

Revaluation and reclassification gains (losses)

Financial assets revaluation fund arises from the valuation of financial asset available for sale at fair value. In the event that a financial instrument valued at fair value is disposed of, the part of the value increase fund associated with the financial asset sold is recognized directly in profit or loss. If a revalued financial instrument is permanently impaired, the portion of the revaluation fund related to the financial asset that has suffered an impairment is recognized in the statement of profit or loss.

The movement in the financial asset revaluation fund is as follows:

	31 December 2018	31 December 2017
1 January	411	253
Change in fair values	1,716	226
Deferred tax effect	(41)	(68)
	2,086	411

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 TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

	31 December 2018	31 December 2017
Restricted reserves attributable to equity holders of the Parent		
Legal reserves	158,437	115,363

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY4,231,128 thousand (31 December 2017: TRY3,624,971 thousand) is TRY523,938 thousand (31 December 2017: TRY5,523 thousand).

Dividends 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.

In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution, regardless of their date of issue and acquisition.

Reserves in the scope of 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 2018	31 December 2017
Net profit for the year	588,915	991,895
Special fund within the scope of Corporate Tax Law no: 5/1-e (*)	(84)	(130,406)
I. legal reserves	(29,446)	(49,595)
Distributable profit for the period	559,385	811,894
Extraordinary reserves	523,938	5,523
	1,083,323	817,417

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

	31 December 2018	31 December 2017
Profit from sales of shares	124,101	124,101
Income from sale of properties	6,389	6,305
	130,490	130,406

(*) The existing funds should be kept until the end of the fifth year following the year in which the sales are realized. If the funds are transferred to another account (except for the capital increase) in the following five years the tax authority shall be obliged to process tax penalty and default interest in accordance with the Tax Law.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

f) Retained Earnings (Continued)

At the Ordinary General Assembly Meeting of the Company held on 21 March 2018, the gross dividend of TRY300,000 thousand corresponding to 13.33333% of the issued capital is distributed in cash, and to the shareholders subject to profit share withholding tax after the withholding tax on income dividends, and it is decided to pay the net payment, the cash dividend payment date as 31 May 2018.

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.

Capital contributions of non-controlling interests in the period January 1-December 31. 2018:

- Paşabahçe Cam Sanayii ve Tic. AŞ. subsidiary of the Company has held extraordinary general assembly on 9 May 2018 and has decided to increase its share capital. As a result of capital increase, the Group shares in Pasabahce increased to 84,62% from 84.01% due to the Group was the only shareholder that contributed to the capital increase.

In the period of 1 January-31 December 2017, non-controlling interests did not have any capital contributions.

The transactions with non-controlling shareholders during the period of 1 January - 31 December 2018 within the scope of restructuring of the Group companies:

- Purchase and sale option contracts between the Group and the European Bank for Reconstruction and Development (4 EBRD 201) were signed between 10 November 2014 and 24 October 2014. Accordingly, the Company, Paşabahçe Cam Sanayii ve Tic. Inc. ("Paşabahçe") has a purchase option for its shares and also gives EBRD an option to sell. In the event that Paşabahçe's public offering takes place until October 24, 2019, such purchase / sale options will become invalid.

Negotiations have been started with EBRD to close the option before maturity and when the transactions are completed, the Paşabahçe shares of 14,85% in the EBRD's portfolio will be transferred to the Company's assets.

The transactions with non-controlling shareholders during the period of 1 January - 31 December 2017 within the scope of restructuring of the Group companies:

- A call option agreement with the usage price of TRY2,60 per share and 3,000,000 pieces on Anadolu Cam Sanayii A.Ş.'s. our subsidiary. publicly traded shares was signed between the Group and İş Yatırım Menkul Değerler A.Ş. within the scope of the circular no. 466 of Istanbul Stock Exchange on 28 December 2016. The option was terminated on 4 May 2017 by collecting TRY7,800 thousand.
- A call option agreement with the usage price of TRY3.68 per share and 3,000,000 pieces on publicly traded shares of Anadolu Cam Sanayii A.Ş. which is subsidiary of the Group, was signed between the Group and İş Yatırım Menkul Değerler A.Ş. within the scope of the circular no. 466 of Istanbul Stock Exchange on 4 May 2017. Price and quantity of the aforementioned put option had been revised to 5,067,600 pieces and TRY2,1119 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 TRY10.699 thousand.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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 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 TRY11,850 thousand at nominal value in Anadolu Cam Yenişehir Sanayi A.Ş. to Anadolu Cam Sanayii AŞ. subsidiary of the Company, at the value of TRY70,271 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 statement of profit or loss.
- The Company sold all of its shares equivalent to 15% and amounting to TRY43,500 thousand at nominal value in Anadolu Cam Eskişehir Sanayi A.Ş. to Anadolu Cam Sanayii AŞ. subsidiary of the Company, at the value of TRY36,484 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 statement of profit or loss.
- Denizli Cam Sanayii ve Tic. A.Ş. sold all of its shares equivalent to 19.32% and amounting to TRY1,100 thousand at nominal value in Paşabahçe Mağazaları A.Ş. to Paşabahçe Cam Sanayii. subsidiary of the Company, at the value of TRY9,533 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 statement of profit or loss.
- 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 ("CMB") and Energy Market Regulatory Authority ("EMRA") 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 their shares amounting to TRY21 thousand nominal value in Topkapı Yatırım Holding A.Ş. at the value of TRY27 thousand.
 - Cam Elyaf Sanayii A.Ş. sold all of its shares amounting to TRY5 thousand nominal value in Madencilik Sanayii ve Tic. A.Ş. at the value of TRY73 thousand.
 - Şişecam Dış Ticaret A.Ş. sold all of its shares amounting to TRY2 thousand nominal value in Şişecam Sigorta Aracılık Hizmetleri A.Ş. at the value of TRY18 thousand.
 - Denizli Cam Sanayii and Tic. A.Ş., Soda Sanayii A.Ş. sold all of its shares amounting to TRY40 thousand nominal value in Camiş Elektrik Üretim A.Ş. at the value of TRY102 thousand.
 - Paşabahçe Cam Sanayii ve Tic. A.Ş. sold all of its shares amounting to TRY9 thousand nominal value in Camiş Ambalaj Sanayii A.Ş. at the value of TRY187 thousand.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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 restructuring of the Group companies between 1 January and 31 December 2017 (Continued):

