

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

2014 ANNUAL REPORT



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ŞİŞECAM CREDIT RATING

	April 2013	May 2014
MOODY'S	Ba1/Stable	Confirmed
S&P	BB+/Stable	Confirmed

GLOBAL STANDING*

(000 tons)	Europe	World
Flat Glass	3	6
Glassware	2	3
Glass Packaging	4	5
Soda Chemicals	4	10

*Based on production capacity.

ŞİŞECAM CORPORATE GOVERNANCE RATING

29 December 2014
9.28

ŞİŞECAM GROUP IN BRIEF

GLOBAL VISION, DYNAMIC STRUCTURE, SUSTAINABLE GROWTH

Şişecam Group is an industrial group operating on an international scale in the fields of flat glass, glassware, glass packaging, and chemicals. Şişecam carries out its production activities in 13 countries with a workforce of over 21,000 people, and sells its products to 150 countries, which constitute almost half of its total sales.

The Group is the leader in its business lines; encompassing all the key areas of glass production, i.e. flat glass, glassware, glass packaging, and glass fiber as well as soda and chromium chemicals.

Founded in 1935 by İşbank at the directive of Atatürk, Şişecam is one of the most established industrial organizations in Turkey with 79 years of corporate history, and it is among the world's most prestigious glass manufacturers due to its high degree of specialization and the outstanding competitive edge of its operations.

Please turn to page 8 for detailed information about the four different business lines of Şişecam Group.



THE RAPID CHANGE IN THE GLOBAL ECONOMY CONTINUES APACE. ARE YOU READY FOR THE JOURNEY TO GLOBAL LEADERSHIP IN THE MARKETS OF A CHANGING AND DEVELOPING WORLD?

ARE YOU READY?



ŞİŞECAM

WE ARE.

ŞİŞECAM GROUP IS AN INDUSTRIAL GROUP OPERATING ON AN INTERNATIONAL SCALE. CARRYING OUT ITS PRODUCTION WITH MORE THAN 21,000 EMPLOYEES IN 13 COUNTRIES, THE GROUP EXPORTS TO 150 COUNTRIES AND ITS INTERNATIONAL SALES CONSTITUTE HALF OF ITS TOTAL SALES. THE GROUP IS THE LEADER IN BUSINESS LINES ENCOMPASSING ALL AREAS OF GLASS PRODUCTION INCLUDING FLAT GLASS, GLASSWARE, GLASS PACKAGING, AND GLASS FIBER AS WELL AS SODA AND CHROMIUM CHEMICALS. THE ŞİŞECAM GROUP IS FOCUSED ON ITS TARGET OF RANKING AMONG THE TOP THREE PLAYERS IN THE GLOBAL GLASS LEAGUE.



**DRAWING ON OUR 79 YEARS OF
EXPERIENCE AND INNOVATIVE
APPROACH**



**WE ARE PRESSING AHEAD WITH OUR
GLOBAL TARGETS**

FINANCIAL INDICATORS

Summary of Statement of Financial Position	2013		2014	
	TRY m	USD m	TRY m	USD m
Current Assets	4,686	2,195	5,657	2,440
Non-Current Assets	6,797	3,185	6,693	2,886
Total Assets	11,483	5,380	12,350	5,326
Current Liabilities	1,840	862	1,902	820
Non-Current Liabilities	3,028	1,419	3,209	1,384
Equity	6,615	3,099	7,239	3,122
Equity Holders of the Parent	5,494	2,574	5,692	2,455
Non-Controlling Interests	1,121	525	1,547	667
Total Equity and Liabilities	11,483	5,380	12,350	5,326

