

TRAKYA CAM SANAYİİ A.Ş.
2019 ANNUAL REPORT



ŞİŞECAM
FLAT GLASS

Perfect harmony,
excellent
operation...



Executing production with a total of 13 float lines and 4 automotive glass and 3 encapsulation plants, Trakya Cam Sanayii A.Ş. provides input for the construction, automotive, solar energy and white goods industries with plants in 10 different countries and an expanding product range.

CONTENTS

02	Trakya Cam Sanayii A.Ş. in Brief
03	Financial Indicators
04	Production Facilities
06	Board of Directors
07	Executives
08	Chairman's Message
12	An Overview of 2019
13	Achievements in 2019, Goals for the Future
18	Expectations and Objectives for 2020
19	Human Resources
21	Industrial Relations/Occupational Health and Safety
22	Risk Management and Internal Audit Activities
25	Consolidated Financial Statements and Independent Auditor's Report
118	Profit Distribution of 2019
119	Corporate Governance Policies
135	Additional Information about Corporate Governance
141	Corporate Governance Compliance Report and Information Form
163	Shareholders Ordinary General Assembly Agenda for 2019
164	Profit Distributions during the Period and the Other Issues
165	Information Document of Shareholder's Ordinary General Assembly
174	Independent Auditor's Report on the Early Identification of the Risk Committee and System
175	Independent Auditor's Report on the Annual Report of the Board of Directors
177	Directory



Trakya Cam Sanayii A.Ş. shares are traded on Borsa Istanbul under the ticker symbol **TRKCM**.



Flawless harmony, perfect functioning...

As we bolster our leadership in Europe with proactive management approach and production capacity, we prioritize innovation, which is an inherent part of our DNA and we reinforce our competitive power with high value-added product range and innovative solutions.

We are striving to create a difference with focus on customer orientation and operational excellence, while we take ambitious steps towards future with our signature products that are of high-quality, innovative and functional.

Trakya Cam Sanayii A.Ş. in Brief

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

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

Achieving significant flat glass quality and capacity increases in 1980s and penetrating into global markets by export operations, Trakya Cam San. A.Ş. started operating abroad from the second half of 2000s within the framework of its regional leadership vision and multi-focused production approach. Trakya Cam San. A.Ş. opened its flat glass factory in Bulgaria in 2006 followed by the establishment of the flat glass factory in Egypt in 2009, the automotive glass factory in Bulgaria in 2010, laminated and coated glass plants in Bulgaria in 2013, and the flat glass factory in Russia in 2014.

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

Focusing on continuous improvement in line with the customers' needs and expectations, Trakya Cam San. A.Ş. accelerated the structuring activities for automotive and encapsulated glasses, which now account for 33% in total consolidated revenues and provided operational and organizational synergies by consolidating its domestic operations in 2016 under the newly established Şişecam Otomotiv A.Ş. in Turkey and under Trakya Investment B.V. abroad.

In 2018, Trakya Cam Sanayii A.Ş. acquired idle assets located in Monte Sant'Angelo from Sangalli Group including a float line with 190 thousand tons/year capacity; laminated line with 4 million square meters/year capacity; coating line with 4 million square meters/year capacity; and a satine line with 1.5 million square meters/year capacity. The float, coating and laminated facilities of the plant were modernized and commissioned in 2019.

Trakya Cam Sanayii A.Ş. also acquired the remaining 50% stake that it did not previously own of its subsidiary Sisecam Flat Glass India Private Limited in 2018. The Company had been a 50% shareholder since 2013. As of 2018, Trakya Cam Sanayii A.Ş. wholly owns this entity in India.

Trakya Cam Sanayii A.Ş. operates with the vision of being an innovative and global flat glass company that grows quickly with its strong brands. The Company conducts business operations with a total of 13 float lines, four automotive glass and three encapsulation facilities. Operating plants in more than 10 countries, with various partnerships and an expanding product range, Trakya Cam Sanayii A.Ş. provides input to the construction, automotive, solar energy and white goods industries.

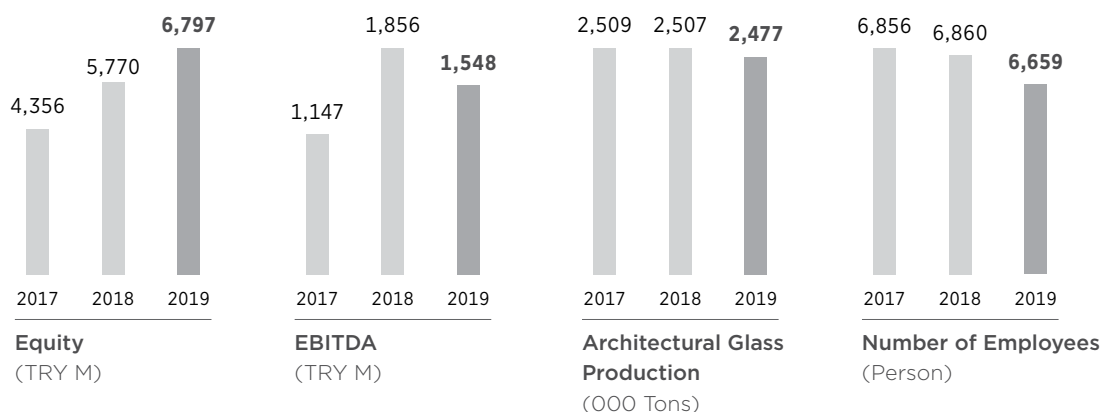
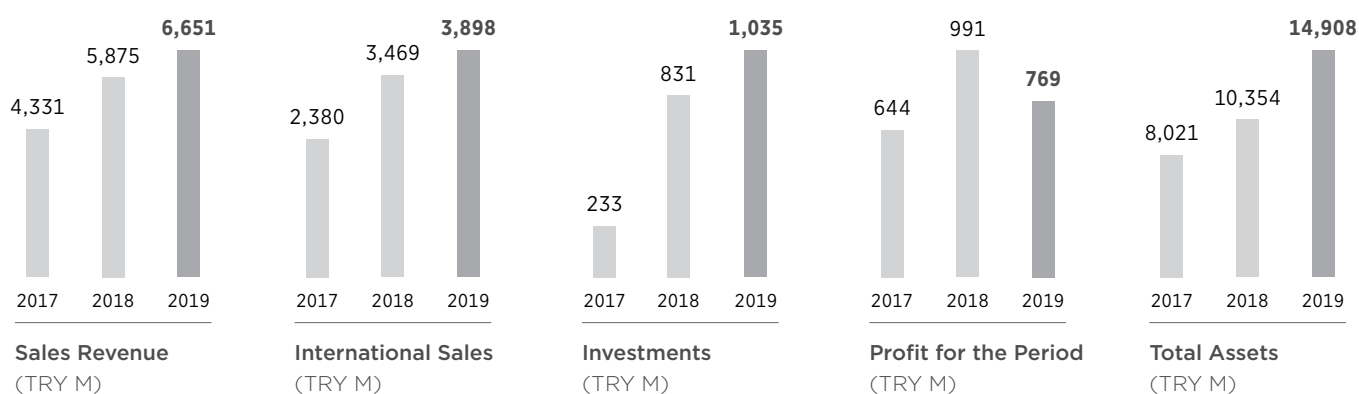
Financial Indicators

Financial Indicators	2018		2019	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	10,354	1,968	14,908	2,510
Equity	5,770	1,097	6,797	1,144
Sales	5,875	1,216	6,651	1,173
Gross Profit	1,920	397	2,025	357
Operating Profit before Financial Expenses (EBIT)	1,479	306	1,085	191
EBITDA	1,856	384	1,548	273
Profit for the Period	991	205	769	136
Net Financial Liabilities	882	168	1,344	226

Financial Ratios	2018	2019
Current Assets/Current Liabilities	1.75	1.81
Equity/Total Equity	56%	46%
Net Financial Liabilities/Equity	15%	20%
Net Financial Liabilities/Total Equity and Liabilities	9%	9%
Gross Profit/Sales Revenue	33%	30%
EBITDA/Sales Revenue	32%	23%
EBIT/Sales Revenue	25%	16%
Net Financial Debt**/EBITDA*	0.48	0.87

* In the EBITDA and EBIT calculations, Operating Profit before Financial Income/Expenses has been taken into consideration.

** Net Financial Liabilities is calculated by deducting other receivables from affiliated parties, cash and securities investments, from the total of short and long term borrowings and other payables to affiliated parties.



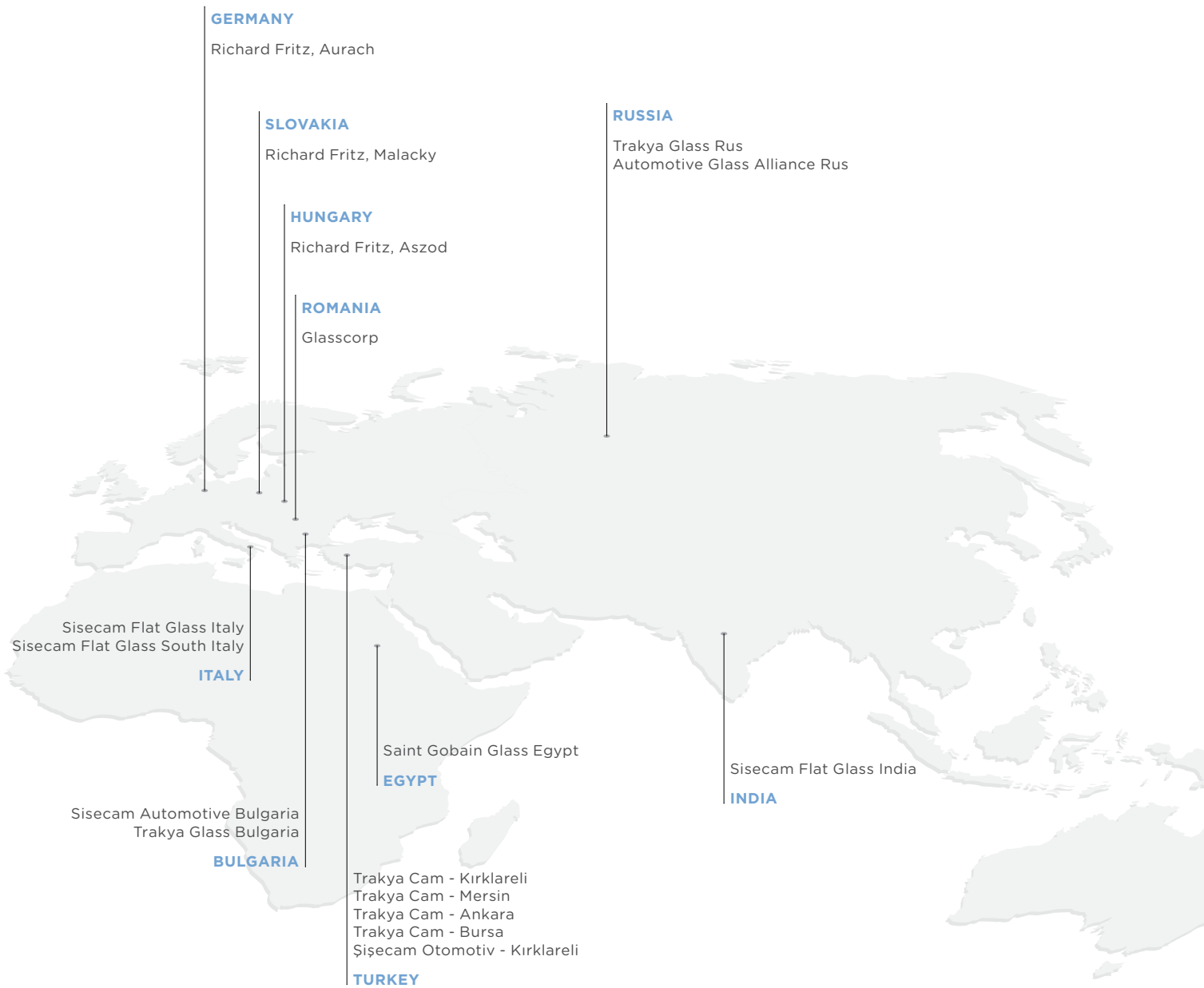
Production Facilities

2.5 Million Tons Architectural Glass Production

11 Million m² Auto Glass Production

12 Million Encapsulated Glass Production

10 Production Countries





Trakya Plant - Kırklareli
Turkey



Mersin Plant - Mersin
Turkey



Şişecam Auto Glass
Plant - Kırklareli
Turkey



Yenişehir Plant - Bursa
Turkey



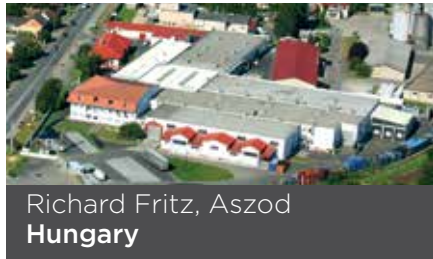
Polatlı Plant - Ankara
Turkey



Richard Fritz, Aurach
Germany



Richard Fritz, Malacky
Slovakia



Richard Fritz, Aszod
Hungary



Trakya Glass Bulgaria EAD
Bulgaria



Sisecam Automotive
Bulgaria EAD
Bulgaria



Glasscorp S.A.
Romania



Trakya Glass Rus AO
Russia



Automotive Glass Alliance
Rus AO
Russia



Sisecam Flat Glass Italy Srl
Italy



Sisecam Flat Glass
South Italy Srl
Italy



Sisecam Flat Glass India
India



Saint Gobain Glass Egypt
Egypt

Board of Directors



PROF. DR. AHMET KIRMAN
Chairman



DR. REHA AKÇAKAYA
Vice Chairman



ZEYNEP HANSU UÇAR
Board Member



HÜSEYİN BURAK DAĞLI
Board Member



DİNÇ KIZILDEMİR
Independent Board Member



İLHAN İL
Independent Board Member

PROF. DR. AHMET KIRMAN/Chairman

(61) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming an Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasurans T.A.Ş., Destek Reasurans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. In recognition of his outstanding lifetime contributions to the glass science and technology, encouraging the exchange of knowledge and promotion of national and international glass community, Dr. Kirman was honoured with the "President's Award" by the International Commission on Glass (ICG), which is the most reputable and recognized world-wide organization in the field of glass with the representatives from 33 countries. Dr. Kirman has been awarded with the honor of "Cavaliere" of "the Order of the Star of Italy," proposed by the Minister of Foreign Affairs and bestowed by the President of the Italian Republic, for his contribution to the strengthening of economic bilateral relations and mutual investments between Italy and Turkey. Dr. Kirman has also been honoured by the Presidency of Tatarstan with the "Medal of Valorous Labour" in recognition of his valuable contributions to the development of investments and economic cooperation with Tatarstan. Dr. Kirman has served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business events. Involved in parachuting and shooting sports, Dr. Kirman won the gold medal in shooting in the 1978 Balkan Championship.

DR. REHA AKÇAKAYA/Vice Chairman

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

ZEYNEP HANSU UÇAR/Board Member⁽¹⁾

(48) Zeynep Hansu Ucar graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her professional career at İşbank in 1994 as an Assistant Investment Specialist in the Subsidiaries Division. She has held several managerial positions responsible for various group companies in the same department and since 2015; Ms. Ucar has been serving as Subsidiaries Division Head of İşbank. She has served as Board Member and Auditor at various Şişecam Group companies since 2010 and currently is a Board Member of Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. She is also Board Member of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, which is an İşbank subsidiary. She was appointed as Member of Board of Directors of Trakya Cam Sanayii A.Ş. again on March 7, 2019, and has been a Member of the Board since August 2, 2010.

HÜSEYİN BURAK DAĞLI/Board Member⁽²⁾

(46) Hüseyin Burak Dağlı, graduated from the Faculty of Business Administration of İstanbul University in 1998. After graduation, Dağlı started his professional career as an Audit Expert at Yönet Moore Stephens in 1998. He then worked as an auditor at KPMG from 1999 till 2004 and then served in various finance executive positions in multinationals such as Lecce Pen, Parker Hannifin and Johnson Controls from 2004 to 2013. He then worked as the Regional Finance Director at Johnson Controls' MEA Headquarters based in Dubai from 2013 till 2018 as being responsible for GCC region. As of April 2018, Mr. Dağlı joined the Group as Finance Director of the Flat Glass Group.

DİNÇ KIZILDEMİR/Independent Board Member⁽³⁾

(67) Having graduated from the Department of Administrative Sciences at Boğaziçi University in 1975, Dinc Kizildemir started his career as the Sales and Marketing Manager at Elka Elyaf Plaka Sanayii A.Ş., which was previously an affiliate of Garanti Bank and then joined Koc Group. Kizildemir acted as the Sales and Marketing Manager and Vice Managing Director at Kelebek Kontrolplak ve Mobilya A.Ş., an affiliate of Enka Group, and assumed the responsibility for establishing and managing McDonalds Corporation Turkey company in 1991. He acted as the Managing Director and the Vice Chairman of the Board of Directors at this company and supervised the establishment of retail, logistics and supply infrastructure for the company. Joining OYAK Group in 2001, he acted as the Managing Director for the Retail Group and became a Board Member for AXA-OYAK Holding and

its insurance companies and at companies such as Good Year and Eti Marketing by representing minority shares. Since 2006, he has worked at Erdemir Group of Companies for 10 years as the Chairman of the Board of Directors and Executive Director. Between 2009 and 2016, he worked as the Head of Business Development (new company acquisitions) Group, Energy Group, International Chemistry Group and the Department of Legislation Compliance and the Department of Sustainability within OYAK Group. He acted as the Chairman of the Board of Directors, Executive Director and Board Member at more than 40 national and international companies within OYAK Group. He assumed responsibility for the acquisition and, subsequently, management of more than 20 companies, factories and refineries in the USA, Germany, the Netherlands, Austria, Australia, the United Kingdom, China, Japan, Brazil, India and other countries. As a part of these assignments, he was involved in the establishment of a joint medical start-up company with Massachusetts General Hospital of Harvard Medical School. Dinç Kizildemir was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 7, 2019.

İLHAN İL/Independent Board Member⁽⁴⁾

(57) Having graduated from the Department of Finance of the Faculty of Political Sciences affiliated to Ankara University in 1983, İlhan İl completed his MBA on International Business Economics at the University of the West of England in the UK between 1992 and 1993. Starting his career as a Tax Inspector at the Ministry of Finance in 1984, İl was appointed as the Adviser for the Minister of State in Charge of Economy in 1994 and the Deputy Director General of Economic Research and Evaluation at the Undersecretariat of Foreign Trade affiliated to the Prime Ministry in 1995. Between 1997 and 2015, he acted as a Member of the Board of Coordination for Bilkent Holding, the Chairman of the Board of Directors for Tepe Home, Tepe Betopan, Tepe Prefabrik and Tepe Real Estate Investment, CEO at Tepe Security, Deputy Chairman of the Board of Directors for Bilkent Cyberpark and a Board Member at TAV Airports Holding, ATÜ Duty Free, BTA Food & Beverage and İDO İstanbul Deniz Otobüsleri A.Ş. İlhan İl currently acts as an Independent Board Member at Sütaş Süt Ürünleri A.Ş. and the Chairman of the Board of Directors at Travelex Turkey. İlhan İl was appointed as an Independent Board Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 7, 2019.

⁽¹⁾ Member of the Corporate Governance Committee and Member of the Risk Committee.

⁽²⁾ Member of the Corporate Governance Committee

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

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

Directors have been commissioned for a year on 2018 General Assembly Meeting dated March 7, 2019, and their authorizations have been specified in the Turkish Commercial Code provisions and the Company's Articles of Association.

EXECUTIVES

Reha Akçakaya	President of Flat Glass Group
Gökhan Atıkkın	Vice President Production Basic Glass
Ebru Şapoğlu	Vice-President - Marketing and Sales
Anıl Karaca	General Manager of Sisecam Automotive
Serkan Şahin	Development Director
Bülent Aydın	Strategic Planning Director
Hüseyin Burak Dağlı	Chief Financial Officer
Banu Çelik ⁽¹⁾	Supply Chain Director
Hakan Özdamar	Quality and Environmental Director
Dikmen Ünal Ünlü	Human Resources Director
Acar Çetintaş	Richard Fritz Holding Plant Manager
Erkan İlkılıç	Şişecam Otomotiv Operations Director
Gürçan Gürçay	Şişecam Otomotiv Marketing and Sales Director
Serim Ertuğ	Şişecam Otomotiv Quality Director
Erwin Butsch	Şişecam Otomotiv Research and Development Director
Güral Savastürk ⁽²⁾	Trakya Lüleburgaz Plant Manager
Kaan Ertaş ⁽³⁾	Trakya Mersin Plant Manager
Tolga Güven	Trakya Yenisehir Plant Manager
Emrah Can	Trakya Polatlı Plant Manager
Zeki Budak	Trakya Glass Bulgaria Plant Manager
Beytullah Şahin	Sisecam Flat Glass Italy General Manager
Kailash Chandra Jain	Sisecam Flat Glass India General Manager
Gültekin Şimşek	Trakya Glass Rus General Manager
Bülent Eren ⁽⁴⁾	Glasscorp General Manager
Barış Kuru	Automotive Glass Alliance Rus General Manager
Muhsin Miroğlu	Sisecam Automotive Bulgaria Plant Manager
Ulaş Kaçar	Şişecam Otomotiv A.Ş. Plant Manager
Sven Koch	Richard Fritz Aurach Plant Manager
Wassilios Kiriakou	Richard Fritz Malacky Plant Manager
Akos Nagy	Richard Fritz Aszod Plant Manager

⁽¹⁾ As of 01.10.2019, Banu Çelik was appointed as the Supply Chain Director in place of Arda Eroğlu.

⁽²⁾ As of 01.08.2019, Güral Savastürk was appointed as Trakya Lüleburgaz Plant Manager in place of Kaan Ertaş.

⁽³⁾ As of 01.08.2019, Kaan Ertaş was appointed as Mersin Plant Manager in place of Güral Savastürk.

⁽⁴⁾ As of 01.10.2019, Bülent Eren was appointed as Glasscorp General Manager in place of Onur Akdağlı.

Chairman's Message

In 2019, Trakya Cam Sanayii A.Ş. took major steps into the global arena without compromising its core focus of customer orientation and operational excellence.

TRAKYA CAM SANAYII A.Ş. UTILIZED ITS CAPACITY EFFICIENTLY AND EFFECTIVELY AND GREW ITS CUSTOMER PORTFOLIO BY EXPANDING ITS PRODUCT RANGE IN ALL MARKETS DESPITE CONTRACTING FLAT GLASS CONSUMPTION IN TURKEY.

Dear Stakeholders,

2019 witnessed major economic, political and social fluctuations around the world. Turkey was also deeply affected by this volatile environment. However, Trakya Cam Sanayii A.Ş. recorded robust growth thanks to its strong brands and innovative solutions. We continued to move forward in the global arena without compromising our core focus on customer orientation and operational excellence in this challenging environment.

Trade wars prolonged the fragile global economic environment.

The ongoing trade conflict between the USA and China as well as the drawn-out Brexit process topped the agenda of world markets in 2019. These factors were key in the loss of momentum recorded in the global economy. In addition, slowing economic growth in developed countries and increasing financial fluctuations in emerging markets caused global risks to rise during the year. The eroding value of the Turkish lira and growing inflationary pressure, which had a strong impact as of third quarter 2018, were major risk factors in 2019 as well. The fight against inflation was the top agenda item of the Turkish government's Economy Administration. Due to sharply rising production costs, economic activity stagnated across the country. After contracting for three consecutive quarters starting in fourth quarter 2018, the Turkish economy recorded positive growth of 0.9% in third quarter 2019.

Trakya Cam Sanayii A.Ş. left behind a challenging year in 2019 while adding value to its stakeholders with immediate actions and strategies.

Pursuing both organic and inorganic growth, Trakya Cam Sanayii A.Ş. aims to consolidate its global market position in line with its strategy of creating value with sustainable new products. During the year, the Company recorded investment spending of TRY 1.0 billion toward this objective.

Trakya Cam Sanayii A.Ş. operates in architectural glasses, automotive and encapsulated glasses, energy and white goods glasses. In 2019, our Company boosted total turnover by 13% in TRY by playing an efficient role in its existing markets and evaluating new market opportunities. We obtained solid results even in this challenging year when the industries we supply inputs to experienced contraction and in our increasingly competitive operating environment.

Trakya Cam Sanayii A.Ş. utilized its capacity efficiently and effectively and grew its customer portfolio by expanding its product range in all markets despite contracting flat glass consumption in Turkey. In automobile glasses, the Company maintained its allocated capacity utilization in accordance with its plan. Trakya Cam Sanayii A.Ş. aims to boost profitability by onboarding new customers and enter the automotive renewal glass business area in the spare parts market. To these ends, the Company has started to execute agreements for 2020 and beyond based on negotiations started in 2019 with international customers. In architectural glasses, the surplus capacity that resulted in 2019 was used in export markets.



Chairman's Message

Developing innovative and functional products is one of the basic principles to obtain competitive edge and ensure financial sustainability in the market.

SUPPLY CHAIN OPERATIONS WERE UPGRADED AS PART OF CONTINUOUS IMPROVEMENT EFFORTS. THANKS TO GLASS CUTTING OPTIMIZATION RESEARCH STUDIES CARRIED OUT AT ALL AUTOMOBILE GLASS FACILITIES, SIGNIFICANT COST SAVINGS WERE ACHIEVED BY USING RAW MATERIALS WITH MAXIMUM EFFICIENCY.

Our Company increased its turnover by 47% year-on-year in TRY by immediately adapting to changing market conditions, expanding its current markets and creating new markets simultaneously.

We operate seven flat glass lines at four different locations in Turkey. Our Company continues its second flat glass line investment at the Polatlı Plant, which was initiated in 2018, with 750 tons/day capacity. Stepping up its efforts in the global market in recent years, Trakya Cam Sanayii A.Ş. completed the cold repair of the Şişecam Flat Glass South Italy SRL facility which it acquired in 2018. The Company initiated production at the facility in November 2019. Şişecam Flat Glass South Italy SRL has a float line with a 190 thousand ton annual capacity, laminating line with a 4 million m² annual capacity and a satin line with a 1.5 million m² annual capacity. This facility will consolidate our Company's market position with its value added product range for the European market despite challenging market conditions and a highly competitive landscape. The flat glass line with a capacity of 240 thousand tons/year, whose cold repair process was initiated in 2018, was commissioned in July 2019. Thanks to our various upgrade and modernization investments, we boosted both the quality and efficiency of our production.

Şişecam Otomotiv produces high-quality automotive glass under Trakya Cam Sanayii A.Ş. for major automotive manufacturers. Şişecam Otomotiv aims to bolster its value chain with its laminated windscreen investment at its automobile glass plant in Bulgaria. Trakya Cam Sanayii A.Ş.

developed a three-year automation plan for implementation at all its automotive facilities in addition to capacity increase investments. We aim to boost efficiency and productivity via high-level robotic practices in secondary processes and encapsulation operations as well as line improvement investments. Supply chain operations were improved under the Company's continuous efficiency approach. Thanks to the glass cutting optimization studies carried out at all automobile glass facilities, we achieved significant cost savings by using raw materials with maximum efficiency. Furthermore, by boosting the efficiency of our production planning and logistics operations, we increased the alignment level with the just-in-time production and delivery model used in the automotive industry. In the encapsulation area, whose production facilities are located in Europe, our Company decreased asset concentration without changing total sales volume thanks to the intra-facility consolidation project. As a result, we recorded cost and resource savings. Under the same project, we transferred a portion of the production lines to the factory in Russia. Therefore, encapsulation was provided to the facility for expansion of the product range.

Our high added value product range, continuously enriched with an innovative approach, contributes to economic growth worldwide.

Developing innovative and functional products is one of the basic principles to obtain competitive edge and financial sustainability in the market. Our Group conducts various projects for the architecture, automotive and white goods industries with

Şişecam Science Technology and Design Centre – Turkey’s only glass research center and one of the few such facilities worldwide.

Trakya Cam Sanayii A.Ş. collaborates with various universities and other organizations to keep pace with technological and innovative developments in the industry. These efforts also help the Company improve production competencies in the current product range. Under the collaborations, key research studies are conducted to expand the variety of high value added products demanded by the market.

We remain committed to providing innovative solutions to the industry’s ever-changing and emerging needs. Our Company introduced its most demanded products manufactured on the coating lines at the Yenişehir and South Italy factories to the market by developing them in line with expectations of customers and business partners.

In 2019, we conducted new product research studies for the automotive market. Technical approval was obtained from customers for the high performance athermic coated windshield. This product reduces air conditioner use and provides de-icing functionality by ensuring heat and sun control for usage in laminated windshields of vehicles. We also received technical approvals for the glass B column, which is preferred as a substitute for the plastic part used in column B between the front and rear door windows of vehicles. This product provides aesthetic integrity with the door windows. Technical approval was also obtained for the windshield product with Head-up Display feature to display selected driving indicators on the windscreen. Trakya Cam Sanayii A.Ş. offered a wide range of world class products and received new projects for glasses of E-class passenger cars of the leading automotive manufacturers in 2019. As a result, our Company was presented with the Superior Quality Certification award from the major global automotive manufacturers in Turkey.

Digitalization and sustainability rank among our highest priorities.

We are conducting comprehensive digitalization efforts for decision-makers. In 2019, our major activities in this area included: implementing online training modules for customers and sector professionals; expanding mobile apps and increasing the language preferences; managing social media effectively; and executing the Isicam digital advertising campaign for end users.

Trakya Cam Sanayii A.Ş. conducts its business operations within the guidelines of a sustainability strategy based on principles that support the United Nations Sustainable Development Goals (SDG), which are deeply rooted in its corporate culture and reflected across all facets of the organization. Our

Company discloses its sustainability reports, which are prepared in accordance with the latest Sustainability Reporting Standards published by Global Reporting Initiative (GRI), for the information of its stakeholders. Additionally, Trakya Cam Sanayii A.Ş. was included in the BIST Sustainability Index as of November 1, 2019.

As the first company to receive the environmental product declaration (EPD) in the Turkish flat glass industry, Trakya Cam Sanayii A.Ş. contributes to a sustainable future with environmentally friendly products that provide energy savings.

We carry out sustainability activities in many areas, such as energy and resource efficiency, environmental protection and waste management under the sustainability approach of Şişecam Group. Trakya Cam Sanayii A.Ş. recorded cost savings in 2019 thanks to Lean Six-Sigma projects aimed at boosting quality and efficiency. By establishing energy recovery and renewable power plants for the glass industry where energy intensive production is made, energy consumption at the factories is decreased. With projects conducted for this purpose, our Company aims to provide maximum energy efficiency at Trakya Cam Sanayii A.Ş. factories.

As a global player, Trakya Cam Sanayii A.Ş. plans to further improve its production activities on a sustainable basis, consolidate its presence in the market with new products and technologies and boost its competitiveness and customer satisfaction with high added value products. In 2020, our strategic priorities include reviewing and rebuilding our business models with an efficiency focus; navigating economic volatility and market uncertainty where we conduct business with our operational excellence focus; and increasing shareholder value by turning opportunities into profitability.

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

Yours respectfully,



Prof. Dr. Ahmet Kirman
Chairman

**AS THE FIRST
COMPANY TO
RECEIVE THE
ENVIRONMENTAL
PRODUCT
DECLARATION (EPD)
IN THE TURKISH
FLAT GLASS
INDUSTRY, TRAKYA
CAM SANAYII A.Ş.
CONTRIBUTES TO
A SUSTAINABLE
FUTURE WITH
ENVIRONMENTALLY
FRIENDLY
PRODUCTS THAT
PROVIDE ENERGY
SAVINGS.**

An Overview of 2019

Thanks to its focus on customer orientation and operational excellence, Trakya Cam Sanayii A.Ş. operated efficiently in difficult market conditions in 2019.

6.7

TRY BILLION

SALES INCOME

The Turkish economy contracted by 1% in the first three quarters of 2019, due to a depreciating Turkish lira, increasing inflation, rising interest rates as well as global developments. Monetary policy measures taken throughout the year and key economic indicators suggest that 2019 will close with GDP growth of 0.2% in Turkey. Although the construction industry – where flat glass is utilized – has experienced a slowdown, production activities in other sectors continued to be driven by exports.

The funding and demand-driven squeeze on the construction industry throughout 2019 was offset by support provided by the real estate sector and interest rate cuts in fourth quarter. However, while current construction projects are ongoing, a decline in new project investments had a negative impact on the industry. The number of buildings receiving permits and commencing construction decreased by 7.2% in the first three quarters of 2019. Housing sales contracted due to rising credit costs and shrinking demand in the domestic market. Though domestic demand perked up in the second half of the year, with new home sales accounting for 38% of total residential housing sales.

In 2019, the automotive sector saw total passenger car sales in EU and EFTA countries increase 1.2% year-on-year to 15.8 million units. For the same period, the total automotive market in Turkey contracted to 480 thousand units, down 32% compared to the prior year. Exports, the driving force of the Turkish automotive industry, fell 6% in 2019 to 1.2 million units. Meanwhile, total production dropped 8.3% year-on-year, coming in at 1.5 million units.

The white goods sector – among the driving forces of the Turkish economy with its high added value, export volume and competitive edge – saw domestic demand contract by 7% in 2019. However, the industry rebalanced thanks to robust foreign demand. Refrigerator production, for which Trakya Cam Sanayii A.Ş. provides input, contracted 11%, while oven production rose 2% compared to the previous year.

Global economic activity lost momentum in 2019 due to trade wars between the USA and China, the Brexit process, and geopolitical risks. However, the world economy began to recover in the second half of the year thanks to supportive monetary policies and other indicators.

During the year, the European economy experienced slower overall growth. Construction activity in the Eurozone, which expanded by 1.2% in the first three quarters of the year, remained steady compared to 2018.

Forecasts indicate that the Russian economy, in recovery since 2017, will close 2019 with GDP growth of 1.1%. However, expected improvements in domestic demand have not materialized due to the impact of commercial risks in the country. Limited growth of 0.5% was recorded in construction activity in the Russian market.