- Camiř Madencilik A.ř. sold all of their shares amounting to TRY59 thousand nominal value in Anadolu Cam Sanayii A.ř. at the value of TRY204 thousand. Furthermore, 38 founder's shares of Anadolu Cam Sanayii A.ř. which are included in the portfolio of Camiř Madencilik A.ř. are purchased with the total value of TRY154 thousand.
 - Camiř Madencilik A.ř. sold all of its shares amounting to TRY197 thousand nominal value in Soda Sanayii A.ř. at the value of TRY1,237 thousand.
 - Camiř Madencilik A.ř. sold all of its shares amounting to TRY3,730 thousand nominal value in Trakya Cam Sanayii A.ř. at the value of TRY12,421 thousand.
 - řiřecam Sigorta Aracılık Hizmetleri A.ř. sold all of its shares amounting to TRY3 thousand nominal value in řiřecam Dıř Ticaret A.ř. at the value of TRY20 thousand.
 - řiřecam Sigorta Aracılık Hizmetleri A.ř. sold all of its shares amounting to TRY1 at nominal value in Camiř Madencilik A.ř. at the value of TRY15 thousand
- Oxyvit Kimya Sanayii ve Ticaret A.ř. which is 5% of the Company's assets with nominal amount of TRY17 thousand is sold for USD 700 thousand (=TRY 2,470 thousand) to Soda San. A.ř. our subsidiary. on 31 July 2017.
 - Merger 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.
 - The Group has received approval from the local authorities regarding the merger of OOO Ruscam Glass with OOO Ruscam Glass Packaging Holding on 18 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.ř. Anadolu Cam Yeniřehir Sanayi A.ř. and Anadolu Cam Eskiřehir Sanayi A.ř. 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 Yeniřehir A.ř. and Anadolu Cam Eskiřehir Sanayi A.ř. under the organization of Anadolu Cam Sanayi A.ř. at the Board of Directors' meeting of Anadolu Cam Sanayii A.ř. held on 5 September 2017.

Due to Anadolu Cam Sanayii A.ř. 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.ř. as of 31 December 2016 has been the base in merger transactions. Due to Anadolu Cam Sanayii A.ř. 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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

g) Non-controlling interest (Continued)

The sale of Joint Venture 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 TRY1.935 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 September 2017.

The transactions within the scope of business combinations of the Group compaines between 1 January and 31 December 2018:

- The shareholding of HNG Float Glass Limited (Şişecam Flat Glass India Limited), which is 50% of Trakya Cam Sanayii AŞ, owned by Trakya Cam Sanayii AŞ, is 50% of the shares of the Company outside the Group on June 13, 2018 at USD 85.405 thousand, as of 26 December 2018 total USD 85.750 thousand was purchased in cash at the amount of USD 345 thousand.

The transactions within the scope of business combinations of the Group compaines 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 Group 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.

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 2018	31 December 2017
Equity of the parents	(357,558)	(10,487)
Non-controlling interests	(215,102)	28,986
Net effect of the sale and purchase of shares	(572,660)	18,499

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

	1 January- 31 December 2018	1 January- 31 December 2017
Group's and listed subsidiaries's distributed dividend		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	300,000	250,000
Soda Sanayii A.Ş.	88,489	78,657
Trakya Cam Sanayii A.Ş.	51,934	32,383
Anadolu Cam Sanayii A.Ş.	16,382	12,995
Camiş Egypt Mining Ltd. Co.	3	4
Cam Elyaf Sanayii A.Ş.	1	-
	456,809	374,039

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

h) Impact of disposal of subsidiary

On 28 February 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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

h) Impact of disposal of subsidiary (Continued)

There is no sale of subsidiary during the period between 1 January and 31 December 2018.

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

Sisecam Trading Co., Paşabahçe Glass GmbH, Paşabahçe Spain SL and Paşabahçe USA Inc., which are reported in the heading "Unconsolidated subsidiaries" in the account of "Financial Investments" and whose 100% belongs to the Group, have been accounted for at cost in the Consolidated Financial Statements until 1 January 2018, because of the associates are not significant for the financial statements.

As of 1 January 2018, the Company management has decided to account for these subsidiaries in full at the Consolidated Financial Statements. Thus, all subsidiaries and affiliates of the Group are included in the scope of consolidation.

The ownership ratios and book value of the related subsidiaries as of 1 January 2018 are as follows:

Name of subsidiary	Direct or indirect Ownership ratio (%)	Effective Ownership ratio (%)	Cost of financial investment
Şişecam Trading Co.	100,00	60,67	655
Paşabahçe Glass GmbH	100,00	84,01	68
Paşabahçe Spain SL	100,00	84,01	43
Paşabahçe USA Inc.	100,00	84,01	1
			767

The consolidated statements of profit or loss for the period 1 January-31 December 2017 of the subsidiaries are summarized below:

Revenue	35.074
Cost of sales	(24.552)
Gross profit	10.522
General administrative expenses	(8.808)
Marketing expenses	(4.592)
Other operating income	4.785
Other operating expenses	(133)
Operating profit	1.774
Financial income	494
Profit before tax from continued operations	2.268
Tax expense for the period	(929)
Profit for the period	1.339

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

i) Consolidation of non-consolidated subsidiaries in the consolidation (Continued) :

The consolidated statement of financial position of the subsidiaries included in the scope of consolidation as of 1 January 2018 are summarized below:

Current Assets

Cash and cash equivalents	29,588
Trade receivables	6,321
Other receivables	426
Inventories	6,057
Prepaid expenses	21
Current tax assets	832
Other current assets	425
Total Current Assets	43,670

Non-current Assets

Other receivables	124
Property, plant and equipment	1,813
Intangible assets	23
Prepaid expenses	73
Deferred tax assets	1
Total Non-current Assets	2,034

Total Assets	45,704
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Current Liabilities

Trade payables	11,764
Other payables	2,871
Liabilities for employee benefits	16
Short term provisions	52
Other current liabilities	1,360
Total current liabilities	16,063

Net Assets	29,641
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Net assets of subsidiaries	29,641
Cost of subsidiaries with financial investment	(767)
Net Value	28,874

Attributable to:

Non-controlling interest	5,320
Equity holders of the parent	23,554

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28. Revenue and Cost of Sales

	1 January- 31 December 2018	1 January- 31 December 2017
Sales		
Revenue	16,467,163	12,042,892
Other income	4,660	20,684
Sales discounts	(718,171)	(580,561)
Sales returns	(65,408)	(62,440)
Other sales discounts	(137,930)	(102,080)
	15,550,314	11,318,495
Cost of Sales		
Direct materials	(4,781,186)	(3,256,593)
Direct labor	(831,240)	(602,350)
Production overheads	(2,619,103)	(1,733,334)
Depreciation and amortization	(903,178)	(843,530)
Change in work-in progress inventories	19,411	12,006
Change in finished goods inventories	321,693	24,842
Cost of goods sold	(8,793,603)	(6,398,959)
Cost of merchandise sold	(1,342,937)	(1,069,363)
Cost of services rendered (*)	(190,664)	(161,964)
Other costs	(65,704)	(57,867)
	(10,392,908)	(7,688,153)

(*) Depreciation and amortization expenses recognized in the cost of service rendered during the period between 1 January – 31 December 2018 is to TRY15,780 thousand (1 January – 31 December 2017: TRY14,865 thousand).

