

# **TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**

**CONVENIENCE TRANSLATION INTO  
ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY 2019 – 31 DECEMBER 2019  
(ORIGINALLY ISSUED IN TURKISH)**

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Statements of Financial Position at 31 December 2019 and 31 December 2018

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

Assets	Notes	31 December 2019	Restated 31 December 2018
<b>Current Assets</b>			
Cash and Cash Equivalents	6	8,368,913	3,164,017
Financial Investments	7	426,120	221,911
Trade receivables	10,38	3,572,022	3,234,587
– Due from related parties	38	6,829	2,292
– Other trade receivables	10	3,565,193	3,232,295
Other receivables	11	275,048	48,565
Contract assets	15	23,490	-
Derivative assets	12	25,764	-
Inventories	13	3,831,439	3,006,188
Prepaid expenses	14	233,693	305,390
Income tax assets	36	66,550	34,028
Other current assets	27	390,157	299,507
<b>Subtotal</b>		<b>17,213,196</b>	<b>10,314,193</b>
Assets held for sale	35	28,058	204
<b>Total current assets</b>		<b>17,241,254</b>	<b>10,314,397</b>
<b>Non-current assets</b>			
Financial investments	7	2,537,234	2,383,790
Trade receivables	10	275	299
Other receivables	11	12,409	26,798
Derivative assets	12	64,150	-
Investments accounted for using the equity method	16	710,578	626,895
Investment properties	17	772,422	729,968
Property, plant and equipment	18	14,684,667	12,177,322
Right of use assets	19	188,156	-
Intangible assets	20,21	630,387	580,100
– Goodwill	21	301,469	274,084
– Other intangible assets	20	328,918	306,016
Prepaid expenses	14	372,080	185,020
Deferred tax assets	36	1,093,602	779,449
Other non-current assets	27	443,624	4,603
<b>Total non-current assets</b>		<b>21,509,584</b>	<b>17,494,244</b>
<b>TOTAL ASSETS</b>		<b>38,750,838</b>	<b>27,808,641</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Statements of Financial Position at 31 December 2019 and 31 December 2018

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

		31 December 2019	Restated 31 December 2018
<b>LIABILITIES</b>	<b>Notes</b>		
<b>Current Liabilities</b>			
Short term borrowings	8	2,634,647	1,899,428
Short term portion of long term borrowings	8	2,616,194	1,203,331
Other financial liabilities	9	-	572,660
Trade payables	10,38	2,093,016	1,657,192
– Due to related parties	38	84,154	72,155
– Due to third parties	10	2,008,862	1,585,037
Liabilities for employee benefits	25	76,090	55,947
Other payables	11,38	117,492	53,400
– Due to related parties	38	4,932	2,639
– Due to third parties	11	112,560	50,761
Contract liabilities	15	27,163	-
Derivative instruments	12	23,587	280
Deferred income	14	90,059	99,881
Current income tax liabilities	36	86,419	70,092
Short term provisions	23,25	155,830	174,098
Other current liabilities	27	270,674	218,850
<b>Total current liabilities</b>		<b>8,191,171</b>	<b>6,005,159</b>
<b>Non-current liabilities</b>			
Long term borrowings	8	10,594,795	4,333,624
Other payables	11	30,606	1,244
Derivative instruments	12	89,804	-
Deferred income	14	62,946	66,855
Long term provisions	25	451,185	400,746
Deferred tax liabilities	36	196,946	288,027
<b>Total non-current liabilities</b>		<b>11,426,282</b>	<b>5,090,496</b>
<b>Total liabilities</b>		<b>19,617,453</b>	<b>11,095,655</b>
<b>EQUITY</b>			
<b>Equity holders of the parent</b>	<b>28</b>	<b>14,622,505</b>	<b>12,696,168</b>
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		2,091,680	2,004,509
– Gains/(losses) on revaluation and revaluation		2,091,680	2,004,509
– Revaluation gain/(loss) on tangible assets		2,092,836	2,018,108
– Gain/(loss) arising from defined benefit plans		(1,156)	(13,599)
Accumulated other comprehensive income/expense to be reclassified to profit or loss		2,285,616	1,581,229
– Currency translation differences		2,279,280	1,579,362
– Hedge reserves		4,661	(219)
– Gain/loss on revaluation and classification		1,675	2,086
– Revaluation and/or classification gain/(loss) on financial assets available for sale)		1,675	2,086
Restricted reserves		187,644	158,437
Retained earnings		5,721,078	4,231,128
Net profit or (loss) for the period		1,904,534	2,288,912
<b>Non-controlling interests</b>	<b>28</b>	<b>4,510,880</b>	<b>4,016,818</b>
<b>Total equity</b>		<b>19,133,385</b>	<b>16,712,986</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>38,750,838</b>	<b>27,808,641</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Statements of Profit or Loss for the periods 1 January-31 December 2019 and 2018

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

	Notes	1 January- 1 December 2019	Restated 1 January- 31 December 2018
Revenues	29	18.058.686	15.550.314
Cost of Sales	29	(12.179.031)	(10.389.363)
<b>Gross profit/ (loss) from trading activity</b>		<b>5.879.655</b>	<b>5.160.951</b>
General administrative expenses	30,31	(1.037.506)	(884.278)
Marketing expenses	30,31	(2.311.288)	(1.865.633)
Research and development expenses	30,31	(74.310)	(75.265)
Other operating income	32	847.114	1.126.547
Other operating expenses	32	(472.590)	(606.358)
Share of profit/loss of associates and joint ventures	16	96.351	132.754
<b>Operating profit / (loss)</b>		<b>2.927.426</b>	<b>2.988.718</b>
Income from investing activities	33	646.594	1,127,564
Expense from investing activities	33	(88,225)	(269,800)
Impairment gains (losses) arising from TFRS-9	33	7,808	(60,010)
Other income from associates and joint ventures	33	-	(89,502)
Other gain (loss) from reclassification of fair value difference accounted under other comprehensive income to profit or loss	33	-	138,358
<b>Operating profit / (loss) before financial income and expense</b>		<b>3,493,603</b>	<b>3,835,328</b>
Finance income	34	2,029,036	2,057,743
Finance expenses	34	(2,926,501)	(2,431,476)
<b>Profit / (loss) before tax from continued operations</b>		<b>2,596,138</b>	<b>3,461,595</b>
<b>Tax income/expense from continued operations</b>		<b>104.181</b>	<b>(95,698)</b>
- Taxes on (expense) / income	36	(283,143)	(510,320)
- Deferred tax income / (expense)	36	387,324	414,622
<b>Profit / (loss) for the period</b>		<b>2,700,319</b>	<b>3,365,897</b>
<b>Attributable to:</b>			
- Non-controlling interest	28	795,785	1,076,985
- <b>Equity holders of the parent</b>	<b>28</b>	<b>1,904,534</b>	<b>2,288,912</b>
<b>Earnings per share</b>	<b>37</b>	<b>0.8465</b>	<b>1.0173</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Statements of Comprehensive Income for the Interim Periods 1 January - 30 D 2019 and 2018

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

	Notes	1 January- 31 December 2019	Restated 1 January- 31 December 2018
<b>Profit / (loss) for the Period</b>	<b>28</b>	<b>2,700,319</b>	<b>3,365,897</b>
<b>Other Comprehensive Income:</b>			
<b>Items not to be reclassified to profit or loss</b>	<b>28</b>	<b>137,653</b>	<b>609,199</b>
Gains / (loss) on revaluation of tangible fixed assets		148,235	701,414
Gain / (loss) arising from defined benefit plans		18,021	20,437
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		468	4,532
Taxes on items not to be reclassified to profit or loss		(29,071)	(117,184)
<b>Items to be reclassified to profit or loss</b>	<b>28</b>	<b>727,322</b>	<b>708,812</b>
Currency translation differences		704,064	707,210
Revaluation and/or classification gain/(loss) on financial assets available for sale		(435)	1,716
Hedge reserves		30,343	(99)
Taxes on items to be reclassified to profit or loss		(6,650)	(15)
<b>Other comprehensive income/ (loss)</b>		<b>864,975</b>	<b>1,318,011</b>
<b>Total Comprehensive Income/ (Loss)</b>		<b>3,565,294</b>	<b>4,683,908</b>
<b>Attributable to:</b>			
- Non-controlling interest		831,404	1,220,200
- <b>Equity holders of parent</b>		<b>2,733,890</b>	<b>3,463,708</b>
<b>Earnings per share</b>	<b>37</b>	<b>1.2151</b>	<b>1.5394</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Statement of Changes in Shareholders' Equity for the interim periods 1 January - 31 December 2019 and 2018

(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
<b>Balance at 1 January 2018</b>	<b>2,250,000</b>	<b>181,426</b>	<b>527</b>	<b>1,561,041</b>	<b>877,826</b>	<b>115,363</b>	<b>3,624,971</b>	<b>1,225,420</b>	<b>9,836,574</b>	<b>3,225,841</b>	<b>13,062,415</b>
Impact of accounting policy change	-	-	-	-	-	-	(26,025)	-	(26,025)	(6,717)	(32,742)
<b>Balance at 1 January 2018 (restated)</b>	<b>2,250,000</b>	<b>181,426</b>	<b>527</b>	<b>1,561,041</b>	<b>877,826</b>	<b>115,363</b>	<b>3,598,946</b>	<b>1,225,420</b>	<b>9,810,549</b>	<b>3,219,124</b>	<b>13,029,673</b>
Transfer	-	-	-	-	-	43,074	1,182,346	(1,225,420)	-	-	-
Total comprehensive income / (loss)	-	-	-	413,257	703,403	-	58,136	2,288,912	3,463,708	1,220,200	4,683,908
Merger effect	-	-	-	(991)	-	-	56,906	-	55,915	(55,915)	-
Dividends	-	-	-	-	-	-	(300,000)	-	(300,000)	(156,809)	(456,809)
Changes in shares in associates whereas does not result with 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
<b>Balance at 31 December 2018</b>	<b>2,250,000</b>	<b>181,426</b>	<b>527</b>	<b>2,004,509</b>	<b>1,581,229</b>	<b>158,437</b>	<b>4,231,128</b>	<b>2,288,912</b>	<b>12,696,168</b>	<b>4,016,818</b>	<b>16,712,986</b>
	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
<b>Balance at 1 January 2019</b>	<b>2,250,000</b>	<b>181,426</b>	<b>527</b>	<b>2,004,509</b>	<b>1,581,229</b>	<b>158,437</b>	<b>4,231,128</b>	<b>2,288,912</b>	<b>12,696,168</b>	<b>4,016,818</b>	<b>16,712,986</b>
Impact of accounting policy change	-	-	-	-	-	-	-	-	-	-	-
IFRS3 Business combination effect	-	-	-	-	-	-	(18,410)	-	(18,410)	(2,697)	(21,107)
<b>Balance at 1 January 2019 (restated)</b>	<b>2,250,000</b>	<b>181,426</b>	<b>527</b>	<b>2,004,509</b>	<b>1,581,229</b>	<b>158,437</b>	<b>4,212,718</b>	<b>2,288,912</b>	<b>12,677,758</b>	<b>4,014,121</b>	<b>16,691,879</b>
Transfer	-	-	-	-	(21,158)	29,207	2,280,863	(2,288,912)	-	-	-
Total comprehensive income / (loss)	-	-	-	81,058	725,545	-	22,753	1,904,534	2,733,890	831,404	3,565,294
Capital Increase	-	-	-	-	-	-	36	-	36	4,444	4,480
Dividends	-	-	-	-	-	-	(400,000)	-	(400,000)	(219,906)	(619,906)
Impact of change in shares of associates resulted without control loss	-	-	-	6,113	-	-	98,264	-	104,377	(104,377)	-
Transactions with non controlling interest	-	-	-	-	-	-	(493,556)	-	(493,556)	(14,806)	(508,362)
<b>Balance at 31 December 2019</b>	<b>2,250,000</b>	<b>181,426</b>	<b>527</b>	<b>2,091,680</b>	<b>2,285,616</b>	<b>187,644</b>	<b>5,721,078</b>	<b>1,904,534</b>	<b>14,622,505</b>	<b>4,510,880</b>	<b>19,133,385</b>

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





# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Cash Flows Statements for the interim periods 1 January – 31 December 2019 and 2018

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

	Notes	1 January- 31 December 2019	Restated 1 January- 31 December 2018
<b>A, CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>2,301,502</b>	<b>1,610,132</b>
Net profit/(loss) for the period	28	2,700,319	3,365,897
<b>Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities</b>		<b>1,415,808</b>	<b>431,021</b>
- Depreciation and amortization	18,19,20	1,374,584	1,048,555
- Impairments/(reversals)	6,7,10,11,13	38,458	143,301
- Changes in provisions	23,25	90,964	187,177
- Interest income and expenses	8,32,34,38	721,235	122,288
- Unrealized exchange loss/ (gain)	32,34	(45,608)	(83,412)
- Fair value loss/(gain)	7,33	(546,985)	(952,098)
- Income from investments accounted for under equity accounting	16	(96,351)	(132,754)
- Tax expenses	36	(104,181)	95,698
- Adjustments for losses (gains) on disposal of non-current assets	33	(11,384)	1,361
- Other adjustments related to profit/(loss) reconciliation	27	(4,924)	905
<b>Changes in net working capital</b>		<b>(695,476)</b>	<b>(1,324,949)</b>
- (Increases)/decreases in trade receivables	10,32,38	(217,012)	(166,703)
- (Increases)/decreases in other receivables	11,16,32,38	(228,445)	(10,901)
- (Increases)/decreases in contract assets	15	(23,490)	-
- (Increases)/decreases in derivative instruments	12,34	29,248	3,526
- (Increases)/decreases in inventories	13	(857,148)	(842,706)
- Increases/(decreases) in trade payables	10,32	464,355	(20,893)
- Increases/(decreases) in contract liabilities	15	27,163	-
- Increases/(decreases) in other payables	11,14,27,38	74,370	(32,788)
- Increases/(decreases) in derivative instruments	12,34	(36,340)	(12,898)
- Other increases/(decreases) in net working capital	14,27	71,823	(241,586)
<b>Cash flows from operating activities</b>		<b>3,420,651</b>	<b>2,471,969</b>
- Interest paid	8,32,34,38	(824,779)	(392,131)
- Interest received	32,34,38	85,372	113,811
- Employment termination benefits paid	25	(43,023)	(45,607)
- Taxes received / (paid)	36	(336,719)	(537,910)



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Consolidated Cash Flows Statements for the interim periods 1 January – 31 December 2019 and 2018

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

	Notes	1 January- 31 December 2019	1 January- 31 December 2018
<b>B, CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(2,952,838)</b>	<b>(2,244,503)</b>
-	Cash outflows from purchase of shares in subsidiaries		
-	in order to gain control	11	(466,823)
-	Cash outflow from purchase of shares or capital increase		
-	of subsidiaries and joint ventures	16	(38,955)
-	Cash inflows from sales of other entities' or fund's share	7,33	101,602
-	Cash outflows from purchase of other entities' or fund's share	7	(89,209)
-	Proceeds from sale of tangible and intangible assets	8, 18, 20	61,245
-	Cash outflow from purchase of tangible and intangible assets	8,11,18,20,33	(2,889,571)
-	Cash outflow from purchase of investment property	17	(389)
-	Cash inflows from sales of non-current assets held for sale	11	7,099
-	Advances given	14	(1,016,196)
-	Proceeds from advances given	3,14	845,828
-	Dividend received	16	140,007
-	Interest received	6,7,33,34	341,319
-	Other cash inflows/ (outflows)	10,11,27	(416,618)
<b>C, CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>4,933,585</b>	<b>(793,925)</b>
-	Cash outflow from change in share of associates		
-	resulted without in control loss	11	(112,575)
-	Proceeds from issue of shares or		
-	other equity instruments	28	4,480
-	Proceeds from borrowings	8	18,382,017
-	Repayments of borrowings	8,34	(12,650,926)
-	Financial leases payments	8	(69,505)
-	Dividend payments	28	(619,906)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>4,283,249</b>	<b>1,428,296</b>
<b>D, EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>925,101</b>	<b>1,132,350</b>
<b>NET INCREASE/(IDECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>5,207,350</b>	<b>(295,946)</b>
<b>E, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>3,164,067</b>	<b>3,460,013</b>
<b>CASH AND CASH EQUIVALENTS AT THE</b>			
<b>END OF THE PERIOD (A+B+C+D+E)</b>		<b>8,371,417</b>	<b>3,164,067</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(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"), 64 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 84 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. Sosisyetesini 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 İstanbul Stock Exchange ("İSE"), since 1986. As of December 31, 2019, İş Bankası holds 67.54% 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 28.

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 address : [scmuhasebe@sisecam.com](mailto:scmuhasebe@sisecam.com)  
Registered e-mail address : [sisecam@hs03.kep.tr](mailto:sisecam@hs03.kep.tr)  
Web site : <http://www.sisecam.com.tr>  
Address Code : 3640907410

#### 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 2019	31 December 2018
Personnel (paid by monthly)	7,127	7,001
Personnel (paid by monthly)	14,759	14,967
<b>Total</b>	<b>21,886</b>	<b>21,968</b>

65 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 2018: 64 employees,)

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(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
Çayırova Cam Sanayii A.Ş.	Commercial activity	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.	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 (2)	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	Production and sales of glassware	Spain
Paşabahçe Glass GmbH	Production and sales of glassware	Germany
Paşabahçe USA Inc.	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 2019

(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. (3)	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
Camış 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
Camış Egypt Mining Ltd. Co.	Sand mining and sales	Egypt
Şişecam Trading Co.	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
Pasific Soda LLC (4)	Soda goods trade	USA

##### 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
Camış 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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(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 Istanbul A.Ş. ("BIST"), formerly named as Istanbul Stock Exchange ("ISE"). The first trading dates respectively are as follows:

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

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

As of 31 December 2019, 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 95,34 (9.53 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	16 December 2019	14 December 2018
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%	92,39	92.21
<b>Average Rating</b>	<b>100%</b>	<b>95,34</b>	<b>95.28</b>

Türkiye Şişe ve Cam Fabrikaları A.Ş. is included in the BIST "Corporate Governance Index" since 31 December 2014. The company is placed in the first group according to the World Corporate Governance Index (WCGI) which was published by SAHA on 8 October 2018.

On September 10, 2019 our subsidiaries namely Trakya Yenişehir Cam Sanayii A.Ş and Trakya Polatlı Cam Sanayii A.Ş. are merged fully within Trakya Cam Sanayii A.Ş..

(2) Starting with June 13, 2019 the name of Sisecam Flat Glass India Limited has been changed as Sisecam Flat Glass Inida Private Limited.

(3) As of August 13, 2019 the name of Balsand B.V. has been changed as Sisecam Glass Packaging B.V..

(4) On 24 October 2019, all processes have been completed with respect to the Group's natural soda investment in USA. As of this date, Sisecam Chemicals USA Inc (Fully owned by Soda Sanayii AŞ).is incorporated and became 50% partner of Pacific Soda LLC.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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

#### Companies Consolidated (continued)

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 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Trakya Cam Sanayii A.Ş.	70.35	70.35	69.45	69.45
Çayırova Cam Sanayii A.Ş.	100.00	91.65	100.00	91.40
Şişecam Otomotiv A.Ş.	100.00	70.35	100.00	69.45
Trakya Investment B.V.	100.00	70.35	100.00	69.45
Şişecam Flat Glass Holding B.V.	100.00	70.35	100.00	69.45
TRSG Glass Holding B.V.	70.00	49.24	70.00	48.62
Trakya Glass Bulgaria EAD	100.00	70.35	100.00	69.45
Şişecam Automotive Bulgaria EAD	100.00	70.35	100.00	69.45
Glasscorp S.A.	100.00	70.35	100.00	69.45
Şişecam Flat Glass İtaly S.R.L	100.00	70.35	100.00	69.45
Şişecam Flat Glass South Italy S.R.L	100.00	70.35	100.00	69.45
Trakya Glass Rus AO	100.00	49.24	100.00	48.62
Automotive Glass Alliance Rus AO	100.00	70.35	100.00	69.45
Automotive Glass Alliance Rus Trading OOO	100.00	70.35	100.00	69.45
Trakya Glass Rus Trading OOO	100.00	49.24	100.00	48.62
Richard Fritz Holding GmbH	100.00	70.35	100.00	69.45
Richard Fritz Prototype+Spare Parts GmbH	100.00	70.35	100.00	69.45
Richard Fritz Spol S.R.O.	100.00	70.35	100.00	69.45
Richard Fritz Kft	100.00	70.35	100.00	69.45
Şişecam Flat Glass India Limited	100.00	70.35	100.00	69.45

#### Associates of Flat Glass Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Saint Gobain Glass Egypt S.A.E.	30.00	21.10	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 2019

(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 2019		31 December 2018	
	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	99.47
Paşabahçe Mağazaları A.Ş.	100.00	99.47	100.00	99.47
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	50.73
Paşabahçe Investment B.V.	100.00	99.47	100.00	99.47
İstanbul Investment B.V.	100.00	99.47	100.00	99.47
Nude Design Investment B.V.	100.00	99.47	100.00	99.47
Nude Glass Investment B.V.	100.00	99.47	100.00	99.47
Paşabahçe Bulgaria EAD	100.00	99.47	100.00	99.47
OOO Posuda	100.00	99.47	100.00	99.47
Paşabahçe Srl	100.00	99.47	100.00	99.47
Paşabahçe Spain SL	100.00	99.47	100.00	99.47
Paşabahçe Glass GmbH	100.00	99.47	100.00	99.47
Paşabahçe USA Inc.	100.00	99.47	100.00	99.47
Paşabahçe (Shanghai) Trading Co. Ltd.	100.00	99.47	100.00	99.47
Paşabahçe Egypt Glass Manufacturing S.A.E.	100.00	99.47	100.00	99.47

##### Subsidiaries of Glass Packaging Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Anadolu Cam Sanayii A.Ş.	77.27	77.27	77.10	77.10
AC Glass Holding B.V.	100.00	77.27	100.00	77.10
Anadolu Cam Investment B.V.	100.00	77.27	100.00	77.10
Balsand B.V.	100.00	77.27	100.00	77.10
OOO Ruscam Management Company	100.00	77.27	100.00	77.10
OOO Ruscam Glass Packaging Holding	100.00	77.27	100.00	77.10
OOO Energosystems	100.00	77.27	100.00	77.10
CJSC Brewery Pivdenna	100.00	77.27	100.00	77.10
Merefa Glass Company Ltd.	100.00	77.27	100.00	77.10
JSC Mina	100.00	77.27	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 2019

(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 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Soda Sanayii A.Ş.	62.02	62.02	60.67	60.67
Cam Elyaf Sanayii A.Ş.	100.00	96.68	100.00	96.57
Şişecam Elyaf Sanayii A.Ş.	100.00	62.02	100.00	60.67
Camış 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	62.02	100.00	60.67
Şişecam Chem Investment B.V.	100.00	62.02	100.00	60.88
Şişecam Bulgaria EOOD	100.00	62.02	100.00	60.88
Şişecam Soda Lukavac D.O.O.	100.00	62.02	100.00	60.88
Cromital S.p.A	100.00	62.02	100.00	61.08
Camis Egypt Mining Ltd. Co.	99.70	99.70	99.70	99.70
Sisecam Trading Co.	100.00	62.02	100.00	60.67
Sisecam Chemicals USA Plc.	100.00	62.02	-	-

##### Joint Ventures of Chemicals Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Rudnik Krechnjaka Vijenac D.O.O.	50.00	50.00	50.00	50.00
Pacific Soda LLC	50.00	31.01	-	-

##### Associates of Chemicals Group

Company's Name	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Solvay Şişecam Holding AG	25.00	15.51	25.00	15.22

##### Other Subsidiaries of the Group

Company's Name	31 December 2019		31 December 2018	
	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
Camış Elektrik Üretim A.Ş.	100.00	83.86	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
Camış Limited (Note 27)	-	-	100.00	99.84

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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 Standard 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 and in accordance with the TAS taxonomy announced by POAASA as current "2019 TFRS" including TFRS-15 Revenue from contracts with customers and TFRS-16 Leases on 15 April 2019.

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. The currencies other than TRY are also expressed in thousands.

#### 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 2019

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

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation (continued)

##### Comparatives and Restatement of Prior Periods' Financial Statements (continued)

Within this framework, SiseCam Flat Glass India Private Limited resident in India was consolidated in accordance with the UFRS-3 "Business Combination" standart with temporary amounts. Though, the valuation studies of the company are completed and the permanent financial effects are reflected in financial statements of 31 December 2019. The adjustments with permanent amounts as of acquisition date and 31 December 2018 are detailed in note 3.

The calculation which was made by using the temporary figures since 30 June 2018 has been finalized on 30 June 2019 and the corrections are applied from the date of purchase. Therefore the following statements which are presented alongside the consolidated financial statements of 31 December 2019 are restated: consolidated financial statement dated 31 December 2018, consolidated profit and loss statement, comprehensive income statement, statement of changes in equity and statement of cash flow for the period of 1 January- 31 December 2018.