Summary Statements of Income	2013		2014	
	TRY m	USD m	TRY m	USD m
Revenue	5,954	3,129	6,876	3,145
Cost of Sales	(4,460)	(2,344)	(5,003)	(2,288)
Gross Profit from Trading Activity	1,494	785	1,873	857
Operating Expenses	(973)	(511)	(1,220)	(558)
Operating Income	521	274	653	299
Income from Associates	114	60	24	11
Operating Profit before Financial Expenses	635	334	677	310
Financial Expenses (Net)	(155)	(82)	(182)	(84)
Profit before Tax from Continued Operations	480	252	495	226
Tax Income/(Expense)	(26)	(13)	(75)	(34)
Taxes on Income	(132)	(69)	(171)	(78)
Deferred Tax Income/(Expense)	106	56	96	44
Profit for the Year	454	239	420	192
Attributable to:				
Non-Controlling Interests	22	12	7	3
Equity Holders of the Parent	432	227	413	189
Earnings Before Interest and Taxes (EBIT)^(*)	635	334	677	310
Depreciation	588	309	688	315
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)^(*)	1,223	643	1,365	625
Net Cash from Operations	547	288	768	351
Net Financial Debt	1,631	764	1,068	461

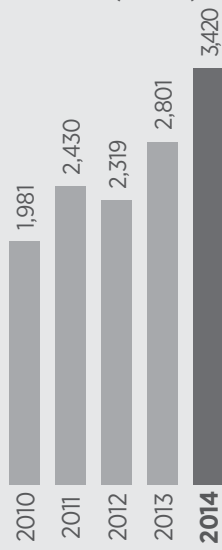
Financial Ratios (%)	2013	2014
Current Assets/Current Liabilities	2.5	3.0
Equity/Total Equity and Liabilities	57.6	58.6
Total Liabilities/Equity	73.6	70.6
Net Financial Debt/Total Equity and Liabilities	14.2	8.6
Net Financial Debt/Equity	24.7	14.8
Gross Profit/Revenue	25.1	27.2
EBITDA^(*)/Revenue	20.5	19.9
EBIT^(*)/Revenue	10.7	9.8
Net Financial Debt/EBITDA^(*)	1.3	0.8

* Operating profit before financial expenses used for calculating EBIT and EBITDA.

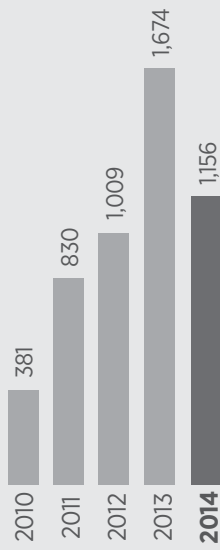
SALES REVENUE (TRY m)



INTERNATIONAL SALES (TRY m)



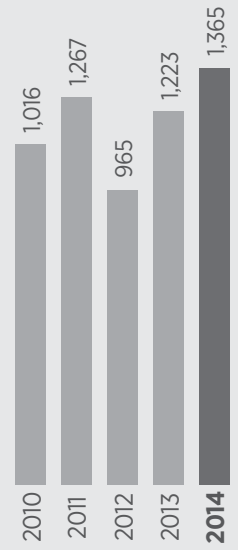
INVESTMENTS (TRY m)



EQUITY HOLDERS OF THE PARENT (TRY m)



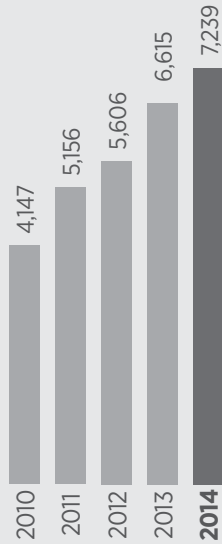
EBITDA (TRY m)



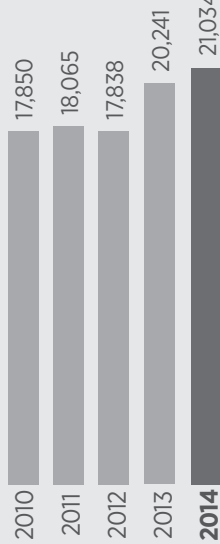
NET FINANCIAL DEBT (TRY m)



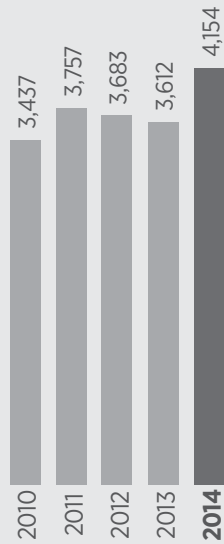
EQUITY (TRY m)