Geographical markets of revenue based on the customer's location of sale are as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Turkey	6,307,499	4,821,377
Europe	5,069,693	3,612,130
Russia, Ukraine and Georgia	2,176,660	1,566,852
Other	1,996,462	1,318,136
	15,550,314	11,318,495

In 2018, the Group has recognized revenue by over time TRY480,357 thousand.

The Group does not have any significant remaining performance obligations related to the ongoing non-cancellable agreements.

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

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

	1 January- 31 December 2018	1 January- 31 December 2017
General Administrative Expenses	(883,630)	(724,620)
Marketing Expenses	(1,862,975)	(1,370,327)
Research and Development Expenses	(75,265)	(57,108)
	(2,821,870)	(2,152,055)

30. Expenses by Nature

	1 January- 31 December 2018	1 January- 31 December 2017
Indirect material costs	(42,856)	(36,958)
Salaries and wages expenses	(592,226)	(523,678)
Outsourced service	(1,187,118)	(751,209)
Miscellaneous expenses	(870,073)	(730,431)
Depreciation and amortization expenses	(129,597)	(109,779)
	(2,821,870)	(2,152,055)

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31. Other Operating Income and Expenses

	1 January- 31 December 2018	1 January- 31 December 2017
Other operating income		
Foreign currency exchange gains/ (losses) from operating activities	682,149	240,973
Delay interest expense from operating activities	113,617	82,655
Provisions no longer required	45,184	7,695
Gain on sale of raw materials	41,649	18,558
Gain on sale of scraps	20,055	12,706
Rediscount interest income on operating activities	19,246	10,748
Insurance claim income	14,392	24,776
Investment incentive income	10,500	6,935
Royalty income	4,717	3,345
Brand incentive (Turquality) income	3,818	3,574
Foreign exchange gain from derivative hedging instruments	-	1,786
Other	170,610	138,345
	1,125,937	552,096

	1 January- 31 December 2018	1 January- 31 December 2017
Other operating expenses		
Foreign currency exchange gains/ (losses) from operating activities	(429,414)	(197,790)
Rediscount interest expense on operating activities	(29,559)	(14,829)
Loss on sale of raw materials	(23,845)	(13,228)
Delay interest gains/ (expenses) from operating activities	(15,631)	(2,766)
Provision expenses	(15,181)	(22,904)
Government right – mining fund	(2,695)	(2,399)
Gain/ (loss) on sale of scrap items	(2,613)	(1,308)
Commission Expenses	(2,358)	(1,863)
Foreign exchange losses from hedging derivative instruments	(2,148)	-
Other	(82,914)	(89,289)
	(606,358)	(346,376)

	1 January- 31 December 2018	1 January- 31 December 2017
Other operating income / (expense), net		
Foreign exchange gains/ (losses) from operating activities	252,735	43,183
Delay interest gains/ (expenses) from operating activities	97,986	79,889
Rediscount interest income/ (expenses) on operating activities	(10,313)	(4,081)
Gain/ (loss) on sale of scrap items	17,442	11,398
Gain/ (loss) on sale of raw materials	17,804	5,330
Provision income/ (expenses)	30,005	(15,209)
Foreign exchange effect from derivative hedging instruments	(2,148)	1,786
Other	116,068	83,424
	519,579	205,720

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32. Income and Loss from Investing Activities

	1 January- 31 December 2018	1 January- 31 December 2017
Income from Investment Activities		
Valuation gain of held to maturity financial assets (*)	1.063.001	224.353
Revaluation surplus of investment property	27.121	28.015
Gain on sale of property, plant and equipment	25.681	22.331
Cancelation of the revaluation of tangible assets impairment	11.761	-
Gain on sale of a subsidiary (Note 27)	-	66.089
Sale and liquidation profit of available for sales of the financial assets	-	3.036
Profit on sale of investment property	-	212
	1,127,564	344,036
Loss from Investment Activities		
Valuation difference of held to maturity financial assets (*)	(186.880)	(33.572)
Allowance for the impairment of Intangible Assets	(96.550)	-
Allowance for the impairment of revaluation of the tangible assets	(55.702)	-
Loss on sales of tangible assets	(27.042)	(7.534)
Impairment of tangible assets	(176)	(4.900)
Allowance for the impairment of revaluation of Investment properties	-	(2.532)
	(366.350)	(48.538)
Net Expenses/Income from Investing Activities		
Valuation difference of held to maturity financial assets (*)	876.121	190.781
Allowance for the impairment of intangible Assets	(96.550)	-
Allowance for the impairment of revaluation of the tangible assets	(43.941)	(4.900)
Revaluation surplus of investment property	27.121	25.483
Gain/Loss on sale of property, plant and equipment	(1.361)	14.797
Impairment of tangible assets	(176)	-
Gain on sale of investment property	-	212
Sale and liquidation profit of available for sales of the financial assets	-	3.036
Gain on sale of a subsidiary (Note 27)	-	66.089
	761,214	295,498

(*) 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 TRY2,244 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 addition a profit of TRY3.424 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.

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32. Income and Loss from Investing Activities (continued)

Fixed income financial assets which are measured with amortized cost has been collected interest from the market securities detailed below during the period.

Bond Issuer	1 January- 31 December 2018	1 January- 31 December 2017
Türkiye İş Bankası A.Ş.	30,308	20,241
Türkiye Vakıflar Bankası T.A.O.	21,208	12,152
Yapı ve Kredi Bankası A.Ş.	13,816	5,711
Türkiye Sınai Kalkınma Bankası A.Ş.	13,770	7,817
Türkiye Halk Bankası A.Ş.	12,389	9,767
Turkcell İletişim Hizmetleri A.Ş.	10,151	7,499
Türkiye Garanti Bankası A.Ş.	8,176	5,743
Arçelik A.Ş.	7,597	5,498
Ziraat Bankası A.Ş.	4,976	2,265
Türkiye İhracat Kredi Bankası A.Ş.	2,778	2,071
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	1,784	1,357
Finansbank A.Ş.	300	573
	127,253	80,694

Financial investment valuation profit / (loss) which is measured with amortized cost is as follows:

Bond Issuer	1 January- 31 December 2018	1 January- 31 December 2017
Türkiye İş Bankası A.Ş.	202,382	45,833
Türkiye Vakıflar Bankası T.A.O.	137,517	28,209
Türkiye Halk Bankası A.Ş.	99,675	25,566
Türkiye Sınai Kalkınma Bankası A.Ş.	98,777	19,090
Yapı ve Kredi Bankası A.Ş.	90,209	15,052
Turkcell İletişim Hizmetleri A.Ş.	64,562	15,695
Türkiye Garanti Bankası A.Ş.	54,260	13,185
Arçelik A.Ş.	53,261	12,906
Ziraat Bankası A.Ş.	35,719	4,955
Türkiye İhracat Kredi Bankası A.Ş.	18,417	1,632
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	17,891	4,423
Finansbank A.Ş.	2,170	861
Türk Telekomünikasyon A.Ş.	-	(50)
	874,840	187,357

As a result of that financial investments which measured at amortized cost are dominated in USD dollar, it is not effected by changing USD/TRY parity, which effects profit and loss.