Middle East and North Africa are expected to record economic growth of 0.6% in 2019. MENA's construction sector is forecast to expand following a period of political uncertainties and conflict in the region. Demand in the flat glass market has remained stable primarily with qualified products.

EUROPE'S LARGEST
AND THE WORLD'S
5TH LARGEST FLAT
GLASS PRODUCER



After expanding about 7-7.5% from 2015 to 2018, India's economy is expected to record 4.8% growth in 2019. The Indian construction sector and automotive industry have both suffered adverse impacts; as a result, consumption of flat glass also lost momentum. However, new flat glass production lines in the country suggest that demand for value-added products is on the upswing. Future growth is anticipated in the Indian market.

ACHIEVEMENTS IN 2019 AND GOALS FOR THE FUTURE

Diversifying international markets, while expanding exports and boosting market penetration, thanks to new investments...

In 2019, Şişecam Flat Glass recorded sales revenue of TRY 6,651 million, up 13%, in Turkey and international markets. The Company continues to move forward with its wide product portfolio, qualified products and service-oriented approach.

In Turkey, Şişecam Flat Glass continued efforts to raise service levels. The Company aimed to motivate both decision-makers and stimulate distribution channels by implementing brand building initiatives on digital platforms. In response to a contracting domestic market, Şişecam Flat Glass was able to capitalize on its product diversity advantages in the sectors that it serves. The Company took appropriate actions regarding sales terms and conditions.

In international markets, Şişecam Flat Glass continued to operate with a qualified product portfolio tailored for customer needs, thanks to high-capacity potential and a widespread distribution network. The Company boosted exports via market and customer diversification. Thanks to new production lines launched in Europe and a renewed focus on exports due to shrinking domestic market, the Company's international sales revenue rose 12.4% compared to 2018.

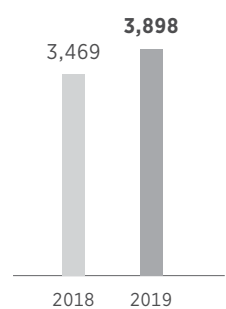
Despite the weakened economy in Europe, Trakya Cam Sanayii A.Ş. boosted sales in that region thanks to its leading production capacity position and high added-value product portfolio. Further raising brand awareness with effective communication efforts, the Company boasts a wide geographic reach, adding new customers to its portfolio with products that meet customer expectations.

The Company increased its penetration across all international markets - especially in Italy, Bulgaria and India, where it operates as a domestic producer - thanks to its effective distribution channels and diversified customer portfolio.

In Russia, Şişecam Flat Glass continued efforts to expand the customer portfolio and boost project-based sales. While diversifying its added-value product portfolio, the Company focused on logistics solutions that will raise customer satisfaction.

FURTHER RAISING BRAND AWARENESS WITH EFFECTIVE COMMUNICATION EFFORTS, TRAKYA CAM SANAYII A.Ş. BOASTS A WIDE GEOGRAPHIC REACH, ADDING NEW CUSTOMERS TO ITS PORTFOLIO WITH PRODUCTS THAT MEET CUSTOMER EXPECTATIONS.

International Sales
TRY Million



An Overview of 2019

Trakya Cam Sanayii A.Ş. operates in line with its vision of being a global flat glass player.

1,035
TRY MILLION

INVESTMENTS

IN ADDITION TO CONSOLIDATING ITS POSITION IN THE TURKISH MARKET, TRAKYA CAM SANAYİİ A.Ş. EXPANDS ITS PRESENCE IN GLOBAL MARKETS WITH VALUE-ADDED PRODUCTS.

In the architectural glass market, Şişecam Flat Glass operations in Middle East and North Africa recorded a 17% increase in revenue. These strong results are mainly due to the Company's ability to meet the region's added-value product needs coupled with a logistics advantage and wide product portfolio.

Trakya Cam Sanayii A.Ş. quadrupled its production volume of architectural glass in overseas markets.

Trakya Cam Sanayii A.Ş. bolstered its effectiveness in the Asia-Pacific region by wholly acquiring its India plant in 2018. Thanks to effective communication activities, the Şişecam Flat Glass brand has recorded rising market awareness. The Company has conducted marketing communication efforts targeted at customer needs in the Asia-Pacific region.

In India, with the support of a qualified product range from Turkey, Şişecam Flat Glass focused on brand and product promotion. This effort was part of regional focused sales activities in line with corporate identity integration and market dynamics. In addition to reconfiguring the distribution channel, the Company established a field team to play a more active role in project-based sales. Efforts are ongoing to further boost Şişecam's global reach and raise awareness of its product range in the Indian market.

The solar energy industry had a successful year thanks to government decisions taken in 2019.

Solar panel installations on the rooftops of factories, hospitals and shopping malls are expected to increase due to both decreasing costs and rising electricity prices with the Unlicensed Electricity Production Regulation renewed in May 2019. Turkey holds major potential in terms of Renewable Energy Resource Area projects. In addition, Turkey demonstrates significant growth potential in solar panel exports, especially to neighboring countries. Domestic panel producers are continuing to hone their export capabilities. By closely monitoring sector developments, Şişecam Flat Glass delivers anti-reflective (AR) coated solar glass, providing maximum performance in power generation in the photovoltaic (PV) glass market.

In 2019, Şişecam Automotive focused on commercial and operational excellence. The Company's efforts yielded an 8% increase in auto glass sales year-on-year. Şişecam Automotive won many OEM projects at tender during the year. The Company also achieved capacity and efficiency improvements thanks to operational excellence efforts at the Bulgaria and Romania facilities. As part of the ongoing integration with Richard Fritz company under Şişecam Automotive, centralization and standardization efforts were conducted in the sales, supply chain and quality areas during the year.

New investments, new production capacities

Trakya Cam Sanayii A.Ş. operates with the vision of becoming a global flat glass company. The Company has consolidated its position in the Turkish market and expands its presence in global markets with value-added products.

Operating seven flat glass lines at four different locations in Turkey, the Group started up its second flat glass line investment at the Polatlı Plant with 750 tons/day capacity.

In 2018, assets belonging to Sangalli Group in Italy were acquired via the subsidiary Siseecam Flat Glass South Italy SRL. The Italian facility included a floating line with



190 thousand tons/year capacity, laminated line with 4 million m²/year and coating line with 4 million square meters/year. The Italy-based facility was modernized and became operational in 2019.

After a cold repair process was initiated in 2018, the flat glass line was commissioned in July 2019 with a capacity of 240 thousand tons/year. The Company's modernization investments yielded both quality and efficiency improvements.

Producing auto glass of the highest quality for leading automotive manufacturers across the world, Trakya Cam Sanayii A.Ş. focused on automation investments at all its facilities in 2019, especially those in Turkey.

New product research studies

Trakya Cam Sanayii A.Ş. closely monitors technological developments that shape the industry. The Company bolsters its product portfolio via joint efforts conducted with Şişecam Research and Technological Development Department. By creating cooperation opportunities with research institutions, universities and various enterprises, Şişecam Flat Glass aims to develop innovative and value-added products that provide solutions to meet the evolving demands of the sector.

Trakya Cam Sanayii A.Ş. Yenişehir Plant commissioned its high-capacity coating line equipped with the latest technology while continuing its product development activities. The Company developed the "Solar Low-E Glass," "Temperable Low-E Glass Neutral 71/53," and "Temperable Solar Low-E Glass Neutral 50/33" products, among the most demanded offerings in the architectural glass industry. The Company also introduced these innovative products to its customers and business partners. Trakya Cam Sanayii A.Ş. continues to develop products with high selectivity as well as color and performance variety to further enrich its product portfolio.

In 2019, the South Italy Plant commissioned its coating line. A total of four new products - including two Low-E, one Solar Low-E and one Temperable Low-E - were launched to the market. Temperable and non-temperable versions of the "Low-E Glass Neutral 80/64" product family - a standout with its high light and solar permeability - were included in the product portfolio.

New colors were added to the "Temperable Painted Glass" product family, which is designed to ensure user safety against impacts that may occur in usage areas.

For the automotive market, Şişecam Flat Glass completed test production, customer promotion, sample sending and patent applications for the high-performance athermic-coated windshield product in 2019. Technical approvals and orders were received from customers. This product reduces air-conditioning use and offers a defrosting function by providing heat and solar control for use in laminated windshields. The athermic-coated windshield product also provides a Head-up Display feature that allows selected navigation indicators to be reflected on the windshield. These products are scheduled for mass production in 2020. Additionally, research studies will continue on bulletproof glass, SPD and PDLC roof glass, energy-producing transparent glass, ultra-thin glass, colored glass and antenna glass products from the coating.

Closely monitoring developments in the industry, Trakya Cam Sanayii A.Ş. successfully maintains its competitive and leading position in the architectural, automotive and white goods markets. In response to the demands of various customers, development research studies for new float glass, functional coatings, anti-reflective coatings, painted glass and smart glass systems are currently underway.

IN 2019, TRAKYA CAM SANAYII A.Ş. RECEIVED THE FAÇADE MATERIAL/ SYSTEM OF THE YEAR AWARD FOR THE SIXTH TIME WITH ITS TRIPLE SILVER TEMPERABLE SOLAR LOW-E GLASS 60/28 PRODUCT.

An Overview of 2019

Trakya Cam Sanayii A.Ş. embraces a sustainability approach based on “Preserve, Empower and Develop.”

ADOPTING THE STRATEGY OF “DO IT RIGHT THE FIRST TIME AND REDUCE WASTE AT THE SOURCE,” TRAKYA CAM SANAYİİ A.Ş. GENERALIZES THE ONSITE QUALITY AND LEAN PRODUCTION METHODS. THE COMPANY EMBRACES THE “LEAN SIX SIGMA” APPROACH IN LINE WITH ITS CORE STRATEGY OF CONTINUOUS IMPROVEMENT.

Efforts to develop production capabilities

Trakya Cam San. A.Ş. conducts its business operations in line with its sustainability strategy. The Company’s sustainability strategy is built on principles that support the United Nations Sustainable Development Goals (SDG); these principles are deeply rooted in Şişecam’s corporate culture and are reflected across all its operations. The Company issues sustainability reports prepared in accordance with the most recent Sustainability Reporting Standards published by the Global Reporting Initiative (GRI). Trakya Cam San. A.Ş. adheres to a business strategy that supports this sustainability approach by offering energy-saving and environmentally friendly products.

Trakya Cam San. A.Ş. follows a sustainability approach based on “Preserve, Empower and Develop.” The key global trends that will affect the company’s business operations in the future include climate change, resource scarcity, the rise of social networks, digitalization, changes in economic balances and technological innovations. Trakya Cam San. A.Ş. aims to become an integral part of this business process change in the domestic industry and globally with its digital transformation initiatives and lean manufacturing practices.

Trakya Cam San. A.Ş. expands on-site quality, 5S and lean manufacturing practices in line with the strategy of “Do it right the first time and reduce loss at the source.” The Company also embraces the “Lean Six Sigma” approach in line with its core strategy of continuous

improvement. In 2019, Şişecam Flat Glass continued its Six Sigma projects and achieved significant gains in resource utilization and production process efficiency. Operating in an energy intensive sector, our efforts to boost energy efficiency also continued successfully in 2019. A 6.2 MW solar power plant, one of Turkey’s and Europe’s two largest solar power plants, was established in Mersin to boost the use of renewable energy sources. Furthermore, by preferring closed-circuit water loop systems for new investments and cold repair studies, the Company aims for cooling water consumption to be reduced to zero in the processes.

Environmental Product Declaration (EPD) is in relation to the SDG 12 on Responsible Consumption and Production, and in accordance with the EN 15804 European norms, were prepared for the company’s architectural glass products. These products provide the greatest contribution to forming sustainable green buildings. The EPDs were made available to stakeholders. Trakya Cam San. A.Ş. is the first company that issued EPD in the Turkey flat glass industry.

Trakya Cam Sanayii A.Ş. continues to actively support efforts by the European Glass Manufacturers Association (Glass for Europe) for sustainable development of the glass industry. It also contributes to efforts related to sustainability of the Turkish construction material industry as a member of the Turkey IMSAD (Association of Turkish Construction Material Producers) Sustainability Committee.

Multidimensional promotional and communication activities

In 2019, Şişecam Flat Glass focused its marketing activities on rapid and accurate analysis of targeted customer needs, project-based efforts, flexible promotions and communications, future-shaping meetings in the value chain.

The Company undertook studies with the Ministry of Environment and Urbanization on the BEP.TR software program used in the energy identity certification process for buildings. All standard and temperable coated glass and triple insulation glass were included. The use of energy-saving glass in buildings also contributed to the improvement of the energy classes.

Şişecam Flat Glass contributes to the TS 825 Standard on the Rules of Thermal Insulation in Buildings, revised under the

coordination of the Ministry of Environment and Urbanization through Izoder, of which the Company is also a member. Efforts are ongoing to revise the U-window value specified in the applicable standard. This study aims to make the use of energy-saving coated glass obligatory and include the cooling loads in the standard.

A digital transformation project was undertaken to communicate with solution partners 24/7 and establish a continuous connection with them. Şişecam Flat Glass included the Glass Projects application among its mobile application offerings that facilitate easy and rapid access to information to meet the needs of different target segments. These include "Isıcam Selection Wizard," "Glass Acoustic," "Performance Calculator" and "Glass Consultant." With the new application in both Turkish and English, all domestic and international reference projects are able to be examined.

Trakya Cam Sanayii A.Ş. provides technical glass consultancy services to about 3 thousand sector stakeholders, including architects, front desk consultants, investors and contractors - decision-makers for projects in the Turkish and international markets. With this approach, the Company ensures that its products are used in these projects.

Şişecam Flat Glass aims to further the development of contemporary architecture. To this end, the Company executes communication activities, such as establishing relationships with new architectural offices and developing existing relations with prestigious architectural firms. As part of future-shaping meetings in its value chain, the Company organized R&D workshops, "Glass and Innovation in Design," at Şişecam Science Technology and Design Centre. Additionally, the Flat Glass Group held presentations that included new coated products introduced to the market as well as reference projects for sector representatives and industry professionals. These presentations took place at 17 events in 13 countries during the reporting year.

The Flat Glass and Mirror Processing Franchise system, coordinated by Trakya Cam Sanayii A.Ş., was established to elevate the quality perception of products in the glass processing market. The system also aims to expand the use of quality products and improve satisfaction among sector stakeholders. Quality assurance is offered to consumers for products and services of companies included in the system.

The "Glass Mastery Project" was implemented to provide sustainability in product quality and ensure a qualified workforce to the glass sector. The project facilitates the production of insulating glass and processed glass by certified glass masters. Under this effort, professional standards and competencies were determined and online trainings were initiated to systematically train glass masters. The Ankara Chamber of Industry was authorized by the Vocational Qualifications Authority to certify glass masters. Additionally, the pre-approval process by the Unemployment Fund regarding remuneration of expenses incurred by glass masters during the certification process was completed via Presidential Decree published in the Official Gazette dated October 3, 2019, issue 1598.

Customer relations enriched with digital applications

To communicate more closely with consumers, Şişecam Flat Glass benefited greatly from the immediacy and broad access of social media in 2019. New accounts on social media platforms were introduced to cover all domestic and international markets. The Company started communicating directly and quickly with target audiences via 16 social media accounts globally.

**TO COMMUNICATE
MORE CLOSELY WITH
CONSUMERS, WE
BENEFITED GREATLY
FROM THE SPEED
AND IMMEDIACY OF
SOCIAL MEDIA
IN 2019.**



An Overview of 2019

We plan to continue evaluating acquisition opportunities in international markets in the future.

Trakya Cam Sanayii A.Ş. is committed to effectively capitalizing on the opportunities provided by the digital era. The Company informs and trains sector stakeholders and business partners on the benefits of its products to human life in terms of energy savings, safety and security, noise control, and design. Focused on making each of its business partners a glass consultant and brand ambassador, the Company conducts various interactive competitions and projects such as "From Glass to Glass (Camdan Cama)."

Marketing communication efforts in international markets were conducted in diverse digital environments as well as on social media. The Company communicates with consumers and stakeholder audiences via various digital platforms. Multi-directional digital media campaigns are carried out to improve brand awareness of Şişecam Flat Glass as a local producer manufacturing on a global scale in the Indian and Italian markets. These efforts also aim to raise awareness on key subjects such as production volume and product range.

The Isicam Systems MoneyBox Card Club is designed to boost demand for Isicam-branded products from PVC frame producer companies. These enterprises have a major influence in channeling consumer preferences to Isicam products. This effort expanded its scope in 2019 by including aluminum joinery companies among its members. Total Club membership is now over 10 thousand. The Club creates more Isicam brand ambassadors every day, boosting sales of qualified Isicam products.

By directing end-consumers to qualified Isicam products via awareness-raising efforts and campaigns for energy-efficient products, Şişecam Flat Glass provides social support in addition to individual savings.

The Company organizes successive and supplemental trainings to its business partners as part of its sustainable growth and service approach. Business partners are provided with trainings on various topics such as sustainability and digitalization.

Trakya Cam Sanayii A.Ş. prepares e-trainings on the Şişecam Academy portal in different content and subject areas according to market needs. This effort aims to increase the technical knowledge of business partners on glass and the use of the right glass for the right purpose. The Company makes these trainings available to business partners via digital communication channels.

EXPECTATIONS AND OBJECTIVES FOR 2020

In recent years, Trakya Cam Sanayii A.Ş. has steadily expanded its area of business activity with breakthroughs and innovations. The Company plans to continue evaluating acquisition opportunities in international markets as well as organic investments in line with industry developments in the coming year. The Flat Glass Group aims to offer innovative products to the market that improve quality of life. The Company also strives to utilize the capacity in its current facilities in the most efficient way.

To this end, Şişecam Flat Glass plans to complete construction of its second flat glass investment with 750 tons/day capacity at the Polatlı Plant, which was initiated in 2018. The Flat Glass Group aims to boost the facility's value-added production by expanding total flat glass capacity to 1.675 tons/day with the second flat glass investment at the Polatlı Plant.

In 2018, assets belonging to Sangalli Group in Italy were acquired through the subsidiary Sisecam Flat Glass South Italy SRL. The facility included floating, laminated and coating lines. The Italy-based facility was modernized and became operational in 2019. Trakya Cam Sanayii A.Ş. aims to improve the value-added product portfolio offered to the European market and boost penetration in Europe with this acquisition.

Şişecam Flat Glass sees high growth potential and increased demand in India.

TRAKYA CAM SANAYİİ A.Ş. AIMS TO OFFER INNOVATIVE PRODUCTS TO THE MARKET THAT IMPROVE QUALITY OF LIFE WHILE EFFECTIVELY UTILIZING THE CAPACITY IN ITS CURRENT FACILITIES.

As a result, the Company will consider new investments in that country. These investments would aim to boost the Company's flat glass market share and add value to the existing product portfolio by improving its competitiveness.

Trakya Cam Sanayii A.Ş. conducts studies with Şişecam Research and Technological Development Department and joint projects with other cooperating institutions. With these efforts, the Company closely monitors technological and innovative developments in the industry.

Besides these ongoing activities, the Company plans to develop a diverse range of new products for the architectural and automotive market in 2020. Şişecam Flat Glass remains committed to managing its business activities effectively with an integrated structure across all the geographies where it operates.

Trakya Cam Sanayii A.Ş. plans to continue R&D efforts for products that enrich life and contribute to a sustainable future with its strong production infrastructure. The Company will also focus on cost-saving, Six Sigma and energy-saving efforts in 2020.

HUMAN RESOURCES

By the end of 2019, Trakya Cam San. A.Ş. and its affiliates employ a total of 6,659 personnel, with 1,832 staff members receiving monthly salaries and 4,827 employees earning hourly wages.

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

Diversity among staff is considered an element that contributes to the enrichment of corporate culture and helps Trakya Cam San. A.Ş. become successful. Accordingly, the recruitment of workwomen in the domestic plants in 2019 was encouraged and 17 women were employed. The total number of workwomen employed at Flat Glass Group is 1,525 and the number of women employees represents 23% of total staff.



An Overview of 2019

Şişecam Academy provides trainings that are designed to improve the competencies of all employees.

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

Şişecam Academy provides trainings designed to improve the competencies of all employees. In 2019, the Academy enriched and expanded its training/development opportunities on the basis of functional area/positions and schools. School programs based on business functions – including sales, marketing, supply chain, financial affairs, purchasing – continue to evolve and develop. In 2019, the Digital Transformation School was launched and seminars were held with the participation of experts.

Şişecam is committed to bolstering its University-Industry Cooperation to further the development of its stakeholders. The scope of research studies were extended with domestic and foreign educational institutions at locations where Şişecam Flat Glass operates to ensure employment of a qualified labor force. An e-training system is available for users via the Şişecam Academy portal. This platform is used to facilitate remote trainings for dealers to further their professional and technical development. The “People Shaping the Future of Glass Program” is conducted specifically for flat glass dealers.

The Journey Global Talent Management program was redesigned to identify the Company’s human resource needs, build up the talent profile, and plan global resources in line with business strategies.

Job applications are evaluated by measurement and evaluation systems taking into consideration the candidate competencies and potential. In 2019, the scope of the selection and placement tools used to ensure global standardization was expanded to include all domestic and overseas workplaces.

The selection and placement system is designed to recruit the most suitable talent to the Company. Internal and external ads are published to attract experienced candidates. Şişecam launched the “Together” Global Young Talent program to attract high performing interns and new graduates. Domestic and international summer internship programs are also conducted across Şişecam Group.

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

The “First Step” Summer Term Internship Program is designed to help university students take their first steps toward a professional career with positive experience and the “Together” Global Young Talent Program aims at giving the youth a chance to prove themselves and to gain experience by taking charge in long term projects actively. The young candidates that succeed in this program are given a priority of employment in the assistant expert and engineer positions.



Şişecam aims to foster a positive working environment by ensuring the sustainability of competent human resources. To this end, Şişecam conducted the Employee Engagement Survey at all domestic and overseas workplaces in 2019. Efforts are underway to improve employee communications by using internal communication tools more effectively. "Family Day at Şişecam" and "New Year's Celebration" events are organized globally.

A wage policy, which is competitive, fair, stable, and that is supportive of a high performance, is adopted according to market conditions. Employee projects that positively contribute to work processes and results and that make a difference are rewarded. Ideas that generate benefit, in line with the Group's strategy and goals, are assessed with Suggestion Development System. As part of recognition and appreciation practices, employees are remembered on their special days; their exemplary conduct and achievements are also recognized by the Company. The "Flexible Benefits Program" enables staff select among Şişecam's various benefit packages. In order to standardize the performance and remuneration practices that are implemented in all workplaces globally, preparations for "Global Benefits" and "Performance Development System Overseas Harmonization" projects were made in 2019. In order to use the performance and pricing processes more efficiently, system and method improvements have been made.

To establish an organizational structure in line with the Group's objectives, Şişecam renewed its organizational design and planning process system. In addition, human resource integration projects for company mergers and new investments commenced in 2019.

During the year, Şişecam undertook efforts to extend the scope of human resource procedures and regulations to cover all workplaces globally. The task definition standardization study was carried out for all domestic and overseas workplaces. Additionally, Şişecam launched the HROne project in an attempt to simplify systems and applications used, improve the quality and accessibility of the HR database and ensure the efficiency of HR processes.

INDUSTRIAL RELATIONS/OCCUPATIONAL HEALTH AND SAFETY

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

**TRAKYA CAM
SANAYİİ A.Ş.
OPERATES WITH
THE TARGET
OF ENSURING
COMPETITION
AND EFFICIENCY
ORIENTED
INDUSTRY
RELATIONSHIPS,
CONSISTENT WITH
CONTEMPORARY
WORKING
CONDITIONS.**

An Overview of 2019

Trakya Cam Sanayii A.Ş. aims to execute all stages of its production operations in a healthy and safe working environment.

IN 2019, TRAKYA CAM SANAYİİ A.Ş. UNDERTOOK RESEARCH STUDIES AND PROJECTS JOINTLY WITH ŞİŞECAM GROUP INDUSTRY RELATIONS DIRECTORATE TO DEVELOP AN OCCUPATIONAL HEALTH AND SAFETY (OHS) CULTURE BOTH IN LIGHT OF LEGAL REQUIREMENTS AND GLOBAL DEVELOPMENTS.

The Company has three collective labor agreements in Turkey, and five collective labor agreements abroad. Among the collective labor agreements, which last between one and three years, negotiations for the expired agreements started at year-end 2018 and the beginning of 2019 and agreements have been concluded. Expired collective labor agreements, applicable in workplaces abroad, have been renewed through negotiations that are executed in accordance with the particular conditions of the country where the workplaces are located and in line with the organizational priorities.

Aiming to execute all aspects of production activities in a healthy and safe working environment, Trakya Cam San. A.Ş. undertook projects and research studies in 2019 jointly with Şişecam Group Industry Relations Directorate to develop an Occupational Health and Safety (OHS) culture both in light of legal requirements and global developments. The audits, OHS Leadership Trainings, Occupational Health and Safety Painting Contest and OHS Ambassadors activities were conducted throughout the year in plants affiliated with the Company. Moreover, factory-specific exemplary practices were made for the purpose of achieving the wide acceptance of the risk management and OHS preventive actions.

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

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

The Company carries out the risk management and internal audit activities under the direction of the “Early Risk Determination Committee” and the “Audit Committee” that are the subcommittees of the Board of Directors. Committee meetings are held periodically to discuss predetermined agenda items. The decisions taken and recommendations made at these meetings are recorded to be presented to the Board of Directors regularly. The Board of Directors is kept apprised of risk management and internal audit activities by these committees, and they also provide guidance as required.

Uncertainties in the global economy, intense inter-state conflicts and trade wars, security issues triggered by geopolitical factors, fast developing technology, dramatic consequences of climate change and natural disasters in addition to social strife have brought economic, political, technological and environmental risks to the forefront.

Global risks continue to affect the lives of people, companies and governments in new and unusual ways, most of which are uninsurable. This fact has differentiated the perspective on risks across the world. It has also greatly increased the importance and added value of risk management as a corporate discipline. As in previous years, the Group constantly monitored the effectiveness of its risk management and internal audit processes in 2019. These two functions, key components of corporate governance, were managed more effectively with a wider perspective. Within the framework of this structure, the existing and potential risks are addressed with a proactive approach and audit activities are maintained with a risk-focused view.

The internal audit and risk management functions should be designed to ensure that the functions of internal audit and risk management are carried out in the course of the work carried out to establish an institutional structure, to provide the necessary safeguards to the stakeholders, to protect the tangible and intangible assets, resources and environment of the Company, to minimize the losses arising from uncertainties, communication is kept at the highest level and it is aimed to support the decision making process and increase management efficiency.

Risk Management

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

Internal Audit

In the Group, the purpose of internal audit efforts that have been continued for many years with a well-established and corporate structure is to help the Company in its development in a healthy manner, ensuring unity and harmony in practice, and carrying out effective, constructive, and efficient controls and taking corrective measures in a timely manner so that all operations are conducted in compliance with applicable legislation. Both the ordinary annual auditing program and other audits are influenced by results gathered from risk management activities, leading to a "risk focused auditing".

CURRENT AND POTENTIAL RISKS ARE HANDLED PROACTIVELY WHILE AUDIT ACTIVITIES ARE CONDUCTED WITH A RISK-FOCUSED APPROACH.







TRAKYA CAM SANAYİİ A.Ş.

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR
THE PERIOD 1 JANUARY 2019 -
31 DECEMBER 2019 TOGETHER
WITH THE INDEPENDENT
AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No:27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Trakya Cam Sanayii A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Trakya Cam Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

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

3) Key Audit Matters

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

Key Audit Matters	How key audit matters are addressed in the audit
<p>Goodwill impairment test</p>	
<p>As at 31 December 2019, there is a goodwill amounting to TL 269,826 thousand which resulted from previous acquisitions. In accordance with TAS, the Group performs an impairment test for each cash generating unit to assess whether there is an impairment in the goodwill amount.</p> <p>The assumptions, sensitivities and results of the tests performed are disclosed in Note 21 to the financial statements. These tests are assessed as key audit matter due to the complexity, the required estimates of management and the dependency on future market circumstances.</p>	<p>We involved the valuation specialists from another entity that is a part of the same audit network of our audit team to support our assessment about the assumptions and methods used by the Group in testing the discount rates per cash generating unit and assessing the model that calculates future cash flows.</p> <p>Furthermore, we tested the expected growth rates and related expected future cash flows. We assessed whether these future cash flows, amongst others, were based on the strategic plan as prepared by the management.</p> <p>Mathematical accuracy of calculations were checked.</p> <p>In addition, the feasibility of the projections used was compared with past financial performances and current evaluations and questioned by the Group management.</p> <p>In addition, within the scope of the above-mentioned special accounting, the appropriateness and sensitivity of the disclosures contained in the financial statements and the importance of these information for the users of the financial statement were questioned by us.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>

Implementation of hedge accounting	
<p>The Group has started to apply cash flow hedge accounting by matching cross currency and interest rate swap contracts with the payments of its financial liabilities and signing a silver purchase swap contract to protect from cash flow, exchange rate and interest risks within the scope of TFRS 9 in 2019. Due to the nature of the transaction, complex calculations are made for the tracking and valuation of derivative instruments and the transactions are recognized in the consolidated financial statements.</p> <p>As of December 31, 2019, the effect of this accounting on shareholders' equity in the consolidated financial statements is TL 38,246 thousand.</p> <p>In our audit, we have focused on this issue for the following reasons;</p> <ul style="list-style-type: none"> - The Group started to apply a new accounting policy within the scope of TFRS 9 Financial Instruments standard in order to hedge currency and interest risks, - There is significant impact on the Group's consolidated financial statements dated 31 December 2019. - The model designed for calculating the fair value of the structured cross currency swap transaction and the model created for hedge accounting include complex calculations and elements and the necessity of using our own experts to examine these calculations / models. <p>The detailed explanations of hedge accounting are presented in Note 12 and 28.</p>	<p>The processes for the implementation of the hedge accounting of the Group's have been understood end-to-end and the controls we have determined as independent auditors regarding the effectiveness tests performed while applying hedge accounting have been tested. And the controls we have determined as independent auditors on how to make the mandatory documentation required by the standard for the application of hedge accounting have been tested.</p> <ul style="list-style-type: none"> - The parameters of the cross-currency swap transactions that have been made during the year and are currently within the Group have been verified by the contracts. - Calculations and financial models based on hedge accounting were examined with the help of our experts and the transactions based on the cash flows in the relevant models were tested through sampling. - Accounting records including the effects of these transactions on equity and profit or loss were evaluated. - The compliance of disclosures in the accompanying consolidated financial statements are evaluated under the framework Turkish Financial Reporting Standards ("TFRS").

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

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

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

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



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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on January 30, 2020.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



Tolga Kirelli, SMMM
Partner

January 30, 2020
Istanbul, Turkey

TRAKYA CAM SANAYİİ 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	Note	31 December 2019	Restated 31 December 2018
Current assets			
Cash and cash equivalents	6	3,928,489	1,339,701
Financial investments	7	235,067	106,830
Trade receivables	10	929,956	979,529
- Due from other parties	10	929,956	979,529
Other receivables	11,38	94,240	141,149
- Due from related parties	38	57,662	128,600
- Due from third parties	11	36,578	12,549
Derivative instruments	12	2,974	-
Inventories	13	1,432,626	1,089,783
Prepaid expenses	14	107,523	71,882
Current period tax assets	36	25,767	-
Other current assets	27	110,563	40,865
Subtotal		6,867,205	3,769,739
Assets held for sale	35	27,854	-
Total current assets		6,895,059	3,769,739
Non-current assets			
Financial investments	7	1,000,362	946,351
Other receivables	11	6,269	15,653
- Due from third parties	11	6,269	15,653
Derivative Instruments	12	26,556	-
Investments accounted for using the equity method	16	345,305	307,726
Investment properties	17	557	589
Property, plant and equipment	18	5,917,186	4,895,993
Right of use assets	19	51,043	-
Intangible assets	20,21	338,107	314,121
- Goodwill	21	269,826	244,988
- Other intangible assets	20	68,281	69,133
Prepaid expenses	14	263,402	24,043
Deferred tax assets	36	62,727	78,853
Other non-current assets	27	1,072	798
Total non-current assets		8,012,586	6,584,127
TOTAL ASSETS		14,907,645	10,353,866

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

TRAKYA CAM SANAYİİ 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.)

LIABILITIES	Note	31 December 2019	Restated 31 December 2018
Current Liabilities			
Short term borrowings	8	1,004,911	777,960
Short term portion of long term borrowings	8	1,354,836	426,967
Trade payables	10,38	975,902	597,990
- Due to related parties	38	92,228	83,593
- Due to third parties	10	883,674	514,397
Other payables	11,38	283,162	133,425
- Due to related parties	38	204,574	81,836
- Due to third parties	11	78,588	51,589
Deferred income	14	15,616	22,187
Current income tax liabilities	36	-	48,994
Short term provisions	23,25	35,483	52,559
- Short term provisions related to employee benefits	25	4,535	3,394
- Other short term provisions	23	30,948	49,165
Other current liabilities	27	133,277	91,600
Total current liabilities		3,803,187	2,151,682
Non-current liabilities			
Long term borrowings	8	4,000,962	2,116,582
Other payables	11	29,759	494
- Due to third parties	11	29,759	494
Deferred income	14	62,253	64,927
Long term provisions	25	112,393	102,333
- Long term provisions related to employee benefits	25	112,393	102,333
Deferred tax liabilities	36	102,548	147,663
Total non-current liabilities		4,307,915	2,431,999
Total liabilities		8,111,102	4,583,681
EQUITY			
Equity holders of the parent			
Paid capital		1,250,000	1,250,000
Adjustment to share capital differences		5,577	5,577
Share premiums (discounts)		23	23
Accumulated other comprehensive income/expense not to be reclassified to profit or loss		648,370	668,832
- Gains/(losses) on revaluation and remeasurement		648,370	668,832
- Revaluation gain/(loss) on tangible assets		647,048	671,448
- Gain/(loss) arising from defined benefit plans		1,322	(2,616)
Accumulated other comprehensive income/expense to be reclassified to profit or loss		1,249,248	774,355
- Currency translation differences		1,209,389	774,355
- Hedging reserves		39,859	-
Restricted reserves		231,539	197,629
Retained earnings		2,250,144	1,450,702
Net profit or (loss) for the period		749,533	950,547
Non-controlling interests	28	412,109	472,520
Total equity		6,796,543	5,770,185
TOTAL LIABILITIES AND EQUITY		14,907,645	10,353,866

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

TRAKYA CAM SANAYİİ 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.)