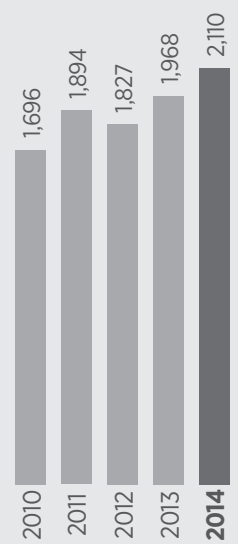
NO. OF EMPLOYEES



GLASS PRODUCTION (000 Tons)



SODA PRODUCTION (000 Tons)

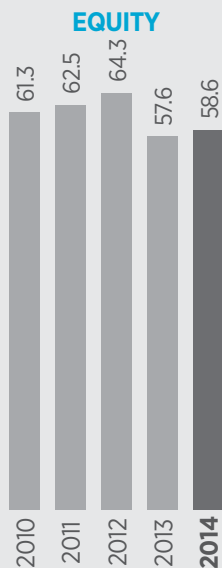


FINANCIAL RATIOS (%)

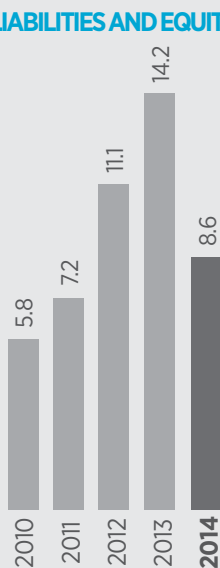
CURRENT ASSETS/ CURRENT LIABILITIES



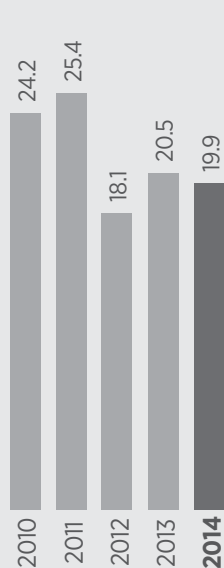
EQUITY/TOTAL LIABILITIES AND EQUITY



NET FINANCIAL DEBT/ TOTAL LIABILITIES AND EQUITY



EBITDA/SALES REVENUE



ŞİŞECAM IN BRIEF



Founded in 1978 as a subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş. carries out the activities of the Şişecam Group in the field of flat glass and is the 6th largest flat glass producer in the world and the 3rd in Europe. With its plant inaugurated in 1981, Trakya Cam became the first company across a broad region spanning from Eastern Europe and Balkans to the Middle East and North Africa to use the modern float technology in production. Since then, 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.

Today, Trakya Cam carries out its production activities with a total of ten float lines in four main segments:

- Architectural glass (flat glass, patterned glass, mirror, laminated glass and coated glass)
- Automotive glass and glass for other vehicles, encapsulated glass
- Solar glass
- Home appliances glass

In the second half of the 2000s, Trakya Cam adopted multi-focus production approach in line with its vision of regional leadership, and expanded its activities beyond the borders of Turkey for the first time and founded Trakya Glass Bulgaria EAD in Bulgaria in 2006. Having thus set up its first float line in the Balkans, Trakya Cam then launched a mirror line and home appliances glass production line, followed by the Bulgaria Automotive Glass Plant in 2010, and its laminated and coated glass lines in 2013. Meanwhile the Company also continued to grow in the domestic market by setting up two more float lines and one coated glass line in Yenişehir, Bursa in 2007, and established a strategic partnership in 2009 to develop its flat glass activities in Egypt and Russia, undertaking a joint venture with Saint-Gobain, one of the leading players in the global flat glass industry.

The latest investments of Trakya Cam included the establishment of a joint venture in flat glass in 2013 by taking over 50% stake in HNG Float Glass Limited (HNG) in India, and the acquisition of Richard Fritz Holding in Europe. In 2014, the Company launched one float line each in Polatlı, Turkey, and jointly established a float line in Alabuga, Russia in partnership with Saint-Gobain. Regarding automotive glass investments, two new facilities went into operation in Russia and Romania.