Additionally, during the reporting period, a valuation difference of TRY1.281 thousand has been generated from securities issued by public sector in India.

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32. Income and Loss from Investing Activities (Continued)

Impairment Gains (Losses) and Cancellations of Impairment Losses Determined In Accordance With IFRS-9:

	1 January- 31 December 2018	1 January- 31 December 2017
Impairment loss		
Impairment of financial investment	(57,507)	-
Impairment of cash and cash equivalents	(2,503)	-
	(60,010)	-

Other Income (Expenses) from Associates, Joint Ventures and Subsidiaries:

The Group has taken %50 share with investments accounted using the equity method from HNG Float Glass Limited (New title is Şişecam Flat Glass India Limited) joint venture increased its ownership to 100% by taking an additional 49.80% share on June 13, 2018 and 0.02% shares on December 28,2018. As a result of. the transfer of control to the Group through this acquisition. the investment has become a subsidiary TFRS-3 " Business Combinations " has been accounted for in accordance with the accounting standard.

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

Estimated fair value of the share purchase date	624,136
Carrying value of the share purchases date	(588,914)
Fair value difference	35,222
50% part of the fair value difference (=35.222 x %50)	17,611
Goodwill amount before purchase of 49,80% shares	(3,913)
Profit of fair value differences	13,698

The Gains (Losses) From Classification of the Financial Assets at Fair Value Differences Reflected in Other Comprehensive Income As Fair Value Differences Reflected in Profit or Loss:

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

Currency translation differences of the HNG Float Glass Limited (New title is Şişecam Flat Glass India Limited) joint venture on June 13, 2018 are as follows:

Part of the Group's share the amount in the stand alone financial statement (164.331 x %50)	82,166
Foreign Currency translation differences of the goodwill amount on our share	2,046
The difference for the offsetting between the capital of the joint venture and the financial asset of the Group	54,146
	138,358

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33. Financial Income and Expenses

Financial Income	1 January- 31 December 2018	1 January- 31 December 2017
Foreign exchange income	1,905,185	869,714
- <i>Cash and cash equivalents</i>	1,554,880	560,723
- <i>Bank Loans</i>	52,575	104,553
- <i>Bonds issued</i>	186,210	123,255
- <i>Derivative instruments</i>	29,758	53,133
- <i>Other</i>	81,762	28,050
Interest income	152,558	154,962
- <i>Time deposits</i>	152,364	154,551
- <i>Derivative instruments</i>	-	32
- <i>Other</i>	194	379
	2,057,743	1,024,676

Financial Expenses	1 January- 31 December 2018	1 January- 31 December 2017
Foreign exchange expense	(2,072,360)	(893,677)
- <i>Cash and cash equivalents</i>	(755,129)	(328,857)
- <i>Bank Loans</i>	(289,483)	(268,825)
- <i>Bonds issued</i>	(930,710)	(249,605)
- <i>Derivative instruments</i>	(14,934)	(29,740)
- <i>Other</i>	(82,104)	(16,650)
Interest Income	(359,116)	(340,820)
- <i>Bank Loans</i>	(247,109)	(252,479)
- <i>Bonds issued</i>	(106,865)	(80,152)
- <i>Factoring expenses</i>	(1,740)	(162)
- <i>Other</i>	(3,402)	(8,027)
	(2,431,476)	(1,234,497)

Financial Income / Expenses (net)	1 January- 31 December 2018	1 January- 31 December 2017
Foreign exchange income / (expense)	(167,175)	(23,963)
- <i>Cash and cash equivalents</i>	799,751	231,866
- <i>Bank Loans</i>	(236,908)	(164,272)
- <i>Bonds issued</i>	(744,500)	(126,350)
- <i>Derivative instruments</i>	14,824	23,393
- <i>Other</i>	(342)	11,400
Interest income / (expenses)	(206,558)	(185,858)
- <i>Time deposits and borrowings</i>	(94,745)	(97,928)
- <i>Bonds issued</i>	(106,865)	(80,152)
- <i>Derivative instruments</i>	0	32
- <i>Factoring expenses</i>	(1,740)	(162)
- <i>Other</i>	(3,208)	(7,648)
	(373,733)	(209,821)

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34. Assets Held for Sale

	31 December 2018	31 December 2017
Cost		
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 Sanayii AŞ, the subsidiary of the Group, ceased its operations of the second oven in December 2015 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 "Non-current Assets Held for Sale 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 2018	31 December 2017
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 income 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 prepare a consolidated tax return, therefore, tax provisions reflected in these consolidated financial statements which have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2018	31 December 2017
Deferred tax assets	779,449	328,607
Deferred tax liabilities (-)	(234,602)	(126,098)
Deferred tax assets (net)	544,847	202,509

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

Deferred Tax Assets and Liabilities (Continued)

Temporary differences	31 December 2018	31 December 2017
Useful life and valuation differences on tangible and intangible assets	2,608,369	1,727,898
Valuation of investment property	729,968	559,289
Reduced corporate tax	(3,505,599)	(1,558,430)
Carry forward tax losses	(1,208,363)	(974,867)
Employment termination benefits	(400,027)	(345,811)
Provision for inventory write-down	(199,644)	(60,676)
Provision for doubtful receivables	(47,460)	(5,705)
Derivative financial valuation	(280)	(19,043)
Other	103,880	(78,752)
	(1,919,156)	(756,097)

Deferred tax assets/ (liabilities)	31 December 2018	31 December 2017
Useful life and valuation differences on tangible and intangible assets	(537,863)	(350,552)
Valuation of investment property	(69,781)	(55,929)
Reduced corporate tax	771,232	327,270
Carry forward tax losses	211,547	162,110
Reduced investment to be utilized	31,699	-
Employment termination benefits	80,318	68,920
Provision for inventory write-down	42,244	12,781
Provision for doubtful receivables	10,838	7,535
Derivative instruments fair value	62	3,809
Other	4,551	26,565
	544,847	202,509

The maturity of carry forward tax losses are as follows:

	31 December 2018	31 December 2017
Within one year	-	2,471
Within two years	14,871	-
Within three years	28,462	12,081
Within four years	34,685	24,777
Within five years	55,261	26,237
Within six years	57,867	16,833
Within seven years	10,136	4,924
Indefinite years	1,007,081	887,544
	1,208,363	974,867

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

Deferred Tax Assets and Liabilities (Continued)

Carry forward tax losses can be carried for maximum 5 years in Turkey Egypt and China, 7 years in Romania, indefinite in Russia and Ukraine if will be offset from taxable profit in next years (In Russia it has been indefinite since 30 November 2016). 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 TRY517,381 thousand (31 December 2017: TRY345,374 thousand).