	Note	1 January- 31 December 2019	Restated 1 January- 31 December 2018
Revenue	29	6,650,648	5,875,064
Cost of sales	29	(4,625,355)	(3,955,135)
Gross profit from trading activities		2,025,293	1,919,929
General administrative expenses	30	(480,654)	(403,752)
Marketing expenses	30	(851,847)	(678,938)
Research and development expenses	30	(24,529)	(20,986)
Other operating income	32	291,688	403,164
Other operating expenses	32	(119,239)	(156,328)
Operating profit		840,712	1,063,089
Income from investing activities	33	205,182	347,912
Expense from investing activities	33	(4,997)	(10,656)
Impairment gains (losses) arising from TFRS-9	33	3,319	(23,344)
Other income/expenses from associates, jointly controlled entities and subsidiaries	33	-	(89,502)
Gains/Losses on the classification of financial assets at fair value through profit or loss	33	-	138,358
Share of profit/loss of associates and joint ventures	16	40,567	53,367
Operating profit before financial income and expense		1,084,783	1,479,224
Financial income	34	756,051	720,845
Financial expenses	34	(1,042,569)	(1,027,910)
Profit before tax from continued operations		798,265	1,172,159
Tax income/expense from continued operations	36	(29,251)	(181,250)
- Current tax income / (expense)	36	(79,276)	(194,162)
- Deferred tax income / (expense)	36	50,025	12,912
Profit for the period		769,014	990,909
- Non-controlling interest	28	19,481	40,362
- Equity holders of the parent	28	749,533	950,547
Earnings per share	37	0.5996	0.7604

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Other Comprehensive Income for the Periods 1 January - 31 December 2019 and 2018

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

	Note	1 January- 31 December 2019	Restated 1 January- 31 December 2018
Profit for the Period	28	769,014	990,909
Other Comprehensive Income:			
Items not to be reclassified to profit or loss	28	16,543	210,824
Gains / (loss) on revaluation of tangible fixed assets		12,605	222,675
Gain / (loss) arising from defined benefit plans		4,923	2,845
Taxes relating to other comprehensive income that will not be reclassified in profit or loss		(985)	(14,696)
- Tax effect		(985)	(14,696)
Items to be reclassified to profit or loss	28	527,544	394,685
Currency translation differences		487,685	394,685
Hedging reserves		51,101	-
Taxes relating to other comprehensive income reclassified in profit or loss		(11,242)	-
Other comprehensive income/ (loss)		544,087	605,509
Total comprehensive income/ (loss)		1,313,101	1,596,418
Attributable to:			
- Non-controlling interest		72,132	124,739
- Equity holders of parent		1,240,969	1,471,679
Earnings per share	37	0.9928	1.1773

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Changes in Equity for the periods 1 January - 31 December 2019 and 2018

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

	Paid-in capital	Adjustment to capital	Share premiums/ discounts	Share	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 interests	Equity
Balance at 1 January 2018	1,130,000	5,577	23	23	459,433	464,047	159,699	1,174,791	616,395	4,009,965	346,210	4,356,175
Transfers	-	-	-	-	-	-	37,930	578,465	(616,395)	-	-	-
Total comprehensive income / (loss)	-	-	-	-	210,824	310,308	-	-	950,547	1,471,679	124,739	1,596,418
Capital increase	120,000	-	-	-	-	-	-	(120,000)	-	-	-	-
Dividends	-	-	-	-	-	-	-	(170,000)	-	(170,000)	-	(170,000)
Changes in shares in associates that does not result in loss of control	-	-	-	-	(1,425)	-	-	1,425	-	-	1,571	1,571
Other changes (*)	-	-	-	-	-	-	-	(13,979)	-	(13,979)	-	(13,979)
Balance at 31 December 2018	1,250,000	5,577	23	23	668,832	774,355	197,629	1,450,702	950,547	5,297,665	472,520	5,770,185
Balance at 1 January 2019 (restated)	1,250,000	5,577	23	23	668,832	774,355	197,629	1,450,702	950,547	5,297,665	472,520	5,770,185
Transfers	-	-	-	-	-	-	33,910	916,637	(950,547)	-	-	-
Total comprehensive income / (loss)	-	-	-	-	(33,085)	474,893	-	49,628	749,533	1,240,969	72,132	1,313,101
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	20,000	(103,100)	(83,100)
Dividends	-	-	-	-	12,623	-	-	7,377	-	(170,000)	(29,400)	(199,400)
Impact of accounting policy change (Note 2.3)	-	-	-	-	-	-	-	(170,000)	-	-	(43)	(4,243)
Balance at 31 December 2019	1,250,000	5,577	23	23	648,370	1,249,248	231,539	2,250,144	749,533	6,384,434	412,109	6,796,543

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

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

	Note	1 January- 31 December 2019	Restated 1 January- 31 December 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		1,140,852	708,170
Net profit for the period	28	769,014	990,909
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		532,669	612,804
Adjustments for depreciation and amortization	18,19,20	463,264	376,392
Adjustments for impairments/(reversals)	6,7,10,13	21,399	42,087
Adjustments for changes in provisions	23,25	7,326	38,066
Adjustments for interest (income) / expenses	8,32,34	201,173	44,638
Adjustments for unrealized exchange (gain) / loss	32,34	54,104	229,951
Adjustments for fair value (gain) / loss	3,7	(197,869)	(241,700)
Adjustments for income from investments accounted for under equity accounting	16	(40,567)	(53,367)
Adjustments for tax (income) / expenses	36	29,251	181,250
Adjustments for losses (gains) on disposal of non-current assets	32,33	(2,284)	(2,418)
Other adjustments related to profit/(loss) reconciliation	7,27	(3,128)	(2,095)
Changes in working capital		193,323	(596,954)
(Increases)/decreases in trade receivables	10,38	62,756	(246,405)
(Increases)/decreases in other receivables	11,38	46,909	48,472
(Increases)/decreases in derivatives	12,33	(1,609)	-
(Increases)/decreases in inventories	13	(354,288)	(354,027)
Increases/(decreases) in trade payables	10,38	389,757	101,895
Increases/(decreases) in other payables	11,14,27,38	143,166	(147,164)
Other increases/(decreases) in working capital	14,27	(93,368)	275
Cash flows from operating activities		1,495,006	1,006,759
Interest paid	8,32,34,38	(220,840)	(118,185)
Interest received	34,38	31,718	15,645
Employment termination benefits paid	25	(10,995)	(9,894)
Taxes received / (paid)	36	(154,037)	(186,155)

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

	Note	1 January- 31 December 2019	Restated 1 January- 31 December 2018
B. CASH FLOWS FROM INVESTING ACTIVITIES		(1,159,508)	(674,716)
Cash outflows from gain of control of shares in subsidiaries	3	-	(469,916)
Cash outflows related to additional share purchases in subsidiaries		(83,100)	-
Cash inflows from sales of shares or debt instruments of other entities or funds	7	59,686	20,480
Cash outflows for the acquisition of shares or debt instruments of other entities or funds	7	(89,209)	(32,485)
Proceeds from sale of tangible and intangible assets	18,20,33	22,861	8,408
Purchase of property, plant, equipment and intangible assets	18,20	(1,034,935)	(361,262)
Advances given	14	(319,552)	(49,613)
Proceeds from advances given	14	77,178	95,825
Dividend received	16	44,261	1,884
Interest received	6,7,34	124,927	117,468
Other cash inflows/ (outflows)	3,10,11,27	38,375	(5,505)
C. CASH FLOWS FROM FINANCING ACTIVITIES		2,202,589	(367,050)
Proceeds from borrowings	8	5,501,252	952,897
Repayments of borrowings	8	(3,080,385)	(1,149,159)
Financial lease payments	8	(18,878)	(788)
Dividends paid	28	(199,400)	(170,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		2,183,933	(333,596)
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		403,343	283,364
Impact of exchange rate on cash and cash equivalents	34	222,245	247,280
Impact of foreign currency translation differences	28	181,098	36,084
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		2,587,276	(50,232)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	1,340,125	1,390,357
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	3,927,401	1,340,125

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

1. Group's Organizations and Nature of Business

Trakya Cam Group (the "Group") consists of a holding company, Trakya Cam Sanayii A.Ş. ("Company") and 18 subsidiaries, 5 associates.

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

The Group has production facilities in Turkey (Kırklareli (Lüleburgaz), Mersin (Tarsus), Bursa (Yenişehir), Ankara (Polatlı) and overseas production facilities in the following countries, Bulgaria (Targovishte), Russia (Tatary), Germany (Aurach), Slovakia (Malacky), Hungary (Aszod), Romania (Buzau), Italy (Udine and Manfredonia), Egypt (Sukhna) and India (Halol).

The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BİST"), formerly named as Istanbul Stock Exchange ("ISE"), since 5 November 1990. As of December 31, 2019, they are quoted on the BIST 100 National Index.

The Head Office and the Shareholder Structure of the Company

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

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

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

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

Trade register Information of the Company

Registered At : İstanbul Trade Registry Office
Registration N : 151415
Central Registration System (Mersis) No : 2953-9497-3752-4526
Nace Kod : 23.11.01

Details of the number of personnel are as follows

	31 December 2019	31 December 2018
Personnel charged by monthly pay	1,832	1,812
Personnel charged by hour	4,827	5,048
Total	6,659	6,860

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

Companies Included in the Consolidation

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

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

(*) The name of Sisecam Flat Glass India Limited was changed to Sisecam Flat Glass India Private Limited on 13 June 2019 due to the change of company type.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

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

Subsidiaries	31 December 2019		31 December 2018	
	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)
Trakya Yenişehir Cam Sanayii A.Ş.(*)	-	-	85,00	85,00
Trakya Polatlı Cam Sanayii A.Ş.(*)	-	-	85,00	85,00
Şişecam Otomotiv A.Ş.	100,00	100,00	100,00	100,00
Trakya Investment B.V.	100,00	100,00	100,00	100,00
TRSG Glass Holding B.V.	70,00	70,00	70,00	70,00
Sisecam Flat Glass Holding B.V.	100,00	100,00	100,00	100,00
Trakya Glass Bulgaria EAD	100,00	100,00	100,00	100,00
Sisecam Automotive Bulgaria EAD	100,00	100,00	100,00	100,00
Glasscorp S.A.	100,00	100,00	100,00	100,00
Trakya Glass Rus AO	100,00	70,00	100,00	70,00
Automotive Glass Alliance Rus AO	100,00	100,00	100,00	100,00
Trakya Glass Rus Trading OOO	100,00	70,00	100,00	70,00
Automotive Glass Alliance Rus Trading OOO	100,00	100,00	100,00	100,00
Sisecam Flat Glass Italy S.R.L.	100,00	100,00	100,00	100,00
Richard Fritz Holding GmbH	100,00	100,00	100,00	100,00
Richard Fritz Prototype + Spare Parts GmbH	100,00	100,00	100,00	100,00
Richard Fritz Spol, S.R.O.	100,00	100,00	100,00	100,00
Richard Fritz Kft	100,00	100,00	100,00	100,00
Sisecam Flat Glass India Private Limited	100,00	100,00	100,00	100,00
Sisecam Flat Glass South Italy S.R.L.	100,00	100,00	100,00	100,00

Associates	31 December 2019		31 December 2018	
	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)
Çayırova Cam San. A.Ş.	28,14	28,14	28,14	28,14
Camiş Elektrik Üretim A.Ş.	34,43	34,43	34,43	34,43
Saint Gobain Glass Egypt S.A.E	30,00	30,00	30,00	30,00
Saint Gobain Egypt Trade LLC	-	29,70	-	29,70
Saint Gobain Mirrors Egypt S.A.E	-	29,70	-	29,70

(* Trakya Yenişehir Cam Sanayii A.Ş. and Trakya Polatlı Cam Sanayii A.Ş. which Trakya Cam Sanayii A.Ş. hold 85% shares as of December 31, 2018, have merged under Trakya Cam Sanayii A.Ş. on 10 September 2019 with all their assets and liabilities.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January - 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

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II. No:14.1. "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS taxonomy published by POAASA on 2 June 2016 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 17 March 2005, the CMB announced that, effective from 1 January 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 yearend consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These yearend 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 is expressed in thousand Turkish Lira (TRY), which is the functional currency of the Company and the presentation currency of the Group.

Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of TFRS) 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 and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Comparative information and Restatement of Prior Periods' Financial Statements

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

In this context, the purchase price allocation study of the subsidiary located in India namely Sisecam Flat Glass India which is fully consolidated in the financial statements since 13 June 2018 with provisional values in accordance with TFRS 3 "Business Combinations" has been completed and the effect of the final figures has been reflected to the financial statements as of 31 December 2019. The adjustment entries derived from purchase date and final figures as of 30 June 2019 have been explained in Note 3.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.1 Basis of Presentation (continued)

Comparative information and Restatement of Prior Periods' Financial Statements (continued)

Calculations based on temporary amounts since June 30, 2018 have been finalized on June 30, 2019 and correction records have been made since the date of purchase. Therefore, the consolidated statement of financial position for the period of 31 December 2018 and the consolidated statement of profit or loss for the period of 1 January-31 December 2018, other comprehensive income statement, statement of changes in equity and cash flow statement for the period of 31 December 2019 are restated.

The consolidated statement of financial position of the Group dated December 31, 2018 is as follows:

		31 December 2018	TFRS-3 effect of business combinations (Note 3)	Restated 31 December 2018
ASSETS				
Current Assets				
Cash and cash equivalents	6	1,339,701		1,339,701
Financial investments	7	106,830		106,830
Trade receivables	10	979,529		979,529
- Due from other parties	10	979,529		979,529
Other receivables	11,38	141,149		141,149
- Due from related parties	38	128,600		128,600
- Due from third parties	11	12,549		12,549
Inventories	13	1,091,042	(1,259)	1,089,783
Prepaid expenses	14	71,882		71,882
Other current assets	27	40,865		40,865
Total current assets		3,770,998	(1,259)	3,769,739
Non-current assets				
Financial investments	7	946,351		946,351
Other receivables	11	15,653		15,653
- Due from third parties	11	15,653		15,653
Investments accounted for using the equity method	16	307,726		307,726
Investment properties	17	589		589
Property, plant and equipment	18	4,768,350	127,643	4,895,993
Intangible assets	20,21	399,227	(85,106)	314,121
- Goodwill	21	168,815	76,173	244,988
- Other intangible assets	20	230,412	(161,279)	69,133
Prepaid expenses	14	24,236	(193)	24,043
Deferred tax assets	36	78,853		78,853
Other non-current assets	27	798		798
Total non-current assets		6,541,783	42,344	6,584,127
TOTAL ASSETS		10,312,781	41,085	10,353,866

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.1 Basis of Presentation (continued)

Comparative information and Restatement of Prior Periods' Financial Statements (continued)

	Note	31 December 2018	TFRS-3 effect of business combinations (Note 3)	Restated 31 December 2018
LIABILITIES				
Current Liabilities				
Short term borrowings	8	777,960		777,960
Short term portion of long term borrowings	8	426,967		426,967
Trade payables	10,38	597,990		597,990
- Due to related parties	38	83,593		83,593
- Due to third parties	10	514,397		514,397
Other payables	11,38	133,425		133,425
- Due to related parties	38	81,836		81,836
- Due to third parties	11	51,589		51,589
Deferred income	14	22,187		22,187
Current income tax liabilities	36	48,994		48,994
Short term provisions	23,25	51,830	729	52,559
- Short term provisions related to employee benefits	25	3,394		3,394
- Other short term provisions	23	48,436	729	49,165
Other current liabilities	27	91,600		91,600
Total current liabilities		2,150,953	729	2,151,682
Non-current liabilities				
Long term borrowings	8	2,116,582		2,116,582
Other payables	11	494		494
- Due to third parties	11	494		494
Deferred income	14	64,927		64,927
Long term provisions	25	101,614	719	102,333
- Short term provisions related to employee benefits	25	101,614	719	102,333
Deferred tax liabilities	36	94,238	53,425	147,663
Total non-current liabilities		2,377,855	54,144	2,431,999
Total liabilities		4,528,808	54,873	4,583,681
EQUITY				
Equity holders of the parent				
Paid capital		1,250,000		1,250,000
Adjustment to share capital differences		5,577		5,577
Share premiums (discounts)		23		23
Accumulated other comprehensive income/expense not to be reclassified to profit or loss		668,832		668,832
- Gains/(losses) on revaluation and remeasurement		668,832		668,832
- Revaluation gain/(loss) on tangible assets		671,448		671,448
- Gain/(loss) arising from defined benefit plans		(2,616)		(2,616)
Accumulated other comprehensive income/expense to be reclassified to profit or loss		780,365	(6,010)	774,355
- Currency translation differences		780,365	(6,010)	774,355
Restricted reserves		197,629		197,629
Retained earnings		1,450,702		1,450,702
Net profit or (loss) for the period		958,325	(7,778)	950,547
Non-controlling interests	28	472,520		472,520
Total equity		5,783,973	(13,788)	5,770,185
TOTAL LIABILITIES AND EQUITY		10,312,781	41,085	10,353,866

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.1 Basis of Presentation (continued)

Comparative information and Restatement of Prior Periods' Financial Statements (continued)

Restated consolidated statement of profit or loss of the Group for the period of January 1, December 31, 2018 is as follows:

	Note	1 January- 31 December 2018	TFRS-3 effect of business combinations (Note 3)	Restated 1 January- 31 December 2018
Revenue	28	5,875,064		5,875,064
Cost of sales	28	(3,958,680)	3,545	(3,955,135)
Gross profit from trading activities		1,916,384	3,545	1,919,929
General administrative expenses	29	(403,104)	(648)	(403,752)
Marketing expenses	29	(676,280)	(2,658)	(678,938)
Research and development expenses	29	(20,986)		(20,986)
Other operating income	31	402,553	611	403,164
Other operating expenses	31	(156,328)		(156,328)
Operating profit		1,062,239	850	1,063,089
Income from investing activities	32	347,912		347,912
Expense from investing activities	32	(107,206)	96,550	(10,656)
Impairment gains (losses) arising from TFRS-9	32	(23,344)		(23,344)
Other income/expenses from associates, jointly controlled entities and subsidiaries	32	13,698	(103,200)	(89,502)
Gains/Losses on the classification of financial assets at fair value through profit or loss	32	138,358		138,358
Share of profit/loss of associates and joint ventures	16	53,367		53,367
Operating profit before financial income and expense		1,485,024	(5,800)	1,479,224
Financial income	33	720,845		720,845
Financial expenses	33	(1,027,910)		(1,027,910)
Profit before tax from continued operations		1,177,959	(5,800)	1,172,159
Tax income/expense from continued operations	35	(179,272)	(1,978)	(181,250)
- Current tax income / (expense)	35	(194,162)		(194,162)
- Deferred tax income / (expense)	35	14,890	(1,978)	12,912
Profit for the period		998,687	(7,778)	990,909
Distribution of profit for the period				
- Non-controlling interest	27	40,362		40,362
- Equity holders of the parent	27	958,325	(7,778)	950,547
Earnings per share	36	0.7667	(0.0062)	0.7604

Restated consolidated cash flows from operating activities of the Group for the period of 1 January - 31 December 2018, are as follows:

	Note	1 January- 31 December 2018	TFRS-3 effect of business combinations (Note 3)	Restated 1 January - 31 December 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		708,170	-	708,170
Net profit for the period	28	998,687	(7,778)	990,909
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		605,026	7,778	612,804
Adjustments for impairments/(reversals)	18,19,20	138,637	(96,550)	42,087
Adjustments for changes in provisions	6,7,10,13	38,916	(850)	38,066
Adjustments for fair value (gain) / loss	23,25	(344,900)	103,200	(241,700)
Adjustments for interest (income) / expenses	8,32,34	179,272	1,978	181,250
Other	32,34	593,101	-	593,101

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.1 Basis of presentation (continued)

Financial Statements of subsidiaries that operate in foreign countries

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

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

Currency	31 December 2019		31 December 2018	
	Period End	Period Average	Period End	Period Average
Euro	6.65060	6.34805	6.02800	5.67894
Bulgarian Lev	3.40040	3.24571	3.08207	2.90360
Russian Ruble	0.09552	0.08719	0.07534	0.07606
Romanian Leu	1.38320	1.33022	1.28660	1.21327
Egyptian Pound	0.37142	0.33819	0.29441	0.27190
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.

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 31 December 2019 and 31 December 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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

2. Basis of Presentation of Consolidated 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 31 December 2019 and 31 December 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.

Unrealized 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 equal 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.

Financial assets at fair value through other comprehensive income

The financial investments are accounted for in accordance with TFRS 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 recognized 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 31 December 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 changes in the Accounting Policies

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

Impacts on consolidated financial statements

The Group applied TFRS 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 TFRS 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 TFRS 16 are recognized in retained earnings as of 1 January 2019.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies

Financial Statement

The impacts on the statement of financial position of 1 January 2019 regarding to the adoption of TFRS 16 are as follows:

	Notes	1 January 2019	TFRS-16 Impacts	Impacts Included 1 January 2019
Assets				
Total current assets		3,769,739	-	3,769,739
Non-current assets				
Right-of-use assets	19	-	62,783	62,783
Deferred tax assets	36	78,853	1,136	79,989
Total non-current assets		6,584,127	63,919	6,648,046
Total assets		10,353,866	63,919	10,417,785
Current portion of long term borrowings	8	426,967	15,713	442,680
Total current liabilities		2,151,682	15,713	2,167,395
Long term borrowings	8	2,116,582	52,449	2,169,031
Total non-current Liabilities		2,431,999	52,449	2,484,448
Total liabilities		4,583,681	68,162	4,651,843
Equity				
Equity holders of the parent	27	5,297,665	(4,200)	5,293,465
Retained earnings		1,450,702	(4,200)	1,446,502
Non-controlling interests	27	472,520	(43)	472,477
Total equity		5,770,185	(4,243)	5,765,942
Total liabilities		10,353,866	63,919	10,417,785

2.4 Changes in Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended 31 December 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 31 December 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 1 January 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) *The new standards, amendments and interpretations which are effective as at 1 January 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 1 January 2019, with earlier adoption permitted.

TRAKYA CAM SANAYİ A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

a) The new standards, amendments and interpretations which are effective as at 1 January 2019 are as follows (continued)

IFRS 16 – Leases (continued)

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e. leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g. personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e. the lease liability), at the same date recognizes 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 recognize 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 recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16:

The Group adopted IFRS 16 using the modified retrospective approach.

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.

Amendments to IAS 28 "Investments in Associates and Joint Ventures" (Amendments)

In December 2017, POA issued amendments to IAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies IFRS 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.

IFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with IAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in IFRS 9 applies only to interests a company accounts for using the equity method. A company applies IFRS 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.

IFRIC 23 Uncertainty over Income Tax Treatments

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.5 Amendments in Turkish Financial Reporting Standards (continued)

a) *The new standards, amendments and interpretations which are effective as at 1 January 2019 (continued)*

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 recognized 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 capitalization rate on general borrowings.

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 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 the Group.

b) *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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

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

b) 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.

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.

Changes in TFRS 9, TAS 39 and TFRS 7 - Indicator Interest Rate Reform

Facilitating implementations were provided in TFRS 9 and TAS 39 regarding indicator interest rate reform in the annual reporting periods starting on or after 1 January 2020. These applications are related to hedge accounting and in summary;

- The provision regarding the high probability of transactions,
- Forward looking evaluations,
- Retrospective evaluations and
- Separately identifiable risk components.

The exemptions applied to the amendment to TFRS 9 and TAS 39 are intended to be disclosed in the financial statements in accordance with the regulation in TFRS 7.

c) 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:

On January 23, 2020, IASB made amendments to the "Presentation of IAS 1 Financial Statements" standard. These amendments, which are effective for annual reporting periods beginning on or after 1 January 2022, provide explanations to the criteria for the long and short term classification of liabilities. The changes should be applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates". Early application is allowed. The effects of this change on the financial position and performance of the Group are evaluated.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies

Revenue

Revenue goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfill their performance obligations by transferring them to their customers. In the sale of goods when the control of the asset is received by the customer the asset is transferred and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in cases where an asset with alternative use is not created for the Group and the Group has a legally enforceable right of payment on the payment to be completed to that end the Group assigns control of the goods over time and records the revenue as time production occurs.

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

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

The Group assesses at the beginning of the contract whether there are different performance obligations to which a price must be allocated. The Group has no significant service components identified in its customer contracts. If Group expects at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest Income

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

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

Dividend Income

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

Inventories

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

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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Tangible Assets (continued)

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 for land due to the fact that they have indefinite useful lives. The estimated useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimates and they are accounted for on a prospective basis if there is a change in the estimates (Note 18).

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

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

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

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

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

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

Intangible Assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 5 years based on their economic lives (Note 20).

Computer software

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

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Computer software (continued)

Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years) (Note 20).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses on the same basis as intangible assets acquired separately (Note 20).

Customer Relationships

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

Investment Properties

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

Assets Held for Sale

Assets are classified as non-current assets held for sale in cases where they are intended to be recovered as a result of the sales transaction, not by using their registered values. These assets can be a business unit, sales groups or a separate tangible asset. The sale of fixed assets held for sale is expected to occur within twelve months following the balance sheet date. Various events or conditions can extend the completion of the sales process for more than one year. If the delay in question occurred due to events or conditions beyond the control of the entity and there is sufficient evidence that the entity's sales plan for the sale of the relevant asset (or group of assets to be disposed of) is ongoing; The prolonged time required to complete the sale does not prevent the related asset (or group of assets to be disposed of) classified as held for sale.

Non-current assets held for sale are valued at the lower of the recorded or fair value. In cases where the fair value falls below the recorded value, the impairment is recorded as expense in the consolidated statement of profit or loss for the relevant period. Depreciation is not allocated over these assets.

Derivative Instruments and Hedging Instruments

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts, currency/interest rate swap instruments and silver purchase swap agreements. 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:

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

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 (CGU) 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 amortization 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.

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 remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of lease liabilities recognised.
- lease payments made before the commencement date less any lease incentives received.
- 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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Lease Liabilities (continued)

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 in 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.

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 34).

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

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

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

Related Parties

For the purpose of these consolidated financial statements shareholders key management personnel (general managers head of group vice general managers, vice head of group and factory managers) and Board members, in each case together with the companies controlled by/or affiliated with them are considered and referred to as related parties (Note 38).

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

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.

"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. If the assets are sold the valuation differences that are classified in other comprehensive income are reclassified to retained earnings.

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

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

Derecognition

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

Impairment

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Provision for loss measured as below;

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

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

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

Trade receivables

Trade receivables that are created by way of providing flat glass, processed glass, mirror, laminated glass, glass encapsulation, white goods glasses, auto glass, and coated glass directly to a debtor are carried at amortized rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

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 -1 year). 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).

Cash and Cash equivalents

Cash and cash equivalents include 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.

Other financial liabilities

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

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

Trade payables

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Business combinations and Goodwill

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 instruments issued by the acquirer in exchange for control of the acquired business and in addition any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

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

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

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

Transactions with non-controlling interests

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

Foreign Currency Transactions

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

In preparing the financial statements of the individual entities transactions in foreign currencies (currencies other than TRY or the currency other than the functional currency of the related entity) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

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

For the purpose of presenting consolidated financial statements the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

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.

Earnings per Share

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 37).

Events after the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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

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

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. 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.

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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Segment reporting (continued)

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.

In terms of management accounting, the Group is divided into two groups; architectural and automotive glass. These divisions also form the basis of the Group's segment reporting (Note 5). Architectural Glasses; flat glass, frosted glass, laminated glass, Mirror, coated glass, white goods glass and solar glass. Automotive Glasses; auto glass and encapsulated glass.

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 22). Government grants related to costs are accounted as income on a consistent basis over the related periods with the costs. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statements of income on a straight-line basis over the expected lives of the related assets.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity (Note 36). In such case the transaction including tax is recognized in shareholders' equity. The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate. Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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.

Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Dividends

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

2.7 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 35,016 thousand (31 December 2018: TRY 37,602 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 136,660 thousand (31 December 2018:TRY 124,333 thousand) (Note 36).

The Group has revaluated the immovable properties (fields, lands and buildings), which were valued based on "revaluation model" in scope of TAS 16 (Turkish Accounting Standards), through taking into account their respective values as of 31 December 2018 and reflected related impacts on financial statements dated 31 December 2018. Land and buildings are stated at revalued amounts in accordance with TAS 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 locationsize, 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 2,227 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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

2.7 Critical Accounting Estimates, Judgments and Assumptions (continued)

The Group reviews the goodwill amounts annually or more frequently if there are indicators indicating the existence of impairment. The recoverable value of cash generating units was determined on the basis of value in use calculations. Certain estimates were made for these calculations (Note 21). As a result, no impairment was detected.

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 11 June 2013 and on 13 June 2018 the Group has acquired other partner's shares namely Hindusthan 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 has been finalized on 30 June 2019 and the restatement has been made since the date of purchase. The reconciliation of the finalized results of Şişecam Flat Glass India Private Limited and the reporting made in previous periods are as follows, and the correction effects are presented comparatively. The statement of financial position for the period of 31 December 2018, the statement of profit or loss for the period of January 1, June 30, 2018, the statement of changes in equity and cash flow for the same period were also adjusted to include these effects.

ASSETS	Note	30 June 2018	TFRS-3 Effect of business combinations (Note 3)	30 June 2018 Restated
Current Assets				
Cash and cash equivalents		3,093	-	3,093
Financial investments		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		56	-	56
Other current assets		3,660	-	3,660
Total current assets		102,236	-	102,236
Non-current assets				
Trade receivables		601	-	601
- Trade receivables		4,452	-	4,452
- Doubtful trade receivables provision		(3,851)	-	(3,851)
Other receivables		6,436	-	6,436
Tangible and intangible assets		516,154	(124,427)	391,727
Prepaid expenses		2	-	2
Deferred tax assets		723	(723)	-
Other non-current assets		712	-	712
Total non-current assets		524,628	(125,150)	399,478
TOTAL ASSETS		626,864	(125,150)	501,714

TRAKYA CAM SANAYİİ A.Ş.

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

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

3. Business Combinations (continued)

	a	b	c = a+b
	30 June 2018	TFRS-3 Effect of business combinations	30 June 2018 Restated
Liabilities			
Current liabilities			
Trade payables	12,289	-	12,289
Provisions for employee benefits	1,474	-	1,474
Other payables	12,240	-	12,240
– Due to related parties	5,864	-	5,864
– Due to third parties	6,376	-	6,376
Deferred income	2,263	-	2,263
Short term provisions	4,602	-	4,602
Other current liabilities	3,392	-	3,392
Total current liabilities	36,260	-	36,260
Non-current liabilities			
Long term provisions	1,690	-	1,690
Deferred tax liabilities	-	46,028	46,028
Total non-current liabilities	1,690	46,028	47,718
Total liabilities	37,950	46,028	83,978
Equity			
Paid capital	207,135	-	207,135
Accumulated other comprehensive income/expense not to be reclassified to profit or loss	2,855	(2,855)	-
Accumulated other comprehensive income/expense to be reclassified to profit or loss	164,331	(164,331)	-
Retained earnings	206,690	(7,195)	199,495
Net profit or loss for the period	7,903	3,203	11,106
Total equity	588,914	(171,178)	417,736
Toplam kaynaklar	626,864	(125,150)	501,714
Number of personnel	308	-	308
Total cash paid	390,085	-	390,085
Cash and cash equivalents received	(3,093)	-	(3,093)
Net cash out	386,992	-	386,992

Value of identifiable net assets as of 13 June 2018 is 6,209,836 thousand INR equivalent of 417,736 thousand TL. It includes the 390,085 TL cost control premium paid for the share purchase.

With this purchase, the ownership rate increased from 50% to 100%.

TRAKYA CAM SANAYİİ A.Ş.

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

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

3. Business Combinations (continued)

Şişecam Flat Glass India Private Limited's profit or loss statement 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)
Gross Profit	41,719	6,534	48,253
General administrative expenses	(4,079)	(368)	(4,447)
Marketing expenses	(25,389)	(1,387)	(26,776)
Other income from main operations	217	-	217
Profit from operating activities	12,468	4,779	17,247
Income from investing activities	2,474	-	2,474
Profit before financial expense	14,942	4,779	19,721
Financial income	632	-	632
Financial expense	(3,855)	-	(3,855)
Profit before tax	11,719	4,779	16,498
Tax income (Expense)	(3,816)	(1,576)	(5,392)
– Current tax (expense) / income	(7,657)	-	(7,657)
– Deferred tax (expense) / income	3,841	(1,576)	2,265
Profit for the Period	7,903	3,203	11,106
Depreciation expense for the period	18,485	(4,779)	13,706
EBITDA	30,953	-	30,953
	a	b	c=(a+b)
	Reported based on provisionel amounts	Adjustments	Finalized results as of 30 June 2018
i) Consideration transferred	390,085	-	390,085
ii) Non-Controlling interest amount	-	-	-
iii) Fair value at the date of acquisition of the share before acquisition	312,068	(103,200)	208,868
– Value of Identifiable assets before acquisition	294,457	-	294,457
– Goodwill before acquisiton	3,913	-	3,913
– Change in the fair value	13,698	(103,200)	(89,502)
a. (=i+ii+iii)	702,153	(103,200)	598,953
b. Net Identifiable Assets	588,914	(171,178)	417,736
Goodwill as of 30 June 2018 (a-b)	113,239	67,978	181,217
Effect of currency translation difference	13,653	8,195	21,848
Goodwill as of 31 December 2018	126,892	76,173	203,065

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January - 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	As of December 31, 2018 restated
Assets			
Current Assets			
Cash and cash equivalents	4,560	-	4,560
Financial assets	45,764	-	45,764
Trade receivables	15,809	-	15,809
Other receivables	16	-	16
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	4,147	-	4,147
Total Current Assets	138,522	(1,259)	137,263
Non-current Assets			
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 and intangible assets	460,614	(33,636)	426,978
Prepaid expenses	193	(193)	-
Other non-current assets	798	-	798
Total Non-current assets	476,168	(33,829)	442,339
Total Assets	614,690	(35,088)	579,602

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January - 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
Liabilities			
Current Liabilities			
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
Total Current Liabilities	47,219	729	47,948
Long term Liabilities			
Long term provisions	2,011	719	2,730
Deferred tax liability	1,257	53,425	54,682
Total Long-term Liabilities	3,268	54,144	57,412
Total Liabilities	50,487	54,873	105,360
Equity			
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 income	(89,665)	95,421	5,756
Total Equity	564,203	(89,961)	474,242
Total Liabilities	614,690	(35,088)	579,602

TRAKYA CAM SANAYİİ A.Ş.