As a major glass supplier for the construction, automotive, energy and home appliance industries with its manufacturing activities in nine different countries, its strong partnerships and expanding product range, the Company currently pursues operations in line with its vision spelled out as “being a fast growing global flat glass company with its strong brands and innovative solutions”.



Paşabahçe Cam, the first company founded by the Şişecam Group, currently ranks 3rd in the world and 2nd in Europe in its business field with its solid distribution channel structure, broad product range, superior production capability, and customer-focused strategic approaches.

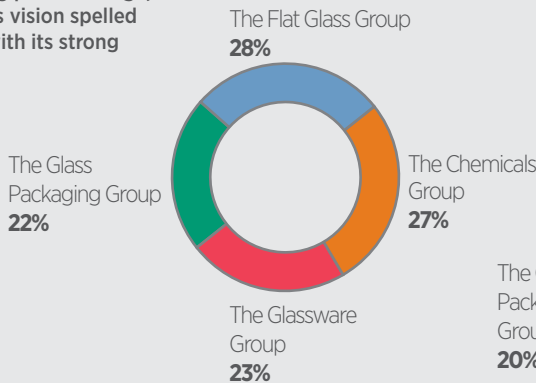
The Company started its activities with the production of handmade soda-lime glass items at the plant established in Paşabahçe, Beykoz in 1935. As the Company began to grow more rapidly, machine production, which is the first stage of today's automated production technology, was started in 1955 and heat-resistant glassware production was initiated in 1974. Growing in the Turkish market, Paşabahçe Cam realized its first export in 1961. Besides meeting domestic demand, the Company pursued the strategy of export-led growth between 1980 and 2000 by adding new product lines to its portfolio and growing its production capacity with new facilities and plants. In order to penetrate highly competitive developed markets, Paşabahçe Cam also attached great importance to technological advancements that would secure quality and productivity enhancement, and realized its first investments abroad in the 2000s.

Paşabahçe Cam carries out its manufacturing activities in its domestic plants in Kırklareli, Mersin, Eskişehir and Denizli, as well as abroad, in Bulgaria and the Russian Federation. Paşabahçe Mağazaları, the Group's professional chain store management business, stands as the leading retailer in Turkey in its field, with a wide product range in tabletop and kitchenware. Camiş Ambalaj, which is amongst the leading companies in the paper/cardboard packaging business in Turkey, is another company operating under the Glassware Group.

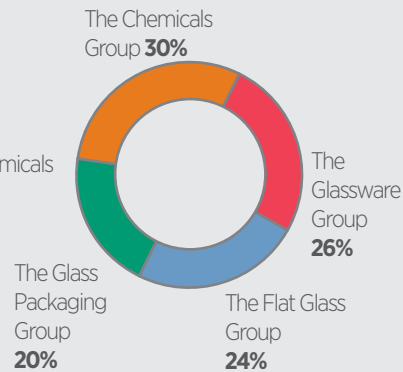
Focusing its manufacturing, design, and marketing activities on three different market segments namely household, HORECA and industry sectors, Paşabahçe Cam intends to assert more efficient presence in these market segments with its broad product range and robust production capability.

By increasing its efficiency and enhancing Paşabahçe brand equity in the high-potential new geographies, Paşabahçe Cam aims to become a globally renowned and preferred, leading glassware company.

SALES REVENUE



INTERNATIONAL SALES



THE GLASS PACKAGING GROUP

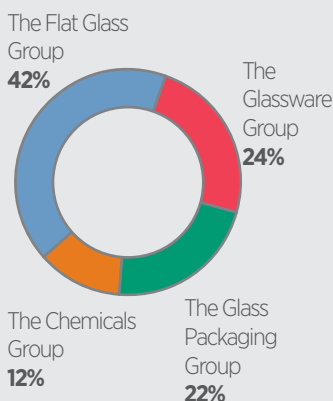
Anadolu Cam, which produces designed glass packaging of different colors and sizes for the food, beverage, alcoholic drinks, pharmaceutical and cosmetic sectors, has a history that dates back to 1935 when the first production facility in Paşabahçe, Beykoz was established. After operating out of this facility for approximately 35 years, production activities were relocated to the Topkapı Plant in 1969 due to rapid growth of the soft drinks industry, the increased bottle demand of the pharmaceutical industry, and the expansion of glassware production in the Paşabahçe Plant. After then, the Company embarked upon a period of rapid and steady growth.