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

	31 December 2018	31 December 2017
1 January	202,509	232,722
Recognized in the consolidated statement of profit or loss	416,600	20,460
Currency translation differences	32,888	23,391
Change in accounting standards (Note 2)	9,324	-
Impact of change in consolidation method (Note 3)	723	(118)
Impact of change in consolidation scope (Note 27)	1	-
Associated with equity (Note 27)	(117,198)	(75,198)
Impact of disposal of subsidiary	-	1,252
	544,847	202,509

Corporate Tax

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

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

In Turkey, applied corporate tax rate is 22% as of 31 December 2018 (31 December 2017: 20%).

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

Country	31 December 2018	31 December 2017
Bosnia-Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Georgia (*)	-	-
Italy (**)	27.9	27.9
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 (**)	29.79	15.0
China (****)	25,0	25.0
India	35.0	30.0
Netherlands (*****)	20.0-25.0	20.0-25.0

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

Corporate Tax (Continued)

- (*) Corporate tax has been ceased in Georgia and it is only subject to dividend distribution. Thus, deferred tax amount is decreased to nil.
- (**) There is a progressive tax rate.
- (***) The general tax rate in Russia is 20%, 18% of which is allocated to the "Regional Budget" and 2% to the "General Budget". Since its subsidiaries in Russia's Tatarstan region have been located in Special Economic Zone, so, as a tax, they pay 2% of the profits from their main operations and pay 20% of the profits from the non-core operating income.
- (****) 15% of tax rate for the profit up to CNY 300.000 and 25% of tax rate for the exceeding portion are applied in China as a tax.
- (*****) 20% of tax rate for the profit up to EUR 200.000 and 25% of tax rate for the exceeding portion are applied in Netherlands.

In Turkey, advance tax returns are filed on a quarterly basis and 22% of temporary tax rate is applied during the taxation of corporate income in 2018. (31 December 2017: 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). However, tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years

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.

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

Corporate Tax (Continued)

Corporate tax asset is TRY34,028 thousand (31 December 2017: TRY9,940 thousand).

	31 December 2018	31 December 2017
Current tax provision	512,892	231,599
Prepaid taxes and funds (-)	(442,800)	(170,517)
Tax provision in the statement of the financial position	70,092	61,082

	1 January- 31 December 2018	1 January- 31 December 2017
Provision for corporate tax for current period	(512,892)	(231,599)
Deferred tax income	416,600	20,755
Currency translation differences	2,572	3,010
Current period tax provision effect of business combinations	-	3,321
Effect of change in consolidation method	-	(295)
Tax provision in the statement of profit or loss	(93,720)	(204,808)

Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	3,467,396	1,941,764
Effective tax rate	%22	%20
Calculated tax	(762,827)	(388,353)

Tax reconciliation		
- Non-deductible expenses	(76,584)	(83,641)
- Currency translation differences	(17,725)	(14,098)
- Derivative financial instruments	(3,809)	(4,089)
- Reduced corporate tax	593,344	154,814
- Dividends and other non-taxable income	113,212	106,947
- Carry forward tax losses to be utilized	23,563	1,465
- The effect of the foreign companies that have different tax rates	32,636	22,147
- Investment allowances to be used	4,471	-
- Effect of change in consolidation scope	(1)	-
Tax provision in the statement of income	(93,720)	(204,808)

Effective tax rate	%3	%11

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

36. Earnings per share

	1 January- 31 December 2018	1 January - 31 December 2017
Earnings per share		
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	2,325,840	1,225,420
Earning per share	1.0337	0.5446
Total comprehensive income attributable to equity holders of the parent	3,504,809	1,553,688
Earnings per share obtained from total comprehensive income	1.5577	0.6905

The Company increased its paid-in-capital from TRY2.050.000 thousand to TRY2.250.000 thousand by issuing bonus shares amounting to TRY200.000 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 "Earnings per share". Accordingly the average number of shares used in the calculation of earnings per share for the period between 1 January and 31 December 2017 was presented by considering bonus shares issued

37. Related Party Disclosures

The main shareholder of the Group is T. İş Bankası A.Ş. Since the transactions between the Company and its consolidated subsidiaries are eliminated during consolidation, they are not disclosed in this note.

As of December 31, 2018, the full list of the relationship level of companies which are specified as related parties is grouped in alphabetical order as follows:

The shareholder of parent

Company's name	Registered Country
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik Ve Yardımlaşma Vakfı	Türkiye

Parent company

Company's name	Registered Country
Türkiye İş Bankası A.Ş.	Türkiye

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37. Related Party Disclosures (Continued)

Parent company's subsidiaries, joint ventures and associates

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

Joint Ventures

<u>Company's name</u>	<u>Registered Country</u>
Rudnik Krechnjaka Vijenac D.O.O.	Bosnia-Herzegovina

Joint Ventures' shareholder

<u>Company's name</u>	<u>Registered Country</u>
Fabrika Cementa Lukavac D.D.(FCL)	Bosnia-Herzegovina

Associates

<u>Company's name</u>	<u>Registered Country</u>
Saint Gobain Glass Egypt S.A.E.	Egypt
Solvay Şişecam Holding AG	Austria

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

37. Related Party Disclosures (Continued)

Associates' shareholders

Company's name	Registered Country
Saint Gobain Glass France S.A.	France
Société Financière D'Administration Et De Gestion SAS (SOFIAG)	Belgium

Available 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 regarding related parties:

	31 December 2018	31 December 2017
Deposits held on related parties		
Türkiye İş Bankası A.Ş.		
- Time Deposit	2,596,104	2,792,705
- Demand deposit	164,329	32,756
	2,760,433	2,825,461
İşbank AG		
- Time deposits	-	-
- Demand deposits	8,678	19,823
	8,678	19,823
	2,769,111	2,845,284