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

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

3. Business Combinations (continued)

Sisecam Flat Glass India Private 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)
Gross profit	44,804	3,545	48,349
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)
Profit from operating activities	7,822	849	8,671
Income from investing activities	1,282	-	1,282
Expense from investing activities	(96,550)	96,550	-
Profit before financial expense	(87,446)	97,399	9,953
Financial income	279	-	279
Financial expense	(561)	-	(561)
Profit before tax	(87,728)	97,399	9,671
Tax income (expense)	(1,937)	(1,978)	(3,915)
– Current tax expense	-	-	-
– Deferred tax expense	(1,937)	(1,978)	(3,915)
Profit for the period	(89,665)	95,421	5,756
Depreciation expense for the period	15,596	(849)	14,747
EBITDA	23,418	-	23,418
Number of employees	307	-	307

As of 31 December 2018, the financial statements of Şişecam Flat Glass India Private Limited has been reported as provisional. As of 30 June 2019, the provisional financial statements have been finalized and the reconciliation of provisional and final figures are as follows:

	Total Equity
Currency translation difference effect of change in identifiable assets	(14,205)
Currency translation difference effect of change in goodwill	8,195
Total of currency translation difference	(6,010)
Profit / (loss) effect of identifiable assets related with 1 July-31 December period	95,422
Effect of change in fair value before acquisition	(103,200)
Total effect in retained earning	(7,778)
	(13,788)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January - 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 2019, 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 EUR 14,886 thousand due to deductions regarding to the payable to employees of 741 thousand Euros employees and impaired inventories of 88 thousand euros in 18 June 2018.

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 glass production and sales target of European markets and to achieve a high market share in Italy.

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

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

4. Interests in Other Entities

None. (31 December 2018: None)

TRAKYA CAM SANAYİİ A.Ş.

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

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

5. Segment Reporting

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

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

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

Operating Segments

The Group reviews its internal reporting based on product types on the basis of net sales, cost of sales, gross profit, operating profit, tangible and intangible fixed asset purchases and tangible and intangible fixed assets based on depreciation and amortization. This information is not included in the disclosures of the operating segments, since the reports reviewed by the Group management do not include the distribution of assets and liabilities of the operating segments.

1 January-31 December 2019	Architectural glass	Automotive glass	Total	Consolidation adjustments	Consolidated
Net sales	4,887,328	2,503,021	7,390,349	(739,701)	6,650,648
Cost of sales	(3,199,175)	(2,162,019)	(5,361,194)	735,839	(4,625,355)
Gross Profit	1,688,153	341,002	2,029,155	(3,862)	2,025,293
Operating expenses	(1,141,409)	(356,106)	(1,497,515)	140,485	(1,357,030)
Other operating income	342,049	152,689	494,738	(203,050)	291,688
Other operating expense	(143,873)	(45,463)	(189,336)	70,097	(119,239)
Operating Profit	744,920	92,122	837,042	3,670	840,712
Purchases of tangible and intangible assets	886,483	148,452	1,034,935	-	1,034,935
Depreciation and amortization	(344,217)	(119,047)	(463,264)	-	(463,264)

1 January-31 December 2018	Architectural glass	Automotive glass	Total	Consolidation adjustments	Consolidated
Net Sales	4,157,631	2,323,727	6,481,358	(606,294)	5,875,064
Cost of sales	(2,631,339)	(1,925,465)	(4,556,804)	601,669	(3,955,135)
Gross Profit	1,526,292	398,262	1,924,554	(4,625)	1,919,929
Operating expenses	(833,476)	(320,321)	(1,153,797)	50,121	(1,103,676)
Other operating income	354,667	122,751	477,418	(74,254)	403,164
Other operating expense	(170,463)	(37,196)	(207,659)	51,331	(156,328)
Operating Profit	877,020	163,496	1,040,516	22,573	1,063,089
Purchases of tangible and intangible assets	290,081	71,181	361,262	-	361,262
Depreciation and amortization	(265,469)	(110,923)	(376,392)	-	(376,392)

TRAKYA CAM SANAYİİ A.Ş.

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

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

5. Segment Reporting (Continued)

	1 January - 31 December 2019			Consolidation adjustments			Consolidated		
	Turkey	Europe	Other	Total	Consolidation adjustments	Total	Consolidation adjustments	Total	
Net sales	3,642,975	2,866,555	880,819	7,390,349	(739,701)	6,650,648		6,650,648	
Cost of sales	(2,294,228)	(2,402,495)	(664,471)	(5,361,194)	735,839	(4,625,355)		(4,625,355)	
Gross Profit	1,348,747	464,060	216,348	2,029,155	(3,862)	2,025,293		2,025,293	
Operating expenses	(709,459)	(607,689)	(180,367)	(1,497,515)	140,485	(1,357,030)		(1,357,030)	
Other operating income	365,623	108,060	21,055	494,738	(203,050)	291,688		291,688	
Other operating expense	(84,555)	(92,631)	(12,150)	(189,336)	70,097	(119,239)		(119,239)	
Operating Profit	920,356	(128,200)	44,886	837,042	3,670	840,712		840,712	
Purchases of tangible and intangible assets	533,861	471,103	29,971	1,034,935	-	1,034,935		1,034,935	
Depreciation and amortization	(134,935)	(226,193)	(102,136)	(463,264)	-	(463,264)		(463,264)	
	1 January - 31 December 2018			Consolidation adjustments			Consolidated		
	Turkey	Europe	Other	Total	Consolidation adjustments	Total	Consolidation adjustments	Total	
Net sales	3,071,698	2,769,065	640,595	6,481,358	(606,294)	5,875,064		5,875,064	
Cost of sales	(1,896,056)	(2,200,772)	(459,976)	(4,556,804)	601,669	(3,955,135)		(3,955,135)	
Gross Profit	1,175,642	568,293	180,619	1,924,554	(4,625)	1,919,929		1,919,929	
Operating expenses	(524,253)	(513,861)	(115,683)	(1,153,797)	50,121	(1,103,676)		(1,103,676)	
Other operating income	362,059	103,196	12,163	477,418	(74,254)	403,164		403,164	
Other operating expense	(180,665)	(16,700)	(10,294)	(207,659)	51,331	(156,328)		(156,328)	
Operating Profit	832,783	140,928	66,805	1,040,516	22,573	1,063,089		1,063,089	
Purchases of tangible and intangible assets	141,588	207,326	12,348	361,262	-	361,262		361,262	
Depreciation and amortization	(114,987)	(191,789)	(69,616)	(376,392)	-	(376,392)		(376,392)	

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January - 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	37	49
Cash at banks	3,932,822	1,341,131
- Demand deposits	163,827	126,048
- Time deposits with a maturity of three months or less	3,768,995	1,215,083
Other liquid assets	6	6
Provision for impairment	(4,376)	(1,485)
	3,928,489	1,339,701

(*) There are no blocked deposits in time deposits (31 December 2019: None.)

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2019	31 December 2018
EUR	0.10	January 2020	1,631,839	879,022
US Dollars	1.60-1.75	January 2020	1,425,931	105,680
Turkish Lira	11.50-11.90	January 2020	299,644	4,717
TRY equivalent of other currencies	1.00-7.00	January 2020	411,581	225,664
			3,768,995	1,215,083

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

	31 December 2019	31 December 2018
1 January- Beginning of Period	(1,485)	-
TFRS 9 opening effect	-	(171)
TFRS 9 effect in period	(3,039)	(1,324)
Closing	181	9
Foreign currency translation differences	(33)	1
	(4,376)	(1,485)

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	3,928,489	1,339,701
Less: Interest accrual	(5,464)	(1,061)
Effect of impairment loss	4,376	1,485
	3,927,401	1,340,125

Explanations on the nature and level of risks in cash and cash equivalents are provided in Note 39.

TRAKYA CAM SANAYİİ A.Ş.

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

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

7. Financial Investments

a) Short-term financial investments

	31 December 2019	31 December 2018
Shor-term financial investments		
Held to maturity financial investments ^(*)	236,257	108,262
Provision for impairment of financial assets	(1,190)	(1,432)
	235,067	106,830

(*) It refers to the short-term portion of the long-term US Dollar denominated securities with fixed income of every six months and public sector funds.

b) Long-term financial investments

	31 December 2019	31 December 2018
Financial investments measured at amortized costs		
Financial investments measured at amortized cost	1,019,264	971,188
Impairment of financial investments	(18,902)	(24,837)
	1,000,362	946,351

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

	31 December 2019	31 December 2018
Bond issuer		
Türkiye Halk Bankası A.Ş.	170,461	148,367
Türkiye İş Bankası A.Ş.	257,161	225,273
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	31,425	27,427
Arçelik A.Ş.	85,653	75,551
Türkiye Sınai Kalkınma Bankası A.Ş.	133,422	118,927
Turkcell İletişim Hizmetleri A.Ş.	95,349	84,285
Türkiye Garanti Bankası A.Ş.	83,656	73,371
Türkiye Vakıflar Bankası A.O.	131,294	114,840
Yapı ve Kredi Bankası A.Ş.	95,476	92,965
T.C. Ziraat Bankası A.Ş.	44,675	39,108
Türkiye İhracat Kredi Bankası A.Ş.	5,574	5,086
Finansbank A.Ş.	2,619	2,333
SBI Yatırım Fonu (SBI Mutual Fund)	98,664	45,648
	1,235,429	1,053,181

The Group recognized fixed income securities at amortized cost by using effective interest rate.

TRAKYA CAM SANAYİİ A.Ş.

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

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

7. Financial Investments (Continued)

Financial assets measured at amortized cost

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 Halk Bankası A.Ş.	167,736	133,036
Türkiye İş Bankası A.Ş.	264,954	212,684
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	32,784	26,918
Arçelik A.Ş.	88,338	70,066
Türkiye Sınai Kalkınma Bankası A.Ş.	136,029	112,870
Turkcell İletişim Hizmetleri A.Ş.	98,288	78,094
Türkiye Garanti Bankası A.Ş.	87,330	72,114
Türkiye Vakıflar Bankası A.O.	135,184	108,921
Yapı ve Kredi Bankası A.Ş.	98,222	89,610
T.C. Ziraat Bankası A.Ş.	45,582	37,527
Türkiye İhracat Kredi Bankası A.Ş.	5,963	4,863
Finansbank A.Ş.	2,698	2,238
	1,163,108	948,941

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	52,819	7,324
3 – 12 Months	182,248	99,506
1 – 5 years	926,289	865,131
More than 5 years	74,073	81,220
	1,235,429	1,053,181

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

	1 January- 31 December 2019	1 January- 31 December 2018
1 January	1,053,181	739,532
Purchased during the period	89,209	32,485
Sold during the period	(47,122)	(20,480)
Principal collected during the period	(12,564)	-
Interest received during the period	(57,796)	(49,464)
Valuation difference	197,901	344,900
Impact of consolidation method change (Note 3)	-	28,183
TFRS 9-Opening effect	-	(4,249)
TFRS 9-Period effect	6,177	(22,020)
Currency translation differences	6,443	4,294
	1,235,429	1,053,181

TRAKYA CAM SANAYİİ A.Ş.

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

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

7. Financial Investments (Continued)

Financial assets measured at amortized cost (Continued)

The movement of impairment on financial investments is as follows:

	31 December 2019	31 December 2018
Beginning of the period - 1 January	(26,269)	-
TFRS 9 opening effect	-	(4,249)
TFRS 9 current period effect	-	(22,020)
Reversals	6,177	-
	(20,092)	(26,269)

The coupon interest rates and the redemption dates of the financial investments measured at amortized cost are as follows. The effective interest rate of these securities is 5.42%. (2018:5.42%)

Bond issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Türkiye Halk Bankası A.Ş.	XS1188073081	4.750	11.02.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	6.10.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	22.04.2020
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3.375	1.11.2022
Arçelik A.Ş.	XS0910932788	5.000	3.04.2023
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	18.05.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	25.06.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5.000	13.07.2021
Türkiye Halk Bankası A.Ş.	XS0882347072	3.875	5.02.2020
Türkcell İletişim Hizmetleri A.Ş.	XS1298711729	5.750	15.10.2025
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5.250	13.09.2022
Türkiye Vakıflar Bankası A.O.	XS1508914691	5.500	27.10.2021
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	21.04.2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4.000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5.125	22.10.2019
T.C. Ziraat Bankası A.Ş.	XS1223394914	4.750	29.04.2021
Türkiye İhracat Kredi Bankası A.Ş.	XS1496463297	5.375	24.10.2023
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.375	30.10.2019
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	25.04.2024
T.C. Ziraat Bankası A.Ş.	XS1605397394	5.125	3.05.2022
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5.750	24.02.2022
Finansbank A.Ş.	XS1613091500	4.875	19.05.2022
Türkiye Vakıflar Bankası A.O.	XS1622626379	5.625	30.05.2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5.850	21.06.2024

TRY 1,235,429 thousand of financial investment measured at amortized cost amounting to TRY 1,136,765 thousand is held in İş Portföy Yönetimi A.Ş. and valued by effective interest rate method. (31 December 2018: TRY 1,007,533 thousand)

TRAKYA CAM SANAYİİ A.Ş.

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

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

8. Borrowings (Continued)

Bonds issued	Capital	Interest	Discounts on bonds	Commission	Total
Beginning at the period - 1 January	1,315,225	6,761	(730)	(290)	1,320,966
Foreign exchange difference	249,942	-	-	-	249,942
Additions during the period	1,266,123	120,127	(16,969)	(2,781)	1,366,500
Payments during the period	(554,452)	(92,890)	2,143	531	(644,668)
As of 31 December 2019	2,276,838	33,998	(15,556)	(2,540)	2,292,740

Financial leases	Capital	Interest	Total
Beginning at the period - 1 January	295	125	420
TFRS 16 opening effect	33,013	35,149	68,162
Currency translation differences	1,149	136	1,285
Received from group-in companies	4,199	-	4,199
Effect of remeasurement (*)	132	-	132
Additions during the period	2,826	1,910	4,736
Payments during the period	(12,741)	(6,137)	(18,878)
As of 31 December 2019	28,873	31,183	60,056

(*) 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),

The movements in financial borrowings for the period between 1 January and 31 December 2018 are as follows:

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

Bond issued	Capital	Interest	Discounts on bonds	Commission	Total
Beginning at the period - 1 January	942,975	4,400	(1,239)	(494)	945,642
Foreign exchange difference	372,250	-	-	-	372,250
Additions during the period	-	53,432	-	-	53,432
Payments during the period	-	(51,071)	509	204	(50,358)
As of 31 December 2018	1,315,225	6,761	(730)	(290)	1,320,966

Financial lease liabilities	Capital+Interest	Interest (-)	Total
Beginning at the period - 1 January	941	-	941
Currency translation differences	142	7	149
Provision during the period	-	118	118
Payments during the period	(788)	-	(788)
As of 31 December 2018	295	125	420

TRAKYA CAM SANAYİİ A.Ş.

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

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

8. Borrowings (Continued)

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

31 December 2019

Currency	Interest range (%) (*)	Short term	Long term
US Dollar	Libor + 2.15 – 4.50	951,743	1,450,463
Euro	Euribor + 1.25 – 3.60	1,033,722	2,206,073
Turkish Lira and Russian Rubles	10.00 – 13.85	374,282	344,426
		2,359,747	4,000,962

31 December 2018

Currency	Interest range (%) (*)	Short term	Long term
US Dollar	Libor + 2.15 – 4.50	31,406	1,411,690
Euro	Euribor + 1.25 – 3.60	1,145,011	688,725
Turkish Lira and Russian Rubles	10.00 – 13.85	28,510	16,167
		1,204,927	2,116,582

(*) The lower and upper rates are expressed and the weighted average cost for Euro is Euribor + 2.45%, Libor + 2.22% for the US Dollar. (Euribor +%2.45 for Euro and +%2.22 for the US Dollar for 31 December 2018.)

The repayment terms of financial liabilities are as follows;

The redemption schedule of borrowings	31 December 2019	31 December 2018
Within 1 year	2,359,747	1,204,927
Within 1-2 years	611,567	1,593,286
Within 2-3 years	1,720,436	288,658
Within 3-4 years	79,163	117,740
Within 4-5 years	195,229	66,435
More than 5 years	1,394,567	50,463
	6,360,709	3,321,509

9. Other Financial Liabilities

None. (None: 31 December 2018)

10. Trade Receivables and Payables

Trade Receivables

Short-term trade receivables	31 December 2019	31 December 2018
Trade receivables	971,788	1,030,936
Notes receivables	13,848	7,274
Rediscount of notes receivable (-)	(5,781)	(11,453)
Provision for doubtful receivables	(49,899)	(47,228)
	929,956	979,529

Some of the domestic architectural glass sales are cash in advance and some of them have an average collection term of 90 days. (31 December 2018: 90 days). On the other hand, some of the architectural glass sales abroad are in cash and some of them have an average collection term of 45 days. The Group applies a monthly overdue interest rate of 2% for the payments made after due dates (31 December 2018 4%) The average sales term for automotive and white appliances is 45 days. (31 December 2018: 45 days.)

TRAKYA CAM SANAYİİ A.Ş.

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

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

10. Trade Receivables and Payables (Continued)

Trade Receivables (Continued)

Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful debts TRY 212,877 thousand of the trade receivables is related to Şişecam Dış Ticaret A.Ş. is related to sales made through (31 December 2018: 198,550 thousand).

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

	1 January- 31 December 2019	1 January- 31 December 2018
Beginning at the period - 1 January	(47,228)	(48,679)
TFRS 9 effect of period	-	(13,411)
Effects of changing in accounting policies (Not 2,5)	(8,309)	(7,490)
Currency translation differences	(3,736)	(8,220)
Collections	9,374	30,572
	(49,899)	(47,228)

As of 31 December 2019, TRY 51,156 thousand (31 December 2018: TRY 76,387 thousand) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts and collateral information are presented in Note 39.

	31 December 2019	31 December 2018
Short-term trade payables		
Trade payables	885,383	518,426
Due to related parties (Note 38)	92,228	83,593
Rediscount on notes payable (-)	(1,709)	(4,029)
	975,902	597,990

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

11. Other Receivables and Payables

	31 December 2019	31 December 2018
Short-term other receivables		
Receivables from related parties (Note 38)	57,662	128,600
Due from personnel	1,692	910
Deposits and guarantees given	19,029	1,282
Other miscellaneous receivables	15,857	10,357
	94,240	141,149

	31 December 2019	31 December 2018
Long-term other receivables		
Deposits and guarantees given	6,269	15,653

TRAKYA CAM SANAYİİ A.Ş.

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

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

11. Other Receivables and Payables (Continued)

	31 December 2019	31 December 2018
Short-term other payables		
Other payables due to related parties (Note 38)	204,574	81,836
Due to personnel	46,693	32,731
Deposits and guarantees received	11,194	7,810
Other payables	20,701	11,048
	283,162	133,425

	31 December 2019	31 December 2018
Long-term other payables		
Deposits and guarantees received	29,759	494

12. Derivative Instruments

The Group has signed the cross-currency swap agreements stated below to protect the portion of USD 175 million from cash flow risks, with a nominal value of USD 233,3 million, six-month basis coupon rate of 6.95% and from the principal payment dated 14 March 2026. As mentioned all agreement's cash flow dates and USD Dollar part has same coupon rate of 6.95% dated 14 March 2026.(Note 8)

On 17 April 2019, the Group agreed with Citibank N.A. for a purchase of USD 75,000,000 and EUR 66,301,272,98 sale on 13 March 2026 and a USD 6.95% interest rate swap with an interest rates of EUR 4.68% in every six months until 13 March 2026 starting from 13 September 2019.

On 17 April 2019, the Group agreed with Türkiye Ekonomi Bankası (TEB) for a purchase of USD 100,000,000 and EUR 88,495,575,22 sale on 13 March 2026 and a USD 6.95% interest rate swap with interest rate of EUR 4.68% in every six months until 13 March 2026 starting from 13 September 2019.

Silver products are used on coated glass and mirror lines in the factories of the Group. In order to protect itself from the cash flow risk caused by the change in silver prices, the Group is using Citibank N.A. signed a silver purchase swap contract with the amount of 482.265 OZ (approximately 17 tons) on 29 December 2019, with a maturity date of 29 December 2020 and 50.278 thousand TL.

The Group has measured that the hedging process is highly effective in forward and retrospective in the effectiveness tests. According to the scenario analysis method in the forward-looking activity test, it made a quantitative assessment at the beginning of the swap contract and as of the reporting period.

The effective portion of the fair value of the swap transaction is recognized in equity due to the high effectiveness of the activity tests on the above-mentioned swaps contracts. Subsequently, the portion of this amount, which is accounted under shareholder's equity, corresponding to the periods when the protected item affects the profit and loss is reclassified to profit and loss.

Distribution of derivative instruments are as follows;

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Short-term swap transactions	2,974	-	-	-
Long-term swap transactions	26,556	-	-	-
	29,530	-	-	-

The transactions related to derivative instruments are as follows;

	1 January- 31 December 2019	1 January- 31 December 2018
1 January	-	-
Fair value changes recognized in equity	51,101	-
Interest expense charged to statement of profit or loss	(31,614)	-
Foreign exchange gain/(loss) charged to statement of profit or loss (*)	21,289	-
Realized exchange difference cash outflows / inflows	(11,246)	-
Net asset/ (liability)	29,530	-

(*) In the period 1 January-31 December 2019 foreign exchange income / (expense) recognized in profit or loss statement has been accounted in financial expenses.

TRAKYA CAM SANAYİİ A.Ş.

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

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

13. Inventories

	31 December 2019	31 December 2018
Finished goods	673,824	481,161
Raw materials	437,805	369,284
Trade goods	99,152	75,012
Work in process	84,292	51,370
Operating supplies	33,401	28,964
Other inventories	128,956	102,526
Provision for inventory impairment (-)	(24,804)	(18,534)
	1,432,626	1,089,783

Movements in return for impairment of inventory are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Beginning at the period - 1 January	(18,534)	(11,811)
Effect of change in the consolidation method (Note 3)	-	(811)
Currency translation differences	(1,213)	(1,103)
Provision in the period	(10,232)	(11,077)
Provision used in the period	5,175	6,268
	(24,804)	(18,534)

14. Prepaid Expenses and Deferred Income

	31 December 2019	31 December 2018
Prepaid expenses in current assets		
Advances given for inventories	65,328	60,979
Prepaid expenses	42,195	10,903
	107,523	71,882

	31 December 2019	31 December 2018
Prepaid expenses in non-current assets		
Advances given	262,190	19,347
Prepaid expenses	1,212	4,696
	263,402	24,043

	31 December 2019	31 December 2018
Short term deferred income		
Advances received from customers	5,045	9,087
Other advances received	-	22
Deferred Income	10,571	13,078
	15,616	22,187

	31 December 2019	31 December 2018
Long term deferred income		
Deferred income for future years (*)	62,253	64,927

(*) The amount TRY 43,713 thousand consists of the government incentive provided by the Romania government to Glasscorp SA.

TRAKYA CAM SANAYİİ A.Ş.

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

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

15. Construction Contracts

None. (None: 31 December 2018).

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:

	31 December 2019	31 December 2018
Joint Ventures		
Camiş Elektrik Üretim A.Ş.	20,829	24,981
Saint Gobain Glass Egypt S.A.E (*)	204,231	172,701
Çayırova Cam Sanayii A.Ş.	120,245	110,044
	345,305	307,726

(*) The consolidated net asset amounts of Saint Gobain Glass Egypt S.A.E. Saint Gobain Egypt Trade LLC and Saint Gobain Mirrors Egypt S.A.E are presented.

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

	1 January- 31 December 2019	1 January- 31 December 2018
Beginning at the period - 1 January	307,726	480,763
Transfer to associates after business combinations	-	(298,370)
Net income for the period from joint ventures and associates	40,567	53,367
Dividend income from joint ventures	(44,261)	(1,884)
Currency translation differences	41,273	73,850
	345,305	307,726

The summary financial statements of the investments valued by the equity method are as follows;

Çayırova Cam Sanayii A.Ş.	31 December 2019	31 December 2018
Current assets	37,355	23,066
Non-current assets	423,070	398,133
Total Assets	460,425	421,199
Current liabilities	1,405	628
Non-current liabilities	31,787	29,578
Total liabilities	33,192	30,206
Net Assets (including goodwill)	427,233	390,993
Group's share (%)		
- Direct and indirect ownership rate %	28.14	28.14
- Effective ownership rate (%)	28.14	28.14
Group's share in net assets (including goodwill)	120,245	110,044

TRAKYA CAM SANAYİİ A.Ş.

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

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

16. Joint Ventures and Associates (Continued)

Çayırova Cam Sanayii A.Ş. (Continued)

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	-	-
Profit from continuing operations / (Loss)	56,529	29,452
Other comprehensive income/ (loss)	(2,389)	(8,283)
Total comprehensive income/ (loss)	54,140	21,169
The Group's share in profit/ (loss) from continuing operations	15,911	8,288
Dividend distributed from retained earnings	17,900	1,800
Group share from dividend distributed	5,038	507

Camış Elektrik Üretim A.Ş.

	31 December 2019	31 December 2018
Current assets	55,740	78,123
Non-current assets	14,921	4,531
Total Assets	70,661	82,654
Current liabilities	8,466	8,634
Non-current liabilities	1,692	1,460
Total liabilities	10,158	10,094
Net Assets (including goodwill)	60,503	72,560
Group's share (%)		
- Direct and indirect ownership rate (%)	34.43	34.43
- Effective ownership rate (%)	34.43	34.43
Group's share in net assets (including goodwill)	20,829	24,981

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	73,986	67,558
Profit from continuing operations	7,849	12,716
Other comprehensive income/ (loss)	94	38
Total comprehensive income/ (loss)	7,943	12,754
The Group's share in profit/ (loss) from continuing operations	2,702	4,378
Dividend distributed from retained earnings	20,000	4,000
Group share from dividend distributed	6,886	1,377

TRAKYA CAM SANAYİİ A.Ş.

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

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

16. Joint Ventures and Associates (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	411,110
Total Assets	944,531	776,915
Current liabilities	234,325	193,041
Non-current liabilities	29,438	8,204
Total Liabilities	263,763	201,245
Net assets	680,768	575,670
Group's share (%)		
- Direct and indirect ownership rate (%)	30.00	30.00
- Effective ownership rate (%)	30.00	30.00
Group's share in net assets	204,231	172,701

Saint Gobain Glass Egypt S.A.E

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	376,212	217,486
Profit from continuing operations	73,178	122,499
Other comprehensive income/ (loss)	139,711	132,150
Total comprehensive income/ (loss)	212,889	254,649
The Group's share in profit/ (loss) from continuing operations	21,954	36,750
Dividend distributed from retained earnings	107,791	-
Group share from dividend distributed	32,337	-

17. Investment Properties

	31 December 2019	31 December 2018
1 January	589	-
Transfers from tangible assets	-	589
Revaluation value decrease	(32)	-
	557	589

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 remeasurement" 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 located, 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.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January - 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 equipment	Vehicles	Fixtures	Other fixed assets	Construction in progress	Total
	Land	Improvements								
1 January	572,284	145,617	1,775,647	4,926,362	81,545	212,960	80,365	278,700	8,073,480	
TFRS-3 Effect of business combinations (Note 3)	5,257	-	(17,698)	(145,329)	75	(169)	(990)	(466)	(159,320)	
1 January- Restated	577,541	145,617	1,757,949	4,781,033	81,620	212,791	79,375	278,234	7,914,160	
Reclassification	3	500	377	1,936	(942)	(1,233)	(618)	(23)	-	
Currency translation differences	13,562	13,432	201,083	392,665	6,884	11,355	6,068	26,443	671,492	
Additions	1	-	1,289	123,135	50	2,170	1,786	903,355	1,031,786	
Disposals	(4,111)	-	(6,767)	(14,459)	(1,062)	(1,341)	(5,808)	-	(33,548)	
Transfers from construction in progress	-	3,929	11,446	412,258	18,675	19,573	7,823	(473,704)	-	
Transfers to assets held for sale	-	-	(28,572)	-	-	-	-	-	(28,572)	
31 December 2019 closing balance	586,996	163,478	1,936,805	5,696,568	105,225	243,315	88,626	734,305	9,555,318	

Accumulated depreciation and impairment

1 January	-	(64,125)	(33,737)	(2,948,428)	(57,340)	(154,121)	(47,379)	-	(3,305,130)
TFRS-3 Effect of business combinations (Note 3)	-	-	15,872	266,256	1,118	922	2,795	-	286,963
1 January- Restated	-	(64,125)	(17,865)	(2,682,172)	(56,222)	(153,199)	(44,584)	-	(3,018,167)
Reclassification	-	-	-	(910)	188	474	248	-	-
Currency translation differences	-	(3,142)	(4,817)	(177,293)	(5,168)	(8,082)	(3,013)	-	(201,515)
Period expense (*)	-	(6,176)	(51,095)	(342,239)	(8,782)	(16,418)	(8,883)	-	(433,593)
Disposals	-	-	125	9,553	299	1,204	1,978	-	13,159
Transfers to assets held for sale	-	-	1,984	-	-	-	-	-	1,984
31 December 2019 closing balance	-	(73,443)	(71,668)	(3,193,061)	(69,685)	(176,021)	(54,254)	-	(3,638,132)
Net Book Value as of 31 December 2019	586,996	90,035	1,865,137	2,503,507	35,540	67,294	34,372	734,305	5,917,186
Net Book Value as of 31 December 2018	577,541	81,492	1,740,084	2,098,861	25,398	59,592	34,791	278,234	4,895,993

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

There are no assets acquired through financial leasing in the period purchases.

Financial expenses amounting to TRY 1,358 thousand have been capitalized in the purchases. (31 December 2018: None)

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

TRAKYA CAM SANAYİİ A.Ş.

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

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

18. Property, Plant and Equipment (Continued)

Cost	Land	Improvements	Land	Buildings	Machinery and equipments	Vehicles	Fixtures	Other fixed assets	Construction in progress	Total
1 January	430,716	123,711	-	1,303,017	3,750,055	57,186	179,653	62,337	144,924	6,051,599
Revaluation	(1,964)	-	-	-	-	-	-	-	-	(1,964)
Subsidiary acquisition effect	2,907	-	-	28,944	37,847	469	63	-	-	70,230
Currency translation differences	25,301	17,246	-	268,005	663,340	14,183	20,085	8,099	32,548	1,048,807
Revaluation	54,492	-	-	28,281	-	-	-	-	-	82,773
Additions	-	-	-	253	6,551	118	1,346	1,158	349,635	359,061
Disposals	(1)	-	-	(2,478)	(14,911)	(1,428)	(1,026)	(200)	-	(20,044)
Transfers from construction in progress	-	-	4,660	26,603	191,143	9,139	11,097	5,814	(248,456)	-
Impact of consolidation method change (Note 3)	66,679	-	-	105,324	147,008	1,953	1,573	2,167	(417)	324,287
Transfers to investment properties	(589)	-	-	-	-	-	-	-	-	(589)
31 December 2018 closing balance	577,541	145,617	1,757,949	4,781,033	81,620	212,791	79,375	278,234	7,914,160	

Accumulated depreciation and impairment

1 January	(11,130)	(54,735)	(85,028)	(2,124,443)	(41,367)	(123,939)	(33,583)	-	(2,474,225)
Revaluation	1,964	-	-	-	-	-	-	-	1,964
Currency translation differences	(2,860)	(3,969)	(14,570)	(311,597)	(9,875)	(14,440)	(3,789)	-	(361,100)
Period expense (*)	-	(5,421)	(45,563)	(290,873)	(6,144)	(15,252)	(7,458)	-	(370,711)
Revaluation	13,998	-	125,904	-	-	-	-	-	139,902
Disposals	-	-	528	11,522	1,256	717	162	-	14,185
Impact of consolidation method change (Note 3)	(1,796)	-	864	33,219	(92)	(285)	84	-	31,994
Impairment	(176)	-	-	-	-	-	-	-	(176)
31 December 2018 closing balance	-	(64,125)	(17,865)	(2,682,172)	(56,222)	(153,199)	(44,584)	-	(3,018,167)
Net Book Value as of 31 December 2018	577,541	81,492	1,740,084	2,098,861	25,398	59,592	34,791	278,234	4,895,993
Net Book Value as of 31 December 2017	419,586	68,976	1,217,989	1,625,612	15,819	55,714	28,754	144,924	3,577,374

(*) The allocation of period depreciation expense is disclosed in Note 29 and Note 31. There are no assets acquired through financial leasing in the period purchases. The Group has no mortgage over lands and buildings due to bank borrowings exist (31 December, 2018: None).

TRAKYA CAM SANAYİİ A.Ş.