Group' s restated balance sheet as of 31 December 2018 is stated below:

##### Balance Sheet

	Notes	Previously reported 31 December 2018	UFRS-3 Effects	Restated 31 December 2018
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	13	3,007,447	(1,259)	3,006,188
Other current assets		7,308,209	-	7,308,209
<b>Total current assets</b>		<b>10,315,656</b>	<b>(1,259)</b>	<b>10,314,397</b>
<b>Non-current assets</b>				
Tangible assets	18	12,049,679	127,643	12,177,322
Intangible assets	19,21	665,206	(85,106)	580,100
- Goodwill	21	197,911	76,173	274,084
- Other intangible assets	20	467,295	(161,279)	306,016
Prepaid expenses	14	185,213	(193)	185,020
Other non-current assets except stated above		4,551,802	-	4,551,802
<b>Total non-current assets</b>		<b>17,451,900</b>	<b>42,344</b>	<b>17,494,244</b>
<b>TOTAL ASSETS</b>		<b>27,767,556</b>	<b>41,085</b>	<b>27,808,641</b>
Short term provisions	23,25	173,369	729	174,098
Other current liabilities except stated above		5,831,061	-	5,831,061
<b>Total current liabilities</b>		<b>6,004,430</b>	<b>729</b>	<b>6,005,159</b>
Long term provisions	25	400,027	719	400,746
Deferred tax liabilities	36	234,602	53,425	288,027
Other non-current liabilities except stated above		4,401,723	-	4,401,723
<b>Total non-current liabilities</b>		<b>5,036,352</b>	<b>54,144</b>	<b>5,090,496</b>
<b>Total Liabilities</b>		<b>11,040,782</b>	<b>54,873</b>	<b>11,095,655</b>
<b>Equity holders of the parent</b>		<b>12,737,269</b>	<b>(41,101)</b>	<b>12,696,168</b>
<b>Non-controlling interests</b>	28	<b>3,989,505</b>	<b>27,313</b>	<b>4,016,818</b>
<b>Total equity</b>		<b>16,726,774</b>	<b>(13,788)</b>	<b>16,712,986</b>
<b>TOTAL LIABILITIES</b>		<b>27,767,556</b>	<b>41,085</b>	<b>27,808,641</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation (continued)

##### Comparatives and Restatement of Prior Periods' Financial Statements(continued)

Group' s restated Profit/Loss for the period 1 January and 31 December 2018 is stated below:

	Notes	Previously reported 1 January- 31 December 2018	UFRS-3 Effects	Restated 1 January- 31 December 2018
Revenues	29	15,550,314	-	15.550.314
Cost of Sales	29	(10,392,908)	3,545	(10.389.363)
<b>Gross profit/ (loss) from trading activity</b>		<b>5,157,406</b>	<b>3,545</b>	<b>5.160.951</b>
General administrative expenses	30,31	(883,630)	(648)	(884.278)
Marketing expenses	30,31	(1,862,975)	(2.658)	(1.865.633)
Other income from main operations	32	1,125,937	610	1.126.547
Other operational expenses/income		(548,869)	-	(548.869)
<b>Operating profit / (loss)</b>		<b>2,987,869</b>	<b>849</b>	<b>2.988.718</b>
Expenses from investing activities	33	(366,350)	96,550	(269.800)
Other income from associates and joint ventures	33	13,698	(103,200)	(89.502)
Other expense/income from investing activities		1,205,912	-	1.205.912
<b>Operating profit / (loss) before financial income and expense</b>		<b>3,841,129</b>	<b>(5,801)</b>	<b>3.835.328</b>
Finance income/expenses		(373,733)	-	(373.733)
<b>Income before tax</b>		<b>3,467,396</b>	<b>(5,801)</b>	<b>3.461.595</b>
<b>Tax (expenses)/income</b>		<b>93,720</b>	<b>(1,978)</b>	<b>(95.698)</b>
- Taxes on (expense) / income		(510,320)		(510.320)
- Deferred tax income / (expense)	36	416,600	(1,978)	414.622
<b>Profit / (loss) for the period</b>		<b>3,373,676</b>	<b>(7,779)</b>	<b>3.365.897</b>
<b>Attributable to:</b>				
- Non-controlling interest	28	1,047,836	29,149	1,076,985
- <b>Equity holders of the parent</b>		<b>2,325,840</b>	<b>36,928</b>	<b>2,288,912</b>
<b>Earnings per share</b>	<b>37</b>	<b>1.0337</b>	<b>(0.0164)</b>	<b>1.0173</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation (continued)

##### Comparatives and Restatement of Prior Periods' Financial Statements (continued)

Group' s restated other comprehensive income for the period 1 January and 31 December 2018 is stated below:

	Notes	Previously reported 1 January- 31 December 2018	UFRS-3 Effects 31 December 2018	Restated 1 January- 31 December 2018
<b>Profit / (loss) for the Period</b>	<b>28</b>	<b>3,373,676</b>	<b>(7,779)</b>	<b>3,365,897</b>
<b>Items not to be reclassified to profit or loss</b>	<b>28</b>	<b>609,199</b>	<b>-</b>	<b>609,199</b>
<b>Items to be reclassified to profit or loss</b>	<b>28</b>	<b>714,821</b>	<b>(6,009)</b>	<b>708,812</b>
Currency translation differences		713,219	(6,009)	707,210
Other items to be reclassified to profit or loss		1,602	-	1,602
<b>Other comprehensive income/ (loss)</b>		<b>1,324,020</b>	<b>(6,009)</b>	<b>1,318,011</b>
<b>Total Comprehensive Income/ (Loss)</b>		<b>4,697,696</b>	<b>(13,788)</b>	<b>4,683,908</b>
<b>Attributable to:</b>				
- Non-controlling interest	28	1,192,887	27,313	1,220,200
- <b>Equity holders of parent</b>		<b>3,504,809</b>	<b>(41,101)</b>	<b>3,463,708</b>
<b>Earnings per share</b>	<b>37</b>	<b>1.5577</b>	<b>(0.0183)</b>	<b>1.5394</b>

Group' s restated "cash flows from operating activities" for the period 1 January and 31 December 2018 is stated below:

	Notes	Previously reported 1 January- 31 December 2018	TFRS-3 Effects 31 December 2018	Restated 1 January- 31 December 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>1,610,132</b>	<b>-</b>	<b>1,610,132</b>
Net profit/(loss) for the period	28	3,373,676	(7,779)	3,365,897
<b>Adjustments to reconcile net profit/ (loss)</b>		<b>423,242</b>	<b>7,779</b>	<b>431,021</b>
- Impairments/(reversals)	6,7,10,11,13	239,851	(96,550)	143,301
- Changes in provisions	23,25	188,026	(849)	187,177
- Fair value loss/(gain)	7,33	(1,055,298)	103,200	(952,098)
- Tax expenses	36	93,720	1,978	95,698
- Others		956,943	-	956,943

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(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 and whereas assets and liabilities are translated into Turkish lira using the exchange rate as of the consolidated report date 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 under the cumulative translation difference account within the shareholders' equity.

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

Currency	31 December 2019		31 December 2018	
	Period End	Period Average	Period End	Period Average
USD Dollar	5.94020	5.67117	5.26090	4.83013
Euro	6.65060	6.34805	6.02800	5.67894
Bulgarian Lev	3.40040	3.24571	3.08207	2.90360
Egyptian Pound	0.37142	0.33819	0.29441	0.27190
Russian Ruble	0.09552	0.08719	0.07534	0.07606
Georgian Lari	2.07142	2.01165	1.96552	1.90572
Ukrainian Hryvnia	0.25079	0.21950	0.19000	0.17757
Bosnian Mark	3.40040	3.24571	3.08207	2.90360
Romanian Leu	1.38320	1.33022	1.28660	1.21327
Hungarian Forint	0.02012	0.01951	0.01875	0.01781
Chinese Yuan	0.84545	0.81641	0.76203	0.72259
Indian Rupee	0.08334	0.08055	0.07538	0.07062

##### 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 2019

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

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### 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, 2019 and December 31, 2018.

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.

##### 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, 2019 and December 31, 2018. Joint Ventures are accounted for under equity accounting method.



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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

#### 2.1 Basis of Presentation (continued)

##### 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, 2019 and December 31, 2018, 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.

### 2.2 Statement of Compliance to TAS

The Group prepared the accompanying consolidated financial statements as of December 31, 2019 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 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018, except for the new TFRS 16 Leases standard, which are started to be valid as of 1 January 2019.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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

#### 2.3 Basis of Presentation (continued)

##### Impacts on consolidated financial statements

The Group applied IFRS 16 – Leases effective from 1 January 2019 and financial statements effects of this standard is explained below; applied actual accounting policy is explained on Note 2.6.

In the application of IFRS 16 Leases Standard, the Group have benefited from the 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 16 are recognized in retained earnings as of 1 January 2019.

The impacts on the statement of financial position of 31 December 2018 regarding to the adoption of IFRS 16 are as follows:

##### Financial Statement

Assets	Notes	Impacts excluded 31 December 2018	IFRS-16 Impacts	31 December 2018
<b>Current Assets</b>		<b>10,315,656</b>	-	<b>10,315,656</b>
<b>Non-Current Assets</b>				
Right-of-Use Assets	19	-	273,760	273,760
Deferred tax assets	36	779,449	5,840	785,289
Other non-current assets items except above		16,672,451	-	16,672,451
<b>Total Non-Current Assets</b>		<b>17,451,900</b>	<b>279,600</b>	<b>17,731,500</b>
<b>Total Asset</b>		<b>27,767,556</b>	<b>279,600</b>	<b>28,047,156</b>
Current portion of long term borrowings	8	1,203,331	54,814	1,258,145
Other current liabilities items except above		4,801,099	-	4,801,099
<b>Total Current Liabilities</b>		<b>6,004,430</b>	<b>54,814</b>	<b>6,059,244</b>
Long term borrowings	8	4,333,624	245,893	4,579,517
Other non-current liabilities items except above		702,728	-	702,728
<b>Total Non-Current Liabilities</b>		<b>5,036,352</b>	<b>245,893</b>	<b>5,282,245</b>
<b>Total Liabilities</b>		<b>11,040,782</b>	<b>300,707</b>	<b>11,341,489</b>
<b>Equity</b>				
<b>Equity holders of the parent</b>		<b>12,737,269</b>	<b>(18,410)</b>	<b>12,718,859</b>
Retained Earnings	28	6,715,405	(18,410)	6,696,995
Other equity account items except above	28	6,021,864	-	6,021,864
<b>Non-controlling interests</b>	<b>28</b>	<b>3,989,505</b>	<b>(2,697)</b>	<b>3,986,808</b>
<b>Total Equity</b>		<b>16,726,774</b>	<b>(21,107)</b>	<b>16,705,667</b>
<b>Total Liabilities</b>		<b>27,767,556</b>	<b>279,600</b>	<b>28,047,156</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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

Material changes in accounting policies or material errors are 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, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

*The new standards, amendments and interpretations which are effective as at January 1, 2019 are as follows:*

##### **TFRS 16 – Leases**

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

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

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the revaluation of the lease liability as an adjustment to the right-of-use asset.

##### **Transition to TFRS 16:**

The Group adopted TFRS 16 using the modified retrospective approach and disclosed the impacts of the application of this standard in Note 2.3.

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., photocopying machines) that are considered of low value.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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, 2019 (continued)*

##### **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.

These amendments are applied for annual periods beginning on or after 1 January 2019.

These amendments did not have a significant impact on the financial position or performance of the Group.

##### **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.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019.

The interpretation did not have a significant impact on the financial position or performance of the Group.

##### **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.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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, 2019 (continued)*

The amendments are effective from annual periods beginning on or after 1 January 2019.

These amendments did not have a significant impact on the financial position or performance of the Group.

##### *Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)*

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs.

These amendments are applied for annual periods beginning on or after 1 January 2019.

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

##### *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.

These amendments are applied for annual periods beginning on or after 1 January 2019.

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

#### *a) Standards issued but not yet effective and not early adopted as of 31 December 2019*

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

##### *TFRS 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 does not expect any significant 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 2019

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

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

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

##### a) Standards issued but not yet effective and not early adopted as of 31 December 2019 (Continued):

###### **TFRS 17 - The new Standard for insurance contracts**

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The amendments will not have an impact on the financial position or performance of the Group

##### b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 31 December 2019

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.

#### Definition of a Business (Amendments to IFRS 3)

In May 2019, the PAO 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 amendments:

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

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

#### Definition of Material (Amendments to IAS 1 and IAS 8)

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

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### 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 2019 (Continued)

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

Valid for yearly reporting periods as of 1 January 2020, several facilitating applications are put into practice in four main subjects regarding "benchmark interest rate reform" in TFRS 9 and TAS 39. These practices which are related to hedge accounting, can be summarized as follows:

- Rule concerning the realization of the transaction having a high possibility
- Forward looking assessment
- Backward looking assessment
- Separately identifiable risk components

Exemptions that are put into practice regarding the changes in TFRS 9 and TAS 39, are meant to be explained in financial statements in accordance with TFRS 7.

###### Amendments to IAS-1 – Classification of Liabilities as Current or Non-Current

On 23 January 2020, IASB has made amendments with respect to "IAS-1 Presentation of the Financial Statements". The amendments are effective for annual reporting periods beginning on or after 1 January 2022, and provides an explanation on how the classification of current and non-current liabilities should be made. Changes are to be applied retrospectively by IAS 8 "Accounting Policies Changes in Accounting Estimates and Errors". Earlier application is permitted.

Effects of this change on the Group's financial situation and performance is being evaluated.

#### 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,

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

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



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

#### 2.6 Summary of Significant Accounting Policies (Continued):

##### Interest Income

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

Dividend income from resulted from stock investments are recorded in the financial statements when the shareholders are entitled to receive the dividend. Dividends payable are accounted as liability in the financial statements after the approval of the general assembly.

##### Inventories

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

##### Tangible Assets

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

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

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

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



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

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Tangible Assets (Continued)

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

	<u>Useful Life</u>
Land and improvements	3–50 Year
Buildings	2–50 Year
Plant, machinery and equipment	1–30 Year
Vehicles	3–15 Year
Fixtures	2–50 Year
Other Tangible Assets	1–20 Year

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

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

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

##### Intangible Assets

###### Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 15 years based on their economic lives (Note 20).

###### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-15 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding fifteen years) (Note 20).

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

#### 2.6 Summary of significant Accounting Policies (Continued)

##### Intangible assets (Continued)

###### 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. After 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 20).

###### 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 is 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 tons (Note 20).

###### Development costs

Costs incurred on development projects related 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 29 and Note 31).

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

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Investment Properties

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

##### Non-Current Assets Classified as Held for Sale

Non-current assets 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 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)

##### Right-of-Use Assets

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

The cost of right-of-use asset includes:

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

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

Right-of-use assets are subject to impairment.

##### Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, the measurement of the lease liabilities include:

- (a) Fixed payments,
- (b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
- (c) The amounts expected to be paid by the Group under residual value guarantees
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

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

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Lease Liabilities (Continued)

After the commencement date, the Group measures the amount of lease liabilities as follows:

- (a) the amount of lease liabilities is increased to reflect the accretion of interest, and
- (b) reduced for the lease payments made

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

##### *Short-term leases and leases of low-value assets*

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

##### Borrowing costs

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

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### 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 38).

##### 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.

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

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Financial Assets (Continued)

###### Recognition and Measurement

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

###### Impairment

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

Provision for loss measured as below ;

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

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

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



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### 2. Basis of Presentation of 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 32).

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 32).

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. "

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### 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 9).

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 acquire and the fair value of the non-controlling interest in the acquire.

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 2019

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

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### 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 acquire 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 2019

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

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### 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 37).

##### Events after the Reporting Date

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

##### Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23).

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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 22).

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

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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 36). In such case, the transaction including tax is recognized in shareholders' equity.

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

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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 25).

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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 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 TRY 261,814 thousand (31 December 2018: TRY 211,547 thousand) results from temporary differences as of 31 December 2019 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 2019, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY 1,111,097 thousand (31 December 2018: TRY 771,232 thousand) (Note 36).

The Group reviews the amount of goodwill on its books every single year, or more often when there are signs of impairment. Recoverable amounts of the cash generating assets are determined based on use value calculations. Several estimations are made with respect to these calculations (Note 21). As a result of these processes, no impairment has been detected.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

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### 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 TRY 4,943 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 was accounted for under income from investment activities in the consolidated income statement, and (Note 33). 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 36)..



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 3. Business Combinations

In the period of 1 January-31 December 2019, the Group does not have any business combination within the scope of TFRS-3 Business Combinations standard.

In the period of 1 January-31 December 2018 within the scope of TFRS-3 Business Combinations, while the Group had 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 calculation which was made by using the temporary figures since 30 June 2018 has been finalized on 30 June 2019 and the corrections are applied from the date of purchase. Finalized results of Sisecam Flat Glass India Limited and reconciliation of the previous report is provided below. The following statements are restated in order for these effects to be included and shown alongside the former results: financial statement dated 31 December 2018; profit and loss statement, statement of changes in shareholder's equity and statement of cash flow for the period of 1 January- 31 December 2018.

	a	b	c = a+b
	As of June 30,2018 reported	Adjustments	As of June 30,2018 restated
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	3,093	-	3,093
Financial Assets	28,183	-	28,183
Trade Receivables	12,488	-	12,488
Other Receivables	41	-	41
Inventories	53,781	-	53,781
– Raw Materials	8,971	-	8,971
– Work in progress	1,628	-	1,628
– Finished Goods	35,734	-	35,734
– Trade Goods	1,755	-	1,755
– Other Inventories	6,504	-	6,504
– Provision for impairment of inventory (-)	(811)	-	(811)
Prepaid Expenses	934	-	934
Current Tax Assets related with current year tax	56	-	56
Other Current Assets	3,660	-	3,660
<b>Total Current Assets</b>	<b>102,236</b>	<b>-</b>	<b>102,236</b>
<b>Non-current Assets</b>			
Trade receivables	601	-	601
– Trade receivables	4,452	-	4,452
– Allowance for doubtful receivables (-)	(3,851)	-	(3,851)
Other receivables	6,436	-	6,436
Tangible assets	357,664	(20,257)	337,407
Intangible assets	158,490	(104,170)	54,320
Prepaid expenses	2	-	2
Deferred tax assets	723	(723)	-
Other non-current assets	712	-	712
<b>Total Non-current assets</b>	<b>524,628</b>	<b>(125,150)</b>	<b>399,478</b>
<b>Total Assets</b>	<b>626,864</b>	<b>(125,150)</b>	<b>501,714</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 3. Business Combinations (continued)

	a	b	c = a+b
	As of June 30,2018 reported	Adjustments	As of June 30,2018 restated
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Payables	12,289	-	12,289
Employee benefits	1,474	-	1,474
Other payables	12,240	-	12,240
– Due to related parties	5,864	-	5,864
– Other payables	6,376	-	6,376
Deferred Income	2,263	-	2,263
Short term provisions	4,602	-	4,602
Other current liabilities	3,392	-	3,392
<b>Total Current Liabilities</b>	<b>36,260</b>	<b>-</b>	<b>36,260</b>
<b>Long term Liabilities</b>			
Long term provisions	1,690	-	1,690
Deferred tax liability	-	46,028	46,028
<b>Total Long term Liabilities</b>	<b>1,690</b>	<b>46,028</b>	<b>47,718</b>
<b>Total Liabilities</b>	<b>37,950</b>	<b>46,028</b>	<b>83,978</b>
<b>Equity</b>			
Paid-in capital	207,135	-	207,135
Other accumulated comprehensive income and expense not to be reclassified to profit or loss	2,855	(2,855)	-
Other accumulated comprehensive income and expense to be reclassified to profit or loss	164,331	(164,331)	-
Retained earnings	206,690	(7,195)	199,495
Net current income	7,903	3,203	11,106
<b>Total Equity</b>	<b>588,914</b>	<b>(171,178)</b>	<b>417,736</b>
<b>Total Liabilities</b>	<b>626,864</b>	<b>(125,150)</b>	<b>501,714</b>
<b>Number of employee</b>	<b>308</b>	<b>-</b>	<b>308</b>
Paid in cash	390,085	-	390,085
Received cash and cash equivalents	(3,093)	-	(3,093)
<b>Net cash outflow</b>	<b>386,992</b>	<b>-</b>	<b>386,992</b>

The value of definable net assets as of 13 June 2018 is INR 6,209,836 thousand equivalent TRY 417,736 thousand. The amount of TRY 390,085 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 2019

(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:

	a	b	c = a+b
	1 January- 30 June 2018 reported	Adjustments	1 January- 30 June 2018 restated
Revenue	162,051	-	162,051
Cost of sales	(120,332)	6,534	(113,798)
<b>Gross profit</b>	<b>41,719</b>	<b>6,534</b>	<b>48,253</b>
General administrative expenses	(4,079)	(368)	(4,447)
Marketing expenses	(25,389)	(1,387)	(26,776)
Other income from main operations	217	-	217
<b>Profit from operating activities</b>	<b>12,468</b>	<b>4,779</b>	<b>17,247</b>
Income from investing activities	2,474	-	2,474
<b>Profit before financial expense</b>	<b>14,942</b>	<b>4,779</b>	<b>19,721</b>
Financial income	632	-	632
Financial expense	(3,855)	-	(3,855)
<b>Profit before tax</b>	<b>11,719</b>	<b>4,779</b>	<b>16,498</b>
<b>Tax income (expense)</b>	<b>(3,816)</b>	<b>(1,576)</b>	<b>(5,392)</b>
– Current tax expense	(7,657)	-	(7,657)
– Deferred tax expense	3,841	(1,576)	2,265
<b>Profit for the period</b>	<b>7,903</b>	<b>3,203</b>	<b>11,106</b>
Depreciation expense for the period	18,485	(4,779)	13,706
<b>EBITDA</b>	<b>33,427</b>	<b>-</b>	<b>33,427</b>
	a	b	c=(a+b)
	Earlier Reported With provisional Statement	Adjustments	Finalized Figures as of June 30,2019
i) Transferred price	390,085	-	390,085
ii) Non-controlling interest amount	-	-	-
iii) Fair value at the date of acquisition	312,068	(103,200)	208,868
– Value of identifiable assets	294,457	-	294,457
– Goodwill before acquisition	3,913	-	3,913
– Change in fair value	13,698	(103,200)	(89,502)
<b>a, (=i+ii+iii)</b>	<b>702,153</b>	<b>(103,200)</b>	<b>598,953</b>
<b>b, Net identifiable assets</b>	<b>588,914</b>	<b>(171,178)</b>	<b>417,736</b>
<b>Goodwill as of 30 June 2018 (a-b)</b>	<b>113,239</b>	<b>67,978</b>	<b>181,217</b>
Effect of currency translation difference	13,653	8,195	21,848
<b>Goodwill as of 31 December 2018</b>	<b>126,892</b>	<b>76,173</b>	<b>203,065</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 3. Business Combinations (continued)

The restated financial position of Şişecam Flat Glass India Private Limited as of 31 December 2018 is as follows:

	a	b	c = a+b
	As of December 31,2018 reported	Adjustments December 31, 2018	As of December 31, 2018 restated
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	4,560	-	4,560
Financial Assets	45,764	-	45,764
Trade Receivables	15,809	-	15,809
Other Receivables	36	-	36
Inventories	67,636	(1,259)	66,377
– Raw Materials	17,572	-	17,572
– Work in progress	1,976	-	1,976
– Finished Goods	39,077	(1,259)	37,818
– Trade Goods	1,190	-	1,190
– Other Inventories	8,392	-	8,392
– Provision for impairment of inventory (-)	(571)	-	(571)
Prepaid Expenses	590	-	590
Other Current Assets	4,127	-	4,127
<b>Total Current Assets</b>	<b>138,522</b>	<b>(1,259)</b>	<b>137,263</b>
<b>Non-current Assets</b>			
Trade receivables	299	-	299
– Trade receivables	4,582	-	4,582
– Allowance for doubtful receivables (-)	(4,283)	-	(4,283)
Other receivables	14,264	-	14,264
Tangible assets	241,603	127,643	369,246
Intangible assets	219,011	(161,279)	57,732
Prepaid expenses	193	(193)	-
Other non-current assets	798	-	798
<b>Total Non-current assets</b>	<b>476,168</b>	<b>(33,829)</b>	<b>442,339</b>
<b>Total Assets</b>	<b>614,690</b>	<b>(35,088)</b>	<b>579,602</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 3. Business Combinations (continued)

	a	b	c = a+b
	As of December 31, 2018 reported	Adjustments	As of December 31, 2018 restated
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Payables	20,704	-	20,704
Employee benefits	1,780	-	1,780
Other payables	13,277	-	13,277
– Due to related parties	5,751	-	5,751
– Other payables	7,526	-	7,526
Short term provisions	5,445	729	6,174
Other current liabilities	6,013	-	6,013
<b>Total Current Liabilities</b>	<b>47,219</b>	<b>729</b>	<b>47,948</b>
<b>Long term Liabilities</b>			
Long term provisions	2,011	719	2,730
Deferred tax liability	1,257	53,425	54,682
<b>Total Long term Liabilities</b>	<b>3,268</b>	<b>54,144</b>	<b>57,412</b>
<b>Total Liabilities</b>	<b>50,487</b>	<b>54,873</b>	<b>105,360</b>
<b>Equity</b>			
Paid-in capital	232,107	-	232,107
Other accumulated comprehensive income and expense not to be reclassified to profit or loss	39,983	(14,205)	25,778
– Currency translation difference	39,983	(14,205)	25,778
Retained earnings	381,778	(171,177)	210,601
Net current income	(89,665)	95,421	5,756
<b>Total Equity</b>	<b>564,203</b>	<b>(89,961)</b>	<b>474,242</b>
<b>Total Liabilities</b>	<b>614,690</b>	<b>(35,088)</b>	<b>579,602</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(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 – 31 December 2018 is as follows:

	a	b	c = a+b
	1 January- 31 December 2018 reported	Adjustments	1 January- 31 December 2018 restated
Revenue	198,383	-	198,383
Cost of sales	(153,579)	3,545	(150,034)
<b>Gross profit</b>	<b>44,804</b>	<b>3,545</b>	<b>48,349</b>
General administrative expenses	(6,399)	(648)	(7,047)
Marketing expenses	(30,600)	(2,658)	(33,258)
Other income from main operations	1,997	610	2,607
Other expense from main operations	(1,980)	-	(1,980)
<b>Profit from operating activities</b>	<b>7,822</b>	<b>849</b>	<b>8,671</b>
Income from investing activities	1,282	-	1,282
Expense from investing activities	(96,550)	96,550	-
<b>Profit before financial expense</b>	<b>(87,446)</b>	<b>97,399</b>	<b>9,953</b>
Financial income	279	-	279
Financial expense	(561)	-	(561)
<b>Profit before tax</b>	<b>(87,728)</b>	<b>97,399</b>	<b>9,671</b>
<b>Tax income (expense)</b>	<b>(1,937)</b>	<b>(1,978)</b>	<b>(3,915)</b>
– Current tax expense	-	-	-
– Deferred tax expense	(1,937)	(1,978)	(3,915)
<b>Profit for the period</b>	<b>(89,665)</b>	<b>95,421</b>	<b>5,756</b>
Depreciation expense for the period	15,596	(849)	14,747
<b>EBITDA</b>	<b>(71,850)</b>	<b>96,550</b>	<b>24,700</b>
<b>Number of employee</b>	<b>307</b>	<b>-</b>	<b>307</b>

As of December 31, 2018 the financial statements of Şişecam Flat Glass India Private Limited has been reported as provisional, As of December 31, 2019 the provisional financial statements have been finalized and the reconciliation of provisional and final figures are as follows :

	Equity attribute To parent company	Non controlling interest	Total equity
Currency translation difference effect of change in identifiable assets	(9,864)	(4,340)	(14,204)
Currency translation difference effect of change in goodwill	5,691	2,504	8,195
Total of currency translation difference	(4,173)	(1,836)	(6,009)
Profit /(loss) effect of identifiable assets related with 1 July-31 December period	66,272	29,149	95,421
Effect of change in fair value before acquisition	(103,200)	-	(103,200)
Total effect in retained earning	(36,928)	29,149	(7,779)
	<b>(41,101)</b>	<b>27,313</b>	<b>(13,788)</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 3. Business Combinations (continued)

In the period of 1 January-31 December 2018, 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.