A significant step in the growth process was the acquisition of Anadolu Cam Sanayii A.Ş. (Anadolu Cam) in Mersin in 1976, where the NNPB (light bottle) production technology, a milestone in glass packaging production, was implemented for the first time in 1988. All companies and plants operating under the Glass Packaging Group were reorganized under Anadolu Cam in 2000. The Group's domestic production plants further grew in 2006 with the addition of the Yenişehir plant in Bursa. After the Topkapı plant was closed down at the end of 2012, production started in the modern plant established in Eskişehir at the beginning of 2013, which has a production capacity of 180,000 tons/year.

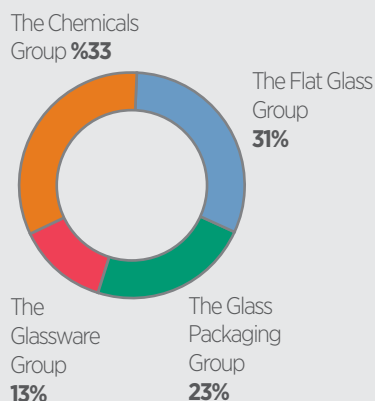
In line with its goal of becoming a regional leader and a global glass packaging supplier that generates half of its turnover from international activities with investments and joint ventures in the region, the Company realized its first investment abroad by acquiring the Mina plant in Georgia in 1997. The international expansion investment was followed by further moves aimed at capitalizing on the opportunities of the dynamic Russian market, which included the acquisition/greenfield investments of the Gorokhovets plant in 2002, the Pokrovsky plant in 2004, the Ufa plant in 2005, the Kirishi plant in 2008 and the Kuban plant in 2009. Most recently, Anadolu Cam acquired another glass packaging facility in Meref, Ukraine in 2011, thereby raising its production capacity abroad to 1.3 million tons/year.

Currently with its annual production volume of 2.2 million tons, Anadolu Cam is the 5th largest glass packaging producer in the world, and the 4th in Europe. The Company carries out its production activities at a total of 10 plants located in Turkey (3), Georgia (1), Russian Federation (5) and Ukraine (1).

INVESTMENTS



EBITDA



THE CHEMICALS GROUP

The fundamental operations of the Chemicals Business, one of the four business segments of the Şişecam Group, are carried out by Soda Sanayii, which was founded in 1969 to produce soda, one of the main raw materials of the glass industry. The chemicals manufactured at the Mersin Soda Plant and at the Kromsan Chromium Compounds Plant, which joined the Group in 1982, are used as the main input for more than 100 products, ranging from detergents to leather, from products of chemical industry to pharmaceutical industry. The Company became a partner of the privatized Bulgarian soda ash producer Sodi in 1997 through a joint venture with Solvay (Belgium) and EBRD, and raised its share to 25% in subsequent years.

In 1998, Camiş Egypt Mining Co. Ltd. was founded in Egypt to produce industrial raw materials. In 2005, Soda Sanayii established a joint venture with Cromital, an Italian company producing chromium chemicals, and acquired the remaining shares in 2011 to become the outright owner of Cromital. In 2006, the Company acquired the Lukavac Soda Plant, a soda ash production facility in Bosnia and Herzegovina.

Achieving a production volume of almost 2.1 million tons of soda products at its Mersin and Bosnia plants and in Bulgaria at the Solvay Sodi plant through its joint venture, the Company is now the 4th largest producer in Europe and number 10 in the world. With regard to chromium chemicals, through the Kromsan Chromium Compounds Plant and Cromital SpA in Italy, the Group holds a strong position in the global market as the world's largest producer of sodium dichromate and basic chromium sulfate. It is also the world's 4th largest producer of chromic acid.