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

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

19. Right-of-Use Assets

Cost	Machinery and equipments				Total
	Building		Vehicles	Fixtures	
TFRS 16 opening effect	35,968	48,077	6,647	1,218	91,910
Currency translation differences	1,393	807	309	90	2,599
Remeasurement effect	-	-	132	-	132
Additions	3,160	-	1,420	-	4,580
31 December 2019 closing balance	40,521	48,884	8,508	1,308	99,221
Accumulated Amortization and impairment					
TFRS 16 opening effect	(11,466)	(13,859)	(2,981)	(821)	(29,127)
Currency translation differences	(632)	(542)	(156)	(76)	(1,406)
Period expense (*)	(5,238)	(9,562)	(2,474)	(371)	(17,645)
31 December 2019 closing balance	(17,336)	(23,963)	(5,611)	(1,268)	(48,178)
Net Book Value as of 31 December 2019	23,185	24,921	2,897	40	51,043
Net Book Value as of 31 December 2018	-	-	-	-	-

20. Intangible Assets

Cost	Rights		Other	Total
1 January	468,728	19,209		487,937
TFRS-3 Effect of business combinations (Note 3)	(351,968)	60,530		(291,438)
1 January- Restated	116,760	79,739		196,499
Currency translation differences	11,251	8,281		19,532
Additions	3,411	1,096		4,507
Disposals	(178)	(82)		(260)
31 December 2019 closing balance	131,244	89,034		220,278
Accumulated amortization				
1 January	(241,145)	(16,380)		(257,525)
TFRS-3 Effect of business combinations (Note 3)	133,186	(3,027)		130,159
1 January- Restated	(107,959)	(19,407)		(127,366)
Currency translation differences	(10,468)	(2,209)		(12,677)
Period expense (*)	(3,569)	(8,457)		(12,026)
Disposals	72	-		72
31 December 2019 closing balance	(121,924)	(30,073)		(151,997)
Net Book Value as of 31 December 2019	9,320	58,961		68,281
Net Book Value as of 31 December 2018	8,801	60,332		69,133

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

(**) 68.565 thousand TL of the total amount consists of customer relations.

TRAKYA CAM SANAYİİ A.Ş.

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

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

20. Intangible Assets (Continued)

Cost	Rights	Other	Total
1 January	89,757	13,068	102,825
Currency translation differences	25,522	4,153	29,675
Subsidiary acquisition effect	-	61,929	61,929
Additions	1,612	589	2,201
Disposals	(131)	-	(131)
31 December 2018 closing balance	116,760	79,739	196,499
Accumulated amortization			
1 January	(80,712)	(9,887)	(90,599)
Currency translation differences	(23,706)	(3,183)	(26,889)
Subsidiary acquisition effect	-	(4,197)	(4,197)
Period expense (*)	(3,541)	(2,140)	(5,681)
31 December 2018 closing balance	(107,959)	(19,407)	(127,366)
Net Book Value as of 31 December 2018	8,801	60,332	69,133
Net Book Value as of 31 December 2017	9,045	3,181	12,226

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

21. Goodwill

The movement of goodwill balance is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
1 January	168,815	31,403
IFRS-3 Effect of business combinations (Note 3)	76,173	-
1 January- restated	244,988	31,403
Current year addition	-	189,412
Currency translation differences	24,838	24,173
	269,826	244,988

	31 December 2019	31 December 2018
Fritz Holding GmbH	9,677	8,771
Glasscorp S.A.	35,641	33,152
Sisecam Flat Glass India Private Limited	224,508	203,065
	269,826	244,988

Goodwill impairment test

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis. Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used by the Group in the calculation of the value in use of Sisecam Flat Glass India Private Limited as of December 31, 2019.

- The projection period for the purposes of goodwill impairment testing is taken as 5 years between January 1, 2020 and December 31, 2025.
- Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 2% which does not exceed the estimated average growth rate of economy of the country.
- Weighted average cost of capital rate of 10% is used as after tax discount rate in order to calculate the recoverable amount of the unit.

TRAKYA CAM SANAYİİ A.Ş.

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

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

21. Goodwill (continued)

Goodwill impairment test (Continued)

Sensitivity to changes in assumptions used in the goodwill impairment test

In the calculation of the present value of future cash flows, long term growth rate and discount rates are taken into account. Originally, the long term growth rate is assumed to be 2%. Had the rate been assumed to be 1,5%, the recoverable amount would have been above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for. Originally, the discount rate is assumed to be 10%. Had the rate been assumed to be 11%, the recoverable amount would have been above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

22. Governments Grants

An agreement for government incentive was signed between Glasscorp S.A and Ministry of Economy on behalf of the Republic of Romania under "Regulation of Investment Incentive and Implementation" of Romania and "Government Incentive Legislation" of European Union. In this context; In accordance with the relevant legislation. Glasscorp SA has an obligation to repay the amount of 77,766,398,00 RON of its incentives which was collected in cash and booked as deferred income in accordance with the relevant legislation until 31 December 2019 either as corporate tax or employment tax. Non-repaid amount of incentive is 27,016 thousand RON as of 31 December 2019. The management of Glasscorp S.A continues to negotiate with the relevant institutions to extend the repayment period for the relevant incentive.

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

23. Provisions Contingent Assets and Liabilities

<u>Short term provisions</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Litigation provisions	7,370	7,351
Provision for outsourced benefits and services	5,205	4,311
Provisions for employee benefits	11,528	5,752
Turnover premium provision	814	17,063
Donation provision	418	8,288
Other	5,613	6,400
	30,948	49,165

As of 31 December 2019, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 7,370 thousand (31 December 2018: TRY 7,351 thousand) and set aside a provision for this amount. The provision amount was recognised under general administrative expenses.

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

Some of the Group's financing needs are provided by Şişecam Holding, the main shareholder of the Group, and made available to its subsidiaries under the same conditions. As of 31 December 2019, and 31 December 2018, there is no CPM given in favor of third parties.

TRAKYA CAM SANAYİİ A.Ş.

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

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

23. Provisions Contingent Assets and Liabilities (continued)

The CPMs given by the Company	31 December 2019			
	TRY Equivalents	USD	Euro	Other
A. CPM's given in the behalf of own Company (*)	-	-	-	-
B. CPM's given on behalf of the fully consolidated subsidiaries	2,147,063	-	307,691	100,734
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	2,147,063	-	307,691	100,734

The CPMs given by the Company	31 December 2018			
	TRY Equivalents	USD	Euro	Other
A. CPM's given in the behalf of own Company (*)	-	-	-	-
B. CPM's given on behalf of the fully consolidated subsidiaries	1,321,221	-	211,817	44,388
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	1,321,221	-	211,817	44,388

24. Commitments

According to the agreements with Türkiye Petrolleri Anonim Ortaklığı A.Ş., Polatlı O.S.B. and Mersin O.S.B. has, a purchase commitment of 34,732,941 sm³ of natural gas between 1 January 2020 and 31 December 2020 (31 December 2018: 427,993,904 sm³).

TRAKYA CAM SANAYİİ A.Ş.

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

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

25. Employee Benefits

	31 December 2019	31 December 2018
Short term provisions for employee benefits		
Unused vacation provision	4,535	3,394
	31 December 2019	31 December 2018
Provision for employee termination benefits		
Domestic	98,125	89,361
Foreign	14,268	12,972
	112,393	102,333

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

The amount payable consists of one month's salary limited to a maximum of TRY 6,379,86 for each period 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 not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be used to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under Funds for Actuarial Gain/Loss on Defined Benefit Plans.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, the liabilities in the accompanying consolidated financial statements as of 31 December 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 8,20% (31 December 2018: 9,30%) and a discount rate of 14,69% (31 December 2018: 15,20%), the real discount rate is approximately 6,00% (31 December 2018: 5,40%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered.

The movement of the employment termination benefits is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
1 January	101,614	82,973
IFRS-3 Effect of business combinations (Note 3)	719	-
1 January- Restated	102,333	82,973
Service costs	10,576	19,076
Interest costs	13,826	9,207
Actuarial gain/loss	(4,685)	(3,042)
Impact of change in consolidation method (Note 3)	-	2,409
Currency translation differences	1,338	1,604
Payments during the period	(10,995)	(9,894)
	112,393	102,333

TRAKYA CAM SANAYİİ A.Ş.

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

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

26. Impairment of Assets

	31 December 2019	31 December 2018
Provision for doubtful receivables	49,899	47,228
Provision for inventory impairment	24,804	18,534
Provision for impairment of financial assets	20,092	26,269
Provision for impairment of cash and cash equivalents	4,376	1,485
	99,171	93,516

27. Other Assets and Liabilities

	31 December 2019	31 December 2018
Other current assets		
Other VAT	86,699	34,051
Other	23,864	6,814
	110,563	40,865

	31 December 2019	31 December 2018
Other non-current assets		
Other	1,072	798

	31 December 2019	31 December 2018
Other current liabilities		
Expense accruals	97,127	35,806
Social security withholdings payable	19,451	15,394
Social benefits payable	5,670	9,001
Taxes and funds payables	-	15,630
Other	11,029	15,769
	133,277	91,600

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 125,000,000,000 (31 December 2018: 125,000,000,000) shares issued on bearer with a nominal value of Kr 1 (Kuruş one) each.

	31 December 2019	31 December 2018
The limit of registered capital	3,000,000	3,000,000
Issued share capital in nominal value	1,250,000	1,250,000

As of 31 December 2019 and 31 December 2018 the capital structure is as follows:

	31 December 2019		31 December 2018	
	Amount TL	Share (%)	Amount TL	Share (%)
Shareholders				
Türkiye Şişe ve Cam Fabrikaları A.Ş.	879,360	70.35	868,129	69.45
Free float	370,640	29.65	381,871	30.55
Nominal capital	1,250,000	100.00	1,250,000	100.00
Inflation adjustment	5,577	-	5,577	-
Adjusted capital	1,255,577		1,255,577	

TRAKYA CAM SANAYİİ A.Ş.

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

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

28. Capital Reserves and Other Equity Items (continued)

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 23 thousand as of 31 December 2019 (31 December 2018: TRY 23 thousand).

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

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

<u>Items not to be reclassified to profit or loss</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Inceases / (decreases) in revaluation fund	647,048	671,448
- Revaluation funds of land and buildings	647,048	671,448
Remeasurement gain / (loss) funds of defined benefit plans	1,322	(2,616)
	648,370	668,832

Remeasurement gain / (loss) funds of defined benefit plans

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Remeasurement gain / (loss) funds of defined benefit plans" under the equity.

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

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

Currency translation differences

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

TRY 52,651 thousand of the change in the currency translation difference relates to non-controlling interests (31 December 2018: TRY 84,377 thousand).

<u>Items to be reclassified to profit or loss</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Currency translation differences	1,209,389	774,355
Hedging gains (losses)	39,859	-
	1,249,248	774,355

e) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below. Legal reserves consist of first and second legal reserves calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application. Entities publicly traded make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board. Legal Reserves, "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

<u>Restricted reserves attributable to equity holders of the Parent</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Legal reserves	231,539	197,629

TRAKYA CAM SANAYİİ A.Ş.

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

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

28. Capital Reserves and Other Equity Items (continued)

f) Retained Earnings

The Group's retained earnings of TRY 2,250,144 thousand are classified as retained earnings in the Consolidated Financial Statements of 31 December 2019 (31 December 2018: TRY 1,450,702 thousand).

Dividends Distribution

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

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

Reserves subject to dividend distribution

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

	31 December 2019	31 December 2018
Net profit for the period	936,756	458,035
Legal reserves	(46,838)	(22,902)
Distributable profit for the period	889,918	435,133
Extraordinary reserves	1,041,866	769,344
Retained earnings	435	511
	1,932,219	1,204,988

29. Revenue and Cost of Sales

	1 January- 31 December 2019	1 January- 31 December 2018
Sales		
Revenue	7,146,564	6,323,014
Sales discounts	(478,582)	(422,788)
Sales returns	(17,088)	(22,050)
Other sales discounts	(246)	(3,112)
	6,650,648	5,875,064

	1 January- 31 December 2019	1 January- 31 December 2018
Cost of Sales		
Direct raw materials and supplies expenses	(2,895,562)	(2,426,223)
Direct labour expenses	(405,589)	(373,839)
General production expenses	(1,040,480)	(836,921)
Depreciation and amortization expenses	(387,374)	(322,797)
Change in work-in progress inventories	32,922	2,705
Change in finished goods inventories	192,663	138,764
Cost of goods sold	(4,503,420)	(3,818,311)
Cost of trade goods sold	(118,529)	(133,047)
Cost of services rendered	(3,406)	(3,777)
	(4,625,355)	(3,955,135)

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

	1 January- 31 December 2019	1 January- 31 December 2018
General administrative expenses	(480,654)	(403,752)
Marketing expenses	(851,847)	(678,938)
Research and development expenses	(24,529)	(20,986)
	(1,357,030)	(1,103,676)

31. Expenses by Nature

	1 January- 31 December 2019	1 January- 31 December 2018
Indirect material costs	(35,911)	(24,401)
Labour and personnel salary expenses	(353,867)	(285,323)
Outsourced services	(445,707)	(425,527)
Miscellaneous expenses	(445,655)	(314,830)
Depreciation and amortization expenses	(75,890)	(53,595)
	(1,357,030)	(1,103,676)

32. Other Operating Income and Expenses

	1 January- 31 December 2019	1 January- 31 December 2018
Other operating income		
Financial income related to operating activities	152,755	253,117
Gain on sales of raw materials and materials	34,212	20,311
Gain on sale of scraps	18,766	7,555
Previous period income and profits	17,365	11,998
Insurance claim income	16,866	19,813
Provisions no longer required	12,577	41,054
Investment incentive income	10,696	10,447
Rent income	2,822	2,769
Other	25,629	36,100
	291,688	403,164

	1 January- 31 December 2019	1 January- 31 December 2018
Other operating expense		
Financial expense related with operating activities	(46,073)	(133,692)
CO2 emission quota expense	(25,560)	-
Loss on sale of raw materials and materials	(24,426)	-
Loss on sale of scraps	(8,832)	(6,373)
Provision expenses	(8,309)	(7,490)
Commission expense	(1,075)	(719)
Other	(4,964)	(8,054)
	(119,239)	(156,328)

TRAKYA CAM SANAYİİ A.Ş.

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

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

33. Income and Expenses from Investing Activities

	1 January- 31 December 2019	1 January- 31 December 2018
Income from Investing Activities		
Gain on valuation of financial investments measured at amortized cost	197,901	344,900
Gain on sale of fixed assets	7,281	3,012
	205,182	347,912
Expense from Investing Activities		
Loss on sale of fixed assets	(4,997)	(594)
Impairment provision for tangible assets	-	(10,062)
	(4,997)	(10,656)

Impairment losses and reversals of impairment losses determined In accordance with TFRS-9:

	1 January- 31 December 2019	1 January- 31 December 2018
Impairment loss		
Impairment of financial investments	-	(22,020)
Impairment of cash and cash equivalents	(3,039)	(1,324)
Reversal of impairment of financial investments	6,177	-
Reversal of impairment of cash and cash equivalents	181	-
	3,319	(23,344)

Other Income (Expenses) from Associates, Jointly Controlled Businesses and Subsidiaries:

The Group valued HNG Float Glass Limited (New title Sisecam Flat Glass India Private Limited) joint venture, which is valued by the method of taking a share from equity with a share of 50%, on the 13th of June 2018 with an additional 49.80% and on 28 December 2018; It increased its ownership to 100% by taking a share of 0.2%. With this acquisition, as the control was transferred to the Group, the investment became a subsidiary and its effects are reflected in the financial statements according to TFRS-3 "Business Combinations" accounting standard.

As of the report date, purchase price allocation have been completed and the calculation made on the final amounts is as follows:

Fair value of the share purchase day	588,914
Net book value of the assets defined on the share purchase day	(417,736)
Fair value difference	171,178
Fair value difference of 50% share (=171,178 x 50%)	(85,589)
Goodwill amount before purchasing 50% share	(3,913)
Fair value difference loss	(89,502)

Financial Assets whose Fair Value Differences are Reflected to Other Comprehensive Income Gains (Losses) from Classification as Fair Value Difference Reflected on Profit or Loss:

As the shareholding of the HNG Float Glass Limited (New title Sisecam Flat Glass India Private Limited) business partnership, which is accounted by the equity method, the Group quits the "Foreign Currency Translation Differences" account in the account group "Foreign currency translation differences" to be reclassified in profit or loss due to additional share purchase. Investments "are accounted for in profit or loss in accordance with the accounting standard.

Foreign currency translation differences of HNG Float Glass Limited (New title Sisecam Flat Glass India Private Limited) partnership as of 13 June 2018 are as follows:

The part of the amount in the individual financial statement that corresponds to our share (164,331 x 50%)	82,166
Foreign currency translation difference of the goodwill amount corresponding our share	2,046
Difference arising from partnership capital and netting of the Group's financial asset	54,146
	138,358

TRAKYA CAM SANAYİİ A.Ş.

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

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

34. Financial Income and Expenses

	1 January- 31 December 2019	1 January- 31 December 2018
Financial Income		
Foreign exchange gain	652,799	639,304
- Cash and cash equivalents	547,343	633,618
- Bank loans	16,924	5,686
- Bonds issued	37,260	-
- Derivative instruments	51,272	-
Interest income	103,252	81,541
- Time deposits	71,534	65,896
- Other	31,718	15,645
	756,051	720,845
Financial Expense		
Foreign exchange loss	(738,411)	(906,956)
- Cash and cash equivalents	(325,098)	(386,338)
- Bank loans	(77,983)	(148,368)
- Bonds issued	(287,202)	(372,250)
- Derivative instruments	(29,983)	-
- Rents	(4,199)	-
- Other	(13,946)	-
Interest expense	(304,158)	(120,954)
- Bank loans	(120,723)	(46,250)
- Bonds issued	(120,127)	(53,432)
- Derivative instruments	(31,614)	-
- Rents	(6,293)	-
- Other	(25,401)	(21,272)
	(1,042,569)	(1,027,910)
Financial Income/ (Expense),net		
Foreign exchange gain/ (loss)	(85,612)	(267,652)
- Cash and cash equivalents	222,245	247,280
- Bank loans	(61,059)	(142,682)
- Bonds issued	(249,942)	(372,250)
- Derivative instruments	21,289	-
- Rents	(4,199)	-
- Other	(13,946)	-
Interest income / (expense)	(200,906)	(39,413)
- Bank deposits and loans	(49,189)	19,646
- Bonds issued	(120,127)	(53,432)
- Derivative instruments	(31,614)	-
- Rents	(6,293)	-
- Other	6,317	(5,627)
	(286,518)	(307,065)

TRAKYA CAM SANAYİİ A.Ş.

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

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

35. Assets Held for Sale

	31 December 2019	31 December 2018
Cost		
Buildings	29,933	-
Accumulated depreciations and impairments		
Buildings	(2,079)	-
Net book value of tangible assets	27,854	-
	31 December 2019	31 December 2018
1 January	-	-
Transfers from tangible assets	26,588	-
Currency translation differences	1,266	-
	27,854	-

Fixed assets with a net book value of 27,854,648 classified as assets held for sale related to buildings in the Germany-Besigheim location, which Richard Fritz Holding GmbH plans to sell. The Group management has classified the related real estates as assets held for sale in accordance with TFRS – 5 "Assets Held for Sale and Discontinued Operations" as of balance sheet date since they are available for sale in their current condition and sale is probable.

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.

	31 December 2019	31 December 2018
Deferred tax assets	62,727	78,853
Deferred tax liabilities (-)	(102,548)	(147,663)
Deferred tax liabilities (net)	(39,821)	(68,810)

	31 December 2019	31 December 2018
Temporary differences		
Useful life and valuation differences on tangible and intangible assets	1,913,627	1,405,941
Carry forward tax losses	(430,578)	(345,120)
Employment termination benefits	(103,472)	(93,158)
Provision for inventory write-down	(42,413)	(20,602)
Valuation of investment property	(559,427)	(511,775)
Receivables and payables rediscount	(3,184)	(4,497)
Provisions for litigation	(8,764)	(10,788)
Provision for doubtful receivables	(22,204)	(18,316)
Other	(82,757)	156,086
	660,828	557,771

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

Deferred tax assets/ (liabilities)	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	249,747	248,894
Carry forward tax losses	(35,016)	(37,602)
Employment termination benefits	(23,092)	(20,726)
Provision for inventory write-down	(6,023)	(3,415)
Reduced investment to be utilized	(136,660)	(124,333)
Receivables and payables rediscount	(700)	(989)
Provisions for litigation	(2,178)	(2,887)
Provision for doubtful receivables	(4,141)	(4,584)
Other	(2,116)	14,452
	39,821	68,810

The expiration schedule of carry forward tax losses are as follows:

	31 December 2019	31 December 2018
Within one year	22,085	-
Within two years	12,845	12,526
Within three years	36,071	12,640
Within four years	41,576	33,663
Within five years	49,533	38,087
Within six years	101,138	89,957
Within seven years	91,986	67,693
Within eight years	30,532	40,021
Within nine years	26,576	24,081
Within ten years	18,236	26,452
Tax provision in the statement of profit or loss	430,578	345,120

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

	1 January- 31 December 2019	1 January- 31 December 2018
1 January	15,385	(10,460)
TFRS-3 Effect of business combinations (Note 3)	53,425	-
1 January- restated	68,810	(10,460)
Recognized in the consolidated statement of profit or loss	(50,025)	(12,912)
Recognized in equity	1,388	14,696
Impact of change in consolidation method	-	52,162
Currency translation differences	19,648	25,324
	39,821	68,810

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

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	Tax Rate (%)
Bulgaria	10.0
Egypt	20.0
Romania	16.0
Russia (*)	2.0 – 20.0
Netherlands (**)	20.0 – 25.0
Germany	15.0
India	34.9
Slovakia	19.0
Hungary	10.0-19.0
Italy	27.9

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

(**) In the Netherlands, a tax of 20% for income up to Euro 200,000 and a tax rate of 25% for excess. Euro 200,000 is effective.

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 law 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 whereas 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.

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

With the term of not exceeding the companies subsidiary Trakya Glass Bulgaria EAD's investments more than 50% which operations take place in Bulgaria, the company can benefit from tax allowance. Company has benefited from the tax allowance in year 2019.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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

Income Withholding Tax

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

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

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.

	31 December 2019	31 December 2018
Current tax provision	79,276	194,162
Prepaid taxes and funds (-)	(105,043)	(145,168)
Tax provision in the statement of the financial position	(25,767)	48,994

	1 January- 31 December 2019	1 January- 31 December 2018
Provision for corporate tax for current period	(79,276)	(194,162)
Deferred tax income	50,025	12,912
Tax provision in the statement of profit or loss	(29,251)	(181,250)

	1 January- 31 December 2019	1 January- 31 December 2018
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	798,265	1,172,159
Effective tax rate	22.00%	22.00%
Calculated tax	(175,618)	(257,875)

	31 December 2019	31 December 2018
Tax reconciliation		
- Non-deductible expenses	(40,676)	(28,847)
- Reduced corporate tax	155,623	78,660
- Subsidiary gains or losses	8,925	-
- The effect of the foreign subsidiaries that have different tax rates	3,481	16,893
- Other	19,014	9,919
Tax provision in the statement of income	(29,251)	(181,250)

TRAKYA CAM SANAYİİ A.Ş.

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

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

38. Related Party Disclosures (Continued)

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

Bond Issuer	ISIN Code	Coupon Interest Rate (%)	31 December	31 December
			2019	2018
			Nominal Amount	Nominal Amount
			(thousand USD)	(thousand USD)
Türkiye İş Bankası A.Ş.	XS1390320981	5.3750%	15,982	15,982
Türkiye İş Bankası A.Ş.	XS1079527211	5.0000%	15,374	15,374
Türkiye İş Bankası A.Ş.	XS1508390090	5.5000%	12,000	12,000
Türkiye İş Bankası A.Ş.	XS1578203462	6.1250%	550	550
			43,906	43,906
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.1250%	6,350	6,350
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.8750%	16,287	16,287
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.3750%	410	410
			23,047	23,047

The non-trade receivables and payables of the Group with its related parties consist of financial loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. based on money markets. The monthly interest rate used for 31 December 2019 was 0.93% (31 December 2018:2.09%)

Other receivables from related parties	31 December	31 December
	2019	2018
Paşabağçe Bulgaria EAD	37,783	23,234
Türkiye Şişe ve Cam Fabrikaları A.Ş.	13,304	97,825
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	2,163	1,659
Camiş Elektrik Üretim A.Ş.	384	466
Other	4,028	5,416
	57,662	128,600

Trade payables to related parties	31 December	31 December
	2019	2018
Şişecam Bulgaria EOOD	27,623	25,130
Soda Sanayii A.Ş.	21,205	28,288
Şişecam Dış Ticaret A.Ş.	12,114	5,449
Şişecam Enerji A.Ş.	9,961	8,250
Camiş Elektrik Üretim A.Ş.	4,971	3,718
Camiş Madencilik A.Ş.	4,360	6,507
Other	11,994	6,251
	92,228	83,593

Other payables to related parties	31 December	31 December
	2019	2018
Türkiye Şişe ve Cam Fabrikaları A.Ş.	204,574	81,836

Interest income from related parties	1 January- 31 December	1 January- 31 December
	2019	2018
T. İş Bankası A.Ş.	26,000	13,377
Türkiye Şişe ve Cam Fabrikaları A.Ş.	59,895	48,103
Other	5,331	2,256
	91,226	63,736

TRAKYA CAM SANAYİİ A.Ş.

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

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

38. Related Party Disclosures (Continued)

	1 January- 31 December 2019	1 January- 31 December 2018
Interest expenses to related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	15,134	8,761
T. İş Bankası A.Ş.	315	401
Şişecam Dış Ticaret A.Ş.	50	172
Soda Sanayii A.Ş.	-	40
Other	53	99
	15,552	9,473
	1 January- 31 December 2019	1 January- 31 December 2018
Other income from related parties		
Paşabahçe Bulgaria EAD (*)	56,634	40,334
Türkiye Şişe ve Cam Fabrikaları A.Ş.	9,281	5,278
OOO Ruscam Glass Packaging Holding	146	676
Other	5,361	5,805
	71,422	52,093

(*) It is due to the sale of materials to Paşabahçe Bulgaria EAD.

	1 January- 31 December 2019	1 January- 31 December 2018
Other expense to related parties		
Soda Sanayii A.Ş. (1)	171,970	132,402
Türkiye Şişe ve Cam Fabrikaları A.Ş.	158,232	87,642
Camiş Madencilik A.Ş. (2)	147,482	114,024
Şişecam Bulgaria EOOD (3)	128,153	132,180
Şişecam Enerji A.Ş.	100,210	58,296
Camiş Elektrik Üretim A.Ş.	42,586	32,396
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	3,471	2,613
Other	48,666	23,281
	800,770	582,834

- (1) Soda purchases from Soda Sanayii.
(2) Sand purchases from Camiş Madencilik.
(3) Soda purchases from Sisecam Bulgaria EOOD.

	1 January- 31 December 2019	1 January- 31 December 2018
Benefits provided to key management		
Parent (Holding)	7,873	5,987
Consolidated entities	23,312	22,926
	31,185	28,913

TRAKYA CAM SANAYİİ A.Ş.

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

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

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 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	7,336,611	3,919,499
Less: Cash and cash equivalents	(3,928,489)	(1,339,701)
Net debt	3,408,122	2,579,798
Total equity	6,796,543	5,770,185
Net debt / total equity ratio	50%	45%

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.

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.

TRAKYA CAM SANAYİİ A.Ş.

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

(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)

	Receivables					
	Trade Receivables			Other receivables		
	Related Party	Third Party	Third Party	Related Party	Third Party	Financial Investments and Cash and Cash Equivalents Derivatives
Credit risks exposed through types of financial instruments						
Maximum credit risk exposed as of balance sheet date 31 December 2019 (A+B+C+D+E)		929,956	42,847	57,662	42,847	1,235,429
- The part of maximum risk under guarantee with collaterals etc.		(556,741)	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired		878,800	42,847	57,662	42,847	1,255,521
- The part under guarantee with collaterals, etc.		(530,700)	-	-	-	-
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		51,156	-	-	-	-
- The part under guarantee with collaterals, etc.		(26,041)	-	-	-	-
D. Net book value of impaired assets		-	-	-	-	(20,092)
- Overdue (gross carrying amount)		49,899	-	-	-	-
- Impairment (-)		(49,899)	-	-	-	-
- The part under guarantee with collaterals, etc.		-	-	-	-	-
- Not overdue (gross carrying amount)		-	-	-	-	-
- Impairment (-)		-	-	-	-	-
- The part under guarantee with collaterals, etc.		-	-	-	-	(20,092)
E. Off-balance sheet items with credit risk		-	-	-	-	-

TRAKYA CAM SANAYİİ A.Ş.

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

(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)

Credit risks exposed through types of financial instruments

Maximum credit risk exposed as of balance sheet date 31 December 2018 (A+B+C+D+E)

	Receivables			Cash and Cash Equivalents	Financial Investments and Derivatives	
	Trade Receivables	Other receivables				
	Related Party	Third Party	Related Party	Third Party		
A. Net book value of financial assets that are neither overdue nor impaired	-	979,529	128,600	28,202	1,339,701	1,053,181
- The part of maximum risk under guarantee with collaterals etc.	-	(614,048)	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	903,142	128,600	28,202	1,341,186	1,079,450
- The part under guarantee with collaterals, etc.	-	(562,868)	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	-	76,387	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(51,180)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	47,228	-	-	(1,485)	(26,269)
- Impairment (-)	-	(47,228)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	(1,485)	(26,269)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

TRAKYA CAM SANAYİİ A.Ş.

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

(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
Letters of guarantee	133,129	154,452
Security cheques and bonds	76,605	112,718
Mortgages	7,492	8,220
Direct debit system	42,944	74,862
Other	296,571	263,796
	556,741	614,048

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	18,319	45,752
1-3 months overdue	9,076	8,843
3-12 months overdue	15,284	14,123
1-5 years overdue	8,477	7,669
Total overdue receivables	51,156	76,387
Secured with collaterals (-)	26,041	51,180

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.

TRAKYA CAM SANAYİİ A.Ş.

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

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

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	4,007,913	4,146,950	584,502	835,821	2,713,011	13,616
Financial liabilities due to related parties (Note 38)	2,292,740	2,921,915	48,165	957,887	385,321	1,530,542
Lease liabilities	60,056	91,239	5,699	15,662	46,742	23,136
Trade payables	883,674	885,383	816,343	69,040	-	-
Due to related parties	296,802	296,802	17,415	189,005	90,382	-
Other payables	108,347	108,347	78,565	-	29,782	-
Total liabilities	7,649,532	8,450,636	1,550,689	2,067,415	3,265,238	1,567,294

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	2,000,123	2,201,453	76,887	1,121,600	990,757	12,209
Financial liabilities due to related parties (Note 38)	1,320,966	1,399,071	-	55,897	1,343,174	-
Lease liabilities	420	546	251	295	-	-
Trade payables	514,397	518,426	442,178	76,248	-	-
Due to related parties	165,429	165,429	165,429	-	-	-
Other payables	52,083	52,083	51,589	-	494	-
Total liabilities	4,053,418	4,337,008	736,334	1,254,040	2,334,425	12,209

TRAKYA CAM SANAYİİ A.Ş.

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

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

The Group is exposed to financial risks related to changes in foreign exchange and interest rates because 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:

		Foreign Currency Position as of 31 December 2019			
		TRY equivalent	USD	EUR	Other
1.	Trade receivables	204,227	14,027	17,827	2,345
2a.	Monetary financial assets, (cash and banks included)	3,064,866	240,517	246,015	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	3,269,093	254,544	263,842	2,345
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	1,235,429	207,978	-	-
6b.	Non-monetary financial assets	262,190	6,557	23,615	66,186
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	1,497,619	214,535	23,615	66,186
9.	Total Assets (4+8)	4,766,712	469,079	287,457	68,531
10.	Trade payables	278,898	5,868	32,646	26,928
11.	Financial liabilities	1,196,547	160,221	36,809	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	1,475,445	166,089	69,455	26,928
14.	Trade payables	-	-	-	-
15.	Financial liabilities	2,623,619	244,177	176,399	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	2,623,619	244,177	176,399	-
18.	Total liabilities (13+17)	4,099,064	410,266	245,854	26,928
19.	Net assets of off balance sheet derivative items/(liability) position (19a - 19b)	11,226	175,533	(155,095)	-
19a.	Total amount of assets hedged	1,042,701	175,533	-	-
19b.	Total amount of liabilities hedged	1,031,475	-	155,095	-
20.	Net foreign assets / (liability) position (9-18+19)	678,874	234,346	(113,492)	41,603
21.	Net foreign currency asset /(liability)/ (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	405,458	52,256	17,988	(24,583)
22.	Net realizable values of derivative instruments for currency hedging	75,405	12,694	-	-
23.	Export	796,661	55,051	73,621	17,108
24.	Import	1,772,286	34,344	243,807	29,816

TRAKYA CAM SANAYİİ A.Ş.

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

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

		Foreign Currency Position as of 31 December 2018			
		TRY equivalent	USD	EUR	Other
1.	Trade receivables	177,083	8,402	21,773	1,633
2a.	Monetary financial assets, (cash and banks included)	1,004,858	20,851	148,125	2,265
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	1,181,941	29,253	169,898	3,898
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	1,053,181	200,190	-	-
6b.	Non-monetary financial assets	41,950	-	3,798	19,056
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	1,095,131	200,190	3,798	19,056
9.	Total Assets (4+8)	2,277,072	229,443	173,696	22,954
10.	Trade payables	111,372	2,024	13,208	21,106
11.	Financial liabilities	335,110	5,970	50,382	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	446,482	7,994	63,590	21,106
14.	Trade payables	-	-	-	-
15.	Financial liabilities	1,638,776	268,336	37,672	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	1,638,776	268,336	37,672	-
18.	Total liabilities (13+17)	2,085,258	276,330	101,262	21,106
19.	Net assets of off balance sheet derivative items/(liability) position (19a - 19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	Net foreign assets / (liability) position (9-18+19)	191,814	(46,887)	72,434	1,848
21.	Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a))	149,864	(46,887)	68,636	(17,208)
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	520,978	32,965	61,260	13,861
24.	Import	1,322,355	36,757	199,075	14,279

TRAKYA CAM SANAYİİ A.Ş.