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

(\*) 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 2019

(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 28.

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 2019	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5.27	5.27	11,857,500
Trakya Cam Sanayii A.Ş.	3.50	3.50	4,375,000
Anadolu Cam Sanayii A.Ş.	4.36	4.36	3,270,000
Soda Sanayii A.Ş.	6.18	6.18	6,180,000
Denizli Cam Sanayii ve Tic. A.Ş.	8.30	8.34	125,100

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	3,787,500
Anadolu Cam Sanayii A.Ş.	2.67	2.68	2,010,000
Soda Sanayii A.Ş.	7.10	7.10	7,100,000
Denizli Cam Sanayii ve Tic. A.Ş.	11.52	11.52	69,120

The Rate of Shares Traded in BIST (%)	31 December 2019	31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	32.46	33.69
Trakya Cam Sanayii A.Ş.	29.62	30.52
Anadolu Cam Sanayii A.Ş.	22.61	22.78
Soda Sanayii A.Ş.	37.95	39.31
Denizli Cam Sanayii ve Tic. A.Ş.	48.86	48.84

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

	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	-
Trakya Cam Sanayii A.Ş.	-	120,000
Anadolu Cam Sanayii A.Ş.	-	-
Soda Sanayii A.Ş.	-	100,000
Denizli Cam Sanayii ve Tic. A.Ş.	-	-

Cash dividend distributions of publicly traded companies during the period:

	1 January- 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	400,000	300,000
Soda Sanayii A.Ş.	345,000	225,000
Trakya Cam Sanayii A.Ş.	170,000	170,000
Anadolu Cam Sanayii A.Ş.	90,000	67,883
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 2019

(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 2019

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	6,895,059	2,875,605	4,053,660	55,915
Non-current asset	8,012,586	4,397,979	4,573,764	69,871
<b>Total assets</b>	<b>14,907,645</b>	<b>7,273,584</b>	<b>8,627,424</b>	<b>125,786</b>
Current liabilities	3,803,187	1,974,339	1,524,621	47,372
Non-current liabilities	4,307,915	2,473,234	1,360,939	13,059
<b>Total liabilities</b>	<b>8,111,102</b>	<b>4,447,573</b>	<b>2,885,560</b>	<b>60,431</b>
Non-controlling interests	412,109	-	-	-
<b>Net assets of the Company</b>	<b>6,384,434</b>	<b>2,826,011</b>	<b>5,741,864</b>	<b>65,355</b>
Dividend paid to non-controlling interests	29,400	-	-	-

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

Revenue	6,650,648	4,307,225	4,182,491	132,361
<b>Profit/ (loss) for the year</b>	<b>769,014</b>	<b>527,224</b>	<b>1,108,934</b>	<b>(5,979)</b>
Other comprehensive income	544,087	116,340	117,712	(729)
<b>Total comprehensive income/ (loss)</b>	<b>1,313,101</b>	<b>643,564</b>	<b>1,226,646</b>	<b>(6,708)</b>
Non-controlling interests	72,132	-	(261)	-

#### Summary of cash flows for the period between 1 January and 31 December 2019:

Cash flows from operating activities	1,140,852	491,853	681,622	18,366
Cash flows from investment activities	(1,159,508)	(761,163)	(512,706)	(3,575)
Cash flows from financing activities	2,202,589	960,311	713,474	(6,282)
<b>Before currency translation</b>	<b>2,183,933</b>	<b>691,001</b>	<b>882,390</b>	<b>8,509</b>
Currency translation differences	403,343	145,081	227,548	-
<b>Change in cash and cash equivalents</b>	<b>2,587,276</b>	<b>836,082</b>	<b>1,109,938</b>	<b>8,509</b>
Cash and cash equivalents at the beginning	1,340,125	153,581	1,192,805	187
<b>Cash and cash equivalents at the end</b>	<b>3,927,401</b>	<b>989,663</b>	<b>2,302,743</b>	<b>8,696</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

(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 2018

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	3,769,739	1,485,886	2,612,358	53,399
Non-current asset	6,584,127	3,515,896	3,756,700	70,912
<b>Total assets</b>	<b>10,353,866</b>	<b>5,001,782</b>	<b>6,369,058</b>	<b>124,311</b>
Current liabilities	2,151,682	1,385,605	1,086,585	51,803
Non-current liabilities	2,431,999	1,306,715	413,278	9,501
<b>Total liabilities</b>	<b>4,583,681</b>	<b>2,692,320</b>	<b>1,499,863</b>	<b>61,304</b>
Non-controlling interests	472,520	-	6,274	-
<b>Net assets of the Company</b>	<b>5,297,665</b>	<b>2,309,462</b>	<b>4,862,921</b>	<b>63,007</b>
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
<b>Profit/ (loss) for the year</b>	<b>990,909</b>	<b>450,743</b>	<b>1,557,014</b>	<b>(379)</b>
Other comprehensive income	605,509	35,360	338,157	13,811
<b>Total comprehensive income/ (loss)</b>	<b>1,596,418</b>	<b>486,103</b>	<b>1,895,171</b>	<b>13,432</b>
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	(6,126)
Cash flows from investment activities	(674,716)	(724,021)	(616,998)	(6,255)
Cash flows from financing activities	(367,050)	(265,266)	(111,077)	12,324
<b>Before currency translation</b>	<b>(333,596)</b>	<b>(592,150)</b>	<b>75,167</b>	<b>(57)</b>
Currency translation differences	283,364	178,042	328,799	-
<b>Change in cash and cash equivalents</b>	<b>(50,232)</b>	<b>(414,108)</b>	<b>403,966</b>	<b>(57)</b>
Cash and cash equivalents at the beginning	1,390,357	567,689	788,839	244
<b>Cash and cash equivalents at the end</b>	<b>1,340,125</b>	<b>153,581</b>	<b>1,192,805</b>	<b>187</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 5. Segment Reporting

#### a) Operational segments

1 January-31 December 2019	Flat glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net sales – third parties	6,588,009	3,074,818	4,293,177	3,700,600	402,082	-	18,058,686
Net sales - intergroup	62,639	5,657	6,950	935,221	1,130,232	(2,140,699)	-
<b>Total net sales</b>	<b>6,650,648</b>	<b>3,080,475</b>	<b>4,300,127</b>	<b>4,635,821</b>	<b>1,532,314</b>	<b>(2,140,699)</b>	<b>18,058,686</b>
Cost of sales	(4,625,355)	(2,044,570)	(2,868,375)	(3,070,534)	(1,237,508)	1,667,311	(12,179,031)
<b>Gross profit</b>	<b>2,025,293</b>	<b>1,035,905</b>	<b>1,431,752</b>	<b>1,565,287</b>	<b>294,806</b>	<b>(473,388)</b>	<b>5,879,655</b>
Operating expenses	(1,366,469)	(855,619)	(803,623)	(702,221)	(177,247)	482,075	(3,423,104)
Other operating income	343,650	168,772	104,828	207,733	49,497	(27,366)	847,114
Other operating expenses	(175,508)	(68,089)	(45,604)	(159,377)	(31,662)	7,650	(472,590)
Income from investments in associates and joint ventures	21,953	-	-	74,398	-	-	96,351
<b>Operating profit/ (loss)</b>	<b>848,919</b>	<b>280,969</b>	<b>687,353</b>	<b>985,820</b>	<b>135,394</b>	<b>(11,029)</b>	<b>2,927,426</b>
Income from investing activities	271,048	10,421	91,134	217,630	145,548	(89,187)	646,594
Loss from investing activities	(4,406)	(5,100)	(10,060)	(68,414)	(245)	-	(88,225)
Other valuation gains / (losses)	3,320	(383)	995	1,626	2,250	-	7,808
<b>Operating profit before financial income and expense</b>	<b>1,118,881</b>	<b>285,907</b>	<b>769,422</b>	<b>1,136,662</b>	<b>282,947</b>	<b>(100,216)</b>	<b>3,493,603</b>
Financial income	688,137	321,981	129,390	633,467	532,363	(276,302)	2,029,036
Financial expenses (-)	(961,364)	(558,394)	(475,350)	(618,459)	(590,388)	277,454	(2,926,501)
<b>Profit before tax from continued operations</b>	<b>845,654</b>	<b>49,494</b>	<b>423,462</b>	<b>1,151,670</b>	<b>224,922</b>	<b>(99,064)</b>	<b>2,596,138</b>
Tax income/ (expense) for the period	(31,688)	3,316	105,458	32,884	(5,327)	(462)	104,181
<b>Profit (loss) for the period</b>	<b>813,966</b>	<b>52,810</b>	<b>528,920</b>	<b>1,184,554</b>	<b>219,595</b>	<b>(99,526)</b>	<b>2,700,319</b>
Purchases of tangible and intangible assets	1,036,906	140,329	889,931	319,250	508,248	-	2,894,664
Right of use assets	4,580	55,280	1,341	5,425	2,242	-	68,868
Depreciation and amortization charges (-) (Note 18,19 ve 20)	(463,268)	(182,500)	(439,449)	(218,350)	(71,017)	-	(1,374,584)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)(*)</b>	<b>1,582,149</b>	<b>468,407</b>	<b>1,208,871</b>	<b>1,355,012</b>	<b>353,964</b>	<b>(100,216)</b>	<b>4,868,187</b>

(\*) 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)

<b>Total Assets</b>	<b>15,310,265</b>	<b>5,206,780</b>	<b>7,253,044</b>	<b>9,312,681</b>	<b>7,703,898</b>	<b>(6,035,830)</b>	<b>38,750,838</b>
- Investments accounted for under equity accounting	204,230	-	-	506,348	-	-	710,578
- Deferred tax asset	62,727	123,720	398,051	491,149	19,931	(1,976)	1,093,602
<b>Total Liabilities</b>	<b>8,221,285</b>	<b>2,779,981</b>	<b>4,438,484</b>	<b>3,007,710</b>	<b>4,012,273</b>	<b>(2,842,280)</b>	<b>19,617,453</b>
- Deferred tax liabilities	134,297	16,407	4,496	7,629	43,098	(8,981)	196,946

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 5. Segment Reporting (Continued)

#### a) Operational Segments (Continued)

1 January-31 December 2018	Flat glass	Glassware	Glass Packaging	Chemicals	Other	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)	-
<b>Total net sales</b>	<b>5,875,065</b>	<b>2,528,892</b>	<b>3,239,188</b>	<b>3,971,021</b>	<b>1,110,296</b>	<b>(1,174,148)</b>	<b>15,550,314</b>
Cost of sales	(3,955,135)	(1,586,347)	(2,261,487)	(2,484,503)	(985,644)	883,753	(10,389,363)
<b>Gross profit</b>	<b>1,919,930</b>	<b>942,545</b>	<b>977,701</b>	<b>1,486,518</b>	<b>124,652</b>	<b>(290,395)</b>	<b>5,160,951</b>
Operating expenses	(1,106,737)	(741,971)	(562,143)	(592,186)	(119,513)	297,374	(2,825,176)
Other operating income	416,009	204,799	184,088	294,876	48,210	(21,435)	1,126,547
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
<b>Operating profit/ (loss)</b>	<b>1,084,542</b>	<b>333,948</b>	<b>465,511</b>	<b>1,097,802</b>	<b>16,180</b>	<b>(9,265)</b>	<b>2,988,718</b>
Income from investing activities	378,455	19,402	122,177	456,144	161,767	(10,381)	1,127,564
Loss from investing activities	(10,615)	(11,144)	(26,027)	(222,014)	-	-	(269,800)
Other valuation gains / (losses)	25,518	(52)	(7,370)	(18,374)	(10,876)	-	(11,154)
<b>Operating profit before financial income and expense</b>	<b>1,477,900</b>	<b>342,154</b>	<b>554,291</b>	<b>1,313,558</b>	<b>167,071</b>	<b>(19,646)</b>	<b>3,835,328</b>
Financial income	728,231	30,971	250,464	803,913	435,983	(191,819)	2,057,743
Financial expense	(1,015,195)	(202,439)	(415,573)	(539,269)	(413,145)	154,145	(2,431,476)
<b>Profit before tax from continued operations</b>	<b>1,190,936</b>	<b>170,686</b>	<b>389,182</b>	<b>1,578,202</b>	<b>189,909</b>	<b>(57,320)</b>	<b>3,461,595</b>
Tax income/ (expense) for the period	(182,732)	(10,548)	60,786	64,842	(31,317)	3,271	(95,698)
<b>Profit (loss) for the period</b>	<b>1,008,204</b>	<b>160,138</b>	<b>449,968</b>	<b>1,643,044</b>	<b>158,592</b>	<b>(54,049)</b>	<b>3,365,897</b>
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)
<b>Earnings before interest, taxes, depreciation and amortization (EBIT)</b>	<b>1,854,297</b>	<b>460,602</b>	<b>895,697</b>	<b>1,479,311</b>	<b>213,622</b>	<b>(19,646)</b>	<b>4,883,883</b>
<b>The Statement of Financial position (31 December 2018)</b>							
<b>Total Assets</b>	<b>10,712,238</b>	<b>4,285,079</b>	<b>4,985,759</b>	<b>7,029,918</b>	<b>6,192,093</b>	<b>(5,396,446)</b>	<b>27,808,641</b>
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
<b>Total Liabilities</b>	<b>4,679,823</b>	<b>1,949,467</b>	<b>2,689,418</b>	<b>1,589,358</b>	<b>2,882,430</b>	<b>(2,694,841)</b>	<b>11,095,655</b>
- Deferred tax liabilities	177,240	19,049	3,680	53,630	41,441	(7,013)	288,027

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 5. Segment Reporting (Continued)

#### b) Geographical segments

1 January-31 December 2019	Turkey	Russia, Ukraine Georgia	Europe	Other	Total	Adjustments	Consolidated
Net sales – third parties	11,042,533	2,589,554	3,904,083	522,516	18,058,686	-	18,058,686
Net sales - intergroup	597,962	20,442	387,603	98,512	1,104,519	(1,104,519)	-
<b>Total net sales (*)</b>	<b>11,640,495</b>	<b>2,609,996</b>	<b>4,291,686</b>	<b>621,028</b>	<b>19,163,205</b>	<b>(1,104,519)</b>	<b>18,058,686</b>
Cost of sales	(7,510,424)	(1,764,978)	(3,383,399)	(488,169)	(13,146,970)	967,939	(12,179,031)
<b>Gross profit</b>	<b>4,130,071</b>	<b>845,018</b>	<b>908,287</b>	<b>132,859</b>	<b>6,016,235</b>	<b>(136,580)</b>	<b>5,879,655</b>
Operating expenses	(2,053,340)	(514,375)	(939,481)	(153,517)	(3,660,713)	237,609	(3,423,104)
Other operating income	744,678	52,233	129,852	54,257	981,020	(133,906)	847,114
Other operating expense	(338,183)	(41,768)	(95,133)	(5,814)	(480,898)	8,308	(472,590)
Income from investments in associates and joint ventures	1,232	-	111,124	(16,005)	96,351	-	96,351
<b>Operating profit/ (loss)</b>	<b>2,484,458</b>	<b>341,108</b>	<b>114,649</b>	<b>11,780</b>	<b>2,951,995</b>	<b>(24,569)</b>	<b>2,927,426</b>
Income from investing activities	814,369	18,601	2,204	4,380	839,554	(192,960)	646,594
Loss from investing activities	(78,141)	(10,084)	-	-	(88,225)	-	(88,225)
Other valuation gains / (losses)	7,627	181	-	-	7,808	-	7,808
<b>Operating profit before financial income and expense</b>	<b>3,228,313</b>	<b>349,806</b>	<b>116,853</b>	<b>16,160</b>	<b>3,711,132</b>	<b>(217,529)</b>	<b>3,493,603</b>
Financial income	1,953,041	55,946	35,826	888	2,045,701	(16,665)	2,029,036
Financial expense	(2,659,994)	(179,606)	(110,419)	(26,828)	(2,976,847)	50,346	(2,926,501)
<b>Profit before tax from continued operations</b>	<b>2,521,360</b>	<b>226,146</b>	<b>42,260</b>	<b>(9,780)</b>	<b>2,779,986</b>	<b>(183,848)</b>	<b>2,596,138</b>
Tax income/ (expense) for the period	162,668	(40,101)	(8,648)	(7,309)	106,610	(2,429)	104,181
<b>Profit (loss) for the period</b>	<b>2,684,028</b>	<b>186,045</b>	<b>33,612</b>	<b>(17,089)</b>	<b>2,886,596</b>	<b>(186,277)</b>	<b>2,700,319</b>
Purchases of tangible and intangible assets	2,086,932	216,744	569,433	21,555	2,894,664	-	2,894,664
Right of use assets	66,691	1,861	316	-	68,868	-	68,868
Depreciation and amortization charges (-) (Note 18,19 and 20)	(689,784)	(278,538)	(349,205)	(57,057)	(1,374,584)	-	(1,374,584)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>3,918,097</b>	<b>628,344</b>	<b>466,058</b>	<b>73,217</b>	<b>5,085,716</b>	<b>(217,529)</b>	<b>4,868,187</b>
<b>The Statement of Financial position (31 December 2019)</b>							
<b>Total Assets</b>	<b>30,328,975</b>	<b>4,497,865</b>	<b>11,636,394</b>	<b>1,318,631</b>	<b>47,781,865</b>	<b>(9,031,027)</b>	<b>38,750,838</b>
- Investments accounted for under equity accounting	46,254	-	640,992	23,332	710,578	-	710,578
- Deferred tax asset	920,511	146,295	26,796	-	1,093,602	-	1,093,602
<b>Total Liabilities</b>	<b>13,782,060</b>	<b>2,117,816</b>	<b>4,075,785</b>	<b>540,715</b>	<b>20,516,376</b>	<b>(898,923)</b>	<b>19,617,453</b>
- Deferred tax liabilities	87,352	20,419	16,918	72,257	196,946	-	196,946

(\*) 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.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 5. Segment Reporting (Continued)

#### b) Geographical segments (Continued)

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)	-
<b>Total net sales (*)</b>	<b>9,970,639</b>	<b>2,193,516</b>	<b>3,997,302</b>	<b>350,098</b>	<b>16,511,555</b>	<b>(961,241)</b>	<b>15,550,314</b>
Cost of sales	(6,482,317)	(1,515,561)	3,033,266)	(257,503)	(11,288,647)	899,284	(10,389,363)
<b>Gross profit</b>	<b>3,488,322</b>	<b>677,955</b>	<b>964,036</b>	<b>92,595</b>	<b>5,222,908</b>	<b>(61,957)</b>	<b>5,160,951</b>
Operating expenses	(1,646,973)	(393,666)	(803,963)	(92,375)	(2,936,977)	111,801	(2,825,176)
Other operating income	1,002,288	47,465	134,818	8,523	1,193,094	(66,547)	1,126,547
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
<b>Operating profit/ (loss)</b>	<b>2,317,408</b>	<b>285,094</b>	<b>387,152</b>	<b>6,300</b>	<b>2,995,954</b>	<b>(7,236)</b>	<b>2,988,718</b>
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)	(177)	(269,800)	-	(269,800)
Other valuation gains/(losses)	(10,967)	(187)	-	-	(11,154)	-	(11,154)
<b>Operating profit before financial income and expense</b>	<b>3,184,330</b>	<b>265,897</b>	<b>391,568</b>	<b>159,461</b>	<b>4,001,256</b>	<b>(165,928)</b>	<b>3,835,328</b>
Financial income	1,953,477	87,665	32,150	479	2,073,771	(16,028)	2,057,743
Financial expense	(2,144,046)	(230,598)	(69,660)	(12,875)	(2,457,179)	25,703	(2,431,476)
<b>Profit before tax from continued operations</b>	<b>2,993,761</b>	<b>122,964</b>	<b>354,058</b>	<b>147,065</b>	<b>3,617,848</b>	<b>(156,253)</b>	<b>3,461,595</b>
Tax income/ (expense) for the period	(34,198)	(18,396)	(42,503)	(601)	(95,698)	-	(95,698)
<b>Profit for the period</b>	<b>2,959,563</b>	<b>104,568</b>	<b>311,555</b>	<b>146,464</b>	<b>3,522,150</b>	<b>(156,253)</b>	<b>3,365,897</b>
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)
<b>Earnings before interest, taxes, Depreciation and amortization (EBITDA)</b>	<b>3,672,448</b>	<b>504,234</b>	<b>690,035</b>	<b>183,094</b>	<b>5,049,811</b>	<b>(165,928)</b>	<b>4,883,883</b>
<b>Statement of Financial position (31 December 2018)</b>							
<b>Total assets</b>	<b>21,452,502</b>	<b>3,437,748</b>	<b>9,996,228</b>	<b>1,061,865</b>	<b>35,948,343</b>	<b>(8,139,702)</b>	<b>27,808,641</b>
- 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
<b>Total liabilities</b>	<b>6,494,193</b>	<b>1,815,653</b>	<b>3,183,343</b>	<b>364,338</b>	<b>11,857,527</b>	<b>(761,872)</b>	<b>11,095,655</b>
- Deferred tax liabilities	191,281	16,048	21,509	59,189	288,027	-	288,027

(\*) 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.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 6. Cash and Cash Equivalents

	31 December 2019	31 December 2018
Cash on hand	354	392
Cash at banks	8,378,795	3,164,051
– Demand deposits	376,530	327,649
– Time deposits with a maturity of three months or less	8,002,265	2,836,402
Other liquid assets	43	2,609
Provision for impairment	(10,279)	(3,035)
	<b>8,368,913</b>	<b>3,164,017</b>

#### Time deposits

Currency	Interest Rate %	Maturity	31 December 2019	31 December 2018
US Dollars	1.60%-1.75%	January- February 2020	4,328,173	795,856
EUR	0.10%	January 2020	2,468,144	1,607,941
Turkish Lira	11.50%-12.25%	January 2020	630,235	67,385
Russian Rubles	4.00%-6.75%	January 2020	519,388	311,459
British Pound	0.10%	January 2020	49,905	43,357
Yuan	1.00%-5.00%	January 2020	6,420	10,404
			<b>8,002,265</b>	<b>2,836,402</b>

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

	31 December 2019	31 December 2018
1 January	(3,035)	-
Current year allowance	(7,599)	(2,516)
Currency translation differences	(32)	2
Cancellation of allowance	387	12
Adjustment on changes in accounting policies	-	(533)
	<b>(10,279)</b>	<b>(3,035)</b>

Cash and cash equivalents as of 31 December 2019 and 31 December 2018 presented in the consolidated statement of cash flows are as follows:

	31 December 2019	31 December 2018
Cash and cash equivalents	8,368,913	3,164,017
Effect of impairment loss	10,279	3,035
Interest accrual	(7,775)	(2,985)
	<b>8,371,417</b>	<b>3,164,067</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 7. Financial Assets

#### a) Current financial asset

	31 December 2019	31 December 2018
<b>Current financial asset</b>		
Financial assets measured at amortized cost <sup>(*)</sup>	429,243	225,828
Provision for impairment on financial assets	(3,123)	(3,917)
	<b>426,120</b>	<b>221,911</b>

(\*) TRY 330,579 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 98,664 thousand Turkish Liras (31 December 2018: TRY 45,764 thousand equivalent).