	31 December 2018	31 December 2017
Provision for impairment of deposits held at related parties		
Türkiye İş Bankası A.Ş.	3,014	497
Türkiye Sınai Kalkınma Bankası A.Ş.	7	-
	3,021	497

	31 December 2018	31 December 2017
Loans received from related parties		
İşbank AG	223,034	45,155
Türkiye Sınai ve Kalkınma Bankası	3,955	12,452
	226,989	57,607

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

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37. Related Party Disclosures (Continued)

Carrying value of financial investments measured at amortized cost:

	31 December 2018	31 December 2017
Financial investments measured at amortized cost – Gross value		
Türkiye İş Bankası A.Ş.	606,030	434,040
Türkiye Sınai Kalkınma Bankası A.Ş.	298,849	213,757
	904,879	647,797

	31 December 2018	31 December 2017
Impairment of financial investments measured at amortized cost		
Türkiye İş Bankası A.Ş.	17,064	-
Türkiye Sınai Kalkınma Bankası A.Ş.	5,942	-
	23,006	-

Coupon interest rates and nominal values of financial investments measured at amortized cost are as follows:

			31 December 2018	31 December 2017
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	45,464
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	34,200	34,200
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	33,924	33,924
Türkiye İş Bankası A.Ş.	XS1578203462	6,125	1,200	1,200
			114,788	114,788
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	38,830	38,830
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	14,600	14,600
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,375	3,386	3,386
			56,816	56,816
			171,604	171,604

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

37. Related Party Disclosures (Continued)

Due from related parties:

	31 December 2018	31 December 2017
Trade receivables from related parties		
Fabrika Cementsa Lukavac D.D. (FCL)	1,286	74
Saint Gobain Glass Egypt S.A.E.	737	-
Türkiye İş Bankası A.Ş. ve İşbank AG	112	309
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	109	63
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	46	37
İş Merkezleri Yönetim ve İşletim A.Ş.	2	-
Paşabahçe USA Inc. (*)	-	13,637
Şişecam Flat Glass India Limited (**)	-	4,757
Hindusthan National Glass and Industries Limited (**)	-	4,172
Solvay Şişecam Holding AG	-	3,597
Şişecam Trading Co. (*)	-	3,293
Paşabahçe Glass GmbH (*)	-	344
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	-	69
	2,292	30,352

Due to related parties:

	31 December 2018	31 December 2017
Trade payables to related parties		
Solvay Şişecam Holding AG	63,023	49,736
Anadolu Anonim Türk Sigorta Şirketi	3,277	3,918
Rudnik Krencjaka Vijenac D.O.O.	2,158	2,303
İş Merkezleri Yönetim ve İşletim A.Ş.	2,084	1,749
Saint Gobain Glass Egypt S.A.E.	1,272	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	213	170
Saint Gobain Glass France S.A.	96	-
İş Yatırım Menkul Değerler A.Ş.	21	-
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	6	14
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	5	3
Kültür Yayınları İş-Türk Ltd. Şti.	-	12
Şişecam Trading Co.	-	310
Paşabahçe USA Inc. (**)	-	159
	72,155	58,374

(*) Intragroup credit-debit balances have been eliminated since Paşabahçe USA Inc., Şişecam Trading Co., Paşabahçe Glass GmbH and Paşabahçe Spain SL have been started to be consolidated as of 1 January 2018.

(**) 49.18% of the shares of HNG Float Glass Limited (The new title: Şişecam Flat Glass India Limited) has been acquired on June 13, 201 and the remaining shares of 00.20% on 26 December 2018 with a total of USD 85.405 thousand in cash. As of June 13, 2018, full consolidation method has been applied. As a result of the consolidation transactions, intragroup debit and credit balances and income-expense amounts are eliminated. With the share purchase, Hindusthan National Glass and Industries Limited which is non-Group shareholder of HNG Float Glass Limited (Şişecam Flat Glass India Limited) has been stated as not related party since the purchase date.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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37. Related Party Disclosures (Continued)

Due to related parties:

	31 December 2018	31 December 2017
Other payables to related parties		
Dividend to be paid to shareholders (*)	2,639	2,147
Saint Gobain Glass France S.A.	-	1,633
Saint Gobain Glass Egypt S.A.E.	-	1,090
Paşabahçe Glass GmbH (**)	-	281
Paşabahçe Spain SL (**)	-	97
Denizli Cam Sanayii Vakfı	-	34
	2,639	5,282

(*) Presents the accumulated dividend which is not demanded by the founding shareholders of Anadolu Cam Sanayii A.Ş., subsidiary of the Group.

(**) Intragroup credit-debit balances and income – expense amounts have been eliminated because Paşabahçe USA Inc., Şişecam Trading Co., Paşabahçe Glass GmbH and Paşabahçe Spain SL are accounted in financial statements by consolidation method as of 1 January 2018.

Income and expenses from/ to related parties (*):

	1 January - 31 December 2018	1 January - 31 December 2017
Interest income from related parties		
Türkiye İş Bankası A.Ş. ve İşbank AG	122,819	136,980
İş Merkezleri Yönetim ve İşletim A.Ş.	-	2
	122,819	136,982
	1 January - 31 December 2018	1 January - 31 December 2017
Interest expenses to related parties		
Türkiye İş Bankası A.Ş. ve İşbank AG	908	665
Türkiye Sınai Kalkınma Bankası A.Ş.	508	974
	1,416	1,639

(*) Oxyvit Chemical Industry and Trade. Inc., along with the new shares obtained as of 25 July 2017, it has been accounted for as subsidiary in accordance with the consolidation method and the credit and debit balances have been eliminated. Additionally; Mepa Merkezi Pazarlama A.Ş. in Liquidation since they are closed, the amounts of these companies are not restated in the comparative 1 January-31 December 2017 period for comparison purposes.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued)

	1 January- 31 December 2018	1 January- 31 December 2017
Gain on the valuation difference of held to maturity financial assets		
Türkiye İş Bankası A.Ş.	202,382	45,833
Türkiye Sınai Kalkınma Bankası A.Ş.	98,777	19,090
	301,159	64,923

	1 January - 31 December 2018	1 January- 31 December 2017
Other income from related parties		
Saint Gobain Glass Egypt S.A.E.	6,748	2,939
Fabrika Cementa Lukavac D.D. (FCL)	6,204	92
Solvay Şişecam Holding AG	5,208	3,896
Anadolu Anonim Türk Sigorta Şirketi	3,671	3,626
Rudnik Krecnjaka Vijenac D.O.O.	539	418
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	441	373
Türkiye İş Bankası A.Ş. ve İşbank AG	404	277
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	211	1,406
İş Portföy Yönetimi A.Ş.	30	5
Türkiye Sınai Kalkınma Bankası A.Ş.	23	15
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	11	670
Anadolu Hayat Emeklilik Sigorta A.Ş.	7	6
Yatırım Finansman Yatırım Ortaklığı A.Ş.	6	5
İş Yatırım Menkul Değerler A.Ş.	4	4
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	3	-
İş Factoring Finansman Hizmetleri A.Ş.	2	2
Milli Reasürans T.A.Ş.	2	11
İş Merkezleri Yönetim ve İşletim A.Ş.	2	2
Kültür Yayınları İş-Türk Ltd. Şti.	2	-
İş Finansal Kiralama A.Ş.	1	-
	23,519	13,747