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

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

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

The table below 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	31,041	(31,041)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1+2)	31,041	(31,041)		
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	11,963	(11,963)	296,968	(296,968)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4+5)	11,963	(11,963)	296,968	(296,968)
Change of other currencies against TRY by 10 %				
7 - Other currencies net assets / liabilities	(2,458)	2,458	235,164	(235,164)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7+8)	(2,458)	2,458	235,164	(235,164)
Total (3+6+9)	40,546	(40,546)	532,132	(532,132)

TRAKYA CAM SANAYİİ A.Ş.

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

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

39. Financial Instruments and Financial Risk Management (Continued)

a) 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	(24,667)	24,667	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1+2)	(24,667)	24,667		
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	41,374	(41,374)	270,843	(270,843)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4+5)	41,374	(41,374)	270,843	(270,843)
Change of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	(1,721)	1,721	198,903	(198,903)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7+8)	(1,721)	1,721	198,903	(198,903)
Total (3+6+9)	14,986	(14,986)	469,746	(469,746)

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mainly consist of floating rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased/decreased by 1% and foreign currency interest rates were increased/decreased by 0.25% with the assumption of keeping all other variables constant. The effect on net profit/loss for the period before taxation and non-controlling interest would decrease/increase by TRY 10,020 thousand as of 31 December 2019 (31 December 2018: TRY 5,000 thousand).

TRAKYA CAM SANAYİİ A.Ş.

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

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.2) Interest rate risk management

Interest Rate Sensitivity

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

	31 December 2019			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	6,030,513	163,870	6,194,383
Cash and cash equivalents	-	3,764,619	163,870	3,928,489
Financial assets	-	1,235,429	-	1,235,429
Trade receivables	-	929,956	-	929,956
Due from related parties	-	57,662	-	57,662
Other receivables	-	42,847	-	42,847
Financial Liabilities	4,007,913	3,210,965	430,654	7,649,532
Bank borrowings	4,007,913	1,862,086	430,654	6,300,653
Lease liabilities	-	60,056	-	60,056
Trade payables	-	883,674	-	883,674
Due to related parties	-	296,802	-	296,802
Other payables	-	108,347	-	108,347

	31 December 2018			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	3,403,110	126,103	3,529,213
Cash and cash equivalents	-	1,213,598	126,103	1,339,701
Financial assets	-	1,053,181	-	1,053,181
Trade receivables	-	979,529	-	979,529
Due from related parties	-	128,600	-	128,600
Other receivables	-	28,202	-	28,202
Financial Liabilities	2,000,123	2,053,295	-	4,053,418
Bank borrowings	2,000,123	1,320,966	-	3,321,089
Lease liabilities	-	420	-	420
Trade payables	-	514,397	-	514,397
Due to related parties	-	165,429	-	165,429
Other payables	-	52,083	-	52,083

TRAKYA CAM SANAYİİ A.Ş.

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

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.3) Other price risks

Equity Price Sensitivity

The sensitivity analysis below is determined based on the stock price risks exposed at the reporting date. At the reporting date, if all other variables are fixed and the data in the valuation method is 10% more / less: As of 31 December 2019, net investments will not be affected unless equity investments are classified as available-for-sale and are disposed of or impaired.

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	Loans and receivables	Financial assets or liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book value	Note
Financial assets	5,163,942	987,618	-	29,530	6,181,090	
Cash and cash equivalents	3,928,513	-	-	-	3,928,513	6
Trade receivables	-	929,956	-	-	929,956	10
Due from related parties	-	57,662	-	-	57,662	38
Derivative financial assets	-	-	-	29,530	29,530	12
Financial investments	1,235,429	-	-	-	1,235,429	7
Financial liabilities	7,541,185	-	-	-	7,541,185	
Financial liabilities	6,360,709	-	-	-	6,360,709	8
Trade payables	883,674	-	-	-	883,674	10
Due to related parties	296,802	-	-	-	296,802	38
Derivative financial liabilities	-	-	-	-	-	12

31 December 2018	Financial assets or liabilities measured with effective interest method	Loans and receivables	Available for sale securities	Financial assets or liabilities fair value through profit or loss	Book value	Note
Financial assets	2,392,882	1,108,129	-	-	3,501,011	
Cash and cash equivalents	1,339,701	-	-	-	1,339,701	6
Trade receivables	-	979,529	-	-	979,529	10
Due from related parties	-	128,600	-	-	128,600	38
Financial investments	1,053,181	-	-	-	1,053,181	7
Financial liabilities	4,001,335	-	-	-	4,001,335	
Financial liabilities	3,321,509	-	-	-	3,321,509	8
Trade payables	514,397	-	-	-	514,397	10
Due to related parties	165,429	-	-	-	165,429	38
Derivative financial liabilities	-	-	-	-	-	12

TRAKYA CAM SANAYİİ A.Ş.

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

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

41. Events after reporting period

Having considered the Group's long term strategy, its global competitors, and the potential synergies that could be captured by combining all of Sisecam's activities in one entity, it was decided in the Board of Directors Meeting of our Company on January 30, 2020 to engage in negotiations regarding a merger during which Anadolu Cam Sanayii A.Ş., Denizli Cam Sanayii ve Ticaret A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş. and Our Company will be transferred to and merged under Türkiye Şişe ve Cam Fabrikaları A.Ş.. This is pursuant to Capital Markets Law Number 6362, Capital Market Board's Communiqué Number Seri:II, N 23.1 on Common Principles Applicable to Important Category Transactions and the Right to Exit, Capital Market Board's Communiqué Number Seri:II, N 23.2 on Mergers and Spin-offs, Turkish Commercial Code number 6102, Corporate Tax Law number 5520 and other applicable legislation.

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 30 January 2020 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 Chief Financial Officer Hüseyin Burak Dağlı and Accounting Manager Nihal Topçuoğlu on electronic platform and by making required notifications in the scope of CMB regulations.

The consolidated financial statements will be finalized upon the approval of the Shareholders' Ordinary General Assembly held for the year 2019.

TRAKYA CAM SANAYİİ A.Ş.

PROFIT DISTRIBUTION OF 2019

Dear Shareholders,

We submit to your information and approval that our TRY 749,533 thousand of net period profit, which was stated in 2019 consolidated financial statement that was prepared in accordance with IAS / IFRS and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) to be segregated as follows in accordance with CMB's regulations regarding profit distribution, 27th article of our Articles of Association and the considerations specified in our company's "Profit Distribution Policy":

	Thousand Turkish Lira
1. Net Period Profit	749,533
2. First Legal Reserve	(47,428)
3. Distributable net profit for the period	702,105
4. Donations in the year	6,959
5. Distributable net profit for the period that added donations of the first proportion of dividend	709,065
6. First proportion of dividend to shareholders	
- Cash	130,000
- Bonus Shares	-
Total Dividend	130,000
7. Second Legal Reserve	6,750
8. Extraordinary Legal Reserve	565,355

That TRY 130,000 thousand of gross dividend, which accounts for %10.4000 of current issued capital, to be distributed in cash, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share and that cash dividend payment date to be determined as 29 May 2019.

Submit for your approval and opinions,

Best Regards,



PROF.DR.AHMET KIRMAN

Chairman of the Board of Directors

TRAKYA CAM SANAYİİ A.Ş.

PROFIT DISTRIBUTION OF 2019

PROFIT DISTRIBUTION POLICY

The Company's profit distribution policy is determined in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws and other applicable legislation and the Articles of Association.

Accordingly;

- a. The Company adopts to distribute at least 50% of the distributable net period profit calculated as cash and / or bonus profit share at the end of the year in the framework of the Capital Market Legislation and other relevant legislation. Taking into consideration factors such as economic conditions, investment plans and cash position, the Shareholders Ordinary General Assembly may decide to make a different distribution compared to targeted one.
- b. The profit distribution proposals of our Board of Directors, including the details set forth in the Capital Markets Board regulations and the Corporate Governance Principles, are announced to the public through the public disclosure platform, our company's website and annual report.
- c. The cash dividends to be distributed in accordance with the decision to be taken at the General Meeting is paid on the date determined in the General Assembly. The transactions related to the dividends to be distributed as bonus shares are completed within the legal period stipulated in the regulations of the Capital Markets Board.
- d. Within the framework of the profit distribution policy, dividends are distributed equally to all existing shares at the date of distribution, irrespective of their issuance and acquisition dates.
- e. In the event that the Board of Directors proposes not to distribute profits to the General Assembly, the reason and information on the use of non-distributed profits are submitted to shareholders at the General Assembly meeting.
- f. In the profit distribution policy, a balanced policy is followed between the interests of the shareholders and the interests of the company.
- g. There are no privileged shares in obtaining dividends from the profit.
- h. In our Articles of Association, there is no application for giving dividend to our Board of Directors members and employees with the founder usufruct share.
- i. According to the Company's Articles of Association, The Board of Directors may distribute profit share advances by being authorized by the General Assembly and by complying with the Capital Markets Law and the relevant regulations of the Capital Markets Board. The authority to distribute the profit share advance granted to the Board of Directors by the General Assembly is limited to the year of appointment.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

DONATION POLICY

This policy has been established in line with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board Communiqué, Principle Decisions and other regulations and Company Articles of Association.

Purpose:

The main purpose of donations and grants is to fulfill our social responsibilities, to build a sense of corporate responsibility in our partners and employees, as well as to meet social and communal needs and to benefit the public. For this purpose, the company's organization and its activities within the framework of the fulfillment of the proper social purpose and social responsibility in education, health, culture, law, the arts, scientific research, environmental protection, and to support sports and other activities.

Fundamentals of Donation and Help:

The Company may make donations within the scope of social responsibility and in accordance with the principles and procedures determined by the Capital Markets Board as stated in the Articles of Association. By taking prior approval of the Board of Directors, it is possible to make do nations to foundations established for social purposes, associations, educational institutions and other persons, institutions and organizations within the framework of the principles set by the Capital Markets Board; however, giving donations and grants that would distract the company from the protection of its shareholders' rights are avoided.

All donations and grants made under the direction of the Company's management are made in accordance with the company's vision, mission and policies, taking into account the company's ethical principles and values and company annual budget appropriations. Donations and aids can be made in two ways, cash and in kind.

The form, amount and nature of the donation are expected to be in accordance with the corporate social responsibility policies of the institution, organization or Non-Governmental Organization (NGO). Detailed information is provided to the public by placing a separate agenda item at the Ordinary General Meeting of the year about all of the donations and the amount of aid and the beneficiaries of the policy changes made during the period.

Within the framework of the Capital Markets legislation, the limits of donations and grants made by shareholders are determined by the general assembly.

In this context, the limits set by the General Assembly within the framework of the provisions of the relevant legislation shall be taken into consideration when giving donations and assistance. In addition, for the implementation of the donations will be made and assistance, in-house implementation principles that determine the "Donate Regulation" is complied.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

CODE

1. GENERAL PRINCIPLES

Group performs all its activities under the following general principles. All the employees of the Group are expected to observe those general principles in their relations with customers, suppliers, shareholders, and other stakeholders.

1.1 Honesty

Group performs all its activities with due regard for principle of honesty. It acts with integrity and honesty in its relations with the employees, customers, suppliers, shareholders and all stakeholders.

1.2 Transparency

Group acts transparently and openly in its relations with the employees, customers, suppliers, shareholders and all stakeholders. It procures clear and correct information completely and in a timely manner in all its activities.

1.3 Impartiality

It does not make any discrimination among employees, customers, suppliers, shareholders and other stakeholders due to reasons such as religion, language, race, gender, physical condition, marital status and political view. All employees of the Group treat everyone fairly and equally and avoid being prejudiced against anyone.

1.4 Confidentiality

It is of utmost importance to protect the private information pertaining to employees, customers, suppliers, shareholders and other stakeholders and it is not allowed or tolerated to share such information with third parties. Such private information may only be used by the authorized persons within the Group for the benefits of the Group.

1.5 Compliance with laws and regulations

Group performs all its activities with due regard for laws and regulations. It follows the laws and regulations appropriately and takes measures in order to ensure compliance with the same.

2. RESPONSIBILITIES

The responsibilities attributed to the senior management, managers and all employees are summarized below so that the Code of Conduct adopted by Group may be implemented effectively within the Group.

2.1 Board of Directors and Board of Auditors of the Parent Company

- Board of Directors and Board of Auditors of the Parent Company shall assume responsibility for the implementation of the Code of Conduct to the utmost level.
- Members of the Board of Directors and Board of Auditors shall accept and comply with the Code of Conduct
- They shall establish a suitable atmosphere within the Group for the implementation of the Code of Conduct.
- They shall provide communication channels required for notifying violations of the Code of Conduct.

2.2 Managers

- All managers shall accept and comply with the Code of Conduct and constitute an example for other employees through their actions and attitudes.
- They shall ensure that their staff understands and implements the Code of Conduct.
- They shall promote the adoption and implementation of the Code of Conduct in their respective departments.
- They shall not force the employees to violate the Code of Conduct in any manner due to any reason.
- They shall listen to the questions, complaints, suggestions and requests of employees in relation to the Code of Conduct and encourage employees to give feedback about the issue.
- They shall evaluate the business procedures in their respective areas under the Code of Conduct, determine the conflicting situations and take measures in order to ensure compliance with the Code of Conduct.

2.3 All Group Employees

- All Group employees shall accept and comply with the Code of Conduct.
- They shall make efforts to ensure that other employees act with due regard for the Code of Conduct and encourage employees in that regard.
- They shall inform their managers and the communication channels provided below of any acts and behaviours in violation of the Code of Conduct.
- All employees shall be knowledgeable about the regulations, procedures, and instructions related to their duties and the Group as a whole and implement them completely.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

3. PRACTICES

3.1 Use of the Resources of the Group

- It is a requisite to make sure that the resources of the Group are used fairly, effectively, and efficiently at all times. The principle of saving shall be taken into consideration in all activities.
- The resources of the Group may not be used to further personal ends or benefits of a person or organization other than the Group itself.
- Due regard shall be taken in order to prevent assets of the Group from being stolen, impaired or damaged and the assets of the Group shall be protected to the utmost degree.
- Office hours shall be used effectively and efficiently and personal affairs shall be handled outside the office hours.
- Company vehicles, mobile communication devices, computers and other tools allocated to employees shall be regarded as the assets of the Group and they shall be used in compliance with the directives of the Group in line with the aforementioned principles.
- The rules indicated in the directives of the Group shall be observed in order to ensure efficient use of resources as well as information security while benefiting from internet and e-mail services over the communication network of the Group.

3.2 Use of Information

- All accounting and business records of the Group shall be correct, complete and in line with the applicable regulations and all employees shall perform their liabilities completely in that regard.
- Group employees may not use the information they received due to their duties and positions in order to further their personal ends.
- Employees are not allowed to make unfair profit from capital markets by using any non-public information acquired within the Group or else helping third persons to gain unfair profit by disclosing such information.
- Non-public information (strategic plans, sales price details, manufacturing techniques, activities for new products and services, research and development activities etc.) may not be disclosed to third parties outside the Group.
- Whenever it is necessary to disclose non-public information of the Group with third parties, necessary measures, e.g. non-disclosure agreements, shall be taken to prevent any misuse of such information.
- Non-public information of the Group may not be discussed in public spaces such as dining halls, lifts, personnel buses etc.
- Regulations, procedures and instructions pertaining to security of Group information shall be implemented completely. Necessary measures shall be taken to maintain, archive and keep confidential such information.

3.3 Conflicts of Interest

It is obligatory to protect the interests of the Group and to avoid conflicts of interests in all the duties and activities under the Group. Necessary care shall be taken to prevent personal interests having an impact on the ability to protect the interests of the Group. Employees are not allowed to procure personal interests and interests for close relatives/friends by means of duties and responsibilities in the Sisecam or Trakya Cam identity.

3.3.1 Duties Outside the Group

- Group employees may not undertake duties that may lead them to be regarded as “merchants”, “craftsmen” or “self-employed persons”; they may not assume paid or non-paid duties in any company and commercial enterprise as well as any merchant or craftsman.
- Being a director in any company outside the Group is subject to the consent of the Board of Directors of the Parent Company.
- Group employees may assume duties in non-profitable non-governmental organizations and charities voluntarily. Employees shall take care to ensure that such activities do not cause them to neglect their duties within the Group, create any conflict of interest or constitute an explicit violation of the Group policies.
- Group employees may become members to a political party but being involved in politics actively shall be possible through the consent of the General Manager of the Parent Company provided that it does not create any conflict of interest with the policies and activities of the Group and does not lead the employee to neglect his/her duties within the Group.
- Group employees may write articles for media in relation to the company policies and resolutions, manufacturing, sales and similar practices of the company, make interviews, presentations and speeches only through the consent of the General Manager of the Parent Company.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

3.3.1 Duties Outside the Group (Continued)

- Group employees may lecture in professional organizations and educational institutions only through the consent of the General Manager of the Parent Company.
- Group employees may assume duties in organizations and institutions related to the activity areas of the Group (professional chambers, unions, chambers, associations, boards, federations and other public institutions) only through the consent of the General Manager of the Parent Company.

3.3.2 Gifts and Entertainments

- Employees are not allowed to request gifts or benefits from customers and suppliers.
- Employees are not allowed to request entertainment and business dinners from customers and suppliers. Business dinner offers made by customers and suppliers may be accepted provided that they are reasonable and compatible with local standards.
- Free holiday, discount check, gift voucher and similar non-cash offers made by customers and suppliers shall be regarded as gift and benefit and shall not be accepted as a principle. Still, if rejection of gift offers made by customers and suppliers shall be regarded as impoliteness and offend the customer or supplier, they may be accepted provided that the value thereof does not exceed 500 TRY or equivalent exchange.
- Such offers may be accepted only if all Group employees are granted the same benefits.
- It shall be possible to accept gifts of symbolical value such as plaques and plates given by the organizers of meetings or seminars in which an employee participates to represent the Group.

3.3.3 Close Relatives and Friends

- Employees are not allowed to form any business relationship with their family members, close relatives and friends providing mutual or unilateral benefits while performing their duties within the Group.
- In case family members, close relatives and friends work for supplier companies and customers, such relations shall not be allowed to create a conflict of interest.
- If family members, close relatives and friends work in the Group, the employees shall not permit such relations to affect the decisions to be made for the company. All Group employees shall maintain impartiality at all events and evaluate the staff affiliated to them according to their performance, knowledge and experience.
- Employees who are authorized to make decisions on recruitment shall not make such decisions for their family members, close relatives and friends. Recruitment decision may be made provided that it is for the benefit of the Group and the senior manager who is duly informed of the situation approves recruitment.
- Employees who are authorized to make decisions on purchasing shall not make purchasing decisions for quotations offered by companies in which their family members, close relatives and friends are shareholders directly or indirectly. Purchasing decision may be made provided that the situation should be explained clearly in the assessment, it is for the benefit of the Group and the senior manager who is duly informed of the situation approves the purchasing decision.
- As for quotations made by companies in which ex-members of the Group hold shares directly/indirectly or work as well as all kinds of relations with those companies, the situation shall be indicated explicitly.
- Employees who are not allowed to invest in shares of public companies of the Group may not make investments for their family members, close relatives and friends, either.

3.4 Relations with Other Institutions

It is necessary to act in line with the General Principles of Code of Conduct adopted by Şişecam Group in business relations with persons and organizations outside the Group. In that regard, employees are expected to observe the principles of integrity, honesty, transparency, impartiality and confidentiality and act in compliance with the laws, directives, and regulations as well as general ethics.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

3.4.1 Relations with Customers and Suppliers

- The interests of the Group shall be upheld in relations with customers and suppliers at all times.
- Employees shall not form a mutual or unilateral interest relationship – such as debit and credit relations – with customers and suppliers personally.
- Employees shall stick to their commitments to customers and avoid making unrealistic commitments.
- Employees may not be involved in illegal and unethical acts in order to acquire information about customers and suppliers.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about customers and suppliers shall not be used or disclosed.
- Employees shall treat customers and suppliers in line with the principles of respect, equality, courtesy, and equity
- Employees shall not assume misleading and deceitful behaviours towards customers and consumers.
- Confidential information of customers and suppliers shall not be disclosed to third parties.
- The requirements of agreements and protocols executed with customers and suppliers shall be observed.

3.4.2 Relations with Competitors

- It is obligatory to abide by the competition rules and laws which are in force in the country of activity and not to disregard the principle of integrity and honesty during competition.
- It is necessary to remain alert to the infringements of competitive limitations in any meeting, seminar or discussion and to withdraw from such organizations if necessary.
- Being involved in illegal and unethical acts in order to acquire information about competitors shall not be tolerated.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about competitors shall not be used or disclosed.
- Making unreal and anonymous rumours about competitors and contributing to such rumours shall not be tolerated.

3.4.3 Relations with Governmental Authorities

- All kinds of information and document requested by governmental authorities shall be delivered completely, accurately and in on time.
- Misleading and deceitful behaviours shall be avoided while forming relations with governmental authorities. Employees are not allowed to create advantage for the Group by misrepresenting a situation; the interests of the Group shall be protected under the applicable laws and regulations.
- Whenever there is uncertainty as to the implementation of a law or regulation, Legal Department and Financial Consultancy of the Group shall be consulted.
- It is prohibited to offer any direct or indirect benefit to a governmental officer in return for a privilege. Cash or similar payment shall not be made to any person apart from those required by laws and regulations even for the benefit of the Group.
- Third parties acting for the Group (representatives, consultants etc.) shall avoid such offers for the activities they undertake in the name of the Group.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

4. VIOLATIONS OF ŞİŞECAM CODE OF CONDUCT

Code of Conduct of Şişecam Group applies to all the positions in the Group just as the Group regulations, procedures and directives which are to be implemented completely in the same manner. Those violating Group Code of Conduct or regulations, procedures and directives shall be subject to a number of disciplinary actions including termination of the employment agreement.

- Code of Conduct of Şişecam Group should be adopted and violation of the Code of Conduct should be avoided.
- It is necessary to act with discretion in all activities and decisions. Employees should confirm the lawfulness of the decisions and actions and question their correctness and fairness.
- In case there is any doubt as to the compliance of an activity or decision with Code of Conduct of Şişecam Group, the following communication channels shall be contacted.
- Before making a decision on any activity, it is necessary to contemplate how the Group, employees, shareholders and other stakeholders may be affected by such decision.
- Whenever an employee becomes aware of any violation of Code of Conduct of Şişecam Group, such employee should contact with the applicable manager or the following communication channels.
- Whenever an employee becomes aware of any violation of Code of Conduct of Şişecam Group, such employee should contact with the applicable manager or the following communication channels.

Contact Details

E-mail : etik@sisecam.com
Phone : +90 850 206 50 50
Address : Türkiye Şişe ve Cam Fabrikaları A.Ş.
Audit Committee
İçmeler Mahallesi, D-100 Karayolu Caddesi, No:44/A 34947 Tuzla/İstanbul

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

ANTI-BRIBERY AND CORRUPTION POLICY

1. PURPOSE

The purpose of this policy is to set out commitments and position of Şişecam Group with regards to bribery and corruption clearly and uphold the corporate image. This policy, being an integrated part of Code of Conduct adopted by the Group, aims to provide necessary information for prevention of bribery and corruption in all Group activities and to specify responsibilities and rules in that regard.

2. SCOPE

Anti-Bribery and Corruption Policy covers not only Group employees but also all business partners acting in the name of the Group or offering services to the Group.

In that regard, the policy applies to;

- All Group employees including Directors,
- Third party consultancy, legal consultancy, or counselling companies and their employees,
- Outsourcing sub-contractor companies and employees,
- Persons and entities undertaking activities in the name of the Group directly or indirectly including but not limited to representatives, distributors and agencies

It is especially important to appreciate that the practices and restrictions provided in this policy are binding over the abovementioned persons and entities. It should not be neglected that the Group may be held responsible for unlawful or unethical conduct of those persons and entities. In that regard, it is of utmost importance to make sure that the business partners of the Group also complies with this policy as well as the SiseCam Group Code of Conduct, relevant regulations and procedures.

3. DEFINITIONS

Bribe: Offering a material or immaterial advantage directly or indirectly to a person or a third party designated by that person pursuant to an oral or written agreement to induce that person to take an action that is contrary to requirements of his business tasks or outside the ordinary course of business by means performing, not performing, accelerating or slowing down a specific task. Bribe may take various forms including cash, gift, entertainment invitation or ticket, debt relief, charitable donations etc.

Corruption: Misuse of any power that is held due to one's position for personal material or immaterial gains directly or indirectly.

4. RESPONSIBILITIES

Parent Company Board of Directors;

- The Board of Directors of the Parent Company shall be the highest authority responsible for Anti-Bribery and Corruption Policy.
- Parent Company Board shall adopt this policy and provide the necessary background for implementation of the policy.
- It shall establish and develop internal control systems to prevent bribery and corruption.
- It shall ensure establishment of communication channels required for reporting any conduct that is in violation of this policy and take measures to keep the identity of reporting persons confidential and to protect them accordingly.
- It shall make sure that necessary investigations and inquiries are made about the complaints, reports, notifications and allegations in line with the regulations of the Group.
- It shall ensure that audits are conducted for promoting compliance with the legislations, regulations, procedures and policies and corrective measures are adopted as necessary.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

Board of Ethics:

- Board of Ethics shall be responsible for furthering compliance with Şişecam Group Code of Conduct, promoting culture of ethics in the Group, and increasing awareness level in that regard.
- It shall perform activities, make decisions and deliver opinions about potential solutions to the practical problems related to Code of Conduct and Anti-Bribery and Corruption Policy.
- It shall evaluate the internal or external complaints and reports made to the Board as to violation of code of conduct via electronic mail, mail, by phone or other communication means to determine whether any violation is applicable.
- It shall inform the Audit Committee about situations provided in "Regulation on Establishment and Working Principles of Board of Ethics" after duly evaluating the complaints and reports made to the Board.

Directors and Employees:

- All employees shall agree with the Anti-Bribery and Corruption Policy and act in compliance with the relevant principles.
- Managers shall ensure that the principles provided in the policy are understood, implemented and upheld by the relevant business partners and their reports.
- Employees may not be forced to act in violation of this policy in any manner by any person.
- All Group employees shall be bound to report wrongdoings and suspicions under this policy to their managers and/or the following communication channels.
- Managers shall be bound to transmit the complaints, reports and allegations made by their reports to the following communication channels.

5. POLICY

Group has adopted the Anti-Bribery and Corruption Policy as an indication of its sensitiveness to matters of business ethics. Given the fact that this matter constitutes an action requiring legal punishment in addition to its significance in terms of business ethics, employees are expected to take this matter seriously and evaluate it as part of their personal duties and responsibilities independently from business life.

Group aims to act in compliance with anti-bribery and corruption laws and regulations applicable in all the countries of operation and representation, universal rules of law, ethical and professional principles. Accordingly, the Group takes "**zero tolerance**" approach to bribery and corruption and is committed to undertaking its activities fairly and honestly in line with legal and ethical rules.

Code of Conduct, regulations, procedures and other policies of Group require performance of activities correctly, fairly and honestly in compliance with the laws and the Group assumes an even more sensitive approach to anti-bribery and corruption with a view to protecting and furthering the rights of all stakeholders. Anti-Bribery and Corruption Policy has been adopted as part of the significance of the matter.

Şişecam Group explicitly prohibits resort to bribery and corruption in its activities in all countries. Persons to whom this Anti-Bribery and Corruption Policy applies are prohibited from offering payment or anything of value to provide any unlawful or unethical benefit even for the interests of the Group, acquiring any similar benefit from other persons or entities, and being involved in any unlawful and unethical act that might be regarded as bribery or corruption even if such practices are common in the country of operation or in the industry.

In that regard, it is of no importance whether the benefit provided as bribery and corruption has any material value or whether anything is done for the other party in return for the benefit. Anti-Bribery and Corruption Policy shall be considered to have been violated even when the value of the benefit is extremely insignificant or the commitment has not been realized despite making an offer.

Group is committed to protect legal rights of governmental organizations, suppliers, customers, employees, and other stakeholders. Accounting procedures shall be recorded fully, correctly and fairly and internal control systems are established for preventing undeclared transactions.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

6. DONATIONS AND GIFTS

Rules of donations and gifts are provided in detail in Şişecam Group Code of Conduct, Donation Regulation and Donation Policy. Şişecam Group Code of Conduct and Donation Policy are published on the corporate website to enable third parties including customers, suppliers, investors and other stakeholders to have access to them. In case of any uncertainty as to interpretation or implementation of the regulations or coming across any situation not provided in the regulations, it is necessary to contact the Board of Ethics by means of the following communication channels.

7. EVENTS OR SUSPICIONS OF BRIBERY AND CORRUPTION

All Group employees shall be bound to inform their managers and/or following contact persons of any bribery and corruption event or suspicion immediately. Here are a few examples to such conditions;

- Offer of bribe to you or your colleague
- Relationships based on mutual interest or conflict of interest which you bear witness or have information about
- Any irregularity in company records
- Acts and behaviours such as providing favour or benefit in tenders and purchases
- Providing benefits to any customer or supplier in violation of legal and internal regulations
- Coercion applied on you or your colleagues by any internal or external person or entity to act in violation of the Group Code of Conduct or this policy

You must contact your manager and/or following communication channels when you come across such situations. In some cases, employees may hesitate to report such practices if they are concerned that they may be affected negatively from reporting such an event. Group Board of Directors guarantee that persons reporting or filing complaints about conditions in violation of the legal regulations, code of conduct and Group regulations shall not incur any damages for filing such a report or complaint. The identities of reporting individuals shall be kept strictly confidential and they shall be protected against any damage due to the report or complaint – unless their allegations turn out to be deliberate slanders.

8. SANCTIONS APPLICABLE TO THIS POLICY

Group regulations, procedures and instructions apply to all positions in the Group according to which this Anti-Bribery and Corruption Policy must be adopted and implemented by all the employees. In case of violation of Anti-Bribery and Corruption Policy, the Group policies provide for a number of sanctions up to termination of employment agreement in addition to other significant legal sanctions including penalty of imprisonment in many countries.

Communication

E-mail: : etik@sisecam.com
Phone : +90 850 206 50 50
Adress : Türkiye Şişe ve Cam Fabrikaları A.Ş.
Ethics Committee
İçmeler Mahallesi, D-100 Karayolu Caddesi, No:44/A 34947 Tuzla/İstanbul

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

SALARY POLICY FOR BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The salaries of the members of Trakya Cam Sanayii A.Ş.'s Board of Directors are fixedly determined at the Ordinary General Meeting every year for all of the members.

The members of the Board of Directors in the Executive Board have separate payments under the policy for senior executives.

For the salary calculation of the Independent Board Members, payment plans based on the performance of the company cannot be used.

Our Group aims to work with a fair and competitive Salary Management System, which is accepted by our Group employees, and keep our Salary Management System up to date in line with the Community strategies and market.

In our Group, job evaluation methodologies which are, independent of the title, are positioned relative to the qualities of the organization's work are used.

With the newly created Salary Management System, our Group is aiming to pay employees equitably, to reward the performance they have achieved, to attract qualified employees to our Company, taking into consideration work efficiency and organizational performance.

The total annual income packages are taken into account when determining the salary levels across the whole Community.

Market salary surveys' indicators covering comparison of the total annual earning packages of the Community personnel with the annual earning packages of equivalent positions in the market and comparison of the fringe benefits are base for Salary Policy.

The Community Human Resources Group Presidency is responsible for the determination of all the policies related to the Salary Management System, for ensuring the implementation unity throughout the Group and for keeping the system up to date according to the conditions of the day.

Senior Executive salaries is composed of performance premiums calculated in accordance with company targets, long term targets and personal effort except fixed salaries determined according to margins on which positions are situated in Grade System established according to Salary Management System and fringe benefits.

COMPENSATION POLICY

Determination and execution of compensation policy of our company is based on related provisions of the regulations (i.e. law of obligations, labor law regulations and by-laws), collective-bargaining agreement, Group Procedures and jurisdictional decisions.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

HUMAN RESOURCES POLICY

Group; aims to implement a human resources policy that targets a globally sustainable success, disseminates an innovative and co-operative corporate culture, fosters the best human resource practices in its business areas and adds value to all stakeholders.

Group shapes its approach to human resources within the framework of legislation, corporate values and ethical rules, based on inclusiveness and equal opportunity in all its application. Starting from the target of being the most preferred employer, in all human resources processes like recruitment, career management, training and development, performance management, it conform an objective, systematic and development-oriented approach. A competitive and arm's length compensation and benefits strategy based on awarding steady-high performance is the foundation of the systems.

Group, respects to the historical and cultural differences of the geographies where the group operates. It strives to promote the diversity of global human resources and stakeholders, and strengthening the cultural heritage of future generations.

Considering the balance between the work and the private life of the employees, the human resources programs to support this balance are passed on, the communication platforms where the suggestions and expectations of the employees are taken into account are presented and employee loyalty and satisfaction are followed with objective and independent researches. Based on employee loyalty and satisfaction researches, we continuously improve the positive business climate development approaches and provide a healthy and safe environment in which corporate values are kept alive.

Group, which aims to actualize the potential of global human resources at the highest level, ensuring sustainable high performance and increase the value to the future that stakeholders build more strongly, by combining its deep-rooted past and future orientation in the common denominator, it is shaping and strengthening its future with an understanding based on human focus, continuous development and innovation.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

DISCLOSURE POLICY

General Framework

Trakya Cam Sanayii A.Ş. disclose of all kinds of financial information, other explanations and notices related to notably Capital Markets Legislation, the Turkish Commercial Code and Borsa İstanbul A.Ş. ("BİAŞ") where our shares are traded at, by favoring generally accepted financial reporting standards and corporate governance principles; within this scope, Trakya Cam carries out a detailed informing and public lighting policy.