#### b) Non-current financial asset

	31 December 2019	31 December 2018
<b>Financial assets at fair value through other comprehensive income</b>		
Financial investments carried at market price	2,015	2,450
Financial investments not traded in an active market	2	3
	<b>2,017</b>	<b>2,453</b>

	31 December 2019	31 December 2018
<b>Long term financial investments measured at amortized cost</b>		
Financial investments measured by amortized cost	2,585,311	2,445,657
Impairment provision	(50,094)	(64,320)
	<b>2,535,217</b>	<b>2,381,337</b>

<b>Total non-current financial assets</b>	<b>2,537,234</b>	<b>2,383,790</b>
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The movement of financial assets at fair value through other comprehensive income are as follows:

	31 December 2019	31 December 2018
Beginning of the period - 1 January	2,453	1,504
Change in fair value	(453)	1,716
Sales	(1)	-
Transfers to consolidated entities	-	(767)
	<b>2,017</b>	<b>2,453</b>

	Rate of Share (%)	31 December 2019	Rate of share (%)	31 December 2018
<b>Financial investments valued at market price</b>				
İş Finansal Kiralama A.Ş. (*)	<1	2,015	<1	2,450

(\*) İş Finansal Kiralama A.Ş. is quoted in BIST and it was revalued at the best bid price which is TRY 3.80 (31 December 2018:TRY 4.62).



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 7. Financial Assets (Continued)

#### b) Non-current financial asset (Continued)

Financial investment not traded in an active market	Rate of Share (%)	31 December 2019	Rate of Share (%)	31 December 2018
Bosen Enerji Elek. Üret.Oto.Pro.Grb. A.Ş.	<1	2	<1	2
Çukurova İnşaat Mak. Sanayii ve Tic. A.Ş. (*)	<1	-	<1	1
		<b>2</b>		<b>3</b>

(\*) As of 27 June 2019, it has been sold to out of Group at the amount of TRY 0.8 thousand.

#### Financial assets measured at amortized cost

Bond issuer	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	685,078	606,030
Türkiye Vakıflar Bankası T.A.O.	461,938	407,766
Türkiye Halk Bankası A.Ş.	344,668	302,997
Türkiye Sınai Kalkınma Bankası A.Ş.	317,995	298,849
Yapı ve Kredi Bankası A.Ş.	268,652	269,754
Turkcell İletişim Hizmetleri A.Ş.	217,732	193,249
Türkiye Garanti Bankası A.Ş.	183,765	162,696
Arçelik A.Ş.	181,486	160,296
Ziraat Bankası A.Ş.	122,289	108,078
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	63,070	55,110
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	61,771	54,310
Finansbank A.Ş.	7,446	6,586
<b>Eurobond (*)</b>	<b>2,915,890</b>	<b>2,625,721</b>

(\*)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 2019	31 December 2018
Türkiye İş Bankası A.Ş.	693,284	556,370
Türkiye Vakıflar Bankası T.A.O.	465,184	371,665
Türkiye Halk Bankası A.Ş.	335,472	266,072
Türkiye Sınai Kalkınma Bankası A.Ş.	321,067	278,967
Yapı ve Kredi Bankası A.Ş.	269,569	252,657
Turkcell İletişim Hizmetleri A.Ş.	219,305	174,246
Türkiye Garanti Bankası A.Ş.	186,917	154,350
Arçelik A.Ş.	186,389	147,836
Ziraat Bankası A.Ş.	122,136	100,623
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	65,568	53,836
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	63,545	52,130
Finansbank A.Ş.	7,493	6,218
	<b>2,935,929</b>	<b>2,414,970</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 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 2019	31 December 2018
Less than three months	120,849	62,350
3 – 12 Months	308,394	163,478
1 – 5 years	2,420,921	2,259,944
More than 5 years	164,390	185,713
	<b>3,014,554</b>	<b>2,671,485</b>

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

	31 December 2019	31 December 2018
1 January	2,671,485	1,878,134
Valuation difference	498,061	876,121
Addition	89,209	32,485
Currency translation differences	6,441	4,295
The principal collected within the period	(101,601)	(20,480)
Interest received during the period	(149,041)	(127,253)
Change effect of consolidation method(Note 3)	-	28,183
	<b>3,014,554</b>	<b>2,671,485</b>

The movement of impairment on financial investments is as follows:

	31 December 2019	31 December 2018
Beginning of the period - 1 January	(68,237)	-
Addition	(52,047)	(57,508)
Cancellation of impairment	67,067	-
Adjustment effect of changing accounting policies	-	(10,729)
	<b>(53,217)</b>	<b>(68,237)</b>

#### 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 2019	31 December 2018
İş Portföy Yönetimi A.Ş.	2,755,897	2,484,173
İş Yatırım Menkul Değerler A.Ş.	159,993	141,548
	<b>2,915,890</b>	<b>2,625,721</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 7. Financial Assets (Continued)

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% (2018: 5.53%).

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

Coupon interest rates and the redemption dates for fully amortized financial assets that are denominated in USD are as follows.

Bond issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5.125	22.10.2019
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.375	30.10.2019

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 8. Borrowings

	31 December 2019	31 December 2018
<b>Current financial liabilities</b>		
Short term borrowings	2,634,647	1,899,428
	31 December 2019	31 December 2018
<b>Short term portion of long term borrowing</b>		
Short term portion of long term borrowings and interests	1,878,253	13,524
Bonds issued	681,772	1,190,869
Bond issuance costs and commissions	82,833	546
Lease liabilities	(24,797)	(126)
Cost of deferred lease liabilities (-)	(1,867)	(1,482)
<b>Total short term portion of long term borrowings</b>	<b>2,616,194</b>	<b>1,203,331</b>
<b>Total current financial liabilities</b>	<b>5,250,841</b>	<b>3,102,759</b>
	31 December 2019	31 December 2018
<b>Long term borrowings</b>		
Long term portion of long term borrowings	6,337,430	1,703,732
Bond issued	4,158,140	2,630,450
Lease liabilities	238,840	-
Cost of deferred lease liabilities (-)	(87,405)	-
Bond issuance costs and commissions	(52,210)	(558)
<b>Total long term financial liabilities</b>	<b>10,594,795</b>	<b>4,333,624</b>
<b>Total borrowings</b>	<b>15,845,636</b>	<b>7,436,383</b>

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

Ratings and explanations received during the period January 1 – December 31, 2019:

#### Moody's

- In its update report dated March 1, 2019, Moody's confirmed the Company's long-term credit rating as Ba2 and the outlook as "negative".
- Moody's downgraded the Government of Turkey's long-term issuer rating to B1 from Ba3 while maintaining a negative outlook on June 14, 2019. Moody's also lowered Turkey's foreign currency bond ceiling to B1 from Ba2. Following that, Moody's announced that it has also downgraded the Company's rating along with 10 other Turkish corporates to B1 with negative outlook on June 19, 2019.
- Moody's downgraded the Government of Turkey's long-term issuer rating to B1 from on June 14, 2019. Following that, Moody's announced that it has placed also our Group under review along with several other Turkish companies on June 19, 2019. On September 20, 2019, our Group's long-term foreign currency credit rating is confirmed as B1, and the outlook is changed to "negative" from "under review".

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 8. Borrowings (Continued)

#### Fitch

- In its update report on March 1, 2019, Fitch ratings confirmed our Company's long-term credit rating as BB+ and the outlook as "negative".
- Following the downgrade of Turkey's sovereign Long-Term Foreign Currency IDR to "BB-" from "BB" on July 12, 2019 and the lowering of Country Ceiling to "BB-" from "BB+", Fitch Ratings has downgraded Company's Long-Term Issuer Default Rating (IDR) and the senior unsecured ratings to 'BB-' from 'BB+'. The Outlook on the Long-Term IDR is Negative.
- Following the revision of the Outlook on Turkey's Long-Term Foreign Currency IDR to Stable from Negative, and affirmation of the Country Ceiling as "BB-" on November 1, 2019; our Group's long-term rating is confirmed as "BB-", and the outlook is changed to "stable" from "negative".

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

#### Moody's

- In the press release on March 9, 2018, Moody's, confirmed the Company's long-term foreign currency credit rating as Ba1 and its outlook as "Stable". This rating action is driven by Moody's decision on March 8, 2018 to downgrade Turkey's government issuer rating to "Ba2 stable" from "Ba1 negative".
- Following Moody's decision on June 1, 2018 to place Turkey's Ba2 government bond rating under review for downgrade, in the press release on June 6, 2018 Moody's placed also our Group under review for downgrade. Our Group's strong financial profile and robust liquidity position, balanced revenue and product mix, and Group's leading market position in Turkey are the other issues mentioned in the Moody's press release.
- Following Moody's decision on August 17, 2018 to downgrade Turkey's government bond rating to Ba3 with a negative outlook from Ba2 ratings under review for downgrade; Moody's downgraded credit note of Türkiye Şişe ve Cam Fabrikaları A.Ş. to Ba1 from Ba2 and changed the outlook to negative.

#### Fitch Ratings

- On 18 June 2018, Fitch Ratings, has assigned a first time Long-Term Issuer Default Rating (IDR) of "BB+" with Stable Outlook. Fitch has also assigned Sisecam's existing USD500 million notes, which was issued in 2013 and will be fully amortized in 2020, a senior unsecured "BB+". In Fitch's release, following features are counted as strengths of the Company: Market share of the Company in its business segments in domestic and foreign markets, high profitability and low indebtedness as a result of the Company's broad end-market diversification, with an exposure to various markets with different macroeconomic dynamics.
- Following the downgrade of Turkey's credit rating to "BB-" from "BB" with a Negative Outlook by Fitch on July 20, 2018, Fitch confirmed the Company's credit rating as "BB+", and assigned a "Negative" outlook, after Fitch's assessment conducted for Türkiye Şişe ve Cam Fabrikaları A.Ş. and other similar Turkish companies.

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

- Following S&P Global Ratings downgrade of Turkey on May1, 2018; S&P Global Ratings lowered its long-term issuer credit rating of Türkiye Şişe Ve Cam Fabrikaları A.S. to "BB-" from "BB" On May 7, 2018. The Outlook is affirmed as "Stable"
- Following S&P Global Ratings downgrade of Turkey to B+/ Stable on August 17, 2018, S&P Global Ratings lowered its long-term issuer credit rating of Türkiye Şişe Ve Cam Fabrikaları A.S. to "B+" from "BB-" On August 21, 2018. The outlook was declared as "Negative". In S&P's report, it was made clear that Şişecam will continue to report very strong credit metrics on a stand-alone basis. Yet, in line with S&P's methodology, rating of Şişecam cannot be higher than its main partner Türkiye İş Bankası A.Ş. At the same time Türkiye İş Bankası A.Ş. cannot have a higher rating than Turkey's credit rate, again, because of methodological reasons. Therefore, upon the request of Şişecam, S&P will no longer issue credit rating for Şişecam as of August 21, 2018.

The Group has financial commitments regarding its outstanding liabilities. The Group meets the requirements of its commitments as of the reporting date.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 8. Borrowings (Continued)

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

Repricing dates for loans	31 December 2019	31 December 2018
Shorter than 3 months	3,081,359	1,480,164
3 – 12 months	2,273,798	2,612,549
1 – 5 years	4,287,435	652,747
5 years and more	11,257	48,569
	<b>9,653,849</b>	<b>4,794,029</b>

Total issued bonds are amounting to TRY 5,982,316 thousand (31 December 2018: TRY 2,641,934 thousand) where the coupon interest rate of the issued bonds amounting to USD 299,920 thousand is 4.25% (effective interest rate is 4.43%) and the coupon interest rate of issued bonds amounting to 700,000 thousand USD is 6.95% (effective interest rate is 7.32%) and coupon interest payments are made in equal installments every six months. The issued bonds are quoted in Irish Stock Exchange. The face value of the bond issued on May 8, 2013 is USD 299,200 thousand, and the market value of this bond, which will be fully amortized on May 11, 2020, is 100,185. The other bond, which was issued on March 14, 2019 has a face value of USD 700,000 thousand, and the market value of this bond, which will be fully amortized on March 14, 2026, is 105,678.

The lease obligations of TRY 209,471 thousand are paid up in equal monthly instalments (31 December 2018: TRY 420 thousand).

Since the effect of the discounting is not significant, the carrying values of the short-term loans is estimated to converge to the fair value. The fair values are determined using the 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 converge to their fair values.

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

Bank borrowings	Principal	Interest	Commission	Total
Beginning at the period - 1 January	4,780,036	17,170	(3,177)	4,794,029
Borrowed –accrued during the period	14,659,287	554,486	(13,406)	15,200,367
Currency translation differences	624,772	2,232	(299)	626,705
Foreign exchange gain/ (loss)	113,000	-	-	113,000
Payments-reversals during the period	(10,572,484)	(509,976)	2,208	(11,080,252)
<b>As of 31 December 2019</b>	<b>9,604,611</b>	<b>63,912</b>	<b>(14,674)</b>	<b>9,653,849</b>

Bonds issued	Principal	Interest	Discount on Bonds	Commission	Total
Beginning at the period – 1 January	2,630,450	13,524	(1,462)	(578)	2,641,934
Borrowed –accrued during the period	3,798,370	314,654	(50,907)	(11,327)	4,050,790
Foreign exchange gain/ (loss)	619,808	-	-	-	619,808
Payments-reversals during the period	(1,108,903)	(231,510)	5,823	4,374	(1,330,216)
<b>As of 31 December 2019</b>	<b>5,939,725</b>	<b>96,668</b>	<b>(46,546)</b>	<b>(7,531)</b>	<b>5,982,316</b>

Financial lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	420	126	546
Currency translation differences	22	7	29
Payments during the period	(442)	(133)	(575)
<b>As of 31 December 2019</b>	<b>-</b>	<b>--</b>	<b>-</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 8. Borrowings (Continued)

Operational lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	-	-	-
Accounting policy change (Note 2.3)	300,707	294,606	595,313
Additions during the period	69,751	36,970	106,721
Foreign exchange gain/ (loss)	6,065	-	6,065
Currency translation differences	5,980	1,228	7,208
Effect of revaluation	3,548	-	3,548
Payments during the period	(69,063)	(49,459)	(118,522)
Disposals	(107,517)	(171,143)	(278,660)
<b>As of 31 December 2019</b>	<b>209,471</b>	<b>112,202</b>	<b>321,673</b>

Total lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	420	126	546
Accounting policy change (Note 2.3)	300,707	294,606	595,313
Additions during the period	69,751	36,970	106,721
Foreign exchange gain/ (loss)	6,065	-	6,065
Currency translation differences	6,002	1,235	7,237
Effect of revaluation (*)	3,548	-	3,548
Payments during the period	(69,505)	(49,592)	(119,097)
Disposals	(107,517)	(171,143)	(278,660)
<b>As of 31 December 2019</b>	<b>209,471</b>	<b>112,202</b>	<b>321,673</b>

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

On 27 April 2018 with the decision 19/546 approved by CMB, the Company obtained the right to issue bonds to foreign qualified investors for one year, amounting to a maximum of USD 750 Million. Within the its right, the Company issued bonds amounting to a total of USD 700 Million. The bond has been quoted on the Irish Stock Exchange. BNP Paribas London Branch, Citigroup Global Markets Limited, HSBC Bank PLC and J.P. Morgan Securities PLC acted as agencies for the issue of the bond. The central safekeeping institutions of traded securities are Euroclear, Clearstream and The Depository Trust Company ("DTC").

The ISIN codes of the issued bonds are as follows:

Central Safekeeping Institution	ISIN Code	CFI Code	Amount (USD)
Euroclear and Clearstream	XS1961010987	DYFXXR	497,270,000
DTC	US90016AAB61	DBFGGR	202,730,000
<b>Total</b>			<b>700,000,000</b>

The Company has issued two bonds outside of Turkey amounting to a nominal value of USD 700 Million. First one is issued on 14 March 2019 with a nominal value of USD 550 Million and the second one is issued on 28 March 2019 with a nominal value of USD 150 Million, Coupon payments of these bonds are equalized by making a collection USD 405,417, since the maturities of both of these bonds are the same (14 March 2026), yet issued on different dates. Principal payment of the bonds will be made on 14 March 2026. Coupon interest rate of the bonds is 6.95% and the fixed payments are made semi annually, hence effective cost of the bonds to the Group is 7.32%

The amounts were transferred 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 233,333,333 to Trakya Cam Sanayii A.Ş., USD 140,000,000 to Paşabahçe Cam Sanayii A.Ş., USD 140,000,000 to Anadolu Cam Sanayii A.Ş. and USD 46,666,667 to Soda Sanayii A.Ş.). Under the same terms and circumstances USD 140,000,000 has remained in the Company.



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 8. Borrowings (Continued)

Also, on March 29,2019, the Company had bought back amounting to USD 166,835,000 with ISIN code as XS0927634807 and amounting to USD 33,245,000 with ISIN code as US90016AAA88 totally USD 200,080,000 of the bond issued on May 9, 2013 with maturity date as May 9,2020. Due to buy back, the interest accrued till March 29,2019 amounting to USD 3,354,119 has been paid.

For the period January 1- December 31, 2019, the interest expense capitalized on tangible assets is amounting to TRY 5,093 thousand. (1 January-31 December 2018: TRY 21,366 thousand, 1 January -31 December 2018: TRY 21,366 thousand).

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)
<b>As of 31 December 2018</b>	<b>4,780,036</b>	<b>17,170</b>	<b>(3,177)</b>	<b>4,794,029</b>

Bond 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
Accrued during the period	-	106,865	-	-	106,865
Payments-reversals during the period	-	(102,141)	1,017	409	(100,715)
<b>As of 31 December 2018</b>	<b>2,630,450</b>	<b>13,524</b>	<b>(1,462)</b>	<b>(578)</b>	<b>2,641,934</b>

On May 9, 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 will 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 to Trakya Cam Sanayii A.Ş. USD 100.000 thousand to Anadolu Cam Sanayii A.Ş. and USD 50.000 thousand to 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 lease liabilities	Principal	Interest	Total
Beginning at the period - 1 January	942	-	942
Currency translation differences	267	-	267
Payments during the period	(789)	-	(789)
<b>As of 31 December 2018</b>	<b>420</b>	<b>-</b>	<b>420</b>



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## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 8. Borrowings (Continued)

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

#### 31 December 2019

Currency	Maturity	Interest range (%) (*)	Short term	Long term	Total
US Dollar	2020–2026	Libor+2.15-2.90	1,936,478	4,203,285	6,139,763
Euro	2020–2026	Euribor+1.10-3.20	1,726,215	2,928,577	4,654,792
Turkish Lira	2020–2023	10.00-17.50	678,485	2,566,254	3,244,739
Russian Rubles	2020–2021	7.05-10.50	779,779	858,050	1,637,829
Egyptian Pound	2020	14.75-15.00	123,740	-	123,740
Bulgarian Lev	2020	4.00	5,426	37,121	42,547
Indian Rupı	2020	5.50	718	1,508	2,226
			<b>5,250,841</b>	<b>10,594,795</b>	<b>15,845,636</b>

(\*) Interest range represents the lower and upper bounds and the weighted average costs are, Libor + 2,27% for the US Dollar, TLref + %0,90 for TRY, Euribor + 2.16% for Euro, Mosprime + 3.20% for RUB (average effective annual interest rates for EUR, USD, RUB, EGP and TRY are 2.20%, 6.08%, 8.19%. 14,84% and 12.75% respectively).

#### 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
Ukranian Hryvnia	2019–2021	21.00-25.00	95,154	11,126	106,280
Egyptian Pound	2019	18.50-19.25	45,892	-	45,892
			<b>3,102,759</b>	<b>4,333,624</b>	<b>7,436,383</b>

(\*) Interest range represents the lower and upper bounds 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).

The redemption schedule of the financial liabilities is as follows:

	31 December 2019	31 December 2018
Within 1 year	5,250,841	3,102,759
Within 1-2 years	2,077,533	3,248,626
Within 2-3 years	3,759,849	791,813
Within 3-4 years	381,808	147,473
Within 4-5 years	209,006	83,351
More than 5 years	4,166,599	62,361
	<b>15,845,636</b>	<b>7,436,383</b>

The weighted average maturity of the financial liabilities is 992 days (31 December 2018: 463 days).

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 9. Other Financial Liabilities

The Company and European Bank for Reconstruction and Development (EBRD) signed purchase / sale option contracts on 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. Since the public offering of Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") did not take place until October 24, 2019, this purchase / sale options became invalid. Shares of Paşabahçe are taken over 2019 after the option is closed in exchange for the following payments on the following dates: EURO 52,559,975.76 on 12 November 2019, and EURO 100 Million on 14 November 2019. Effective cost of the transaction of EURO 125 Million on 10 November 2014 was 4.40%. In order to finance the option, the Group used a credit of EURO 100 Million from EBRD. Conditions of the credit are as follows: The group will not make any principal payments for the first 2 years, thereafter, principal payment will be made in 5 equal instalments once every six months; interest rate on the credit is Euribor+ 2.40%

14.85% of Paşabahçe shares that was in the EBRD's portfolio in 2018 are taken over by the Group; therefore the transactions with regards to non-controlling interests are accounted for under liabilities. Difference in the valuation for the transactions is accounted for under the equity. Within this framework, shares of the Group has increased to 99.47% from 84.62% in the subsidiary. The transaction that caused this increase is realized in the financials. The movement of the other financial liabilities in this period is as follows:

	31 December 2019	31 December 2018
<b>Other Financial Liabilities</b>		
Beginning at the period - 1 January	572,660	-
Borrowed –accrued during the period	395,787	572,660
Payments-reversals during the period	(968,447)	-
	-	572,660

### 10. Trade Receivables and Payables

#### Trade Receivables

	31 December 2019	31 December 2018
<b>Current trade receivables</b>		
Trade receivables	3,505,567	3,245,390
Notes receivables and cheques	128,179	108,627
Other trade receivables	45,821	23,635
Due from related parties (Note 38)	6,829	2,292
Rediscount of notes receivable (-)	(20,667)	(39,070)
Provision for doubtful receivables(-)	(93,707)	(106,287)
	3,572,022	3,234,587

	31 December 2019	31 December 2018
<b>Non- Current trade receivables</b>		
Trade receivables	1,740	4,582
Provision for doubtful receivables (-)	(1,465)	(4,283)
	275	299

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

A portion of domestic sales of basic glasses is made on cash. The average term for basic glasses sales is 90 days (31 December 2018: 90 days). A portion of export sales is made on cash and rest of export sales' term is 45 days. The Group applies 3% overdue interest rate. (31 December 2018: 4%). The average sales term for auto glass and processed glass items is 45 days (31 December 2018: 45 days).

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## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 10. Other Receivables and Payables (Continued)

#### Trade Receivables (Continued)

The average sales term for automatic glassware is 75 days (31 December 2018: 75 days) and a monthly overdue interest rate of 1,75% is applied for the payments made after the due date (31 December 2018: 2.75%).

Glass packaging products have been sold on cash terms since 1 November 2009. According to customer demand, a monthly interest of 1.75% for terms up to 121 days, and a monthly interest rate of 2.625% for terms exceeding 121 days is applied (31 December 2018: 3.5%). The average sales term for domestic sales of glass packaging products is 65 days (31 December 2018: 62 days). The average sales term for foreign sales of glass packaging products is 76 days (31 December 2018: 68 days).