Currently, in addition to soda ash and chromium chemicals, the Group also produces glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives, sodium metabisulphite, and carries out its activities in 6 countries.

Soda Sanayii successfully implements environment, health, and work safety management systems under the "Responsible Care Commitment", a volunteer practice specific to the chemical industry. Adopting a responsible approach, the Company continuously invests in the field of environment and meets its own energy requirements through its energy generation station, as well as realizing an electricity sales volume of 1.9 billion kWh per year.

SHAREHOLDER AND INVESTOR RELATIONS

In keeping with its vision of becoming a global company and assuming the responsibilities imposed by the same, Şişecam Group is committed to carry out investor relations and corporate governance practices at international norms, and thereby, to constantly increase shareholder value.

Along this line, the Company was rated for the first time in 2014 for its Corporate Governance practices and obtained a score of 92.8, ranking quite high among the top-rated industrial companies in the initial assessment. This first rating received is quite important as it provides an independent endorsement of Şişecam Group's traditionally extremely high corporate governance standards.

All investor relations activities, handled transparently, are aimed at increasing the shareholder value of the listed companies, by giving both the investors and the analysts an insight into the Group. Within this scope, the Group participated in a total of seven roadshows and conferences organized in Turkey and abroad, and held nearly 250 one-to-one meetings with current and potential investors.

Furthermore, a webcast was organized to share 2014 first half financial results with the investor community; with an aim to continue to hold these presentations regularly at least twice a year. Again in 2014, a field trip was organized to the production facilities in Mersin covering the Group's four main business lines for analysts from brokerage houses and investment banks publishing research reports on publicly-traded companies.

T. Şişe ve Cam Fabrikaları A.Ş. creates significant added value in all geographies where it has a presence, while continuing to create value for its investors, too.

For the Group companies:

- Strong reputation and sustainable brand recognition based on 79 years of experience,
- Supporting growth through its solid capitalization and long-term strategies,
- Strong financial position allowing diversification of funding at advantageous terms
- Implementation of best practices across the Group on the back of its solid corporate culture and transparent management approach,
- Sustaining efficient risk management practices,
- Continuous improvement of competent human resources quality and productivity.

For its investors:

- Consolidating leadership in its fields of activity in Turkey and other geographies where it has a presence,
- Securing sustainable growth and profitability through consistent strategies aimed at increasing share value,
- Increasing resilience against economic volatilities and potential risks on the back of its well-balanced product portfolio and operations spanning different geographies,
- On the back of 79 years of proven track record, restructuring, partnerships with international players, sustainable and profitable organic and inorganic growth

The Group strived continuously to improve its performance in all of the areas mentioned above in 2014 as well, as it did in previous years.

The Group has five publicly-traded companies, including the parent company, T. Şişe ve Cam Fabrikaları A.Ş. Market capitalizations of publicly-traded companies as at year-end 2014 in comparison with the previous year are presented in the table on the following page. As shown in the table, almost all of our publicly-traded Group companies outperformed BIST 100 index by the end of 2014.

As at year-end 2014, Şişecam's outperformance of BIST 100 was almost double. In the same period, BIST 30 index and BIST Holding index increased merely by 4% and 3%, respectively. These positive developments in the market values of publicly-traded Group companies are the consequences of the revived global economy and the economies of geographies in which the Group operates, as much as an outcome of the respective companies' performances.

Driven by Şişecam's restructuring initiatives that gained momentum particularly in recent years, its growth strategies and investments, Şişecam continued to increase its market value during 2014, and traded at a lower discount NAV compared to 2013.