The main objective of the information policy is to ensure that necessary information and disclosures beyond the scope of trade secrets are transmitted on equal terms to shareholders, investors, employees, customers and other interested third parties on time, accurately, completely, comprehensibly, easily and at the lowest cost.

Having an active approach to the adoption and implementation of corporate governance principles, Trakya Cam shows the maximum effort of the relevant legislation and the implementation of international best practices for public disclosure and information. Şişecam disclosure policy approved by the Board of Directors in the framework of the above-mentioned prepared and put into practice.

Authority and Responsibility

The Board of Directors prepares disclosure policy. The monitoring, supervision and development of the information and disclosure policy of Şişecam are under the authority and responsibility of the Board of Directors.

Managers responsible for financial management, reporting and investor relations department have been assigned to coordinate the disclosure function. The said authorities fulfill these responsibilities in close cooperation with the Audit Committee and the Board of Directors.

Methods, Tools Used and Works Performed Public Disclosure

Within the Capital Market Legislation, the Turkish Commercial Code and other relevant legislation framework; the following are the tools and methods used in public disclosure operations:

- At the end of each quarter, the consolidated financial reports, the footnotes and explanations related to the financial statements prepared in accordance with the legislation published by the Capital Markets Board (CMB) and the independent audit report conducted at the end of the half year and at the end of the year, the the Board of Directors' interim report are shared with Public Disclosure Platform within the given time frame and published in the Corporate Web Site of our Company (www.sisecamduzcam.com). The relevant financial statements are presented to the approval of the Board of Directors with the opinion of the Audit Committee and are signed by the executives responsible for the financial reporting authorized by the Board of Directors.

A press release is also made regarding the results of the activities announced quarterly, and the public is informed about the results of the activities and other important issues in the related period.

The financial statements that are disclosed to the public are also translated into English and transmitted to the related parties and published on Trakya Cam's website. Following the disclosure of financial statements of year ends, on the date of the Ordinary General Assembly, on the press conferences held by Chairman of the Board and/or General Manager, past year performance is evaluated and press questions are answered.

- Material disclosures that should be made within the scope of the CMB legislation are transmitted to the KAP via electronic medium within the given time frame. Material disclosures are in principle signed by persons who are responsible for financial reporting, have a "qualified electronic certificate", and are presented to the relevant authorities. People who are responsible for making material disclosures are determined from the representatives and competent authorities of the Company. In addition, the statements sent to the KAP in the electronic environment will also be published on the Company Corporate Internet Site at the latest business day after the announcement of the public announcement.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

- Announcements are made through the KAP, Trade Registry Gazette in cases such as amendments to the Articles of Association, General Assembly meetings, and capital increase. In addition, Turkish and English texts are published on the company's website.
- The Annual Report which is prepared in Turkish, with the necessary information and explanations before the General Assembly meeting, is published in the Company's Corporate Internet Site for the shareholders' review and the printed version of the relevant report can be obtained from the Trakya Cam Shareholders Relations Unit. In addition, annual activity reports are translated into English as soon as possible following general meetings and published in our website.
- When necessary, press explanations are made through written and visual media. Written and visual media releases made by the authorities.
- When necessary, teleconferences provide information to shareholders and other interested parties. Related tele-conferences are coordinated by the Investor Relations Department.
- Through investor meetings and investor visits (road-show) held domestically and abroad, information is provided to shareholders and other related parties. The General Manager, the managers responsible for financial management and reporting, and the managers of the Investor Relations Department participate in the meetings and visits carried out by the Investor Relations Department. In necessary cases, the contact teams can be further expanded.
- Promotional and informative meetings held with investors and presentations, reports presented at press conferences are included in the "Investor Relations" section of our Company's Corporate Web Site in order to ensure that all market participants have simultaneous and equal information.
- Related information, especially financial tables, are shared with shareholders and the companies that organize the research report about our company by the e-mail when it is requested.

Investor Relations Department

In order to fulfill the obligations arising from the CMB legislation in accordance with the rules set forth in the legislation and to maintain its activities more effectively, a central understanding and an appropriate structure have been adopted in our Group. In this context, all liabilities of Şişecam and other publicly traded companies arising from the Turkish Commercial Code and the Capital Markets Legislation have been fulfilled under the supervision, direction and coordination of the Investor Relations Directorate established within the Company's Financial Affairs Presidency in line with the CMB Corporate Governance Principles prospect.

The "Investor Relations Department", which is formed compulsorily by the legislation as well as the Company bodies, plays an active role in facilitating the protection and use of shareholder rights, especially the right to receive and review information.

The Investor Relations section of our corporate website, which is in Turkish and English format, contains quite detailed information and data about our company within the scope of the corporate governance profile. The relevant website is kept up to date by the investor relations department. All questions posed by shareholders and other interested parties by e-mail, letter, phone, etc. are answered as soon as with the coordination of Investor Relations Department.

For this purpose, the authorities who are responsible from the communication with the shareholders as follows.

Name Surname	Title	Phone Number	E-mail
Kemal Tansu Akalın	Investor Relations Executive	0850 206 34 24	takalin@sisecam.com
Bünyamin Arslan	Budget ve Financial Control Manager	0850 206 49 27	buarslan@sisecam.com
Hüseyin Burak Dağlı	Finance Director	0850 206 51 39	bdagli@sisecam.com
Sezgi Ayhan	Şişecam Investor Relations Specialist	0850 206 37 91	seayhan@sisecam.com

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

In this context, the main activities carried out under the responsibility of the Investor Relations Department are summarized below:

1. Carrying out capital markets and investor relations activities in accordance with determined strategies and policies.
2. Execution of information management activities on capital markets and investor relations legislation
3. Designing a company valuation model, developing value enhancing initiatives.
4. Following up the performance of the public shares of the public in the Community, determining the opportunities for buying and selling.
5. Providing industry and competitor researches and informing Group's top management about the results of research and analysis.
6. Coordinating of the capital markets and investor relations activities of the Group companies and providing the necessary guidance.
7. Ensuring that investor relations activities of publicly traded companies comply with the Code of Business Conduct of the Community investor relations.
8. Conducting analyst surveys and managing investor / analyst expectations.
9. Representing the Group in events such as road shows, stock / bond conferences.
10. Participating in investor and analyst meetings, making presentations and ensuring that investor and analyst questions are answered in accordance with legislation and Community strategies.
11. Communicating with the Stock Exchange Istanbul (BIST) and the Capital Markets Board (CMB) on behalf of the Community.
12. Preparing and publishing KAP notifications such as material disclosures, annual and interim reports in coordination with the Corporate Communications Directorate.
13. Managing "investor relations" sections on the websites of the Group companies.
14. Managing relations with rating agencies in coordination with the Treasury and Finance Directorate.
15. Determining the training needs of the Group companies regarding capital markets and investor relations.
16. Supporting for the public offering, block sales and direct sales activities of shares of the Group companies.
17. Contribution to the process of preparation of interim and annual reports.
18. Providing top management feedback on the views of investors, expectations and views of Group companies.
19. Assessing and monitoring of complaints and proposals from outside the Community regarding the Financial Affairs Presidency

Measures Taken for the Confidentiality of Information until Public Reveal of Material Disclosures

In order to ensure confidentiality until the public disclosure of special cases, Trakya Cam employees who have access to internal information are thoroughly informed about the responsibilities arising from the relevant legislation and on what conditions and under what circumstances and by whom the information will be disclosed to the public. Confidentiality is included in the agreements made with persons and institutions that may have access to internal information due to the provision of certain services to Trakya Cam-. Furthermore, in order to prevent unauthorized disclosures related to the results of activities, information is not exchanged with capital market participants about the results of activities and other issues that have not been publicly announced in certain periods of the calendar year. This period is considered as "silent period". During the Silent Period, company responsables do not give an opinion about the financial status of the company, except for information disclosed to the public on behalf of the company. Questions about the financial situation of capital market participants such as analysts and investors are not answered. In the Silent Period, responsible who make public disclosure and who work in Investor Relations Department, is not restricted to participate in speeches, conferences, panels and similar events; to have interviews to the written and visual media the investor meetings; to participate in investor meeting on condition that they observe the rules of confidentiality of internal information. The Slient Period starts at 15th of the month following the end of the three-month interim and annual accounting period and continues until the day when the financial statements are announced to the public.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

News and Rumors in the Press

Follow-up and monitoring of news and rumors about Trakya Cam and its affiliates in the media or internet sites is performed through a professional media follow-up agency. In case of necessity of disclosure within the scope of the legislation related to public disclosure of special cases, an explanation is made about the issue by compiling the necessary information from the related units.

The method and content of the announcement of news and rumors that cited-in the press release but which do not give rise to the obligation to disclose are determined by taking into account such factors as the nature of the news, the extent of the mass received by the media, and the fact whether it affects the reputation of the news company. In cases where such announcements are made regarding such news and rumors, if the disclosure content contains an element that necessitates public disclosure, a material disclosure is made in line with the relevant legislative provisions.

In the presence of news or rumors in different contexts compared to explanations, circulars, announcements approved by the Capital Markets Board, financial reports and other information disclosed to public via Public Disclosure Platform, which may affect investing decision of the investors and the value of the capital market tools, Trakya Cam make announcement and explain whether this information shared is correct and sufficient. However, Şişecam do not express any opinion on comments, analyzes, evaluations and estimations made about the Company based on the information disclosed to the public.

Criteria Used in Determining Administrative Responsibility

In determining people with administrative responsibilities, the duties of the persons in the Company organization and their information access are taken as a criterion.

In this context not only Members of the Board of Directors and Auditors, General Manager, Presidents, General Manager Coordinator, Procurement Coordinator, Vice President, who have detailed information on future plans in addition to the current situation of Trakya Cam but also Trakya Cam's finance department managers who have access to information on Trakya Cam and are authorized to make administrative decisions that can affect financial reports, strategic targets and similar elements at macro level these persons were identified as persons with administrative responsibility and regular access to internal information. According to this, people who have not knowledge which can influence the value of the capital market instrument and the investment decisions of the investors, in other words, people who have information about only a part of the Company and managers and other employees who have limited knowledge about whole Company are not considered within the scope of the person who has administrative responsibility and has access to internal information.

Other Disclosures

Disclosures (prospectus, circulars, etc.) except the ones cited above are signed and announced to the public within the authority determined in the Company's signature circular. It is also published on the Company's website.

Trakya Cam Corporate Website (www.sisecamduzcam.com)

The Company actively uses the Corporate Internet Site of the Company as required by the CMB Corporate Governance Principles in order to be able to maintain its relations with shareholders more effectively and quickly and to be in constant communication with its shareholders. The information contained in this site is continually updated under the investor relations department's responsibility. The information contained in the Corporate Corporate Website is the same as the statements made under the relevant legislative provisions and does not contain conflicting or incomplete information.

At the Company Corporate Internet Site; besides the compulsory information to be disclosed in accordance with the legislation, trade registry information, latest status of partnership and management structure, existence of no privileged share certificates, date and number of trade registry newspapers published with amendments, latest version of Company's Articles of Incorporation, material disclosures, financial reports, annual reports, prospectus and public offering circulars, General Assembly Meeting Agendas, attendance statements and meeting minutes, proxy voting form, Profit Distribution Policy, Disclosure Policy, Company Code of Ethics and answers of the frequently asked questions are cited. In this context, at least the last 5 years of information is included in the Company Corporate Internet Site. The information on the website is also prepared in English for the benefit of international investors.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE POLICIES

WORKING PRINCIPLES OF BOARD COMMITTEES

FORMATION AND ORGANIZATION

- According to the Capital Markets Board regulations, it has been decided to establish Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee within the body of Board of Directors. Corporate Governance Committee performs the functions of Nomination Committee and Remuneration Committee.
It is obligatory to form other committees in parallel with the changes in the current regulations. Apart from these committees, Board of Directors shall be entitled to form other committees if considered necessary.
- If the legal regulations make it possible to unite the tasks, powers and responsibilities of multiple committees under a single committee, such committees may be duly formed.
- Board of Directors shall determine the areas of responsibility, working principles and members of the committees with due regard for the legal regulations.
- Committees shall be comprised of minimum two Board members unless otherwise provided in the regulation. Mandatory provisions of the regulation shall be taken into consideration for determining the qualifications of members and chairpersons.
- Those who assume executive duties as Managing Director/Executive Director or whose reports include executive departments and those who bear "executive" title in terms of managerial powers may not be assigned as members of such committees.
- Committees shall act in line with the powers and responsibilities ascribed to them by Board of Directors.
- Term of office determined for the committee members shall be equal to the term of office specified for Board membership unless otherwise resolved by Board of Directors.

WORKING PRINCIPLES OF THE COMMITTEES

- Committees shall perform their functions by means of meetings held by members. Meeting dates shall be determined in line with the working principles specified by Board of Directors as well as provisions of the applicable regulation.
- Timing of committee meetings shall be in harmony with that of Board meetings to the extent possible.
In case of necessity, company managers and executives may participate in such meetings to present their opinions and give information about the meeting agenda upon the invitation of any committee provided that any such participation shall be limited to the purpose of consultation.
- Meetings shall be held with a specific agenda. The agenda shall be prepared appropriately so that it contains the tasks attributed to the respective committee in the regulation.

The agenda shall include the following items at a minimum;

Audit Committee; oversight of accounting system, public disclosure of financial information, functioning and efficiency of independent audit and internal control system,

Early Detection of Risk Committee; early detection and management of internal and external risks that may endanger corporate activities and review of risk management systems,

Corporate Governance Committee; in addition to monitoring and improving compliance with corporate governance principles and oversight of activities conducted by the Shareholders Relations Divisions, with respect to other activities conducted by Corporate Management Committee;

For Nomination Committee; determination and assessment of suitable candidates for Board of Directors, evaluation of the organization and efficiency of Board of Directors and making suggestions to Board of Directors accordingly, determination and oversight of approaches, principles and practices for performance assessment and career development of directors and senior managers,

For Remuneration Committee; making suggestions for remuneration principles applicable to directors and senior managers with due regard for long-term objectives of the company in addition to suggestions regarding determination of criteria to be used for remuneration purposes in connection with the performance of the company and directors

- Information and documentation about the agenda shall be prepared and submitted to the members within a reasonable time prior to the meeting.
- Committees may seek opinion from independent experts and consultancy firms in order to perform their tasks.
- Committee meetings shall be held with the participation of majority of members. Decision quorum for the decisions of the committees shall be the absolute majority of its members who are present in the meeting.
- Meeting minutes and resolutions of the committees shall be written down by a reporter assigned by the Committee and duly signed by the members.
- Committees shall regularly inform Board of Directors about the issues handled in line with the authority given to them or else submit them to the approval of Board of Directors.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

Strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the company. The board represents and governs the Company within these principles.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been determined in order to allow the board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other administrative role apart from the membership in Board of Directors. Most of the members of Board of Directors consist of non-executive members. Dr. Reha Akçakaya and Hüseyin Burak Dağlı participates in the Board of Directors as an executive members. The chairman of the Board of Directors and the Group President are not the person. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principals, there exist three independent members in the Board of Directors.

Independent members have been determined in accordance with the procedures envisaged in the corporate governance principles and presented to the Board of Directors. Regarding the election of the independent members eligible at the meeting of the Board of Directors dated January 28, 2018, negative comments were not reported by the Capital Market Board in formal letter numbered 29833736-100-E.908 dated 18 January 2019.

The independent and non-independent members of the board, who have been determined within this scope, have been elected for one year in the General Assembly Meeting related to year 2019, held on 7 March 2019. Since the one- year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 2020, the board members will be elected in the aforementioned ordinary general assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows.

INDEPENDENCE DECLARATION

TRAKYA CAM SANAYİİ A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



Dinç Kızıldemir

31 December 2019

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

INDEPENDENCE DECLARATION

TRAKYA CAM SANAYİİ A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



İlhan İl

31 December 2019

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

OUT OF GROUP RESPONSIBILITIES OF BOARD MEMBERS

Name Surname	Title	As-is Out of Group Responsibilities
Prof. Dr. Ahmet Kırman	Chairman of the Board	Vice Chairman of the Board of Türkiye Şişe ve Cam Fabrikaları A.Ş., Chairman of the Board of Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş., Trakya Investment B.V., Fritz Holding GmbH, Anadolu Cam Investment B.V., OOO Ruscam Glass, OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Balsand B.V., Trakya Autoglass Holding B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., Şişecam Çevre Sistemleri A.Ş., OOO Posuda, AC Glass Holding B.V., Şişecam Flat Glass Holding B.V., Nude Glass Investment B.V., İstanbul Investment B.V., Nude Design Investment BV.
Dr. Reha Akçakaya	Vice Chairman	Chairman of the Board of Şişecam Otomotiv A.Ş., Trakya Glass Bulgaria EAD, Sisecam Automotive Bulgaria EAD, Glasscorp SA, TRSG Glass Holding BV.,ve Automotive Glass Aliance Rus AO, Vice Chairman of the Board of Sisecam Flat Glass India Ltd, Board Member of Saint Gobain Glass Egypt SAE, Sisecam Flat Glass Italy Srl, Sisecam Flat Glass Holding BV, Sisecam Flat Glass South Italy Srl, Fritz Holding GMBH, RF SPOLS.R.O, Trakya Investment B.V.
Zeynep Hansu Uçar	Member	Subsidiaries Division Unit Manager at Türkiye İş Bankası A.Ş., Board Member of Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş.,
Hüseyin Burak Dağlı	Member	Board Member of Sisecam Flat Glass India Pvt. Ltd., Şişecam Otomotiv A.Ş., Trakya Glass Bulgaria EAD, Trakya Investment B.V., TRSG Glass Holding B.V., Sisecam Flat Glass Holding B.V.
Dinç Kızıldemir	Member	Board Member of Türkiye Şişe ve Cam Fabrikaları A.Ş.
İlhan İl	Member	Board member of Süttaş Group, Chairman of the Board of Travelex Turkey

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

FUNDAMENTALS OF ACTIVITIES OF BOARD OF DIRECTORS

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 62 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

Thereby providing an equal flow of information, the information and documents related to agenda items of meeting of Board of Directors are presented for the review of members of the Board of Directors before a sufficient plenty of time. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has a voting right in the Board of Directors.

Each agenda item is discussed clearly and in all aspects in the meetings of the Board of Directors. Participation rate of members of the board of Directors to the Board of Directors meeting is %95 in 2019. Independent member of the board of Directors did not vote for their own election.. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2018 since there exists no such opinion was declared.

The meetings of Board of Directors are generally held at head office of the Company and the significant minutes of Board of Directors are announced to public via PDP and the minutes announced to public are also published in the Company's corporate website.

Authorities and responsibilities of the Board of Directors are clearly explained in the Articles of Association. Authorities are exercised in compliance with the internal legislation registered in 22 December 2014, published in 26 December 2014 and prepared by the Board of Director's decision no 43 in accordance with the article 367 and 371 of Turkish Commercial Code in 9 December 2014. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and with this purpose, the Board of Directors is in a close collaboration with the Department of Investor Relationships.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

COMMITTEES CONSTITUTED IN THE BOARD OF DIRECTORS

For effective duty and responsibility performance of the Board of Directors, the “Audit Committee”, “Corporate Governance Committee” and “Early Risk Identification System and Committee” have been constituted in accordance with the Corporate Governance Principles. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting and disclosed to the public on the same day.

Audit Committee members are selected from the independent members of the board. The chairman of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System and Committee and the Audit Committee consist of five, three and two members, respectively.

The Chairman and Vice Chairman of the Board of Directors do not participate in the committee. There exists no executive member in the committees except for the manager of the “Department of Investor Relations” participating in the Corporate Governance Committee, in accordance with corporate governance principles. A member of the Board of Directors, who is independent, does not have any responsibility in two committees, simultaneously.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and is documented in written and recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors.

Being responsible for the company’s accounting system, the independent audit and issue of financial information to public and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company’s accounting and internal control and its independent audit and assessment of feedbacks of the company’s employees related to the accounting and independent audit issues within the framework of a confidentiality. It declares its findings related to its tasks and responsibilities and related assessments and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company’s accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company’s responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 4 meeting in 2019. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to incompliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it traces the activities of “Investor Relations Department. The Corporate Governance Committee held 6 meeting in 2019.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and definition of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes are determined as the duties of the committee.

TRAKYA CAM SANAYİİ A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification System and Committee held 8 meeting in 2018.

The notifications related to the meetings of Audit Committee, Early Detection of Risk Committee, and Corporate Governance Committee are duly made in due form to the Board of Directors.

Due to the fact that all members of Audit Committee and chairman of other committees and three members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it has required a member of Board of Directors to be involved in more than one committee.

The Audit Committee;

Chairman Dinç Kızıldemir (independent) and İlhan İl (independent).

The Corporate Governance Committee;

Chairman Dinç Kızıldemir (independent), İlhan İl (independent), Zeynep Hansu Uçar, Hüseyin Burak Dağlı and Kemal Tansu Akalın.

Early Risk Identification Committee;

Chairman Dinç Kızıldemir (independent), İlhan İl (independent) and Zeynep Hansu Uçar.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) are announced on Public Disclosure Platform ("PDP") at least three weeks before the General Assembly Meeting. The company report status of complying the volunteering principals with CGCR, informs about the corporate governance implementation with CGIF templates.

The Corporate Governance Compliance Report was prepared in accordance with the decision no.2/49 of Capital Markets Board's dated 10 January 2019 and prepared within the framework of the corporate governance principles stated in the "CMB" Communiqué Series II 17.1.

(X) represents the Company's compliance status and the explanations are made for the status other than yes.

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
1. SHAREHOLDERS						
1.1. Facilitating the Exercise of Shareholder Rights						
1.1.2 Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X	-	-	-	-	
1.2. Right to Obtain and Review Information						
1.2.1 Management did not enter into any transaction that would complicate the conduct of special audit.	-	-	-	-	X	The requests for the assignation of a special auditor has not yet been regulated as individual right in the articles of association No requests were received for the assignation of a special auditor within the period.
1.3. General Assembly						
1.3.2 The company ensures the clarity of the general Assembly agenda, and that an item on the agenda doesn't cover multiple topics	X	-	-	-	-	
1.3.7 Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	Articles of association does not contain privileges for the exercise of voting rights.
1.3.8 Members of the board of directors who are concerned with specific agenda items, auditors and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	-	X	-	-	-	A separate item is included in the agenda, but there are many donations and beneficiaries, so summary information is provided.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

1.3.11	The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X	-	-	-	-	
--------	---	---	---	---	---	---	--

CORPORATE GOVERNANCE COMPLIANCE REPORT		Compliance Status				Explanation	
		Yes	Partial	No Exempted	N/A		
1.4.	Voting Rights						
1.4.1	There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-	
1.4.2	The company does not have shares that carry privileged voting rights.	X	-	-	-	-	
1.4.3	The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross ownership provides management control.	X	-	-	-	-	
1.5.	Minority Rights						
1.5.1	The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-	
1.5.2	The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	X	-	-	-	The Company has adopted the rates specified in the legislation of stock in companies.
1.6.	Dividend Right						
1.6.1	The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-	
1.6.2	The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-	
1.6.3	The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	-	-	-	-	X	Profit is distributed.
1.6.4	The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-	
1.7.	Transfer of Shares						
1.7.1	There are no restrictions preventing shares from being transferred.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
2. DISCLOSURE AND TRANSPARENCY						
2.1. Corporate Website						
2.1.1 The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2 The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4 The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X	-	-	-	Significant informations has been translated into English and the works proceed for translating all informations in English.
2.2. Annual Report						
2.2.1 The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2 The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	-	X	-	-	-	The page number or the section related with the conflicts and precaution between the investment consultancy and rating instutations are not included.
3. STAKEHOLDERS						
3.1. Corporations's Policy on Stakeholders						
3.1.1 The rights of the stakeholders are protected, pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	-	
3.1.3 Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4 A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5 The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
3.2. Supporting the Participation of the Stakeholders In the Corporation's management						
3.2.1 The Articles of Association, or the internal regulations (terms of reference/manuals), of employees in management.	-	X	-	-	-	The relevant requirements are set out in the "Basic Law of Şişecam Employees" which established by the management instead of article of association.
3.2.2 Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	-	
3.3. Human Resources Policy						
3.3.1 The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2 Requirement criteria are documented.	X	-	-	-	-	
3.3.3 The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	-	
3.3.4 Meetings have been organised to inform, employees on the financial status of the company, remuneration, career planning education and health.	X	-	-	-	-	
3.3.5 Employees, or their representatives were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X	-	-	-	-	
3.3.6 Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	-	
3.3.7 Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8 The company ensures freedom of association and supports the right for collective bargaining.	X	-	-	-	-	
3.3.9 A safe working environment for employees is maintained.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
3.4. Relations with Customers and Suppliers					
3.4.1 The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X	-	-	-	-
3.4.2 Customers are notified of any delays in handling their requests.	X	-	-	-	-
3.4.3 The company complied with the quality standards with respect to its products and services.	X	-	-	-	-
3.4.4 The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-
3.5. Ethical Rules and Social Responsibility					
3.5.1 The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-
3.5.2 The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-
4. Board of Directors					
4.1. Role of the Board of Directors					
4.1.1 The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-
4.1.2 The agenda and minutes of board meetings, indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.2. Activities of the Board of Directors						
4.2.1 The board of directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2 Duties and authorities of the members of the board of directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3 The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4 Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5 The roles of the Chairman and Chief (Executive Officer) are separated and defined	X	-	-	-	-	
4.2.7 The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8 The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-	
4.3. Structure of the Board of Directors						
4.3.9 The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	-	X	-	-	The Board of Directors did not set a target for female members as a rate of not less than 25%, and no policy has determined, However, the rate of female in the Board of Directors is 17%.
4.3.10 At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.4. Board Meeting Procedures						
4.4.1 Each board member attended the majority of the board meetings in person	X	-	-	-	-	
4.4.2 The board has formally approved a minimum a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	-	X	-	--	-	There is no minimum duration although the informing documents are shared to all members in sufficient time.
4.4.3 The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-	
4.4.4 Each member of the board has one vote.	X	-	-	-	-	
4.4.5 The board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-	
4.4.6 Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7 There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There is no Board member take in charge outside the group except independent members. Their resumes are included in the annual report.
4.5. Board Committies						
4.5.5 Board members serve in only one of the Board's committees.	-	X	-	-	-	A member who is not an independent member of the Board of Directors is involved in two committees, Independent members are assigned in more than one committees.
4.5.6 Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7 If external consultancy services are used, the independence of the provider is stated in the annual report.	-	X	-	-	-	The Committee did not receive any significant advisory services except independent audit firm and credit rating agency.
4.5.8 Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.6. Financial Rights						
4.6.1 The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	Previous year reviews are available on Chairman's message of the annual report. There are also relevant performance evaluations in the minutes of the Board of Directors.
4.6.4 The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5 The individual remuneration of board members and executives is disclosed in the annual report.	-	-	X	-	-	In accordance with the law no. 6698 Protection of Personal Data, the total amount is explained in terms of categories rather than on individual basis.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

In 2019, Şişecam aimed to export Eurobonds to domestic and foreign stock and bond investors and participated 10 conferences, 4 roadshow and performed physical meetings with over 350 available and potential investors and analysts. Conferences Attended: Ak Yatırım (Istanbul), BGC Conference (London), BGC Mini Conference (Istanbul), BofAML Emerging Markets Debt and Equity Conference (Miami), Citi's GEM Conference (New York), GS Eleventh Annual CEEMEA Conference (London), Is Investment 2019 Hidden Riches of Turkey (London), JP Morgan Emerging Markets Credit Conference (London), Raiffeisen Turkish Day (New York) and WOOD's Winter Wonderland 2019 EME Conference (Prague). Although investors preferred physical meetings as the method of access this year compared to last year, teleconferences with more than 250 investors and analysts continued to be important based on the close communication established. The total number of interviews with investors through telephone, one-to-one meetings, roadshows and conferences is over 600. Nearly 110 analyst reports have been published as a result of the meetings conducted effectively with analysts who report to public companies. In addition, two webcasts were organized in 2019, with the end of 2018 and the first half of 2019 financial results shared. The transcript of these teleconferences is available on the Şişecam English website.

1.2 Right to Obtain and Examine Information

The number of special audit request(s)

The request for the appointment of a special auditor in the Company's articles of incorporation has not yet been regulated as an individual right. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the General Assembly Meeting.

1.3 General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/746045>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

No/ The documents of the General Assembly Meeting are not published simultaneously in English.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no unanimous transaction.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

1.3 General Assembly

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

In 2019, all related party transactions and transaction principles were submitted to the Board of Directors. In 2019, there were no related party transactions or significant transactions that should be submitted to the approval of the General Assembly since independent members did not approve.

The links to the PDP announcements associated with related party transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/817830>

The name of the section on the corporate website that demonstrates the donation policy of the company.

Specified under the "Corporate Governance Principles" that participated in "Corporate Governance subtitle in Corporate Identity and Management" title of "Inverstor Relations Section" at www.sisecamduzcam.com

The name of the section on the corporate website that demonstrates the donation policy of the company

www.kap.org.tr/tr/Bildirim/271929

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 17

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Company employees and their representatives may attend the General Assembly meeting.

1.4 Voting Rights

Whether the shares of the company have differential voting rights

No / There is no privilege in voting rights.

In case that there are voting privileges, indicate the owner and percentage of the voting majority of share

None.

The percentage of ownership of the largest shareholder

%70,35

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

1.5 Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	None
---	------

If yes, specify the relevant provision of the articles of association.	None
--	------

1.6 Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Specified under the “Corporate Governance Principles” that participated in “Corporate Governance subtitle in Corporate Identity and Management” title of “Inverstor Relations” Section at www.sisecamduzcam.com .
--	--

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	The Board of Directors did not make any proposal to avoid distributing the profits.
---	---

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	The Board of Directors has not made any proposal to avoid distributing profits.
---	---

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Shareholders' meeting minutes, and also indicates for each voting levels for or against	Specify the name of the corporate website that contains the General Shareholders' meeting minutes, and also indicates for each voting levels for or against	Specify the name of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
07.03.2019	-	%82,86	%0,02	%82,84	(*)	None.	None.	145	https://www.kep.org.tr/tr/Bildirim/739693	

(*) Specified under the "General Assembly" that participated in "General Assembly Announcements and Documents" subtitle in "Corporate Identity and Management" title of "Inverstor Relations" Section at www.sisecamduzcam.com.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

2. DISCLOSURE AND TRANSPARENCY

2.1 Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

The corporate website “www.sisecamduzcam.com” is updated continuously as required by CMB Corporate Governance Principals and the informations are updated in order to maintain the relations with shareholders more effectively and rapidly. The information contained on the corporate website is in the same context as the disclosures made in accordance with the provisions of the relevant legislation and does not contain any contradictory or incomplete information.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the share

There is no natural person shareholder who owns more than 5% of the shares.

List of languages for which the website is available

Turkish and English

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Specifies in the “Additional Information about Corporate Governance” section in the Annual report.

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Specifies in the “Additional Information about Corporate Governance” section in the Annual report.

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Specifies in the “Additional Information about Corporate Governance” section in the Annual report.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Note 2 of the financial statement

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

- | | |
|--|--|
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof | Explained in the note 23. Provisions, Contingent Assets and Liabilities in financial report. |
|--|--|

-
- | | |
|--|-------|
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest | None. |
|--|-------|

-
- | | |
|--|-------|
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% | None. |
|--|-------|

-
- | | |
|---|--|
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results | Specified in the "Human Resources" section in the Annual report. |
|---|--|
-

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

3. STAKEHOLDERS

3.1 Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy

Specified under the "Corporate Governance Principles" that participated in "Corporate Governance" subtitle in "Corporate Identity and Management" title of "Inverstor Relations" Section at www.sisecamduzcam.com.

The number of definitive convictions the company was subject to in relation to breach of employee rights

21 judicial decisions are finalized against the company due to violation of employee rights.

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

Employees are able to carry unethical processes to the Audit Committee and Internal Audit Department. Besides, there is also report line for stakeholders to inform these unethical processes.

The contact detail of the company alert mechanism

The e-mail address etik@sisecam.com is available

3.2 Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

Contact Us

Corporate bodies where employees are actually represented

All communication channels are kept available and probable handicaps are cleared for the company employees to participate in the management. For this purpose; Message to the CEO ", "Ethics Communication Line and Electronic Mail Address" and "Pomegranate (Nar)" applications are used.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

3.3 Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The Board of Directors forms the necessary succession plans.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

During recruitment and career planning, sense of fairness is taken as basis and transparency is ensured. Activities are carried out on the basis of Şişecam Group Human Resources Regulation faaliyet which is established within the institution.

Whether the company provides an employee stock ownership programme

There is no share purchase plan.

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Şişecam Group shapes its human resources approach in accordance with laws, corporate values and ethical principles, and embraces diversity and equal opportunities. With aspirations of becoming an employer of choice, the Group adopts an impartial, systematic and development-oriented approach in all human resources processes, including recruitment, career management, professional development and training, and performance management. It recognizes and rewards consistent and high performance and implements competitive compensation and benefits strategies that are compatible with market conditions. Şişecam Group respects the historical and cultural values of the communities in which it operates. It endeavors to pass on to future generations the diversity and cultural heritage of its global work force and stakeholders by empowering them.

The number of definitive convictions the company is subject to in relation to health and safety measures

4 judicial decisions are finalized against the company due to liability for work accident.

3.5 Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Specified under the "Code of Ethics" that participated in "Corporate Governance Principals" subtitle in "Corporate Governance" title of "Inverstor Relations" section at www.sisecam.com.