Inter-group sales terms of Soda products are 60 days (31 December 2018: 60 days) and average term of domestic external sales of Soda products are 63 days (31 December 2018: 60 days). Monthly 1.08 % overdue interest for TRY is applied for the payments made after due dates (31 December 2018: 2.5%). Monthly 0.33% overdue interest rate for USD is applied for the payments made after due dates (31 December 2018: 0.75%).

The average sales term for domestic sales of chromium products in foreign currency is 2 days (31 December 2018: 2 days). A monthly overdue interest rate of 1.08% for TRY (31 December 2018: 2.5%), and 0.33% for USD (31 December 2018: 0.75%) is applied for the payments made after the due date. Average sales term for export sales is 68 days (31 December 2018: 66 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 whether any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date or not.

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 2019	31 December 2018
Beginning at the period - 1 January	(106,287)	(88,288)
Current year charge	(16,618)	(14,510)
Currency translation differences	(5,034)	(9,406)
Collections	34,232	44,576
Adjustments of changing in accounting policies	-	(38,659)
	<b>(93,707)</b>	<b>(106,287)</b>

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

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(4,283)	-
Currency translation differences	(343)	(462)
Current year charge	(42)	-
Collections	3,203	30
Effect of the change to the consolidation method (Note 3)	-	(3,851)
	<b>(1,465)</b>	<b>(4,283)</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 10. Trade Receivables and Payables (Continued)

#### Trade Receivables

The Group has received the following collaterals for trade receivables:

	31 December 2019	31 December 2018
Promissory notes and bills	1,237,680	448,695
Letters of guarantees	388,940	601,560
Direct debit system	214,319	223,473
Cash	72,573	35,144
Mortgages	39,246	43,184
	<b>1,952,758</b>	<b>1,352,056</b>

The aging analysis of trade receivable that are past due but for which no provisions are made is as follows. This is related to various independent customers with no recent history of default.

	31 December 2019	31 December 2018
1- 30 days overdue	252,148	249,987
1-3 months overdue	57,106	54,576
3-12 months overdue	42,534	67,144
1- 5 years overdue	53,295	30,374
<b>Total overdue receivables</b>	<b>405,083</b>	<b>402,081</b>
<b>The portion under guarantee with collaterals and similar guarantees</b>	<b>58,146</b>	<b>93,774</b>

#### Trade Payable

	31 December 2019	31 December 2018
<b>Short term trade payables</b>		
Trade payables	2,010,276	1,597,912
Due to related parties (Note 38)	84,154	72,155
Other trade payables	4,878	2,522
Rediscount on notes payable (-)	(6,292)	(15,397)
	<b>2,093,016</b>	<b>1,657,192</b>

### 11. Other Receivables and Payables

	31 December 2019	31 December 2018
<b>Short- term other receivables</b>		
Receivable from tax office	158,536	8,995
Other miscellaneous receivables	60,768	24,531
Deposits and guarantees given	47,938	5,941
Due from sales of financial asset (*)	7,100	7,099
Due from personnel	3,110	3,209
Allowance for other doubtful receivables (-)	(2,404)	(1,198)
Rediscount on other receivables (-)	-	(12)
	<b>275,048</b>	<b>48,565</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 11. Other Receivables and Payables (continued)

The movement of other doubtful receivables is as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(1,198)	(960)
Additions	(1,585)	(671)
Currency translation differences	(390)	(145)
Collections	769	578
	<b>(2,404)</b>	<b>(1,198)</b>

	31 December 2019	31 December 2018
<b>Other non-current receivables</b>		
Deposits and guarantees given	12,396	20,909
Other receivables	13	147
Due from sales of financial asset (*)	-	7,100
Rediscount on other notes receivables (-)	-	(1,358)
	<b>12,409</b>	<b>26,798</b>

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

	31 December 2019	31 December 2018
<b>Collection periods</b>		
1 – 12 Months	7,100	7,099
1 – 5 years	-	7,100
	<b>7,100</b>	<b>14,199</b>

	31 December 2019	31 December 2018
<b>Other current payable</b>		
Other payables	69,778	16,187
Deposits and guarantees received	42,814	34,649
Other payables due to related parties (Note 38) (*)	4,932	2,639
Rediscount on other notes payables (-)	(32)	(75)
	<b>117,492</b>	<b>53,400</b>

	31 December 2019	31 December 2018
<b>Other non-current liabilities</b>		
Deposits and guarantees received	29,759	495
Other payables	847	749
	<b>30,606</b>	<b>1,244</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 12. Derivative Instruments

The Group has signed cross currency swap agreements amounting to U.S.Dollars 575 million (approximately 82% of the bonds issued in the period amounting to U.S. Dollars 700 million which will be matured on 14 March 2026 with 6.95% semi-annual interest rate ) in order to protect from cash flow risks. The details are explained below. The cash flow statements dates and protected U.S.Dollars sections (6.95%) of these aforementioned agreements are same.

- The Group agreed with J.P. Morgan on 17 April 2019 in order to buy USD 100,000,000 and sell EUR 88,440,788.89 on 13 March 2016 and agreed on interest swap USD 6.95% with EUR 4.68 % interest starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with Citibank N.A. on 10 June 2019 in order to buy USD 40,000,000 and sell EUR 35,385,704.18 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.85 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with Citibank N.A. on 17 April 2019 in order to buy USD 75,000,000 and sell EUR 66,301,272.98 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.68% starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with Türkiye Ekonomi Bankası (TEB) on 17 April 2019 in order to buy USD 200,000,000 and sell EUR 176.991.150,44 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.68 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with HSBC on 29 April 2019 in order to buy USD 30,000,000 and sell EUR, 26,905,829.60 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.68 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with HSBC on 17 April 2019 in order to buy USD 30,000,000 and sell EUR 26,525,198.94 on 13 March 2016 and agreed on interest swap of USD 6.95% with EUR 4.73 % starting from 13 September 2019 at each six months till 13 March 2026.
- The Group agreed with HSBC on 29 April 2019 in order to buy USD 100,000,000 and sell TRY 575.510.000 on 13 March 2026 and agreed on interest swap of USD 6.95% with TRY 19.12 % starting from 13 September 2019 every six months untill 13 March 2026. On top of that, swap agreement includes an option that allows us to buy USD on spot price, if the USD/TRY exchange rate on interbank markets is lower than 5.91 on 12 March 2026 at 12.00 London time. Same option allows us to buy USD on 5.951, if USD/TRY exchange rate is higher than 5.951; and sell USD on 12.591 if the USD/TRY exchange rate is higher than 12.951.

The Group holds natural gas purchase and sale contracts. Several of these contracts include floating price formulas, which include gas prices and exchange rates as variables. In order to hedge against cash flow risks, which may arise due to changes in the natural gas prices, the Group has made 3 swap agreements with Citibank N.A. on 11, 15, and 19 November 2019 with a final maturity of 31 December 2019 in order to buy a total of 503,003 thousand sm3 in exchange for TRY 736,969 thousand

In the mirror and coated glass production lines in flat glass plants of the Group, silver containing products are used. In order to hedge against the cash flow risk, which may arise due to changes in silver prices, the Group has made a swap agreements with Citibank N.A. on 29 December 2019 with a final maturity of 29 December 2020 in order to buy a total of 482,265 troy ounce (approximately 17 tons) of silver in exchange for a fixed rate of USD 17.56 per ounce.

The Group measured that the hedge from financial risk is effective in prospective test. In prospective effectiveness test, in accordance with "Scenario Analysis" method at the initial date of swap agreement and at the date of report, quantitative assessment has been performed.

Since the efficiency test performed on aforementioned swap agreements has been resulted as effective, fair value change has been accounted in equity firstly. After accounting of fair value amount in equity, the portion of the Subsequently, the portion of this amount, which is accounted under equity, corresponding to the periods when the protected item affects the profit and loss is reclassified to profit and loss.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 12. Derivative Instruments (continued)

The Group has performed following transactions for cash flow hedging in 2018:

- The Group entered into a loan agreement with Rabobank on September 10, 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 USD 6.463 thousand (average unit price per thousand cm3 is USD 258.50) for 25 million cm3 natural gas purchase. The half amount of the contract has been realized as of December 31. 2018 and the other half has been realized on 29 March 2019.

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

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

The distribution of derivative instruments is as follows:

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Short-term swap contracts	25,764	23,587	-	280
Long-term swap and option contracts	64,150	89,804	-	-
	<b>89,914</b>	<b>113,391</b>	<b>-</b>	<b>280</b>

The transactions related to derivative instruments are as follows:

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(280)	(19,043)
Fair value changes recognized in equity	30,343	(99)
Foreign exchange gain/(loss) recognized to statement of profit or loss (*)	11,795	12,676
Cash inflows/outflows due to realized foreign exchange	7,090	9,372
Interest expense charged to statement of profit or loss	(72,425)	-
Currency translation differences	-	(3,186)
<b>Net asset/ (liability)</b>	<b>(23,477)</b>	<b>(280)</b>

(\*) In the period 1 January-31 December 2019 foreign exchange income/ (expense) recognized in profit or loss statement has been accounted in financial expenses. (1 January-31 December 2018: TRY 12,676 thousand foreign exchange income was recognized in the consolidated profit and loss statement of which TRY 14,824 foreign exchange income is accounted under financial income and TRY 2,148 thousand foreign exchange loss is accounted under other operating expenses).

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 13. Inventories

	31 December 2019	31 December 2018
Finished goods	2,105,420	1,534,089
Raw materials	1,135,419	941,211
Trade goods	331,517	324,250
Other inventories	159,812	131,285
Work in process	117,020	79,646
Supplies	60,215	54,896
Goods in transit	5,208	1,747
Provision for inventory impairment (-)	(83,172)	(60,936)
	<b>3,831,439</b>	<b>3,006,188</b>

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

	31 December 2019	31 December 2018
Beginning at the period - 1 January	(60,936)	(50,235)
Charge for the year	(28,021)	(23,991)
Currency translation differences	(3,876)	(3,330)
Released provision	9,661	17,431
Effect of change in consolidation method ( Note 3)	-	(811)
	<b>(83,172)</b>	<b>(60,936)</b>

### 14. Prepaid Expenses and Deferred Income

#### Prepaid Expenses

	31 December 2019	31 December 2018
<b>Prepaid expenses in current assets</b>		
Advances given for inventories	178,502	269,356
Prepaid expenses	55,191	36,034
	<b>233,693</b>	<b>305,390</b>

	31 December 2019	31 December 2018
<b>Prepaid expenses in non-current assets</b>		
Advances given for tangible and intangible assets	324,702	147,978
Prepaid Expenses	47,378	37,042
	<b>372,080</b>	<b>185,020</b>



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 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 2019	31 December 2018
Beginning at the period - 1 January	147,978	117,910
Advances given in the period	1,016,196	708,831
Currency translation differences	6,356	2,438
Released	(845,828)	(681,276)
Effect of change in consolidation scope (Note 28)	-	73
Effect of change in consolidation method (Note 3)	-	2
	<b>324,702</b>	<b>147,978</b>

#### Deferred Income

	31 December 2019	31 December 2018
<b>Short term deferred income</b>		
Advances received from customers	73,206	57,622
Deferred Income (*)	9,918	33,902
Other advances received	6,935	8,357
	<b>90,059</b>	<b>99,881</b>

	31 December 2019	31 December 2018
<b>Long term deferred income</b>		
Deferred Income for future years (*)	62,946	66,855

(\*) TRY 9,033 thousand of the short term deferred income and TRY 62,944 thousand of the 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 2018 : TRY 10,327 thousand of the short term deferred income and TRY 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)

### 15. Customer Contract Receivables and Liabilities

In accordance with TFRS-15 "Revenue from contracts with customers" standard, the Group recognized receivables for the contracts whereas the obligation fulfilled and liability for the contracts whereas the obligation to be fulfilled.

#### Customer Contract Receivables

The Group recognized receivables for the contracted manufacturer products and the expected collection periods for these receivables are as follows:

	Till 1 month	1-3 month	3-6 month	Total
Customer contract receivables	-	9,645	13,845	23,490

#### Customer Contract Liabilities

The Group recognized liability for the transactions to fulfill the obligation amounting to TRY 27,163 thousand and related liability is expected to be fulfil in one month period.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 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 2019	31 December 2018
Rudnik Krecejaka Vijenac D.O.O.	46,254	40,753
Pacific Soda LLC	23,332	-
	<b>69,586</b>	<b>40,753</b>

#### Associates

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	436,762	413,442
Saint Gobain Glass Egypt S,A,E,	204,230	172,700
	<b>640,992</b>	<b>586,142</b>
	<b>710,578</b>	<b>626,895</b>

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

#### Joint Ventures

	31 December 2019	31 December 2018
Rudnik Krecejaka Vijenac D.O.O.	1,232	1,346
Pacific Soda LLC	(16,005)	-
HNG Float Glass Limited (*)	-	3,951
	<b>(14,773)</b>	<b>5,297</b>

#### Associates

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	89,171	90,707
Saint Gobain Glass Egypt S.A.E.	21,953	36,750
	<b>111,124</b>	<b>127,457</b>
	<b>96,351</b>	<b>132,754</b>

(\*) Whereas the consolidated subsidiary Trakya Cam Sanayii A.Ş. had owning 50% shares of HNG Float Glass Limited and was consolidating it by using equity accounting method, the Group has acquired 49.80 % of its shares from third parties as of June 13, 2018. Accordingly, after having the control starting from June 13, 2018, the Group has started to consolidate fully. On November 28, 2018 the name of the subsidiary has been registered as Şişecam Flat Glass India Limited. Also, on December 26, 2018 the Group has acquired remaining 0.20% share and has owned 100% of the shares. Dividends received from associates are as follows:

	31 December 2019	31 December 2018
Solvay Şişecam Holding AG	107,670	118,550
Saint Gobain Glass Egypt S.A.E.	32,337	-
	<b>140,007</b>	<b>118,550</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 16. Joint Ventures and Associates (Continued)

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

	31 December 2019	31 December 2018
Beginning at the period - 1 January	626,895	712,108
Net income for the period from joint ventures and associates	96,351	132,754
Currency translation differences (net)	87,916	194,421
Share payment for capital	38,955	-
Revaluation increase of tangible assets	468	4,532
Dividend income from joint ventures	(140,007)	(118,550)
Transfer to associates after business combinations	-	(298,370)
	<b>710,578</b>	<b>626,895</b>

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

#### Rudnik Krecnjaka Vijenac D.O.O.

	31 December 2019	31 December 2018
Current assets	8,340	8,184
Non-current assets	88,678	80,310
<b>Total Assets</b>	<b>97,018</b>	<b>88,494</b>
Current liabilities	3,137	5,791
Non-Current liabilities	1,374	1,196
<b>Total liabilities</b>	<b>4,511</b>	<b>6,987</b>
<b>Net Assets (including goodwill)</b>	<b>92,507</b>	<b>81,507</b>
<b>Group's share (%)</b>		
- Direct and indirect ownership rate %	50,00	50,00
- Effective ownership rate (%)	50,00	50,00
<b>Group's share in net assets(including goodwill)</b>	<b>46,254</b>	<b>40,753</b>
	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
Revenue	32,255	28,757
<b>Profit / (loss) from continuing operations</b>	<b>2,464</b>	<b>2,691</b>
Other comprehensive income / (loss)	8,536	19,900
<b>Total comprehensive income/ (loss)</b>	<b>11,000</b>	<b>22,591</b>
<b>The Group's share in profit/(loss) from continuing operations</b>	<b>1,232</b>	<b>1,346</b>

Shares of joint venture in third party are owned by Fabrika Cementa Lukavac D.D. (FCL).  
The joint venture has been consolidated by the Group since December 10, 2010.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 16. Joint Ventures and Associates (Continued)

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

#### Pacific Soda LLC

	31 December 2018
Current assets	9,911
Non-current assets	333,295
<b>Total Assets</b>	<b>343,206</b>
Current liabilities	28,326
Non-current liabilities	268,215
<b>Total Liabilities</b>	<b>296,541</b>
<b>Net assets (including goodwill)</b>	<b>46,665</b>
<b>Group's share (%)</b>	
– Direct and indirect ownership rate (%)	50,00
– Effective ownership rate (%)	31,01
<b>Group's share in net assets(including goodwill)</b>	<b>23,332</b>
	<b>24 October- 31 December 2019</b>
Revenue	-
<b>Profit from continuing operations</b>	<b>(32,010)</b>
Other comprehensive income/ (loss)	763
<b>Total comprehensive income/ (loss)</b>	<b>(31,247)</b>
<b>The Group's share in profit/ (loss) from continuing operations</b>	<b>(16,005)</b>

Shares of the Joint Venture, which do not belong to the Group, belong to Cementa Lukavac D.D. (FCL)

The Joint Venture has been consolidated by the Group since October 24, 2019. Joint Venture is founded with a capital USD 13,500 thousand. The Group has satisfied its capital subscription (USD 6,750 thousand in total) on the following dates with the following amounts: October 1, 2019, USD 3,000 thousand; November 6, 2019, USD 3,750 thousand.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 16. Joint Ventures and Associates (Continued)

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

#### Solvay Şişecam Holding AG

	31 December 2019	31 December 2018
Current assets	598,130	600,412
Non-current assets	1,534,645	1,419,587
<b>Total Assets</b>	<b>2,132,775</b>	<b>2,019,999</b>
Current liabilities	263,535	262,561
Non-current liabilities	77,478	66,253
<b>Total Liabilities</b>	<b>341,013</b>	<b>328,814</b>
Non-controlling interest	44,716	37,419
<b>Net assets</b>	<b>1,747,046</b>	<b>1,653,766</b>
<b>Group's share (%)</b>		
– Direct and indirect ownership rate (%)	25.00	25,00
– Effective ownership rate (%)	15.51	15,22
<b>Group's share in net assets</b>	<b>436,762</b>	<b>413,442</b>
	<b>1 January- 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Revenue	1,409,740	1.302.939
<b>Profit from continuing operations</b>	<b>356,683</b>	<b>362.831</b>
Other comprehensive income/ (loss)	167,276	451.347
<b>Total comprehensive income/ (loss)</b>	<b>523,959</b>	<b>814.178</b>
<b>The Group's share in profit/ (loss) from continuing operations</b>	<b>89,171</b>	<b>90.707</b>
<b>Dividend distributed from retained earnings</b>	<b>430,679</b>	<b>338.472</b>
<b>Group share from dividend distributed (*)</b>	<b>107,670</b>	<b>118.550</b>

Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97.94% direct and indirect ownership of Solvay Sodi A.D. which was founded based on Bulgarian Republic laws and located in Devnya, Bulgaria.

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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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 2019	31 December 2018
Current Assets	381,827	365,805
Non-current assets	562,704	411,109
<b>Total Assets</b>	<b>944,531</b>	<b>776,914</b>
Current liabilities	234,325	193,041
Non-current liabilities	29,438	8,205
<b>Total Liabilities</b>	<b>263,763</b>	<b>201,246</b>
<b>Net asset (including goodwill)</b>	<b>680,768</b>	<b>575,668</b>
<b>Group's share (%)</b>		
- Direct and indirect ownership ratio (%)	30.00	30.00
- Effective ownership ratio (%)	21.10	20.84
<b>Group's share in net assets (including goodwill)</b>	<b>204,230</b>	<b>172,700</b>
	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	376,212	217,486
<b>Profit from continuing operations</b>	<b>73,178</b>	<b>122,499</b>
Other comprehensive income/ (loss)	139,405	132,150
<b>Total comprehensive income/ (loss)</b>	<b>212,583</b>	<b>254,649</b>
<b>The Group's share in profit/ (loss) from continuing operations</b>	<b>21,953</b>	<b>36,750</b>
<b>Dividend distributed from retained earnings</b>	<b>107,483</b>	-
<b>Group share from dividend distributed</b>	<b>32,337</b>	-

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 17. Investment Properties

	Net Book Value	Revaluation Fund	Revaluation Profit/ (Loss) Effect	Fair Value
1 January	32,954	490,822	206,192	729,968
Gains on revaluation	-	-	48,924	48,924
Losses on revaluation	-	(6,859)	-	(6,859)
Additions (*)	389	-	-	389
<b>31 December 2019 closing balance</b>	<b>33,343</b>	<b>483,963</b>	<b>255,116</b>	<b>772,422</b>

(\*) Represents the payments made with regards to the changes in Construction Law enacted by Ministry of Environment and Urban Planning.

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

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

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

By using valid and current construction plan and permits for the parcels in which real estates are locating, cost approach, direct capitalization, cash flow and market approach have been used for the fair value measurement. In determination of the values, the shortage of number of land parcels in the region where the real estates subject to appraisal are located, transportation matters, environmental structures and the ongoing construction plan processes have been taken into consideration:

All investment properties are located in Turkey.

Rent income generated from investment properties is amounting to TRY 962 thousand, recognized maintenance and repair expense is amounting to TRY 736 thousand.(January 1, December 31, 2018; Rent income generated from investment properties was TRY 861 thousand, recognized maintenance and repair expense was to TRY 210 thousand.)

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 18. Property, Plant and Equipment

Cost	Land	Land improvements	Buildings	Machinery and equipments	Vehicles	Fixtures	Other fixed assets	Construction in progress	Total
1 January	1,698,161	592,006	3,437,319	12,846,231	118,172	491,131	1,155,393	1,300,390	21,638,803
Reclassifications	3	500	377	1,936	(942)	(1,234)	(618)	(22)	-
Currency translation differences	37,865	56,780	413,945	970,845	11,544	20,622	93,993	60,419	1,666,013
Additions (*)	53,583	4,104	267,035	146,312	4,193	9,800	72,204	2,293,651	2,850,882
Disposals	(4,111)	-	(7,145)	(143,334)	(4,661)	(5,197)	(161,403)	-	(325,851)
Transfers from construction in progress	3,070	59,298	223,698	1,769,316	19,510	50,313	171,851	(2,324,283)	(27,227)
Transfer to non-current assets held for sales	-	-	(28,572)	-	-	-	-	-	(28,572)
<b>December 31, 2019 closing balance</b>	<b>1,788,571</b>	<b>712,688</b>	<b>4,306,657</b>	<b>15,591,306</b>	<b>147,816</b>	<b>565,435</b>	<b>1,331,420</b>	<b>1,330,155</b>	<b>25,774,048</b>
<b>Accumulated depreciation and impairment</b>									
1 January	-	(339,560)	(47,479)	(7,895,065)	(84,455)	(330,736)	(764,186)	-	(9,461,481)
Reclassifications	-	-	-	(910)	188	474	248	-	-
Currency translation differences	-	(30,414)	(13,616)	(535,702)	(8,561)	(14,825)	(58,487)	-	(661,605)
Period expense (**)	-	(35,438)	(142,453)	(852,721)	(11,668)	(41,640)	(160,674)	-	(1,244,594)
Disposals	-	-	169	134,928	3,845	4,758	132,615	-	276,315
Transfer to non-current assets held for sales	-	-	1,984	-	-	-	-	-	1,984
<b>December 31, 2019 closing balance</b>	<b>-</b>	<b>(405,412)</b>	<b>(201,395)</b>	<b>(9,149,470)</b>	<b>(100,651)</b>	<b>(381,969)</b>	<b>(850,484)</b>	<b>-</b>	<b>(11,089,381)</b>
<b>Net Book Value as of December 31, 2019</b>	<b>1,788,571</b>	<b>307,276</b>	<b>4,105,262</b>	<b>6,441,836</b>	<b>47,165</b>	<b>183,466</b>	<b>480,936</b>	<b>1,330,155</b>	<b>14,684,667</b>
<b>Net Book Value as of December 31, 2018</b>	<b>1,698,161</b>	<b>252,446</b>	<b>3,389,840</b>	<b>4,951,166</b>	<b>33,717</b>	<b>160,395</b>	<b>391,207</b>	<b>1,300,390</b>	<b>12,177,322</b>

(\*) TRY 5,093 thousand financial expense capitalized in current year addition. (Note 8)

(\*\*) The allocation of period depreciation expense is given in Note 29 and Note 31.

The net book value of buildings, machinery and equipment acquired through financial leasing equals to 0 (Zero). (EUR 1,090 thousand – Equivalent TRY 6,573 thousand as of December 31, 2018). No financial leasing has been made in the period.

The Group has no mortgage over lands and buildings due to bank borrowings exist (January 1– December 31, 2018: None).