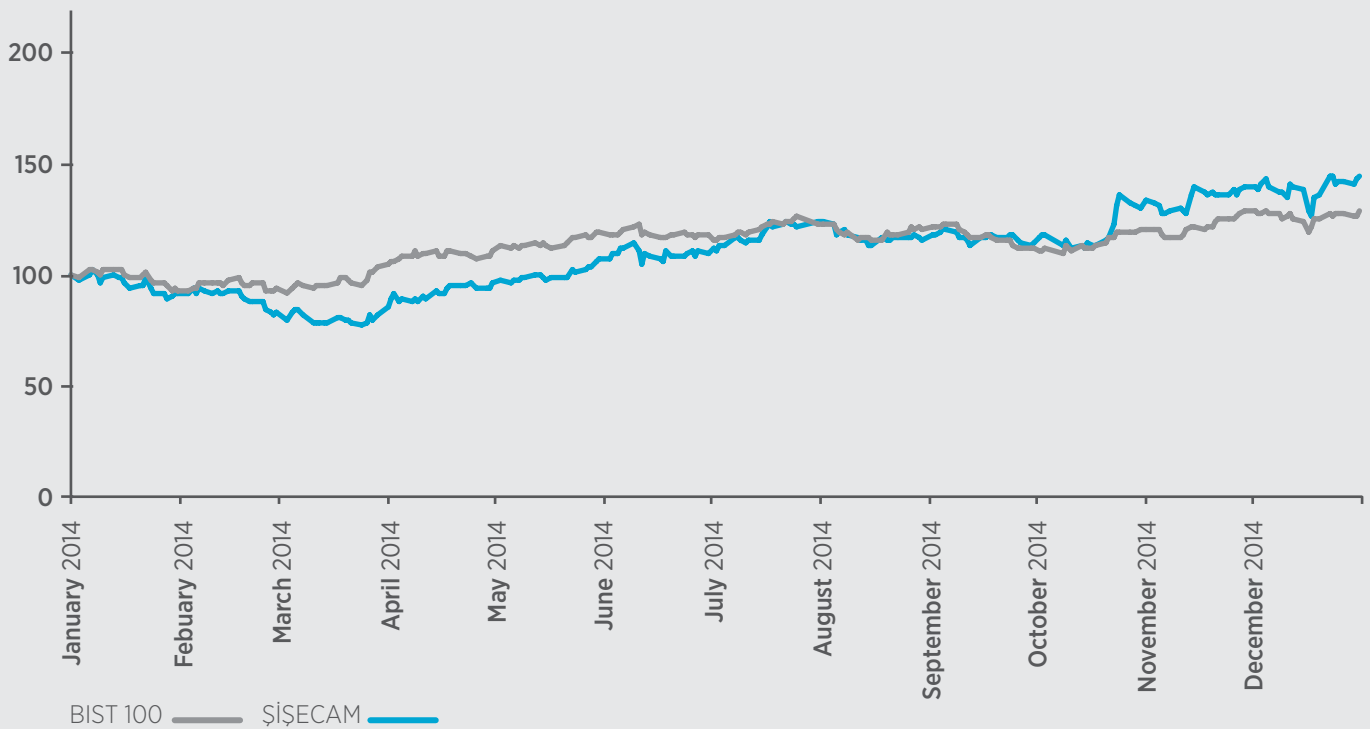
During the same period, the share of foreign institutional investors making long-term investments in the free float of Şişecam increased from 45.2% to 47.4%. Therefore, for the same period, Şişecam again outperformed BIST as the foreign share in BIST's free float increase by only 1.2%.

ŞİŞECAM'S MARKET VALUE OUTPERFORMANCE OF BIST 100 WAS ALMOST DOUBLE AS AT YEAR-END 2014 WHEREBY BIST 30 INDEX AND BIST HOLDING MARKET VALUES INCREASED BY 4% AND 3%, RESPECTIVELY, IN THE SAME PERIOD.