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued):

	1 January- 31 December 2018	1 January- 31 December 2017
Other expense to related parties		
Solvay Şişecam Holding AG ⁽¹⁾	307,365	239,466
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	19,440	16,005
Rudnik Krecnjaka Vijenac D.O.O. ⁽³⁾	17,087	13,503
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁴⁾	11,053	8,707
Fabrika Cementa Lukavac D.D. (FCL)	4,751	2
Anadolu Anonim Türk Sigorta Şirketi	4,380	3,860
Anadolu Hayat Emeklilik Sigorta A.Ş.	2,401	703
Türkiye İş Bankası A.Ş. ve İşbank AG	1,528	1,436
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. ve Yard. Vakfı	1,084	1,009
İş Portföy Yönetimi A.Ş.	919	1,081
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	453	371
İş Yatırım Menkul Değerler A.Ş.	328	439
İş Factoring Finansman Hizmetleri A.Ş.	162	-
Kültür Yayınları İş-Türk Ltd. Şti.	15	20
	370,966	286,602

(1) Consists of the purchases of soda from Solvay Sodi AD.

(2) In the period of 1 January - 31 December 2018 TRY 19,193 thousand expense is composed of rental expenses of Tuzla Şişecam Headquarters and İş Kuleleri. (1 January -31 December 2017:TRY15,705 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

	1 January- 31 December 2018	1 January- 31 December 2017
Benefits provided to key management		
Parent (Holding)	20,137	18,010
Consolidated entities	68,741	53,656
	88,878	71,666

Key management personnel are composed of top management; members of board of directors, general manager and general manager assistants and factory directors. The Group has not provided post-employment benefits, benefits due to cancellation of labor contract, share-based payment and other long-term benefits to key management between 1 January – 31 December 2018 and 1 January – 31 December 2017.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will 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 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 2018 and 31 December 2017 the Group's net debt / total equity ratios are as follows:

	31 December 2018	31 December 2017
Financial liabilities and trade payables	9,666,235	7,048,609
Less: Cash and cash equivalents and financial assets held to maturity	(5,767,265)	(5,316,721)
Net debt	3,898,970	1,731,888
Total equity	16,726,774	13,062,415
Net debt / total equity ratio	%23	%13

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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management

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.

The Group applied the simplified approach in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for the expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group grouped its trade receivables considering the maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and prospective macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and trade receivable sums.

	Not Overdue	0-1 Months Overdue	1-3 Months Overdue	More than 3 Months Overdue	Total
Period end balance	1,843,711	217,321	50,478	146,670	2,258,180
Loan loss rate (%)	%3	%8	%26	%66	
Expected credit losses	55.311	17.386	13.124	26.735	112.556

The above balances present the values that are not covered by the collateral limits.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued) b.1) Credit Risk Management (Continued)

	Receivables				Cash and Cash equivalents	Financial Investments & Derivatives
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
Credit risks exposed through types of financial instruments						
Maximum credit risk exposed as of balance sheet date 31 December 2018 (A+B+C+D+E)	2,292	3,232,295	-	75,363	3,161,016	2,603,248
- The part of maximum risk under guarantee with collaterals etc.	-	(1,352,056)	-	-	-	-
A. Net book value of financial assets that are neither overdue not impaired	2,292	2,830,214	-	75,363	3,164,051	2,671,485
- The part under guarantee with collaterals, etc.	-	(1,258,282)	-	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	-	402,081	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(93,774)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(3,035)	(68,237)
- Overdue (gross carrying amount)	-	110,570	-	1,198	-	-
- Impairment (-)	-	(110,570)	-	(1,198)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	(3,035)	(68,237)
- 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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued) b.1) Credit Risk Management (Continued)

Credit risks exposed through types of financial instruments	Receivables				Cash and cash equivalents	Financial Investments & Derivatives
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
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 overdue 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 overdue or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	-	254,182	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(36,127)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	88,288	-	960	-	-
- Impairment (-)	-	(88,288)	-	(960)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (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.

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

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

Guarantees received from the customers are as follows:

	31 December 2018	31 December 2017
Letters of guarantee	601,560	308,076
Direct debit system	448,695	231,850
Security cheques and bonds	223,473	204,959
Mortgages	43,184	13,045
Cash	35,144	27,890
	1,352,056	785,820

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

	31 December 2018	31 December 2017
1-30 days overdue	249,987	126,787
1-3 months overdue	54,576	45,084
3-12 months overdue	67,144	63,894
1-5 years overdue	30,374	18,417
Total overdue receivables	402,081	254,182
Secured with collaterals (-)	(93,774)	(36,127)

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

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

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

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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 2018

Non derivative financial Liabilities	Carrying value	Total Contractual Cash flows	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
		(I+II+III+IV)	(I)	(II)	(III)	(IV)
Bank Loans	4,794,029	5,397,302	1,174,180	2,302,039	1,868,719	52,364
Bond issued	2,641,934	2,798,141	-	111,794	2,686,347	-
Other financial liabilities	572,660	572,660	-	572,660	-	-
Financial Leases	420	546	251	295	-	-
Trade Payables	1,585,037	1,600,434	1,582,550	17,884	-	-
Due to related parties	74,794	74,794	74,794	-	-	-
Other financial liabilities	52,005	52,080	50,761	-	1,319	-
Total Liabilities	9,720,879	10,495,957	2,882,536	3,004,672	4,556,385	52,364

Derivative financial liabilities	Carrying Value	Total Contractual Cash flows	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
		(I+II+III+IV)	(I)	(II)	(III)	(IV)
Cash inflows	-	-	-	-	-	-
Cash outflows	(280)	(280)	-	(280)	-	-
	(280)	(280)	-	(280)	-	-

31 December 2017

Non derivative financial liabilities	Carrying Value	Total Contractual Cash flows	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
		(I+II+III+IV)	(I)	(II)	(III)	(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 Contractual Cash Flows	Less than 3 Months	3-12 Months	1-5 Years	More than 5 Years
		(I+II+III+IV)	(I)	(II)	(III)	(IV)
Cash inflows	1,209	1,209	-	1,209	-	-
Cash outflows	(20,252)	(20,252)	-	(20,252)	-	-
	(19,043)	(19,043)	-	(19,043)	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management