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 18. Property, Plant and Equipment (Continued)

Cost	Land	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	2,314	45,347	479,203	1,281,258	20,353	32,491	76,978	54,558	1,992,502
Effect of change in consolidation method (Note 3)	111,637	-	105,324	147,009	1,953	1,573	1,750	-	369,246
Effect of business combinations (Note 3)	2,907	-	28,943	37,847	469	63	-	-	70,229
Effect of change in consolidation scope (Note 28)	-	-	-	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 investments in progress	-	35,853	93,389	727,414	9,692	41,872	119,608	(1,061,421)	(33,593)
Transfers to investment property	(119,177)	-	(736)	-	-	-	-	-	(119,913)
Transfers to mining assets	(91,855)	-	-	-	-	-	-	-	(91,855)
<b>December 31, 2018 closing balance</b>	<b>1,698,161</b>	<b>592,006</b>	<b>3,437,319</b>	<b>12,846,231</b>	<b>118,172</b>	<b>491,131</b>	<b>1,155,393</b>	<b>1,300,390</b>	<b>21,638,803</b>
<b>Accumulated depreciation and impairment</b>									
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	(4,694)	(19,266)	(45,199)	(631,274)	(14,139)	(22,039)	(47,859)	-	(784,470)
Effect of change in consolidation scope (Note 28)	-	-	-	(80)	(2)	(432)	(459)	-	(973)
Period Expenses (****)	-	(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
<b>December 31, 2018 closing balance</b>	<b>-</b>	<b>(339,560)</b>	<b>(47,479)</b>	<b>(7,895,065)</b>	<b>(84,455)</b>	<b>(330,736)</b>	<b>(764,186)</b>	<b>-</b>	<b>(9,461,481)</b>
<b>Net Book Value as of December 31, 2018</b>	<b>1,698,161</b>	<b>252,446</b>	<b>3,389,840</b>	<b>4,951,166</b>	<b>33,717</b>	<b>160,395</b>	<b>391,207</b>	<b>1,300,390</b>	<b>12,177,322</b>
<b>Net Book Value as of December 31, 2017</b>	<b>1,536,899</b>	<b>219,002</b>	<b>2,555,896</b>	<b>4,051,059</b>	<b>23,590</b>	<b>135,632</b>	<b>315,013</b>	<b>362,451</b>	<b>9,199,542</b>

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

(\*\*) TRY 21,366 thousand financial expense capitalized in current year addition. (Note 8)

(\*\*\*) As of December 31, 2018, in accordance with the results from the expertise dated September 30, 2018, land and buildings are accounted in accordance with revaluation model. In line with the revaluation model, useful lives of the buildings are reviewed. Because of the revaluation, a depreciation expense amounting to TRY 32,077 thousand is calculated for the last 3 months.

(\*\*\*\*) Distribution of the depreciation expense for the period is provided in Notes 29 and 31.

Buildings and plant, machinery and equipment that are acquired through leasing have a net book value of TRY 6,573 thousand equivalent of EUR1,090 thousand.(TRY 5,624 thousand equivalent of EUR 1,245 thousand as of December 31, 2017). No leasing agreement has been made during the period.

The Group has no mortgage over lands and buildings due to bank borrowings (January 1 – December 31, 2017: None).

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

### 19. Right-of-Use Assets

Cost	Land	Building	Machinery and equipments	Vehicles	Fixtures	Total
1 January	-	-	-	-	-	-
Effect of change in accounting policies (Note 2,3)	189	270,994	77,805	25,797	1,218	376,003
Currency translation differences	52	5,988	2,894	307	90	9,331
Revaluation effect	-	2,940	-	608	-	3,548
Additions	45	54,583	9,127	5,113	-	68,868
Disposals (*)	(33)	(113,436)	-	(109)	-	(113,578)
<b>December 31, 2019 closing balance</b>	<b>253</b>	<b>221,069</b>	<b>89,826</b>	<b>31,716</b>	<b>1,308</b>	<b>344,172</b>
<b>Accumulated Amortization</b>						
1 January	-	-	-	-	-	-
Effect of change in accounting policies (Note 2,3)	(156)	(58,331)	(30,841)	(12,094)	(821)	(102,243)
Currency translation differences	(42)	(1,323)	(1,942)	(156)	(76)	(3,539)
Period expense (**)	(36)	(45,994)	(19,408)	(9,449)	(371)	(75,258)
Disposals (*)	30	24,897	-	97	-	25,024
<b>December 31, 2019 closing balance</b>	<b>(204)</b>	<b>(80,751)</b>	<b>(52,191)</b>	<b>(21,602)</b>	<b>(1,268)</b>	<b>(156,016)</b>
<b>Net Book Value as of December 31, 2019</b>	<b>49</b>	<b>140,318</b>	<b>37,635</b>	<b>10,114</b>	<b>40</b>	<b>188,156</b>
<b>Net Book Value as of December 31, 2018</b>	<b>33</b>	<b>212,663</b>	<b>46,964</b>	<b>13,703</b>	<b>397</b>	<b>273,760</b>

(\*)The account “Disposals” is created for the following reasons: Office building of Şişecam’s headquarters that was accounted for operating leases, which is located at İçmeler Mahallesi D-100 Karayolu Cad. No: 44, Tuzla, İstanbul, Turkey is acquired with cash; one of the stores of Paşabağçe has changed the rental contract to be based on revenue, Leasing agreements of the vehicles, which were involved in accidents and therefore cannot be used anymore, were terminated earlier than expected.

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

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 20. Intangible Assets

Cost	Rights	Capitalized		Other	Total
		Mine Assets	Development Cost		
1 January	248,850	151,630	122,627	88,148	611,255
Currency translation differences	11,722	-	-	9,288	21,010
Transfers from construction in progress	-	-	27,227	-	27,227
Additions	20,855	-	21,206	1,721	43,782
Disposals	(298)	(16)	-	(184)	(498)
<b>December 31, 2019 closing balance</b>	<b>281,129</b>	<b>151,614</b>	<b>171,060</b>	<b>98,973</b>	<b>702,776</b>
<b>Accumulated amortization</b>					
1 January	(189,729)	(12,679)	(72,318)	(30,513)	(305,239)
Currency translation differences	(10,908)	-	-	(3,152)	(14,060)
Period expenses (*)	(16,502)	(4,344)	(25,371)	(8,515)	(54,732)
Disposals	98	10	-	65	173
<b>December 31, 2019 closing balance</b>	<b>(217,041)</b>	<b>(17,013)</b>	<b>(97,689)</b>	<b>(42,115)</b>	<b>(373,858)</b>
<b>Net Book Value as of December 31, 2019</b>	<b>64,088</b>	<b>134,601</b>	<b>73,371</b>	<b>56,858</b>	<b>328,918</b>
<b>Net Book Value as of December 31, 2019</b>	<b>59,121</b>	<b>138,951</b>	<b>50,309</b>	<b>57,635</b>	<b>306,016</b>

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	26,796	-	-	5,962	32,758
Effect of change in consolidation method (Note 3)	-	-	-	61,929	61,929
Effect of change in consolidation scope (Note 28)	31	-	-	-	31
Transfer from tangible asset	-	91,855	-	-	91,855
Transfer from construction in progress	-	-	33,593	-	33,593
Additions	25,552	30,191	-	915	56,658
Disposals	(55)	-	-	(240)	(295)
<b>December 31, 2018 closing balance</b>	<b>248,850</b>	<b>151,630</b>	<b>122,627</b>	<b>88,148</b>	<b>611,255</b>
<b>Accumulated amortization</b>					
1 January	(148,995)	(8,953)	(53,351)	(18,553)	(229,852)
Classifications (**)	-	(215)	-	215	-
Currency translation differences	(24,996)	-	-	(4,758)	(29,754)
Effect of change in consolidation method (Note 3)	-	-	-	(4,197)	(4,197)
Effect of change in consolidation scope (Note 28)	(8)	-	-	-	(8)
Period expenses (**)	(15,785)	(3,511)	(18,967)	(3,222)	(41,485)
Disposals	55	-	-	2	57
<b>December 31, 2019 closing balance</b>	<b>(189,729)</b>	<b>(12,679)</b>	<b>(72,318)</b>	<b>(30,513)</b>	<b>(305,239)</b>
<b>Net Book Value as of December 31, 2019</b>	<b>59,121</b>	<b>138,951</b>	<b>50,309</b>	<b>57,635</b>	<b>306,016</b>
<b>Net Book Value as of December 31, 2019</b>	<b>47,531</b>	<b>4,182</b>	<b>35,683</b>	<b>17,478</b>	<b>104,874</b>

(\*) Allocation of amortisation expense is disclosed in Note 29 and Note 31

(\*) 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)..

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 21. Goodwill

The movement of goodwill balance is as follows:

	31 December 2019	31 December 2018
1 January- Restated	274.084	56.386
Currency Translation Differences	27.385	36.481
Current year addition	-	181.217
	<b>301.469</b>	<b>274.084</b>

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

	31 December 2019	31 December 2018
Şişecam Flat Glass India Private Limited	224.508	203,065
Glasscorp S.A.	35.641	33,152
Cromital S.p.A	15.669	14,202
Oxyvit Kimya Sanayii ve Tic, A.Ş.	10.862	10,862
Richard Fritz Holding GmbH	9.677	8,771
OOO Ruscam Glass Packaging Holding	5.112	4,032
	<b>301.469</b>	<b>274,084</b>

### Goodwill Impairment Test

The Group applies the goodwill impairment test every year. Recoverable amounts of cash flow producing assets are decided based on the valuations on use. Use value is calculated by discounting the cash flow, which is expected to be created by continuous use of the asset.

Therefore, Group used the following assumptions in order to calculate the use value of Sisecam Flat Glass India Private Limited, which is a subsidiary of the group, as of 31 December 2019:

- Goodwill impairment test is applied through the use of 5 year projection between 1 January 2020 and 31 December 2025.
- In order to forecast the cash flows (infinite), which will be generated in the future, growth rate of 2% is used, which does not exceed the average forecasted growth rate of Turkey.
- In order to calculate the recoverable amount weighted average cost of capital of 10% is used as after tax discount rate.
- Sensitivity to the changes in assumptions of goodwill impairment test is evaluated.
- In order to calculate the net present value of future cash flow, long-term growth rate forecast and rediscount forecast are taken into consideration.

In the real assumption, if the long-term growth rate taken as 2% is accepted as 1%, the recoverable value remains 1% above of the book value of the cash-generating unit, and no impairment is required. In the real assumption, if the discount rate taken as 10% is accepted as 13%, the recoverable value remains 1% above of the book value of the cash producing unit with goodwill and brand value, and no impairment is required

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 22. Government Grants

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

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

### 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.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 22. Government Grants (Continued)

#### 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; until 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 2019, the amount of non-repayable incentive is RON 27,016 thousand Glasscorp S.A continues to negotiate with the relevant institutions to extend the reimbursement period for the relevant incentive.

### 23. Provisions, Contingent Assets and Liabilities

The total amount of the continuing law suits against the Group as of December 31, 2019 is approximately TRY 75,097 thousand (31 December 2018: TRY 95,147 thousand). The Group has been defendant and plaintiff of various cases within the ordinary operations during the period. As of December 31, 2019, according to the opinions of independent legal and tax advisors, apart from the cases for which provision amounting to TRY 50,263 thousand (31 December 2018:TRY 53,639 thousand) have been allocated, The Group considers the possibility of incurring loss from the cases as low.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 23. Provisions. Contingent Assets and Liabilities (Continued)

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

The CPMs given by the Company	TRY Equivalents	31 December 2019			TRY equivalent of TRY and other Currencies
		USD	Euro	RUB	
A. CPM's given in the behalf of own company	2,729	-	-	-	2,729
B. CPM's given on behalf of the fully consolidated subsidiaries	2,366,175	21,579	135,546	12,525,744	140,070
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	4,751,780	799,936			
i. Total amount of CPM's given on behalf of the parent (*)	4,751,780	799,936	-	-	-
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	-	-	-	-	-
<b>Total</b>	<b>7,120,684</b>	<b>821,515</b>	<b>135,546</b>	<b>12,525,744</b>	<b>142,799</b>

Percentage of other CPM's given by the Company to the Company's equity is 24.84 % as of December 31, 2019.

(\*) On May 9, 2013, March 14, 2019 and March 28,2019, The Group issued bonds with 7 year maturity and nominal amount of USD 999,920,000. A total of USD 799,936,000 has been transferred to the subsidiaries. USD 383,293,333 has been transferred to Trakya Cam Sanayi A.Ş, USD 199,984,000 to Anadolu Cam Sanayii A.Ş, USD 140,000,000 to Paşabahçe Cam Sanayii A.Ş and USD 76,658,667 to Soda Sanayii A.Ş. Each subsidiary has guaranteed that principal, interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries have guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 23. Provisions. Contingent Assets and Liabilities (Continued)

The CPMs given by the Company	31 December 2018				TRY equivalent of TRY and other Currencies
	TRY Equivalents	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	-	-	-	-	-
<b>Total</b>	<b>5,375,221</b>	<b>434,539</b>	<b>257,079</b>	<b>15,092,524</b>	<b>402,412</b>

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 a 7 year maturity and nominal amount of USD 500,000 thousand A total of USD 400,000 thousand was transferred to subsidiaries. USD 250,000 thousand has been transferred to Trakya Cam Sanayi A.Ş, USD 100,000 thousand to Anadolu Cam Sanayii A.Ş, and USD 50,000 thousand to Soda Sanayii A.Ş. Each subsidiary has guaranteed that principal, interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries have 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, the Group has call option for Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") while the agreement granted a put option to EBRD. Since Paşabahçe did not go public until 24 October 2019, the put/call options have expired (Note 9).



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 23. Provisions. Contingent Assets and Liabilities (Continued)

#### Short term provisions

	31 December 2019	31 December 2018
Provisions of cost	72,210	90,755
Litigation provisions	50,263	53,639
Provisions for employee benefits (Note 24)	18,463	5,760
Turnover premium provision	7,936	15,694
Other short term provisions	6,958	8,250
	<b>155,830</b>	<b>174,098</b>

### 24. 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. (BOTAS), Eskişehir Organize Sanayii Bölge Müdürlüğü, Palgaz Doğalgaz A.Ş., Eneya Denizli Gaz Dağıtım A.Ş., Akfel Petrol, and Doğalgaz Mühendislik A.Ş., the Group has a purchase commitment of 1,570.,528sm3 of natural gas between 1 January 2020 and 31 December 2020 (1 January- 31 December 2019: 1,279,444,517 sm3).

### 25. Employee Benefits

#### Short term liabilities for employee benefits

	31 December 2018	31 December 2018
Due to personnel	76,090	55,947

	31 December 2019	31 December 2018
Unused vacation provision	18,463	15,694

#### Long term provisions for employment benefits

##### Provision for employee termination benefits

	31 December 2019	31 December 2018
Domestic	426,885	379,580
Foreign	24,300	21,166
	<b>451,185</b>	<b>400,746</b>

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.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 25. Employee Benefits (Continued)

#### Long term provisions for employment benefits (Continued)

#### Provision for employee termination benefits (Continued)

The amount payable consists of one month's salary limited to a maximum of TRY 6,379.86 for each year of service as of 31 December 2019 (31 December 2018: TRY 5,434.42). TRY 6,730.15 which is effective from 1 January 2020, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2018: TRY 6,017.60 which is effective from 1 January 2019).

Liability of employment termination benefits is not subject to any funding as there is no 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 2019 and 31 December 2018 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 2018: 9.30%) and a discount rate of 15.20% (31 December 2018: 15.20%). the real discount rate is approximately 5.40% (31 December 2018: 5.40%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 31 December 2019, estimated probability of not leaving work until retirement is 98.45% (31 December 2018: 97.98%).

The movement of the employment termination benefits is as follows:

	31 December 2019	31 December 2018
1 January	400,746	345,811
Interest costs	57,940	38,518
Service costs	51,292	77,217
Currency translation differences	2,228	3,496
Actuarial loss/ (gain)	(17,998)	(20,379)
Payments made during the period	(43,023)	(45,607)
Effect of change in consolidation method (Note 3)	-	1,690
	<b>451,185</b>	<b>400,746</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 26. Impairment of Assets

	31 December 2019	31 December 2018
<b>Impairment of assets</b>		
Provision for short term doubtful receivables (Note 10)	93,707	106,287
Provision for inventory impairment (Note 13)	83,172	60,936
Provision for impairment of long term financial investments (Note 7)	50,094	64,320
Impairment for cash and cash equivalents (Note 6)	10,279	3,035
Impairment on investment properties (Note 17)	6,859	427
Provision for impairment of short term financial investments (Note 7))	3,123	3,917
Provision for other doubtful receivables (Note 11)	2,404	1,198
Provision for long term doubtful trade receivables (Note 10)	1,465	4,283
Revaluation impairment of property, plant and equipment (net) (Note 33)	-	43,941
Impairment on tangible assets (Note 18)	-	176
	<b>251,103</b>	<b>288,520</b>

### 27. Other Assets and Liabilities

	31 December 2019	31 December 2018
<b>Other current assets</b>		
VAT transferred	223,800	179,636
Deductible VAT derived from exports	131,565	103,021
Income accruals	7,707	2,783
Work advances	1,540	3,633
Other	25,545	10,434
	<b>390,157</b>	<b>299,507</b>

	31 December 2019	31 December 2018
<b>Other non-current assets</b>		
Business development fee (*)	439,598	-
Long term inventory	2,887	3,745
Other non-current assets	1,139	858
	<b>443,624</b>	<b>4,603</b>

(\*) The Group and Imperial Natural Resources Trona Mining Inc., a Ciner Group company, have signed an agreement to establish a product joint venture based on equal share percentage to undertake an investment in Green River region of Wyoming, USA to produce 2.5 million tons of natural soda and 200 thousand tons of sodium bicarbonate, a total of 2,7 million tons of annual production capacity by solution-based mining process. Aforementioned amount consists of business development fee paid by the Group.

	31 December 2019	31 December 2018
<b>Other current liabilities</b>		
Taxes and funds payables	79,880	77,023
Expense accruals	69,147	52,387
Social security withholdings payable	50,570	40,500
VAT and other payables	13,028	42,299
Other	58,049	6,641
	<b>270,674</b>	<b>218,850</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. 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 Kurus) each.

	31 December 2019	31 December 2018
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 2019		31 December 2018	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye İş Bankası A.Ş.	1,519,576	67.54	11,510,035	67.11
Efes Holding A.Ş.	185,094	8.23	185,073	8.23
Anadolu Hayat Emeklilik A.Ş.	1,081	0.05	1,081	0.05
Other (*)	544,249	24.18	553,811	24.61
<b>Nominal capital</b>	<b>2,250,000</b>	<b>100.00</b>	<b>2,250,000</b>	<b>100.00</b>
Adjustment to share capital	181,426		181,426	
<b>Total share capital</b>	<b>2,431,426</b>		<b>2,431,426</b>	

(\*) Other consists of publicly held part of the Company.

#### b) Share Premium (Discounts)

It consists of the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 527 thousand as of 31 December 2019 (31 December 2018: TRY 527 thousand).

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

	31 December 2019	31 December 2018
Increases / (decreases) in revaluation fund	2,092,836	2,018,108
- Revaluation funds of land and buildings	1,685,748	1,606,558
- Revaluation funds of investment properties	407,088	411,550
Revaluation gain / (loss) funds of defined benefit plans	(1,156)	(13,599)
	<b>2,091,680</b>	<b>2,004,509</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. 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

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

	31 December 2019	31 December 2018
Beginning	1,606,558	1,258,349
Valuation in the period	-	385,616
- Fund effect	-	591,565
- Tax effect	-	(97,928)
- Effect of change in non-controlling interests	-	(108,021)
Currency translation differences	96,027	69,362
- Fund effect	155,094	109,983
- Tax effect	(26,232)	(15,182)
- Effect of change in non-controlling interests	(32,835)	(25,439)
Transfers to investment properties	-	(84,062)
- Fund effect	-	(110,739)
- Tax effect	-	11,153
- Effect of change in non-controlling interests	-	15,524
Transfers to assets held for sale	(18,352)	-
- Fund effect	(32,609)	-
- Tax effect	6,522	-
- Effect of change in non-controlling interests	7,735	-
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	(4,401)	(25,590)
- Fund effect	(7,820)	(30,499)
- Tax effect	1,564	2,857
- Effect of change in non-controlling interests	1,855	2,052
Impact of change in shares of associates resulted without control loss	5,626	33,661
Effect of change in consolidation method	-	(991)
- Fund effect	-	(2,194)
- Tax effect	-	796
- Effect of change in non-controlling interests	-	407
Impact of investments accounted for under equity method	290	2,759
- Fund effect	468	4,532
- Effect of change in non-controlling interests	(178)	(1,773)
	<b>1,685,748</b>	<b>1,606,558</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. 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

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

	31 December 2019	31 December 2018
1 January	411,550	327,577
Valuation in the period	(5,034)	(89)
- Fund effect	(6,859)	(135)
- Tax effect	765	14
- Effect of change in non-controlling interests	1,060	32
Transfers from property, plant and equipment	-	84,062
- Fund effect	-	110,739
- Tax effect	-	(11,153)
- Effect of change in non-controlling interests	-	(15,524)
Impact of change in shares of associate resulted without control loss	572	-
	<b>407,088</b>	<b>411,550</b>

##### Revaluation 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 "Revaluation 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 2019	31 December 2018
1 January	(13,599)	(24,885)
Valuation in the period	12,505	13,687
- Fund effect	17,998	20,379
- Tax effect	(3,604)	(4,087)
- Effect of change in non-controlling interests	(1,889)	(2,605)
Currency translation differences	23	58
- Impact of change in shares of associate resulted without control loss	(85)	(2,459)
	<b>(1,156)</b>	<b>(13,599)</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. Capital, Reserves and Other Equity Items (Continued)

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

	31 December 2019	31 December 2018
Currency translation differences	2,279,280	1,579,362
Hedging reserve	4,661	(219)
Revaluation and reclassification gains (losses)	1,675	2,086
	<b>2,285,616</b>	<b>1,581,229</b>

#### Currency translation differences

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

The movement of currency translation differences is as follows:

	31 December 2019	31 December 2018
1 January	1,579,362	877,527
Reclassifications	(21,158)	-
1 January- Restated	1,558,204	877,527
Recognized in the equity	721,076	701,835
- Accounted for under other comprehensive income	704,064	707,210
- Impact of change in non-controlling interests	17,012	(5,375)
	<b>2,279,280</b>	<b>1,579,362</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. Capital, Reserves and Other Equity Items (Continued)

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

##### 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 2019	31 December 2018
1 January	(219)	(112)
Effective portion of the derivative instrument recognized in the equity	30,343	(99)
Deferred tax effect	(6,674)	26
Change in non-controlling interest shares	(18,789)	(34)
	<b>4,661</b>	<b>(219)</b>

##### 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 2019	31 December 2018
1 January	2,086	411
Change in fair values	(435)	1,716
Deferred tax effect	24	(41)
	<b>1,675</b>	<b>2,086</b>



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. Capital, Reserves and Other Equity Items (Continued)

#### e) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends except for 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.

Publicly traded entities 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 2019	31 December 2018
<b>Restricted reserves attributable to equity holders of the Parent</b>		
Legal reserves	187,644	158,437

#### f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 5,721,078 thousand (31 December 2018: TRY 4,231,128 thousand) is TRY 678,854 thousand (31 December 2018: TRY 523,938 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 as long as sufficient reserves exist in the unconsolidated statutory books.

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. Capital, Reserves and Other Equity Items (Continued)

#### Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed 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 2019	31 December 2018
Net profit for the year	729,474	588,915
Special fund within the scope of Corporate Tax Law no: 5/1-e (*)	(29,424)	(84)
Legal reserves	(36,474)	(29,446)
<b>Distributable profit for the period</b>	<b>663,576</b>	<b>559,385</b>
Extraordinary reserves	678,854	523,938
	<b>1,342,430</b>	<b>1,083,323</b>

The details of special funds within the scope of Corporate Tax Law 5/1-e article are as follows:

	31 December 2019	31 December 2018
Profit from sales of shares	153,525	124,101
Profit from sale of properties	6,389	6,389
	<b>159,914</b>	<b>130,490</b>

(\*) 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.

At the Ordinary General Assembly Meeting of the Company held on 8 March 2019, it is decided that the gross dividend of TRY 400,000 thousand corresponding to 17.77778% of the issued capital will distributed in cash, and it will be paid net to shareholders subject to withholding tax after deducting withholding tax on dividends and the cash dividend payment will be realized on 31 May 2019.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. Capital, Reserves and Other Equity Items (Continued)

#### g) Non-controlling interest

Shares of third parties including the issued and paid-in capital of the consolidated subsidiaries are separately presented 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.

#### In the period of 1 January-31 December 2019, non-controlling interests have capital contributions:

- The pre-emptive right of the TRY 9 Million capital increase of our subsidiary Denizli Cam Sanayii ve Tic. A.Ş., which was issued in order to increase the issued capital of TRY 6 Million within the registered capital ceiling of TRY 25 Million, has been realized between 16 September 2019 and 4 October 2019. On September 26, 2019, the Group exercised its pre-emptive right amounting to TRY 4.590 Thousand which corresponds to 51%. In this process, for non-controlling interests pre-emptive right amounting to TRY 4.396 Thousand has been exercised and the Company has collected TRY 8.461 Thousand. The sale of the nominal shares of TRY 14 thousand, whereas the pre-emptive right has not been exercised, has been realized on October 2, 2019 in the primary market. As a result of this sales transaction to savings owners, a share Premium of TRY 70 thousand was generated.