The name of the section on the company website that demonstrates the corporate social responsibility report.
If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues

Specified under the "Corporate Social Responsibility" that participated in "Sustainability" title of About Us section at www.sisecamduzcam.com

Any measures combating any kind of corruption including embezzlement and bribery

Specified under the "Anti-Corruption policy" that participated in "Corporate Governance Policy" subtitle in "Corporate Governance" title of "Investor Relations Section" at www.sisecamduzcam.com

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4. BOARD OF DIRECTORS - I

4.2 Activity of the Board of Directors

Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes, they were released.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	7 reports
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls.	Specified in Risk Management and Internal Audit Facilities section in the annual report.
Name of the Chairman	Prof. Dr. Ahmet Kirman
Name of the CEO	Dr. Reha Akçakaya
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different people.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Parent Company, Turkey İş Bankası A.Ş. signed "Executive Responsibility Insurance" with Anadolu Anaonim Türk Sigorta within the scope of Board Members and Directors for the probable losses related to business faults. However, our company has not made PDP notification.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4.2 Activity of the Board of Directors

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

None.

The number and ratio of female directors within the Board of Directors

1 directors, the rate is 17%.

4. BOARD OF DIRECTORS – II

4.4 Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)

In 2019, 62 physical meetings were held.

Average attendance rate to board meetings

%95

Whether the board uses an electronic portal to support its work or not

Yes, e-mail is used.

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter

The information and documents related to agenda of Board of Directors are shared at sufficient time before the board meeting for providing equal information flow. Net time is not specified.

The name of the section on the corporate website that demonstrates information about the board charter

Specified under the “Establishment and Working Principles of Board Committees” file that participated in “Corporate Governance and Identity” title of “Inverstor Relations Section” at www.sisecamduzcam.com.

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

The Company has subsidiaries and affiliates. The fact that the Board Members take role in the management of these companies. For the benefit of the group, the company does not retracted this situation.

4.5 Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Link(s) to the PDP announcement(s) with the board committee charters

www.kap.org.tr/tr/Bildirim/204283

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4. BOARD OF DIRECTORS – III

4.5 Board Committees – II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4.6 Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

Specified in the Chairman and CEO messages in the Annual Report.

Specify the section of website where remuneration policy for executive and non-executive directors are presented

Specified under the "Executive Remuneration Policy" that participated in "Corporate Governance Principals" subtitle in "Corporate Governance" title of "Inverstor Relations section" at www.sisecamduzcam.com.

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

Specified in the Note 38-Related Party Disclosures.

TRAKYA CAM SANAYİİ A.Ş.-

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Composition of Board Committees

Name Surname of Committee Members	Whether Executive Director Or Not	Whether Independent Director Or Not	The first Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether the Director Who Cased to Satisfy The Independence Or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting And/OR Finance or not
Prof. Dr. Ahmet Kırmacı	Not Executive	Not Independent	23.03.2015				Yes
Dr. Reha Akçakaya	Executive	Not Independent	02.01.2014				Yes
Zeynep Hansu Uçar	Not Executive	Not Independent	02.08.2010				Yes
Hüseyin Burak Dağlı	Executive	Not Independent	07.03.2019				Yes
İlhan İl	Not Executive	Independent	20.03.2018	www.kap.org.tr/tr/Bildirim/746054	Reviewed	Not	Yes
Diğç Kızıldemir	Not Executive	Independent	20.03.2018	www.kap.org.tr/tr/Bildirim/746054	Reviewed	Not	Yes

TRAKYA CAM SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Board Committees – I

Names of the Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	Dinç Kızıdemir	Chairman	Member
Corporate Governance Committee	-	Zeynep Hansu Uçar	-	Member
Corporate Governance Committee	-	İlhan İl	-	Member
Corporate Governance Committee	-	Hüseyin Burak Dağlı	-	Member
Corporate Governance Committee	-	Kemal Tansu Akalın	-	Not member
Audit Committee	-	Dinç Kızıdemir	Chairman	Member
Audit Committee	-	İlhan İl	-	Member
Committee of Early Detection of Risk	-	Dinç Kızıdemir	Chairman	Member
Committee of Early Detection of Risk	-	İlhan İl	-	Member
Committee of Early Detection of Risk	-	Zeynep Hansu Uçar	-	Member

Board Committees– II

Names of the Board Committees	The Percentage Of Non Executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held by Committees	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	%100,00	%40,00	6	6
Audit Committee	%100,00	%100,00	4	4
Committee of Early Detection of Risk	%100,00	%66,67	8	8

TRAKYA CAM SANAYİİ A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY AGENDA FOR 2019

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,
2. Reading of the Summary of the Reports prepared by the Board of Directors and the Independent Auditor on the activities that have been performed by our Company in the year 2019,
3. Reviews, Discussions and Approval of the Financial Statements as of 2019,
4. Acquittals of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Determination of the Compensations pertaining to the Members of the Board of Directors,
7. Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
8. Taking a Resolution on the Distribution Type and Date of the 2019 Profit,
9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2020,
10. Taking a resolution on appointment of an independent audit company as per the Turkish Commercial Code and regulations of the Capital Markets Board,
11. Furnishing information to the shareholders in respect of the donations granted within the year and; determination of the limit pertaining to the donations to be granted in 2020,
12. Furnishing information to the shareholders in respect of the securities; pledges and mortgages provided in favor of third parties,

Date : 26 March 2020 Thursday Time: 14.00

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

TRAKYA CAM SANAYİİ A.Ş.

PROFIT DISTRIBUTIONS DURING THE PERIOD AND OTHER ISSUES

Profit Distribution

During the period; In the Ordinary General Assembly Meeting held on March 7, 2019, the distribution of the gross dividend amounting to TL 170,000 thousand corresponding to 13,6000% of the current issued capital, and the net payment after the income tax withholding tax on the profit dividend, It was decided to set the cash dividend payment date as 31 May 2019.

Other Issues:

[Affiliated Company Report](#)

The Conclusion section of the "Affiliated Company Report" drawn up pursuant to Article 199 of the Turkish Trade Act is as follows:

In all transactions realized in 2019 with the controlling company and the subsidiaries thereof, our Company adhered to the provisions of the legislation governing disguised profit distribution through transfer pricing and no such situation was arose in 2019, which would have required equalization of losses by reason of the transactions described above.

[Common and Continuous Related Party Transactions for Year 2020](#)

According to Article 10 of the Corporate Governance Communiqué entitled "Common and Continuous Transactions" of the Capital Markets Board's "II-17.1", which was published in the Official Gazette dated 3 January 2014 and numbered 28871, our company's financial plan for year 2020 (Budget);

- It is foreseen that the ratio of the sum of frequent and continuous transactions with Trakya Yenişehir Cam Sanayii A.Ş., a subsidiary of our Company, in an accounting period will reach more than 10% of the cost of goods sold disclosed in the latest annual financial statements disclosed to public, and, in this report, it is considered that the sales to be made by Trakya Yenişehir Cam Sanayii A.Ş. to Trakya Cam Sanayii A.Ş. in 2020 will be conducted under the contract production at the price to be determined by adding a profit margin of 5.00% to the commercial cost.
- It is predicted that the total amount in the accounting period of the export-registered sales between the subsidiary Şişecam Dış Ticaret A.Ş. and the group industrial corporations will reach to more than 10% of the cost of sales and revenue of the company in the last annual financial statements announced to public. Export-registered sales to Şişecam Dış Ticaret A.Ş. from Group's Corporations will be carried out at the same prices applied to third parties and reasonable commission in accordance with the transaction conditions that consist with previous years and market conditions will be collected against the service to be provided.

[Legal Reference of the Annual Report](#)

The annual report of the Group for 2018 fiscal year has been prepared in conformity with the provisions of the "Regulation on the Minimum Contents of Annual Reports of Companies" issued by the Ministry of Customs and Trade based on Articles 516 (3) and 518 of the Turkish Commercial Code and of the CMB Communiqué on Principles of Financial Reporting in Capital Markets..

[Preparation Principles of the Annual Report](#)

The annual report presents an accurate, complete, fair and true view of the Company's affairs and transactions in the relevant fiscal year, and its financial status with all aspects, in a manner that also observes the Company's rights and interests. The annual report does not contain any deceitful, exaggerated, false or misleading statements.

The annual report is prepared carefully and in detail to furnish the shareholders with full and accurate information about the Company's all operations and activities.

[Approval of the Annual Report.](#)

The Company's annual report for 2019 fiscal year has been signed and approved by the members of the Company's Board of Directors on 4 March 2020.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING OF 26 MARCH 2020

As our Company's 2019 Shareholders Ordinary General Assembly Meeting will be held on March 26th, 2020, Thursday at 14.00 at the Company headquarters situated at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla/Istanbul in order to discuss and take resolutions on the contents of the below-indicated agenda; our Esteemed Shareholders or their representatives are requested to honor the meeting on the mentioned day and at the mentioned hour.

The shareholders are allowed to participate in our Company's Ordinary General Assembly Meeting personally in physical environment or in electronic environment and they are also allowed to participate in the meeting by means of their representatives. It is possible to participate in the General Assembly Meeting in electronic environment by secure electronic signatures of the shareholders or their representatives. Therefore; the shareholders, who will perform transactions through the Electronic General Assembly System (EGKS) are firstly required to be registered with the e-MKK Information Portal of the Central Registry Agency (MKK) and thereby, they are required to ensure that their contact information are recorded into the system and; in addition, they are required to have a secure electronic signature. The shareholders or their representatives, who have not been registered with the e-MKK Information Portal and do not have a secure electronic signature, are not allowed to participate in the General Assembly Meeting in electronic environment.

In addition; the shareholders or their representatives, who wish to participate in the meeting in electronic environment, are required to fulfill their obligations in compliance with the provisions of "the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies" published in the Official Gazette dated August 28th, 2012 and No 28395 and with the provisions of "the Communiqué on the Electronic General Assembly System to Apply in the General Assemblies of Joint Stock Companies" published in the Official Gazette dated August 29th, 2012 and No 28396.

The shareholders, who will not be able to participate personally in the meeting in physical or electronic environment, are required to prepare their powers of attorney in compliance with the Annex-1 or are required to obtain a copy of the powers of attorney form from our Company Headquarters or from the corporate web site at www.sisecam.com.tr and are also required to fulfill the requirements of the matters stipulated in the Capital Market Board's Communiqué Nr. II-30.1 on "Casting Votes By Proxy and Collection of Proxies By Way of Calls" and thereby, they are required to submit their powers of attorney, the signatures of which shall have been affirmed by a public notary. The shareholders, who wish to participate personally in the General Assembly meeting in physical environment, are, by submitting their identity cards, allowed to exercise their rights concerning their shares registered with "Shareholders List" contained in the system pertaining to the Central Registry Agency (MKK).

Our shareholders, who will participate in the General Assembly Meeting in electronic environment through the Electronic General Assembly System, may obtain information about the principles and procedures regarding participation, appointment of a representative, submission of proposals, declaration of opinions and voting, by using the link, <https://www.mkk.com.tr>, which is the web address belonging to the Central Registry Agency.

Reports of the Board of Directors and the Independent Auditing Firm pertaining to the activity year 2018, the Financial Statements and the Board of Directors' proposal on Distribution of Profit will be made available for reviews of the shareholders at the Company Headquarters situated İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul and, will be accessible through the page "Investor Relations" on the web site of the Company at www.sisecam.com.tr in advance of minimum three weeks to the date of the General Assembly Meeting.

For invitation to the General Assembly Meeting, no registered letters will additionally be sent to our shareholders, as per the Article 29 of the Capital Markets Law No 6362.

The above matters are respectfully submitted for information of the Esteemed Shareholders.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

2. ADDITIONAL DISCLOSURES RELEASED WITHIN THE SCOPE OF ARTICLE 1.3.1 OF CMB'S CORPORATE GOVERNANCE PRINCIPLES

Pursuant to CMB's Communiqué No. II-17.1 on Corporate Governance, in addition to the notifications and disclosures to be made by the Company as required by the legislation and in addition to the documents to be made available for reviews by shareholders, together with the General Assembly Meeting announcement, on the Company's corporate web site and on PDP within the framework of Article 437 of the Turkish Commercial Code No. 6102 a minimum of three weeks before the date of the General Assembly Meeting provided that the dates of the announcement and the meeting are excluded; the additional disclosures, which are relevant to the Articles of the Agenda, are provided in the relevant below Article of the Agenda, and the general disclosures are submitted for the information of our shareholders in this chapter.

2.1 Partnership Structure and Voting Rights

In the Company Articles of Association, there is no privilege for the exercise of voting rights. Pursuant to the Company Articles of Association, each share provides one vote.

The Company's shareholder structure is as follows and there is no real person ultimate controlling shareholder among the Company's shareholders.

Shareholders	Share Amount (thousand TRY)	Share Rate (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	879.360	70,35
Other	370.640	29,65
Total	1.250.000	100,00

2.2 The Requests of Shareholders, the Capital Markets Board (CMB) and/or Other Public Institutions or Organizations, with which the Company is concerned, for Inclusion of Articles into the Agenda

No such written demand has been made for the Ordinary General Assembly Meeting to discuss the operations in the year 2019.

2.3 Planned Changes in Management and Operations of the Company and its Affiliates, Subsidiaries in the Previous of Future Accounting Period which Significantly Affect Company Operations

There are no managerial or operational changes that has or that will substantially affect the Company's activities. If it comes into question, the relevant disclosure is released to the public within the framework of the legislation.

Transactions made during the period are as follows:

The shares of Trakya Yenişehir Cam Sanayii A.Ş with a nominal value of 30 Million TL and Trakya Polatlı Cam Sanayii A.Ş with a nominal value of 18 Million TL were purchased on July 22, 2019 for a total of TL 83.100 thousand in cash. With this transaction, Trakya Cam Sanayii A.Ş has acquired 100% of these subsidiaries. On 10 September 2019, merger transactions were registered in the Turkish Trade Registry. Merger transactions were announced in the Turkish Trade Registry Gazette on September 16, 2019, and the mergers of the merging companies lost their existence.

Between 17 September 2019 and 14 October 2019, Trakya Cam Sanayii A.Ş shares with a nominal value of 11.231 thousand TL and a price range of 2.67-2.85 TL were purchased from Borsa İstanbul A.Ş. by paying a total of 31.414 thousand TL by Türkiye Şişe ve Cam Fabrikaları A.Ş. As a result of this transactions, Türkiye Şişe ve Cam Fabrikaları A.Ş's share increased from 69.45% to 70.35%.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

The following plans that are required in the future are;

Having considered the Group's long term strategy, its global competitors, and the potential synergies that could be captured by combining all of Sisecam's activities in one entity, it was decided in the Board of Directors Meeting of our Company on January 30, 2020 to engage in negotiations regarding a merger during which Anadolu Cam Sanayii A.Ş., Denizli Cam Sanayii ve Ticaret A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş. and Our Company will be transferred to and merged under Türkiye Şişe ve Cam Fabrikaları A.Ş.. This is pursuant to Capital Markets Law Number 6362, Capital Market Board's Communiqué Number Seri:II, N 23.1 on Common Principles Applicable to Important Category Transactions and the Right to Exit, Capital Market Board's Communiqué Number Seri:II, N 23.2 on Mergers and Spin-offs, Turkish Commercial Code number 6102, Corporate Tax Law number 5520 and other applicable legislation.

3. OUR EXPLANATIONS REGARDING THE ARTICLES ON THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED ON 26 MARCH 2020

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,

Elections of the members of the Chairmanship Council and the Chairman, who will manage the General Assembly meeting, shall be accomplished within the framework of the provisions contained in "the Turkish Commercial Code" (TCC) and in "the Regulation on the General Assembly Meetings of Trading Companies" (the Regulation) prepared by the Ministry of Customs and Trade.

2. Presentation of Annual Report of the Company for the fiscal year 2019 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2019,

Within the framework of TCC, the Regulation and the Capital Markets Law and related regulations, Annual Report of the Board of Directors and summary of the Independent Auditor's Report prepared and signed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, which has been submitted at the Headquarters of our Company and on the website of the Company at <http://www.sisecam.com.tr> for examination of our shareholders for a period of three weeks before the General Assembly meeting and they shall be presented for evaluation and approval of our shareholders.

3. Review, discussion and approval of the Balance Sheet and Income Statement as of and for the year ended 2019,

Within the framework of the TCC and the Regulation, following the reviews and discussions on the Balance Sheet as of the year 2019 and Income Statement for the year ended 2019, they shall be presented for evaluation and approval of our shareholders.

4. Release of the Members of the Board of Directors from liability for the affairs,

Within the framework of provisions of TCC and the Regulation, release of the members of Board of Directors one by one due to activities, transactions and accounts of the year 2019 shall be presented for approval of the General Assembly pursuant to Article 408 of the TCC.

5. Election of the Members of the Board of Directors,

As is known, our Company's Board Members were elected to serve for one year at the Ordinary General Assembly of Shareholders held on March 7, 2019. Our Board Members' one-year legal term of office shall end on the date of the Ordinary General Assembly of Shareholders to be held on March 26, 2020. For this reason, it is a legal obligation to renew the election.

In addition, the one-year legal term of office of our Board Members acting as independent members shall end on the same date. It is therefore obligatory to make the independent member election in accordance with Article 4.3.7 of the Capital Markets Board (CMB) Corporate Governance Principles.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

In this scope;

The term of office of Dinç Kızıldemir and İlhan İl who have been acting as independent members in our Company's Board of Directors, shall end on the date of the Ordinary General Assembly of Shareholders to be held in relation to the year 2019. In order to reach the minimum number of Independent Members of the Board of Directors as laid down in the Corporate Governance Principles and to ensure the assignment of Independent Members of the Board of Directors, as a result of the evaluation made by our Corporate Governance Committee within the scope of the provisions of the Communiqué on Corporate Governance, it has been found that the following persons meet the criteria of independence specified in Article 4.3.6 of the Corporate Governance Principles, have already been acting as independent members in our Company's Board of Directors, have made positive contributions to Company's activities and remained impartial in case of conflict of interests between shareholders, have strong ethical standards to decide independently taking stakeholders' rights as well as professional reputation and experience, have duly fulfilled their duties as Independent Members of the Board and spared their time to the Company to the extent required for following up Company's activities and fulfilling the requirements of the duties they have undertaken. Thus,

- Dinç Kızıldemir
- İlhan İl

shall be elected as "independent members" of the Company Board of Directors again, Within the framework of the criteria of independence stipulated in Article 4.3.6 of the Capital Markets Board (CMB) Corporate Governance Principles, "Corporate Governance Committee" report with Board of Directors decision dated December 31, 2019, resumes and declarations of independence included in Annex-2 have been submitted for the evaluation of the Capital Markets Boards at the date January 10, 2020 and have been approved by CMB's Letter No. 29833736-100.99-E.1081 dated January 27, 2020.

6. Resolution of gross salaries of the Members of the Board of Directors,

Monthly gross salaries of the members of the Board of Directors shall be determined by the General Assembly within the framework of the provisions contained in the TCC and in the Regulation and within the framework of the principles contained in the Articles of Association.

7. Submitting authorization of Board of Directors Members pursuant to Article 395 and 396 of Turkish Commercial Code.

It is, only with the approval by the General Assembly, possible for the members of our Board of Directors to perform transactions within the framework of the Article 395, entitled "the Prohibition to Transacting with and Becoming Indebted to the Company" and of the Article 396, entitled "Noncompetition", contained in the TCC. As per the CMB's mandatory Corporate Governance Principle No. 1.3.6, prior approval should be granted by the General Assembly so that the majority shareholders, the members of the Board of Directors, top executives and their spouses and their relatives by blood and by marriage (up to the second degree) are able to perform any significant transactions in such a nature that may cause a conflict of interest with the Company or with any subsidiaries thereof and so that these persons are able to compete with them. In addition, information about the mentioned transactions should be provided at the General Assembly. In order that the requirements of these arrangements can be fulfilled, the request to grant the mentioned permission shall be submitted to our shareholders for approval at the General Assembly and, in addition, our shareholders shall be informed about the transactions that have been performed in such a nature within the year.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

8. Taking a Resolution on the Profit Distribution of the year 2019 and the date of the dividend distribution,

According to our financial statements for the period January 1, 2019, and December 31, 2019 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, in accordance with the International Financial Reporting Standards and within the framework of the provisions contained in the Capital Markets Board's Communiqué Nr. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets", the "Consolidated Net Profit for the Period" belonging to equity holders of the Parent is amounting to 749,553 thousand Turkish Lira. The proposal for the distribution of profit, which has been submitted by our Board of Directors to the General Assembly for approval, has been prepared as Annex 3 in accordance with the principles mentioned in the "Profit Distribution Policy" which has been revised at our Board of Directors' meeting dated February 27th, 2013 and has been disclosed to the public on the same date, as well as the arrangements issued by CMB in relation to distribution of profit and Article 25 of our Articles of Association.

9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2020,

Pursuant to the provisions of the Capital Markets Board (CMB) Communiqué numbered II-19.1, authorization for the distribution of dividend advances will be submitted to the approval of the General Assembly in 2020 with the decision of the Board of Directors.

10. Taking a resolution on the appointment of an independent auditing firm as per the Turkish Commercial Code and the regulations issued by the Capital Markets Board,

Within the framework of the opinions of our Audit Committee, Güney Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member of Ernst & Young) which is chosen to make independent audits of the financial statements for 2020 to be prepared in accordance with the provisions of the Articles 397 to 406 of the TCC and the provisions of the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" by the Board of Directors will be presented to the General Assembly for approval.

11. Providing information to shareholders with respect to the donations granted within the year and determination of the limit pertaining to the donations to be granted in 2020,

In accordance with the principles of "the Donation Policy" which has been established in line with the provisions contained in the Turkish Commercial Code, the Capital Markets Law, the Communiqués, Principle Resolutions and other arrangements issued by the Capital Markets Board as well as the provisions contained in the Company's Articles of Association; any donations and aids, which have, for social aid purposes, been granted to the foundations and associations (societies) by the Company in the year 2019, shall be submitted to the General Assembly for information. In addition, the limit of the donations to be granted by publicly-held corporations shall be determined by the General Assembly of Shareholders in accordance with the provisions of the Capital Markets Law No. 6362, Article 19 paragraph 5. In this context, the sum of the donations which shall be granted in the activity year of 2020 has been determined by our Board as 3,500,000 Turkish lira and shall be submitted to the General Assembly for approval, and the sum of the donations which have been granted to the educational institutions and various foundations and associations (societies) in the year 2019 by the Company and its companies included in the scope of consolidation amounts 6,959,393 Turkish liras.

12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.

As per Capital Markets Board's Corporate Governance Communiqué No. II-17.1 Article 12 entitled "Collaterals, pledges, mortgages and sureties", information has been provided under footnote no. 23 pertaining to the financial statements for the year 2019 issued in line with the provisions of the Capital Markets Board's Communiqué No. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets" and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited.

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

ANNEX

- ANNEX-1 : Power of Attorney
- ANNEX-2 : Resumes and Declaration Independence Of Independent Members Of The Board Of Directors
(See the Board of Directors Section of the Annual Report for the resumes)
- ANNEX-3 : Board of Directors Decision regarding 2019 Dividend Distribution Schedule
(See the Dividend Distribution section of Annual Report for the Dividend Distribution Statement)

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

ANNEX-1

POWER of ATTORNEY TRAKYA CAM SANAYİİ A.Ş.

I hereby appointas my agent who is introduced in details below; so that he/she is authorized to represent me, vote, submit proposals and sign the required documents, accordingly with the considerations that I indicate below, at Trakya Cam Sanayii A.S.'s 2019 Ordinary General Assembly Meeting to be held at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul on March 26, 2020, Thursday, at 14.00.

The Agent's (*);

Name and Surname/Trade Name:

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No:

(*)For the foreign agents, it is mandatory to submit the equivalents (if any) of the above information..

A) Scope of Representative Authority

For the Sections No 1 and 2 provided below, one of the alternatives indicated as (a), (b) and (c) should be checked and thereby; the scope of the representative authority should be determined.

1. In respect of the matters contained in the agenda of the General Assembly Meeting;

- The Agent is authorized to vote accordingly with his/her own opinion.
- The Agent is authorized to vote accordingly with the recommendations of the Company's management.
- The Agent is authorized to vote accordingly with the instructions declared in the table below.

Instructions:

In case the alternative (c) is checked by the shareholder; the instructions specific to the article of the agenda shall be given by checking one of the alternatives provided next to the relevant agenda article of the general assembly meeting (affirmative or dissentient) and, in case the alternative "dissentient" is checked, by indicating the dissenting opinion (if any) requested to be written on the minutes of the General Assembly Meeting.

Articles of the Agenda (*)	Affirmative	Dissentient	Dissenting Opinion
1.			
2.			
3.			

(*) The matters contained in the agenda of the General Assembly Meeting shall be listed one by one. If the minority has a separate resolution draft, this draft shall additionally be specified in order for casting vote by proxy.

2. Special instructions for any other matters that may emerge at the General Assembly Meeting and particularly for exercising minority rights:

- The Agent is authorized to vote accordingly with his/her own opinion.
 - The Agent is not authorized to represent with respect to these matters.
 - The Agent is authorized to vote accordingly with the special instructions below.
- Special Instructions; any special instructions (if any), which will be given to the agent by the shareholder, shall be specified here.

B) The shareholder shall check one of the alternatives below and thereby, shall indicate the shares, which the shareholder requests the agent to represent.

1. I grant approval for representation of my shares by the agent, the details of which are provided below.

- Quantity-Nominal value:
- Whether or not there is a privilege in voting:
- Its rate to the voting rights/total shares held by the shareholder:

2. I grant approval for the agent's representation of all of my shares contained in the list which is relevant to the shareholders that are allowed to participate in the General Assembly Meeting and has been prepared by the Central Registry Agency on the day before the day of the General Assembly Meeting.

THE SHAREHOLDER'S:

Name and Surname/Trade Name (*):

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No::

Address:

(*)For the foreign shareholders, it is mandatory to submit the equivalents (if any) of the above information.

Signature:

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

ANNEX-2 DECLARATION OF INDEPENDENCE

Trakya Cam Sanayii A.Ş. Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Trakya Cam Sanayii A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communiqué on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Dinç Kızıldemir

31 December 2019

TRAKYA CAM SANAYİİ A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY

DECLARATION OF INDEPENDENCE

Trakya Cam Sanayii A.Ş.
Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Trakya Cam Sanayii A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communiqué on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



İlhan İl

31 December 2019,

INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM

To the Board of Directors of Trakya Cam Sanayii A.Ş.,

We have audited the early identification of the risk system and committee established by Trakya Cam Sanayii Anonim Şirketi ("the Company").

Responsibility of the Board of Directors

Pursuant to paragraph 1 of article 378 of the Turkish Commercial Code ("TCC") 6102, the board of directors is responsible for establishing a committee of experts and operating and improving the system for the purposes of: early identification of factors posing a threat on company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the independent auditor

Our responsibility is to express a conclusion on the early identification of the risk system and committee based on our audit. Our audit was conducted in accordance with TCC, the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements. These principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions implemented on the risks by the early identification of the risk committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of the Risk System and Committee

The Company established the early identification of the risk system and committee on May 17, 2012. The committee consists of three members, two of whom are independent member of the board of directors and one of is also chair of the committee. From the date of establishment until the reporting date, committee is working for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; the committee has met eight times in the year 2019 and has submitted the reports it has prepared to the Board of Directors.

Conclusion

Based on our audit, the early identification of the risk system and committee of Trakya Cam Sanayii A.Ş is satisfactory, in all material respects, in accordance with article 378 of the TCC.

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



İstanbul, January 30, 2020

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Trakya Cam Sanayii A.Ş.

1) Opinion

We have audited the annual report of Trakya Cam Sanayii Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1 January – 31 December 2019.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

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

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 30, 2020 on the full set consolidated financial statements of the Group for the period of 1 January – 31 December 2019.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



(Convenience translation of a report originally issued in Turkish)

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

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

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

Tolga Kirelli, SMM
Partner

March 4, 2020
Istanbul, Turkey

Directory

Trakya Cam Sanayii A.Ş.

Management and Sales Center Şişecam Headquarters

İçmeler Mahallesi, D-100 Karayolu Caddesi,
No: 44A 34947 Tuzla, İstanbul
Tel: +90 (850) 206 50 50
Fax: +90 (850) 208 40 40
www.sisecamduzcam.com

Trakya Cam Sanayii A.Ş.

Trakya Plant

Büyükkarıştıran Mevkii, P.K. 98
39780 Lüleburgaz, Kırklareli, Turkey
Tel: +90 (288) 400 80 00
Fax: + 90 (288) 400 77 99

Trakya Cam Sanayii A.Ş.

Mersin Plant

Mersin Tarsus Organize Sanayi
Bölgesi, Atatürk Caddesi No: 1
33100 Akdeniz, Mersin, Turkey
Tel: +90 (324) 676 40 70
Fax: +90 (324) 676 40 73

Trakya Cam Sanayii A.Ş.

Yenişehir Plant

Organize Sanayii Bölgesi
16900 Yenişehir, Bursa, Turkey
Tel: +90 (224) 280 12 05
Fax: +90 (224) 773 27 55

Trakya Cam Sanayii A.Ş.

Polatlı Plant

Polatlı Organize Sanayi Bölgesi 212. Cad.
No: 1 06900 Polatlı, Ankara
Tel: +90 (850) 206 26 46
Fax: +90 (850) 206 23 02

Şişecam Otomotiv A.Ş.

E-5 Karayolu Üzeri Büyükkarıştıran Mevkii
P.K. 28 39780 Lüleburgaz, Kırklareli
Tel: +90 (288) 400 85 31
Fax: +90 (288) 400 83 58

Richard Fritz Holding GmbH

Gottlieb-Daimler-Str.4
74354 Besigheim, Germany
Tel: +49 7143 379 0

Richard Fritz Holding GmbH - Aurach

Auf der Frankenhöhe 1
91589 Aurach-Weinberg, Germany
Tel: +49 9804 915 0

Richard Fritz Prototype+spare Parts GmbH

Gottlieb-Daimler-Str.4
74354 Besigheim, Germany
Tel: +49 7143 379 0

Richard Fritz Spol S R.O.

Továrenská 15
90114 Malacky, Slovakia
Tel: +421 34 79611 0

Richard Fritz KFT.

Pesti ut 19/A
2170 Aszod, Hungary
Tel: +36 28 5011 0

Trakya Glass Bulgaria EAD

District "Vabel" Industrial Area
7700 Targovishte, Bulgaria
Tel: + 359 601 4 78 01
Fax: + 359 601 4 77 97

Sisecam Automotive Bulgaria EAD

District "Vabel" Industrial Area,
7700 Targovishte, Bulgaria
Tel: +359 601 4 79 25
Fax: +359 601 4 79 26

Glass Corp S.A.

Aleea Industriilor, No: 1BIS,
120068 Buzau, Romania
Tel: +40 238 710 552
Fax: +40 0238 710 552

Trakya Glass Rus AO

Sh-2 Street, Building 12/7
Alabuga Special Economic Zone (SEZ),
Russian Federation-Tatarstan-423600
Tel: +7 85557 5 33 01

Automotive Glass Alliance Rus AO

423600, Republic of Tatarstan, Yelabuga city,
Territory of SEZ «Alabuga»,
st. Sh-2, bldg. 15/8
Tel: + 7 85557 5 32 01

Sisecam Flat Glass Italy S.R.L

Via Jacopo Linussio,
2 S. Giorgio Di Nogaro (UD) 33058, Italy
Tel: +39 0431 628111
Fax: +39 0431 62 27 81

Sisecam Flat Glass South Italy S.R.L

Strada Statale 89 KM 162.250 SNC 71037,
Monte Sant'Angelo FG, Italy
Tel: +39 0431 628111
Fax: +39 0431 62 27 81

Directory

Sisecam Flat Glass India Pvt. Limited

Registered Office: 2, Red Cross Place,
Kolkata-700001, India
Tel: +91 (033) 22543100
Fax: +91 (033) 22543130

Saint Gobain Glass Egypt S.A.E

66 Cornish El Nile, Elzahraa Building,
Floor No. 38 Maadi Kahire, Egypt
Tel: +202 25288070/75
Fax: +202 25285535

Automotive Glass Alliance Rus Trading OOO

423600, Republic of Tatarstan, Yelabuga city,
Territory of SEZ «Alabuga»,
st. Sh-2, bldg. 15/8
Tel: + 7 85557 5 32 01

Trakya Glass Rus Trading OOO

Sh-2 Street, Building 12/7
Alabuga Special Economic Zone (SEZ),
Russian Federation-Tatarstan-423600
Tel: +7 85557 5 33 01

Trakya Investment B.V

Strawinskylaan 523
1077XX Amsterdam/Netherlands
Tel: 0031 621 44 11 91

Şişecam Flat Glass Holding B.V.

Strawinskylaan 523 1077XX Amsterdam/The
Netherlands Tel: 0031 621 44 11 91

TRSG Glass Holding B.V.

Strawinskylaan 523
1077XX Amsterdam/Netherlands
Tel: +31 20 820 1120
Fax: +31 20 890 8645

Çayırova Cam Sanayii A.Ş.

Cumhuriyet Mah. Şişecamyolu Sok.
No:9 Gebze/Kocaeli

Camış Elektrik Üretim A.Ş.

İçmeler Mahallesi, D-100
Karayolu Caddesi No: 44/A
34947 Tuzla/İstanbul
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

Legal Disclaimer

The Auditor's Report, the Consolidated Financial Statements and the Independent Audit Report included in this Annual Report ("Report"), regarding the activities and accounts for the year 2019, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on March 26, 2020, at the address; İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/ Istanbul.

This Report is prepared for informing the shareholders and does not serve as a basis for any investment decision. The forward-looking and forecasted figures in the Report reflect the Company management's views on the future of the Company, and the actual results may differ depending on the variables and assumptions that constitute the forecasted figures. Accordingly, Trakya Cam Sanayii A.Ş. or the Members of the Board of Directors of the Company, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person; (i) as a result of any information given or communication made within the scope of this Report, or; (ii) based on any information contained/not-contained in this Report.

As of the date of preparing this report, all information contained in this Report is believed to be accurate, however Trakya Cam Sanayii A.Ş. assumes no responsibility for any typographical and printing errors that may occur.



Please scan the QR Code to reach the online report.

Proudly produced by **FİNAR.**
www.finarkurumsal.com