The Group 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:

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 31 December 2018			
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
1. Trade Receivables	1,010,414	114,751	61,131	38,222
2a. Monetary financial assets, (cash and banks included)	3,179,789	263,690	274,261	139,297
2b. Non-monetary financial assets	-	-	-	-
3. Other	158,800	21,369	7,621	441
4. Current assets (1+2+3)	4,349,003	399,810	343,013	177,960
5. Trade receivables	2,445,656	464,874	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	134,281	2,744	17,948	11,654
8. Non-current assets (5+6+7)	2,579,937	467,618	17,948	11,654
9. Total Assets (4+8)	6,928,940	867,428	360,961	189,614
10. Trade payables	366,037	31,957	30,866	11,854
11. Financial liabilities	494,606	15,116	68,859	-
12a. Other monetary liabilities	60,387	5,849	4,657	1,544
12b. Other non-monetary liabilities	572,660	-	95,000	-
13. Current liabilities (10+11+12)	1,493,690	52,922	199,382	13,398
14. Trade payables	-	-	-	-
15. Financial liabilities	3,058,704	525,169	49,078	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	3,058,704	525,169	49,078	-
18. Total liabilities (13+17)	4,552,394	578,091	248,460	13,398
19. Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	2,376,546	289,337	112,501	176,216
21. Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	2,656,125	265,224	181,932	164,121
22. Fair value of derivative instruments used in foreign currency hedge	(280)	(53)	-	-
23. Export	4,270,535	473,026	317,871	180,588
24. Import	1,985,339	154,629	210,015	45,798

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 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)	2,549,558	436,152	192,451	35,424
2b. Non-monetary financial assets	-	-	-	-
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)	1,387,079	399,900	(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

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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 December 2018			
	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	139,532	(139,532)	75	(75)
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	139,532	(139,532)	75	(75)
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	109,669	(109,669)	955,453	(955,453)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	109,669	(109,669)	955,453	(955,453)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	16,412	(16,412)	248,659	(248,659)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	16,412	(16,412)	248,659	(248,659)
Total (3+6+9)	265,613	(265,613)	1,204,187	(1,204,187)

(*) 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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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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

	31 December 2017			
	Profit/(Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD againstTRYby 10%				
1- USD net assets / liabilities	150,838	(150,838)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	150,838	(150,838)	-	-
Change of EUR againstTRYby 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 againstTRYby 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)	109,357	(109,357)	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.

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. Based on the current balance sheet composition and analysis calculated by the Group, if theTRYinterest 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 byTRY4.972 thousand as of 31 December 2018 (31 December 2017:TRY5.320 thousand).

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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 2018			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	8,746,864	333,103	9,079,967
Cash and cash equivalents	-	2,833,367	330,650	3,164,017
Financial assets	-	2,603,248	-	2,603,248
Available for sale financial assets	-	-	2,453	2,453
Trade receivables	-	3,232,594	-	3,232,594
Due from related parties	-	2,292	-	2,292
Other receivables	-	75,363	-	75,363
Financial liabilities	3,006,526	6,714,073	280	9,720,879
Bank borrowings	3,006,526	1,787,223	280	4,794,029
Bond issues	-	2,641,934	-	2,641,934
Other financial liabilities	-	572,660	-	572,660
Financial leases	-	420	-	420
Trade payables	-	1,585,037	-	1,585,037
Due to related parties	-	74,794	-	74,794
Other payables	-	52,005	-	52,005
	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

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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 2018 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 TRY231 thousand (31 December 2017: TRY62 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 2018	Financial assets or liabilities measured with amortized cost method	Financial assets or liabilities fair value through comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
Financial assets	9,002,154	2,450	-	9,004,604	
Cash and cash equivalents	3,164,017	-	-	3,164,017	6
Trade receivables	3,232,594	-	-	3,232,594	10
Due from related parties	2,292	-	-	2,292	37
Derivative financial assets	-	-	-	-	12
Financial investments	2,603,251	2,450	-	2,605,701	7
Financial liabilities	9,669,154	-	-	9,669,154	
Financial liabilities	7,436,383	-	-	7,436,383	8
Other financial liabilities	572,660	-	-	572,660	9
Trade payables	1,585,037	-	-	1,585,037	10
Due to related parties	74,794	-	-	74,794	37
Derivative financial liability	280	-	-	280	12

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

Categories of Financial Instruments (Continued)

31 December 2017	Financial assets or liabilities measured with amortized cost method	Financial assets or liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
Financial assets	7,656,208	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

Fair Value of Financial Instruments

Financial assets	31 December 2018			
	Total	Category 1	Category 2	Category 3
Financial assets available for sale	2,452	2,450	-	2
Derivative financial assets	-	-	-	-
Total	2,452	2,450	-	2

Financial assets	31 December 2017			
	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

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).

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40. Events after reporting period

- The investment of Şişecam Elyaf Sanayii AŞ, a 70,000 tons / year new glass fiber production facility in Balıkesir, has started its operations on 3 January 2019.
- Collective Labor Agreement, which was signed between Trakya Cam Sanayii A.Ş., Mersin ve Trakya Plants, Trakya Yenişehir Cam Sanayii A.Ş., Yenişehir Fabrikası ve Şişecam Otomotiv A.Ş. which are subsidiary of the Group in flat glass segment and Kristal-İş Union has ended on December 31, 2018 and the collective labor agreement negotiations have been started on 17 January 2019.
- The Collective Labor Agreement between the Anadolu Cam Sanayii A.Ş., which is the subsidiary of the Group in glass packaging segment and Kristal-İş Union ended on 31 December 2018. The negotiations for the 26th of Period Collective Labor Agreement covering Mersin, Eskişehir and Yenişehir Plants have been started on 17 January 2019.

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 consolidated statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity (Financial Statements) for the year ended December 31, 2018 of the Group which have been prepared in compliance with format that has been determined by Capital Market Board ("CMB") and Public Oversight Authority ("POA") in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Markets Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS / TFRS) by CMB have been examined by taking into consideration the opinion of the Audit Committee, and It is decided on meeting held Board of Directors on 1 February 2019 that the consolidated financial statements have been fairly presented, the result of operations are accurately presented, the accounting principles applied by the Company are accurate and in compliance with the regulations of the Capital Markets Board by approving financial statements by Financial Control and Reporting Director Gökhan Güralp and Financial Control and Statutory Reporting Manager Murat Yalçın on electronic platform and by making required notifications in the scope of CMB regulations

The consolidated financial statements will be finalized after approval by the shareholders in the Ordinary General Assembly of 2018.