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

- Paşabahçe Cam Sanayii ve Tic. AŞ., the 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 Pasabahçe increased to 84.62% from 84.01% since the Group was the only shareholder that contributed to the capital increase.

#### The transactions with non-controlling shareholders during the period of 1 January – 31 December 2019 within the scope of restructuring of the Group companies :

- On June 28, 2019, The Company sold the shares equivalent to a nominal value of Euro 967 thousand of Şişecam Chem Investment B.V. to one of the affiliated companies, namely Soda Sanayii AŞ, in exchange for Euro 1.005 thousand.
- On June 28, 2019, The Company sold the shares equivalent to a nominal value of Euro 6 thousand of Cromital S.p.A to one of the affiliated companies, namely Şişecam Chem Investment B.V., in exchange for Euro 35 thousand
- On 22 July 2019, Trakya Yenişehir Cam Sanayii A.Ş shares equivalent to a nominal value of TRY 30 million, and Trakya Polatlı Cam Sanayii A.Ş. shares equivalent to a nominal value of TRY 18 million has been sold in cash to Trakya Cam Sanayii AŞ, which is a subsidiary of our Company, in exchange for TRY 83.100 thousand. With this transaction, Trakya Cam Sanayii A.Ş. has become 100% shareholder in these subsidiaries. On 10 September 2019 mergers were announced in the Turkish Trade Registry Gazette and on 16 September 2019 and the legal entities of the acquired companies were eliminated
- Between 17 September 2019- 14 October 2019, the Group has bought shares of Trakya Cam Sanayii A.Ş. from Borsa İstanbul A.Ş., equivalent to a nominal value of TRY 11,231 thousand in exchange for TRY 31,414 thousand within the range of TRY 2.67- 2.85 per share. As a result, the Group has increased its share to 70.35% from 69.45%.
- On 17 September 2019 the Group has bought shares of Anadolu Cam Sanayii A.Ş, from Borsa İstanbul A.Ş., equivalent to a nominal value of TRY 1,309 thousand in exchange for TRY 3,701 thousand within the range of TRY 2.82- 2.85 per share. As a result, the Group has increased its share to 77.27% from 77.10%.
- Between 17 September 2019- 17 October 2019, the Group has bought shares of Soda Sanayii A.Ş from Borsa İstanbul A.Ş., equivalent to a nominal value of TRY 13,500 thousand in exchange for TRY 77,460 thousand within the range of TRY 5.66%- 5.81% per share. As a result, the Group has increased its share to 62.02% from 60.67%.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 28. Capital, Reserves and Other Equity Items (Continued)

#### g) Non-controlling interest (Continued)

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

- 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, the Group has call option for Paşabahçe Cam Sanayii ve Tic. A.Ş. (“Paşabahçe”) while the agreement granted a put option to EBRD. Since Paşabahçe did not go public until 24 October 2019, the option is closed between 12 November 2019- 14 November 2019 in exchange for Euro 152,560 thousand (= TRY 968,447 thousand).

The Group companies did not have any mergers during the period of 1 January and 31 December 2019.

The transactions within the scope of mergers of the Group companies between 1 January and 31 December 2018:

- The remaining 50% of the shares of HNG Float Glass Limited (new registered name: Şişecam Flat Glass India Limited), which was not owned by the Group (Other 50% is owned by Trakya Cam Sanayii AŞ, a subsidiary of the Group) has been acquired in exchange for a total amount of USD 85,750 thousand. The payment was made in two instalments. First installment was USD 85,405 thousand and was paid on June 13,2018 and second instalment was USD 345 thousand on was paid on December 26,2018.

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 2019	31 December 2018
Equity of the parents	(389,179)	(357,558)
Non-controlling interests	(119,183)	(215,102)
<b>Net effect of the sale and purchase of shares</b>	<b>(508,362)</b>	<b>(572,660)</b>

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

Companies	1 January - 31 December 2019	1 January- 31 December 2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	400,000	300,000
Soda Sanayii A.Ş.	135,683	88,489
Trakya Cam Sanayii A.Ş.	51,934	51,934
Anadolu Cam Sanayii A.Ş.	32,286	16,382
Cam Elyaf Sanayii A.Ş.	3	1
Camiş Egypt Mining Ltd. Co.	-	3
	<b>619,906</b>	<b>456,809</b>

#### h) Liquidation of Affiliated Company

Camiş Ltd., which is wholly owned by the Group and was not operational for a long time is liquidated on June 28.

There has been no liquidation of affiliated companies between the period of 1 January-31 December 2018.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 29. Revenue and Cost of Sales

	1 January - 31 December 2019	1 January - 31 December 2018
<b>Sales</b>		
Revenue	19,350,083	16,467,163
Other income	6,554	4,660
Sales discounts	(871,823)	(718,171)
Sales returns	(86,203)	(65,408)
Other sales discounts	(339,925)	(137,930)
	<b>18,058,686</b>	<b>15,550,314</b>
<b>Cost of Sales</b>		
Direct materials	(5,724,233)	(4,781,186)
Direct labor	(924,208)	(831,240)
Production overheads	(3,293,667)	(2,619,103)
Depreciation and amortization	(1,116,165)	(903,178)
Change in work-in progress inventories	37,374	19,411
Change in finished goods inventories	571,331	321,693
<b>Cost of goods sold</b>	<b>(10,449,568)</b>	<b>(8,793,603)</b>
Cost of merchandise sold	(1,419,612)	(1,342,937)
Cost of services rendered (*)	(248,819)	(190,664)
Other costs	(61,032)	(62,159)
	<b>(12,179,031)</b>	<b>(10,389,363)</b>

(\*) Depreciation and amortization expenses recognized in the cost of service rendered during the period between 1 January – 31 December 2019 is amounting to TRY 18,581 thousand (1 January – 31 December 2018: TRY 15,780 thousand).

Revenues divided into geographical segments with respect of the customers location is shown below.:

	1 January - 31 December 2019	1 January - 31 December 2018
<b>Net sales</b>		
Turkey	6,601,407	6,307,499
Europe	6,084,757	5,069,693
Russia, Ukraine and Georgia	2,661,954	2,176,660
Other	2,710,568	1,996,462
	<b>18,058,686</b>	<b>15,550,314</b>

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

	1 January - 31 December 2019	1 January - 31 December 2018
General administrative expenses	(1,037,506)	(884,278)
Marketing expenses	(2,311,288)	(1,865,633)
Research and development expenses	(74,310)	(75,265)
	<b>(3,423,104)</b>	<b>(2,825,176)</b>

### 31. Expenses by Nature

	1 January - 31 December 2019	1 January- 31 December 2018
Indirect material costs	(61,907)	(42,856)
Salaries and wages expenses	(677,801)	(592,226)
Outsourced service	(1,315,764)	(1,187,118)
Miscellaneous expenses	(1,127,794)	(873,379)
Depreciation and amortization expenses	(239,838)	(129,597)
	<b>(3,423,104)</b>	<b>(2,825,176)</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 32. Other Operating Income and Expenses

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Other operating income</b>		
Foreign currency exchange gains	357,061	682,149
Term difference interest income	85,372	113,617
Gain on sale of raw materials	45,942	41,649
Gain on sale of scraps	40,812	20,055
Insurance claim income	33,721	14,392
Provisions no longer required	38,204	45,184
Rediscount interest income on operating activities	28,233	19,246
Investment incentive income	10,956	10,500
Commission income	6,948	-
Royalty income	6,947	4,717
Brand incentive (Turquality) income	1,194	3,818
Other	191,724	171,220
	<b>847,114</b>	<b>1,126,547</b>

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Other operating expense</b>		
Foreign currency exchange loss	(197,518)	(429,414)
Loss on sale of raw materials	(35,929)	(23,845)
Term difference interest expense	(21,298)	(15,631)
Rediscount interest expense on operating activities	(17,607)	(29,559)
Provision expenses	(18,245)	(15,181)
Government right – mining fund	(6,701)	(2,695)
Commission expense	(3,316)	(2,358)
Loss on sale of scraps	(2,048)	(2,613)
Negaitve effect of exchange rate on derivative product hedge	-	(2,148)
Other	(169,928)	(82,914)
	<b>(472,590)</b>	<b>(606,358)</b>

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Other operating income/ (expense), net</b>		
Foreign currency exchange gain / (loss)	159,543	252,735
Term difference interest income/ (expense)	64,074	97,986
Gain on sale of scraps	38,764	17,442
Provision income/ (expense)	19,959	30,003
Gain / (loss) on sale of raw materials	10,013	17,804
Rediscount interest expense on operating activities	10,626	(10,313)
Commission income	3,632	(2,358)
Negaitve effect of exchange rate on derivative product hedge	-	(2,148)
Other	67,913	119,038
	<b>374,524</b>	<b>520,189</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 33. Income and Loss from Investing Activities

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Income from Investing Activities</b>		
Valuation gain of held to maturity financial assets (*)	566,475	1,063,001
Revaluation gain of investment property	48,924	27,121
Gain on sale of property, plant and equipment	31,195	25,681
Cancellation of revaluation impairment of property, plant and equipment	-	11,761
	<b>646,594</b>	<b>1,127,564</b>

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Expense from Investing Activities</b>		
Valuation gain of held to maturity financial assets (*)	(68,414)	(186,880)
Loss on sale of property, plant and equipment	(19,811)	(27,042)
Provision for revaluation loss of property, plant and equipment	-	(55,702)
Revaluation loss of property, plant and equipment	-	(176)
	<b>(88,225)</b>	<b>(269,800)</b>

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Income/(Expense) from Investing Activities</b>		
Valuation gain/ (loss) of held to maturity financial assets	498,061	876,121
Revaluation gain of investment property	48,924	27,121
Gain/ (loss) on sale of property, plant and equipment	11,384	(1,361)
Provision/cancellation for revaluation loss of property, plant and equipment	-	(43,941)
Impairment of property, plant and equipment	-	(176)
	<b>558,369</b>	<b>857,764</b>

During the period, interest income collected from fixed income financial assets which are measured with amortized cost are listed below.

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Bond Issuer</b>		
Türkiye İş Bankası A.Ş.	35,123	30,308
Türkiye Vakıflar Bankası T.A.O.	25,644	21,208
Türkiye Sınai Kalkınma Bankası A.Ş.	16,548	13,770
Yapı ve Kredi Bankası A.Ş.	15,710	13,816
Türkiye Halk Bankası A.Ş.	14,632	12,389
Turkcell İletişim Hizmetleri A.Ş.	11,981	10,151
Türkiye Garanti Bankası A.Ş.	8,951	8,176
Arçelik A.Ş.	8,640	7,597
Ziraat Bankası A.Ş.	6,041	4,976
Türkiye İhracat Kredi Bankası A.Ş.	3,247	2,778
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	2,165	1,784
Finansbank A.Ş.	359	300
	<b>149,041</b>	<b>127,253</b>



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 33. Income and Loss from Investing Activities (Continued)

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

	1 January- 31 December 2019	1 January- 31 December 2019
<b>Bond Issuer</b>		
Türkiye İş Bankası A.Ş.	114,171	202,382
Türkiye Vakıflar Bankası T.A.O.	79,816	137,517
Türkiye Halk Bankası A.Ş.	56,303	99,675
Türkiye Sınai Kalkınma Bankası A.Ş.	55,192	98,777
Yapı ve Kredi Bankası A.Ş.	49,590	90,209
Turkcell İletişim Hizmetleri A.Ş.	36,465	64,562
Türkiye Garanti Bankası A.Ş.	30,021	54,260
Arçelik A.Ş.	29,830	53,261
Ziraat Bankası A.Ş.	20,252	35,719
Türkiye İhracat Kredi Bankası A.Ş.	10,708	18,417
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	10,124	17,891
Finansbank A.Ş.	1,218	2,170
	<b>493,690</b>	<b>874,840</b>

Since the financial assets which are measured at amortised cost are denominated in USD, the profit and loss is affected from change in USD/TRY parity.

Additionally, during the reporting period, a valuation difference of TRY 4,371 thousand has been generated from securities issued by public sector in India. (1 January- 31 December: TRY 1,281 thousand)

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

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Impairment loss</b>		
Impairment of financial investment	15,020	(57,508)
Impairment of cash and cash equivalents	(7,212)	(2,502)
	<b>7,808</b>	<b>(60,010)</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 33. Income and Loss from Investing Activities (Continued)

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

One of our consolidated subsidiaries, namely Trakya Cam Sanayii A.Ş., had 50% ownership in HNG Float Glass Limited (new registered title is Şişecam Flat Glass India Limited). Trakya Cam Sanayii A.Ş. used to consolidate this entity by using equity accounting method. The Group has acquired 49.80 % of the rest of the shares on June 13, 2018 and 0.2 % on December 28, 2018. Thus, the Group now has 100% control of the entity, the financial effects are accounted in accordance with TFRS-3 “Business Combinations” standard.

As of the date of the report the Company's valuation studies are completed and the calculation on permanent amounts is as follows:

Estimated fair value of the share purchase date	588,914
Carrying value of the share purchases date	(417,736)
Fair value difference	171,178
50% part of the fair value difference (=171,178 x %50)	(85,589)
Goodwill amount before purchase of 50% shares	(3,913)
<b>Profit on fair value differences</b>	<b>(89,502)</b>

#### 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:

Due to the change in consolidation method resulting from the acquisition of HNG Float Glass Limited (new registered title is Şişecam Flat Glass India Limited), the Group reclassified the “Currency Translation Differences” that is shown in other comprehensive income accounts to profit or loss accounts in accordance with the TAS-28 “Investments in Associates and Joint Ventures” 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:

Amount of the Group's share stated in the stand alone financial statement (164,331 x %50)	82,166
Amount of the Group's share of foreign currency translation differences on goodwill	2,046
The difference of the offsetting between the capital of the joint venture and the financial asset	54,146
	<b>138,358</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 34. Financial Income and Expenses

<b>Financial Income</b>	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
Foreign exchange gain	1,645,822	1,905,185
- Cash and cash equivalents	1,359,546	1,554,880
- Bank Loans	10,403	52,575
- Bonds issued	163,383	186,210
- Derivative instruments	60,495	29,758
- Other	51,995	81,762
Interest Income	383,214	152,558
- Time deposits	197,068	152,364
- Derivative instruments	167,183	-
- Effect of early extermination of leases	18,963	-
- Others	-	194
	<b>2,029,036</b>	<b>2,057,743</b>

<b>Financial Expense</b>	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
Foreign exchange loss	(1,759,757)	(2,072,360)
- Cash and cash equivalents	(748,167)	(755,129)
- Bank Loans	(123,403)	(289,483)
- Bonds issued	(783,191)	(930,710)
- Derivative instruments	(48,700)	(14,934)
- Leasing expenses	(6,065)	-
- Other	(50,231)	(82,104)
Interest Expense	(1,166,744)	(359,116)
- Bank Loans	(549,393)	(247,109)
- Bonds issued	(314,654)	(106,865)
- Leasing expenses	(49,592)	-
- Factoring expenses	(1,092)	(1,740)
- Derivative instruments	(239,608)	-
- Other	(12,405)	(3,402)
	<b>(2,926,501)</b>	<b>(2,431,476)</b>

<b>Financial Income/ (Expense),net</b>	<b>1 January- 31 December 2019</b>	<b>1 January- 31 December 2018</b>
Foreign exchange gain/ ( loss)	(113,935)	(167,175)
- Cash and cash equivalents	611,379	799,751
- Bank Loans	(113,000)	(236,908)
- Bonds issued	(619,808)	(744,500)
- Derivative instruments	11,795	14,824
- Leasing expenses	(6,065)	-
- Other	1,764	(342)
Interest Income / (Expense)	(783,530)	(206,558)
- Bank deposits and loans	(352,325)	(94,745)
- Bonds issued	(314,654)	(106,865)
- Leasing expenses	(30,629)	-
- Derivative instruments	(72,425)	-
- Factoring expenses	(1,092)	(1,740)
- Other	(12,405)	(3,208)
	<b>(897,465)</b>	<b>(373,733)</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 35. Assets Held for Sale

Cost	31 December 2019	31 December 2018
Buildings	29,933	-
Plant, machinery and equipment	38,214	38,214
	<b>68,147</b>	<b>38,214</b>
<b>Accumulated Depreciation and Impairment</b>		
Buildings	2,079	-
Plant, machinery and equipment	38,010	38,010
	<b>40,089</b>	<b>38,010</b>
<b>Net Book Value</b>	<b>28,058</b>	<b>204</b>

One of our subsidiaries, namely Richard Fritz Holding GmbH, has several buildings in Germany, which are not used. Offers are being collected for the sale of these buildings. It is expected that the sale process will be completed in 2020.

Cam Elyaf Sanayii AŞ, the subsidiary of the Group, ceased its operations of the second furnace in December 2015 since the related machinery and equipment and fixtures came to the end of their technical useful lives. In accordance with TFRS-5 "Non-current Assets Held for Sale and Discontinued Operations", the scalable part of these machinery and equipment and fixtures has been reclassified as "Asset Held for Sale" with their fair values. The part that cannot be used is impaired and recognized as expense. The activities of the sake of these assets are ongoing.

The movements of assets held for sale are as follows:

	31 December 2019	31 December 2018
Beginning	204	204
Transfers from non-current assets	26,588	-
Currency translation differences	1,266	-
	<b>28,058</b>	<b>204</b>

### 36. 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 have been 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.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

#### Deferred Tax Assets and Liabilities (Continued)

	31 December 2019	31 December 2018
Deferred tax assets	1,093,602	779,449
Deferred tax liabilities (-)	(196,946)	(288,027)
<b>Deferred tax assets (net)</b>	<b>896,656</b>	<b>491,422</b>

Temporary differences	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	3,243,951	2,608,369
Valuation of investment property	772,422	729,968
Reduced corporate tax	(5,050,443)	(3,505,599)
Carry forward tax losses	(1,547,216)	(1,208,363)
Employment termination benefits	(451,185)	(400,746)
Provision for inventory write-down	(271,797)	(199,644)
Provision for doubtful receivables	(39,086)	(47,460)
Derivative financial valuation	(23,477)	(280)
Other	(322,768)	(50,481)
	<b>(3,689,599)</b>	<b>(2,074,236)</b>

Deferred tax assets/ (liabilities)	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	(641,459)	(537,863)
Valuation of investment property	(73,908)	(69,781)
Reduced corporate tax	1,111,097	771,232
Carry forward tax losses	261,814	211,547
Reduced investment to be utilized	36,678	31,699
Employment termination benefits	90,588	80,318
Provision for inventory write-down	55,378	42,244
Provision for doubtful receivables	7,731	10,838
Derivative instruments fair value	5,165	62
Other	43,572	(48,874)
	<b>896,656</b>	<b>491,422</b>

The maturity of carry forward tax losses are as follows:

	31 December 2019	31 December 2018
Within one year	13,609	-
Within two years	24,767	14,871
Within three years	36,840	28,462
Within four years	54,501	34,685
Within five years	134,824	55,261
Within six years	25,746	57,867
Within seven years	41,634	10,136
Indefinite life	1,215,295	1,007,081
	<b>1,547,216</b>	<b>1,208,363</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 36. 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 (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 TRY 714,245 thousand (31 December 2018:TRY 517,381 thousand).

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

	31 December 2019	31 December 2018
1 January	491,422	202,509
Recognized in the consolidated statement of profit or loss	387,324	414,622
Currency translation differences	47,791	(18,558)
Change in accounting standards (Note 2)	5,840	9,324
Associated with equity (Note 28)	(35,721)	(117,199)
Impact of change in consolidation method (Note 3)	-	723
Impact of change in consolidation scope (Note 28)	-	1
	<b>896,656</b>	<b>491,422</b>

#### 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 2019 (31 December 2018: 22%).

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

Country 2019	31 December 31 December 2018	
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 (**)	31.40	29.79
China (****)	25.0	25.0
India	34,944	35.0
Netherlands (*****)	20.0-25.0	20.0-25.0

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

#### Corporate Tax (Continued)

- (\*) Corporate tax has been abolished in Georgia and tax is collected only from distributed dividend. Thus, deferred tax amount is decreased to nil.
- (\*\*) There is a progressive tax rate.
- (\*\*\*) The general tax rate in Russia is 20%, of which 18% is allocated to the "Regional Budget" and 2% to the "General Budget". Since Our subsidiaries in Russia's Tatarstan region have been located in Special Economic Zone, they pay 2% tax for the profits from their main operations and pay 20% tax for 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.
- (\*\*\*\*\*) 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 2019. (31 December 2018: 22%).

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 will be applied 22% as a provisional basis. 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 "Omnibus Bill" and in the first paragraph of Article 5 of the Corporate Tax Law No. 5520 Law.

Therefore timing differences in the companies in Turkey subject to deferred tax calculation up to 2020 transactions would be 22%, and by taking effect of time into consideration, 21% and 20% has been considered in recognizing deferred tax assets and liabilities for timing differences allocated to short and longer term to published procedures.

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 Tax Withholding

In addition to corporate taxes, companies should also calculate income tax withholding and funds surcharge on any dividends distributed, except for companies receiving dividends which 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 tax withholding.

An advance taxation of 19.8% has to be made on the investment allowance based 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.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

#### Corporate Tax (Continued)

Corporate tax asset is TRY 66,550 thousand (31 December 2018: TRY 34,028 thousand).

	31 December 2019	31 December 2018
Current tax provision	286,496	512,892
Prepaid taxes and funds (-)	(200,077)	(442,800)
<b>Tax provision in the statement of the financial position</b>	<b>86,419</b>	<b>70,092</b>

  

	1 January- 31 December 2019	1 January- 31 December 2018
Provision for corporate tax for current period	(286,496)	(512,892)
Deferred tax income	387,324	414,622
Currency translation differences	3,353	2,572
<b>Tax provision in the statement of profit or loss</b>	<b>104,181</b>	<b>(95,698)</b>

  

<b>Reconciliation of provision for tax</b>		
Profit before taxation and non-controlling interest	2.596,138	3,461,595
Effective tax rate	%22	%22
<b>Calculated tax</b>	<b>(571,150)</b>	<b>(761,551)</b>

  

<b>Tax reconciliation</b>		
- Non-deductible expenses	(72,120)	(76,584)
- Currency translation differences	(21,555)	(17,725)
- Other consolidation adjustments	(148,105)	(3,254)
- Reduced corporate tax	545,639	593,344
- Dividends and other non-taxable income	304,006	113,212
- Carry forward tax losses to be utilized	29,270	23,563
- The effect of the foreign companies that have different tax rates	21,955	32,636
- Investment allowances to be used	4,462	4,471
- Derivative financial instruments	11,779	(3,809)
- Effect of change in consolidation scope	-	(1)
<b>Tax provision in the statement of income</b>	<b>104,181</b>	<b>(95,698)</b>
<b>Effective tax rate</b>	<b>(%4)</b>	<b>%3</b>



# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 37. Earnings per share

	1 January- 31 December 2019	1 January - 31 December 2018
<b>Earnings per share</b>		
Average number of shares existing during the period (1/1000 value)	2,250,000	2,250,000
Net profit for the period attributable to equity holders of the parent	1,904,534	2,288,912
<b>Earnings per share</b>	<b>0.8465</b>	<b>1.0173</b>
Total comprehensive income attributable to equity holders of the parent	2,733,890	3,463,708
<b>Earnings per share obtained from total comprehensive income</b>	<b>1.2151</b>	<b>1.5394</b>

### 38. 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, 2019, 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	Turkey

#### Parent company

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 38. 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.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
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
İşbank AG	Turkey

#### Joint Ventures

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

#### Joint Ventures' shareholder

<u>Company's name</u>	<u>Registered Country</u>
Fabrika Cementa Lukavac D.D.(FCL)	Bosnia-Herzegovina
Imperial Natural Resources Trona Mining Inc.	USA

#### 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 1 January and 31 December 2019

### 38. Related Party Disclosures (Continued)

#### Associates' shareholders

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

#### Available for sale investments

<u>Company's name</u>	<u>Registered Country</u>
Bosen Enerji Elektrik üret. Oto Pro. Grb. 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:

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Deposits held on related parties</b>		
Türkiye İş Bankası A.Ş.		
- Time Deposit	7,790,711	2,596,104
- Demand deposit	95,666	164,329
	<b>7,886,377</b>	<b>2,760,433</b>
İşbank AG		
- Demand deposits	3,159	8,678
	<b>3,159</b>	<b>8,678</b>
	<b>7,889,536</b>	<b>2,769,111</b>

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Provision for impairment of deposits held at related parties</b>		
Türkiye İş Bankası A.Ş.	10,244	3,014
	<b>10,244</b>	<b>3,014</b>

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Loans received from related parties</b>		
İşbank AG	2,667,675	223,034
Türkiye Sınai ve Kalkınma Bankası	-	3,955
	<b>2,667,675</b>	<b>226,989</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 38. Related Party Disclosures (Continued)

#### Carrying value of financial investments measured at amortized cost:

	31 December 2019	31 December 2018
<b>Financial investments measured at amortized cost – Gross value</b>		
Türkiye İş Bankası A.Ş.	685,078	606,030
Türkiye Sınai Kalkınma Bankası A.Ş.	317,995	298,849
	<b>1,003,073</b>	<b>904,879</b>

	31 December 2019	31 December 2018
<b>Impairment of financial investments measured at amortized cost</b>		
Türkiye İş Bankası A.Ş.	12,709	17,064
Türkiye Sınai Kalkınma Bankası A.Ş.	3,451	5,942
	<b>16,160</b>	<b>23,006</b>

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

			31 December 2019	31 December 2018
<b>Bond issuer</b>	<b>ISIN Code</b>	<b>Coupon Interest Rate (%)</b>	<b>Nominal Amount (thousand USD)</b>	<b>Nominal Amount (thousand USD)</b>
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
			<b>114,788</b>	<b>114,788</b>
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
			<b>53,430</b>	<b>56,816</b>
			<b>168,218</b>	<b>171,604</b>

#### Asset purchases from related Parties:

The Group bought the office buildings of Şişecam Headquarters; located at İçmeler Mahallesi D-100 Karayolu Cad. No:44, Tuzla, İstanbul, Turkey; and 5 other independent parts of the same development from İş Gayrimenkul Yatırım Ortaklığı A.Ş. on 16 December 2019 in exchange for TRY 310 Million + VAT (= TRY 334,800 thousand) in cash. Şişecam used to be the tenant at this place.

The amount paid for this development is based on the valuation report of “Harmoni Gayrimenkul ve Danışmanlık A.Ş.”, which hold the necessary real estate appraisal license, has the professional experience and also has the up to date knowledge of location and class of the real estate development.

A total of TRY 314,650 thousand, including the amount of TRY 4,650 thousand which is paid to land registry office, has been recorded under land and building accounts on the asset side.

The effect of real estate rented from İş Gayrimenkul Yatırım Ortaklığı A.Ş. is still active under the “Right of Use Assets” account with TRY 2,647 thousand on the asset side, and is also still active under the “Borrowings” account with TRY 2,835 thousand on the liabilities side.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 38. Related Party Disclosures (Continued)

#### Due from related parties:

	31 December 2019	31 December 2018
<b>Trade receivables from related parties</b>		
İş Merkezleri Yönetim ve İşletim A.Ş.	2.858	2
Saint Gobain Glass Egypt S.A.E.	2.754	737
Türkiye İş Bankası A.Ş. ve İşbank AG	728	112
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	411	-
Fabrika Cementa Lukavac D.D. (FCL)	24	1.286
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	52	109
Anadolu Anonim Türk Sigorta Şirketi	2	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	46
	<b>6.829</b>	<b>2.292</b>

#### Due to related parties:

	31 December 2019	31 December 2018
<b>Trade payables to related parties</b>		
Solvay Sisecam Holding AG	74.541	63.023
Anadolu Anonim Türk Sigorta Şirketi	4.298	3.277
Rudnik Krecnjaka Vijenac D.O.O.	2.745	2.158
İş Merkezleri Yönetim ve İşletim A.Ş.	1.552	2.084
Saint Gobain Glass France S.A.	830	96
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	143	213
Kültür Yayınları İş-Türk Ltd. Şti.	22	-
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	18	6
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	5	5
Saint Gobain Glass Egypt S.A.E	-	1.272
İş Yatırım Menkul Değerler A.Ş.	-	21
	<b>84.154</b>	<b>72.155</b>

#### Due to related parties:

	31 December 2019	31 December 2018
<b>Other payables to related parties</b>		
Dividend to be paid to shareholders (*)	4,932	2,639
	<b>4,932</b>	<b>2,639</b>

(\*) It consists of cash dividend distributable out of the Group which is decided in Ordinary General Assembly for the year 2018 held on March 2019 and the accumulated dividend which is not demanded by the founding shareholders of Anadolu Cam Sanayii A.Ş., subsidiary of the Group.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 38. Related Party Disclosures (Continued)

#### Income and expenses from/ to related parties:

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Interest income from related parties</b>		
Türkiye İş Bankası A.Ş. ve İşbank AG	170,106	122,819
	<b>170,106</b>	<b>122,819</b>

	1 January - 31 December 2019	1 January - 31 December 2018
<b>Interest expenses to related parties</b>		
Türkiye İş Bankası A.Ş. ve İşbank AG	114,268	908
Türkiye Sınai Kalkınma Bankası A.Ş.	100	508
	<b>114,368</b>	<b>1,416</b>

	1 January- 31 December 2019	1 January- 31 December 2018
<b>Gain on the valuation difference of held to maturity financial assets</b>		
Türkiye İş Bankası A.Ş.	114,171	202,382
Türkiye Sınai Kalkınma Bankası A.Ş.	55,192	98,777
	<b>169,363</b>	<b>301,159</b>

	1 January- 31 December 2019	1 January - 31 December 2018
<b>Other income from related parties</b>		
İş Merkezleri Yönetim ve İşletim A.Ş.	26,430	2
Saint Gobain Glass Egypt S.A.E.	11,921	6,748
Solvay Sisecam Holding AG	6,220	5,208
Anadolu Anonim Türk Sigorta Şirketi	4,422	3,671
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	3,731	11
Türkiye İş Bankası A.Ş. ve İşbank AG	3,051	404
Rudnik Krecnjaka Vijenac D.O.O.	837	539
Fabrika Cementa Lukavac D.D. (FCL)	150	6,204
İş Portföy Yönetimi A.Ş.	38	30
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	33	441
Türkiye Sınai Kalkınma Bankası A.Ş.	23	23
İş Yatırım Menkul Değerler A.Ş.	13	4
Anadolu Hayat Emeklilik Sigorta A.Ş.	9	7
Kültür Yayınları İş-Türk Ltd. Şti.	9	2
Milli Reasürans T.A.Ş.	5	2
Yatırım Finansman Yatırım Ortaklığı A.Ş.	4	6
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	4	211
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	1	3
İş Finansal Kiralama A.Ş.	1	1
İş Factoring Finansman Hizmetleri A.Ş.	1	2
	<b>56,903</b>	<b>23,519</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 38. Related Party Disclosures (Continued)

#### Income and expenses from/ to related parties (Continued):

	31 December 2019	31 December 2018
<b>Other expense to related parties</b>		
Solvay Sisecam Holding AG <sup>(1)</sup>	349,748	307,365
İş Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(2)</sup>	24,390	19,440
Rudnik Krecnjaka Vijenac D.O.O. <sup>(3)</sup>	18,302	17,087
İş Merkezleri Yönetim ve İşletim A.Ş. <sup>(4)</sup>	13,577	11,053
Anadolu Anonim Türk Sigorta Şirketi	3,772	4,380
Anadolu Hayat Emeklilik Sigorta A.Ş.	2,647	2,401
Saint Gobain Glass France S.A.	2,480	-
Türkiye İş Bankası A.Ş. ve İşbank AG	1,992	1,528
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. ve Yard. Vakfı	1,125	1,084
İş Portföy Yönetimi A.Ş.	633	919
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	295	453
İş Yatırım Menkul Değerler A.Ş.	50	328
Kültür Yayınları İş-Türk Ltd. Şti.	38	15
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	24	-
Fabrika Cementa Lukavac D.D. (FCL)	-	4,751
İş Factoring Finansman Hizmetleri A.Ş.	-	162
	<b>419,073</b>	<b>370,966</b>

(1) Consists of the purchases of soda ash from Solvay Sodi AD.

(2) This account consist of the lease payments for Şişecam headquarters in Tuzla, office spaces in İş Kuleleri and Paşabahçe stores for the period between 1 January- 31 December 2019. Normally, lease payments are made on 5th of every month. Since Şişecam acquired the real estate development where its headquarters are located on 16 December 2019; advance lease payment amounting to TRY 952 thousand, which was made for the last 15 days of December for the headquarters, is taken back. This brings the net total lease payments to TRY 23,226 thousand (1 January- 31 December 2018: 19,193 thousand)

As of January 2019, in accordance with the IFRS-16 "Leases", amount of the lease payments are calculated in accordance with the duration of the lease contract and implicit interest rate of the lease payments. Lease payments are recognized under the account of "Right of Use Assets" on the asset side, and "Borrowings" on the liabilities side; also cumulative profit and loss effect for 2018 is accounted under beginning equity of 2019 as a correction, within the scope of simplified method, which is allowed by the standards. Acquisition of the aforementioned real estate on 16 December 2019 had a positive effect on beginning equity. As a result of the all above-mentioned effects, a total positive effect of TRY 9,397 thousand is recognized under Profit and Loss Statement. This total amount consists of the followings: amortization expense of TRY 7,655 thousand, net interest income of TRY 20,923 thousand, general administrative expenses of TRY 952 thousand, and deferred tax expense of TRY 2,919 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 2019	1 January- 31 December 2018
<b>Benefits provided to key management</b>		
Parent (Holding)	26,067	20,137
Consolidated entities	78,164	68,741
	<b>104,231</b>	<b>88,878</b>

Key management personnel are composed of top management; members of board of directors, general manager, Group presidents, general manager assistants, vice presidents 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 2019 and 1 January – 31 December 2018

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. Financial Instruments and Financial Risk Management

#### a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 28.

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

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

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

	31 December 2019	31 December 2018
Financial liabilities and trade payables	17,938,652	9,666,235
Less: Cash and cash equivalents and financial assets held to maturity	(11,330,250)	(5,767,265)
<b>Net debt</b>	<b>6,608,402</b>	<b>3,898,970</b>
<b>Total equity</b>	<b>19,133,385</b>	<b>16,712,986</b>
<b>Net debt / total equity ratio</b>	<b>%35</b>	<b>%23</b>

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 1 January and 31 December 2019

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### 39. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (Continued)

##### b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net 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.

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. 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		
<b>Credit risks exposed through types of financial instruments</b>						
Maximum credit risk exposed as of balance sheet date 31 December 2019 (A+B+C+D+E)	6,829	3,565,468	-	287,457	8,368,516	3,051,251
- The part of maximum risk under guarantee with collaterals etc.	-	(1,952,758)	-	-	-	-
A. Net book value of financial assets that are neither overdue not impaired	6,829	3,160,385	-	287,457	8,368,516	3,051,251
- The part under guarantee with collaterals, etc.	-	(1,894,612)	-	-	-	-
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	-	405,083	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(58,146)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	94,306	-	2,404	-	-
- Impairment (-)	-	(94,306)	-	(2,404)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	866	-	-	10,279	53,217
- Impairment (-)	-	(866)	-	-	(10,279)	(53,217)
- 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 1 January and 31 December 2019

### 39. 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			
<u>Credit risks exposed through types of financial instruments</u>	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date 31 December 2018 (A+B+C+D+E)	2,292	3,232,594	-	75,363	3,161,016	2,603,248
- The part of maximum risk under guarantee with collaterals etc.	-	(1,352,056)	-	-	-	-
F. Net book value of financial assets that are neither overdue not impaired	2,292	2,830,513	-	75,363	3,161,016	2,603,248
- The part under guarantee with collaterals, etc.	-	(1,258,282)	-	-	-	-
G. 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.	-	-	-	-	-	-
H. Carrying value of financial assets that are overdue but not impaired	-	402,081	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(93,774)	-	-	-	-
I. Net book value of impaired assets	-	-	-	-	-	-
- 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)	-	-	-	-	3,035	68,237
- Impairment (-)	-	-	-	-	(3,035)	(68,237)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
J. 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.

## Consolidated Statements of Profit or Loss for the periods 1 January-31 December 2019 and 2018

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

### 39. Financial Instruments and Financial Risk Management (continued)

#### b) Financial Risk Factors (Continued)

##### b.1) Credit Risk Management (Continued)

Guarantees received from the customers are as follows:

	31 December 2019	31 December 2018
Direct debit system	1,237,680	448,695
Letters of guarantee	388,940	601,560
Security cheques and bonds	214,319	223,473
Cash	72,573	35,144
Mortgages	39,246	43,184
	<b>1,952,758</b>	<b>1,352,056</b>

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

	31 December 2019	31 December 2018
1-30 days overdue	252,148	249,987
1-3 months overdue	57,106	54,576
3-12 months overdue	42,534	67,144
1-5 years overdue	53,295	30,374
<b>Total overdue receivables</b>	<b>405,083</b>	<b>402,081</b>
<b>Secured with collaterals (-)</b>	<b>(58,146)</b>	<b>(93,774)</b>

##### b.2) Liquidity Risk Management

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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. 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 liabilities. 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 on aforementioned liabilities are considered in the table.

31 December 2019						
Non derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Bank loans	9,653,849	10,603,803	1,980,262	1,893,620	6,698,908	31,013
Bonds issued	5,982,316	8,569,859	858,331	1,963,939	1,155,963	4,591,626
Financial leases	209,471	321,673	23,809	59,024	154,774	84,066
Trade payables	2,008,862	2,015,154	1,999,594	15,560	-	-
Due to related parties	89,086	89,086	89,086	-	-	-
Other payables	143,166	143,198	112,560	-	30,638	-
<b>Total liabilities</b>	<b>18,086,750</b>	<b>21,742,773</b>	<b>5,063,642</b>	<b>3,932,143</b>	<b>8,040,283</b>	<b>4,706,705</b>

Derivative financial liabilities	Carrying Value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows	89,914	89,914	-	25,764	-	64,150
Cash outflows	(113,391)	(113,391)	-	(23,587)	-	(89,804)
	<b>(23,477)</b>	<b>(23,477)</b>	<b>-</b>	<b>2,177</b>	<b>-</b>	<b>(25,654)</b>

31 December 2018						
Non derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Bank loans	4,794,029	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 payables	52,005	52,080	50,761	-	1,319	-
<b>Total Liabilities</b>	<b>9,720,879</b>	<b>10,495,957</b>	<b>2,882,536</b>	<b>3,004,672</b>	<b>4,556,385</b>	<b>52,364</b>

Derivative financial liabilities	Carrying Value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows	-	-	-	-	-	-
Cash outflows	(280)	(280)	-	(280)	-	-
	<b>(280)</b>	<b>(280)</b>	<b>-</b>	<b>(280)</b>	<b>-</b>	<b>-</b>

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 39. 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. Comparing 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:

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (Continued)

#### b.3) Market risk management (Continued)

#### b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 31 December 2019			
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
1. Trade Receivables	1,128,589	101,057	73,048	42,477
2a, Monetary financial assets, (cash and banks included)	7,789,064	864,593	377,727	141,098
2b, Non-monetary financial assets	-	-	-	-
3, Other	78,804	4,397	7,367	3,690
<b>4, Current assets (1+2+3)</b>	<b>8,996,457</b>	<b>970,047</b>	<b>458,142</b>	<b>187,265</b>
5, Trade receivables	-	-	-	-
6a, Monetary financial assets	2,585,312	435,223	-	-
6b, Non-monetary financial assets	-	-	-	-
7, Other	246,108	6,803	30,375	3,685
<b>8, Non-current assets (5+6+7)</b>	<b>2,831,420</b>	<b>442,026</b>	<b>30,375</b>	<b>3,685</b>
<b>9, Total Assets (4+8)</b>	<b>11,827,877</b>	<b>1,412,073</b>	<b>488,517</b>	<b>190,950</b>
10, Trade payables	515,824	23,448	55,924	4,610
11, Financial liabilities	2,220,685	326,310	42,453	-
12,, Other monetary liabilities	69,001	6,674	4,409	34
12b, Other non-monetary liabilities	-	-	-	-
<b>13, Current liabilities (10+11+12)</b>	<b>2,805,510</b>	<b>356,432</b>	<b>102,786</b>	<b>4,644</b>
14, Trade payables	-	-	-	-
15, Financial liabilities	6,139,363	716,389	283,263	-
16a,, Other monetary liabilities	6	1	-	-
16b, Other non-monetary liabilities	-	-	-	-
<b>17, Non-current liabilities (14+15+16)</b>	<b>6,139,369</b>	<b>716,390</b>	<b>283,263</b>	<b>-</b>
<b>18, Total liabilities (13+17)</b>	<b>8,944,879</b>	<b>1,072,822</b>	<b>386,049</b>	<b>4,644</b>
19, Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	618,705	575,000	(420,550)	-
19a, Total amount of assets hedged	3,415,615	575,000	-	-
19b, Total amount of liabilities hedged	2,796,910	-	420,550	-
<b>20, Net foreign assets / (liability) position (9-18+19)</b>	<b>3,501,703</b>	<b>914,251</b>	<b>(318,082)</b>	<b>186,306</b>
<b>21, Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)</b>	<b>2,558,086</b>	<b>328,051</b>	<b>64,726</b>	<b>178,931</b>
22, Fair value of derivative instruments used in foreign currency hedge	(23,477)	(3,952)	-	-
23, Export	5,238,524	482,896	364,011	189,179
24, Import	2,299,511	140,496	228,520	52,078

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (Continued)

#### b.3) Market risk management (Continued)

#### b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 31 December 2018			
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
2. 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
<b>4. Current assets (1+2+3)</b>	<b>4,349,003</b>	<b>399,810</b>	<b>343,013</b>	<b>177,960</b>
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
<b>8. Non-current assets (5+6+7)</b>	<b>2,579,937</b>	<b>467,618</b>	<b>17,948</b>	<b>11,654</b>
<b>9. Total Assets (4+8)</b>	<b>6,928,940</b>	<b>867,428</b>	<b>360,961</b>	<b>189,614</b>
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	-
<b>13. Current liabilities (10+11+12)</b>	<b>1,493,690</b>	<b>52,922</b>	<b>199,382</b>	<b>13,398</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	3,058,704	525,169	49,078	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>3,058,704</b>	<b>525,169</b>	<b>49,078</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>4,552,394</b>	<b>578,091</b>	<b>248,460</b>	<b>13,398</b>
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	-	-	-	-
<b>20. Net foreign assets / (liability) position (9-18+19)</b>	<b>2,376,546</b>	<b>289,337</b>	<b>112,501</b>	<b>176,216</b>
<b>21. Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)</b>	<b>2,656,125</b>	<b>265,224</b>	<b>181,932</b>	<b>164,121</b>
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.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (Continued)

#### b.3) Market risk management (Continued)

#### b.3.1) Foreign currency risk management (Continued)

The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

The table below 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 2019			
	Profit/(Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	194,869	(194,869)	2,389	(2,389)
2- USD hedged from risks (-)	341,561	(341,561)	-	-
<b>3- USD net effect (1+2)</b>	<b>536,430</b>	<b>(536,430)</b>	<b>2,389</b>	<b>(2,389)</b>
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	43,047	(43,047)	1,086,221	(1,086,221)
5- EUR hedged from risks (-)	(279,691)	279,691	-	-
<b>6- EUR net effect (4+5)</b>	<b>(236,644)</b>	<b>236,644</b>	<b>1,086,221</b>	<b>(1,086,221)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	17,893	(17,893)	320,474	(320,474)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>17,893</b>	<b>(17,893)</b>	<b>320,474</b>	<b>(320,474)</b>
<b>Total (3+6+9)</b>	<b>317,679</b>	<b>(317,679)</b>	<b>1,409,084</b>	<b>(1,409,084)</b>

(\*) 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.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (Continued)

#### b.3) Market risk management (Continued)

#### b.3.1) Foreign currency risk management (Continued)

#### Foreign Currency Sensitivity (continued)

	31 December 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 (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>139,532</b>	<b>(139,532)</b>	<b>75</b>	<b>(75)</b>
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 (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>109,669</b>	<b>(109,669)</b>	<b>955,453</b>	<b>(955,453)</b>
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 (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>16,412</b>	<b>(16,412)</b>	<b>248,659</b>	<b>(248,659)</b>
<b>Total (3+6+9)</b>	<b>265,613</b>	<b>(265,613)</b>	<b>1,204,187</b>	<b>(1,204,187)</b>

(\*) 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 the TRY interest rates were increased/decreased by 1% and foreign currency interest rates were increased/decreased by 0.25% with the assumption of keeping all other variables constant. The effect on net profit/loss for the period before taxation and non-controlling interest would decrease/increase by TRY 15,341 thousand as of 31 December (31 December 2018: TRY 4,972 thousand).

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (Continued)

#### b.3) Market Risk Management (Continued)

#### b.3.2) Interest rate risk management

#### Interest Rate Sensitivity

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

	<b>31 December 2019</b>			
	<b>Floating Interest</b>	<b>Fixed Interest</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Financial assets</b>	<b>-</b>	<b>14,813,077</b>	<b>378,944</b>	<b>15,192,021</b>
Cash and cash equivalents	-	7,991,986	376,927	8,368,913
Financial assets	-	2,961,337	-	2,961,337
Available for sale financial assets	-	-	2,017	2,017
Trade receivables	-	3,565,468	-	3,565,468
Due from related parties	-	6,829	-	6,829
Other receivables	-	287,457	-	287,457
<b>Financial Liabilities</b>	<b>3,450,175</b>	<b>14,635,997</b>	<b>578</b>	<b>18,086,750</b>
Bank borrowings	3,450,175	6,203,096	578	9,653,849
Bonds issued	-	5,982,316	-	5,982,316
Financial leases	-	209,471	-	209,471
Trade payables	-	2,008,862	-	2,008,862
Due to related parties	-	89,086	-	89,086
Other payables	-	143,166	-	143,166
	<b>31 December 2018</b>			
	<b>Floating Interest</b>	<b>Fixed Interest</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Financial assets</b>	<b>-</b>	<b>8,746,864</b>	<b>333,103</b>	<b>9,079,967</b>
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
<b>Financial liabilities</b>	<b>3,006,526</b>	<b>6,714,073</b>	<b>280</b>	<b>9,720,879</b>
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

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

### 39. 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 2019 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY 190 thousand (31 December 2018: TRY 231 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.

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

#### Categories of Financial Instruments

31 December 2019	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
<b>Financial assets</b>	<b>14,902,547</b>	<b>91,931</b>	<b>-</b>	<b>14,994,478</b>	
Cash and cash equivalents	8,368,913	-	-	8,368,913	6
Trade receivables	3,565,468	-	-	3,565,468	10
Due from related parties	6,829	-	-	6,829	38
Derivative financial assets	-	89,914	-	89,914	12
Financial investments	2,961,337	2,017	-	2,963,354	7
<b>Financial liabilities</b>	<b>17,943,584</b>	<b>113,391</b>	<b>-</b>	<b>18,056,975</b>	
Financial liabilities	15,845,636	-	-	15,845,636	8
Trade payables	2,008,862	-	-	2,008,862	10
Due to related parties	89,086	-	-	89,086	38
Derivative financial liability	-	113,391	-	113,391	12

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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

#### Categories of Financial Instruments (Continued)

31 December 2018	Financial assets or liabilities measured with amortized cost method	Financial liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
<b>Financial assets</b>	<b>9,002,154</b>	<b>2,450</b>	<b>-</b>	<b>9,004,604</b>	
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	38
Derivative financial assets	-	-	-	-	12
Financial investments	2,603,251	2,450	-	2,605,701	7
<b>Financial liabilities</b>	<b>9,668,874</b>	<b>280</b>	<b>-</b>	<b>9,669,154</b>	
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	38
Derivative financial liability	-	280	-	280	12

#### Fair Value of Financial Instruments

Financial assets	31 December 2019			
	Total	Category 1	Category 2	Category 3
Financial Assets at Fair value through other comprehensive income	2,017	2,015	-	2
Derivative financial assets	89,914	-	89,914	-
<b>Total</b>	<b>91,931</b>	<b>2,015</b>	<b>89,914</b>	<b>2</b>

Financial assets	31 December 2018			
	Total	Category 1	Category 2	Category 3
Financial Assets at Fair value through other comprehensive income	2,453	2,450	-	3
<b>Total</b>	<b>2,453</b>	<b>2,450</b>	<b>-</b>	<b>3</b>

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).

# TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

## Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2019

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### 41. Events after reporting period

With regards to the decision of the Board of Management on 30 January 2020, it is determined that Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., Soda Sanayii A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and Denizli Cam Sanayii ve Tic. A.Ş. will be taken over by Şişecam in accordance with the long term strategies of Şişecam Group and its competitive objectives in the international markets. This decision is predicted to contribute to the Company's performance, profitability and value. In accordance with the relevant legislation, values and changes in the values of the targets and the acquirer will be calculated by the Expert Valuation Firm. Within the scope of these reports, Şişecam General Directorate has been given the authority to carry out the necessary processes with regards to the aforementioned merger, if it can be confirmed that our main shareholder Türkiye İş Bankası A.Ş. will protect its control over the shares of Türkiye Şişe ve Cam Fabrikaları A.Ş.

### 42. 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 period ended December 31, 2019 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 Board of Directors meeting held on 25 October 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 of 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.