MARKET CAPITALIZATION PERFORMANCES OF GROUP COMPANIES

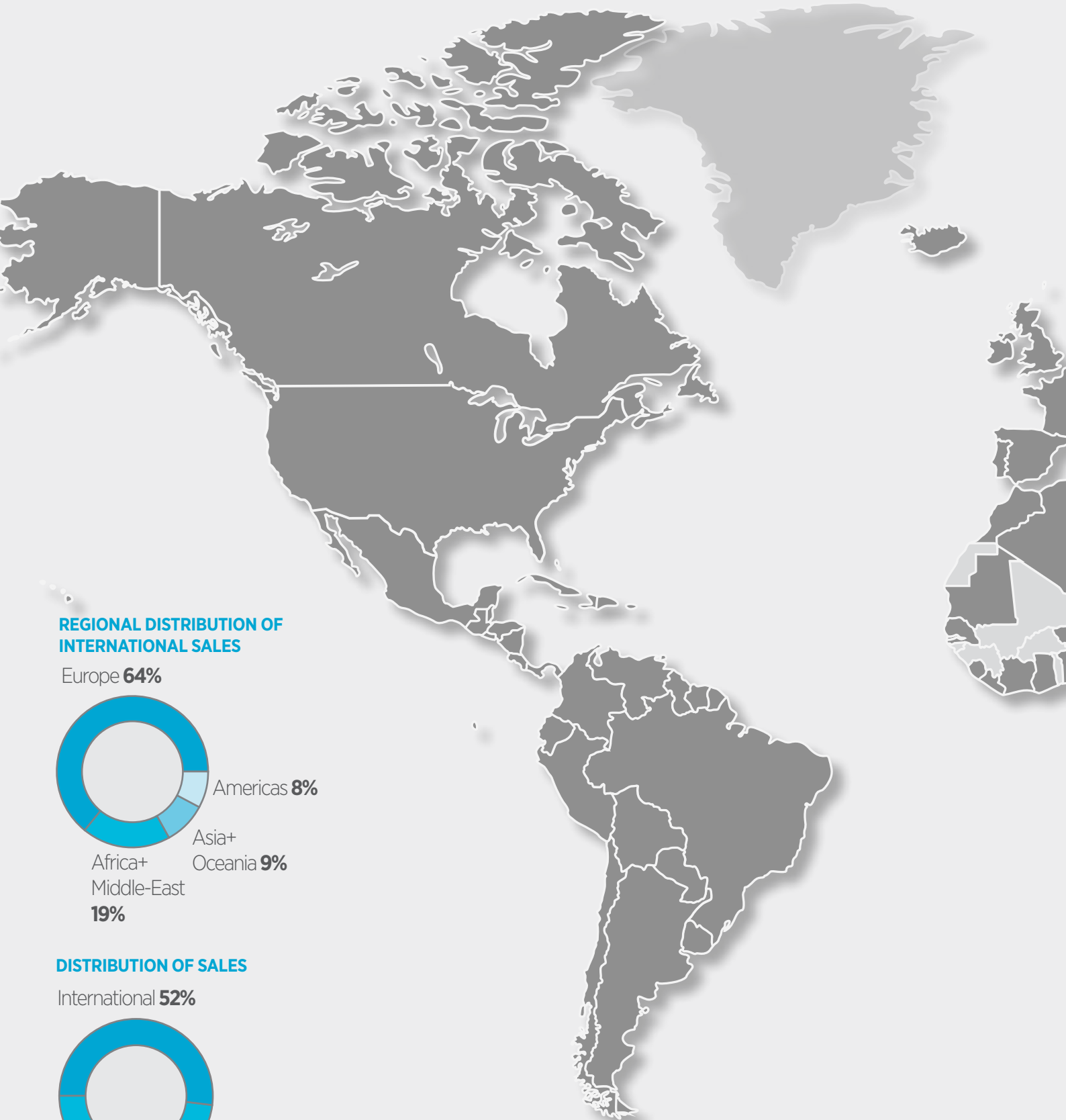
	Market Capitalization (TRY m)	2013-2014 Change (%)
T. Şişe ve Cam Fabrikaları A.Ş.	6,188	45
Trakya Cam Sanayii A.Ş.	2,542	41
Anadolu Cam Sanayii A.Ş.	888	11
Soda Sanayii A.Ş.	2,152	81
Denizli Cam Sanayii A.Ş.	50	41
BIST 100	85,721	26

PERFORMANCE OF THE ŞİŞECAM SHARE IN COMPARISON WITH BIST 100

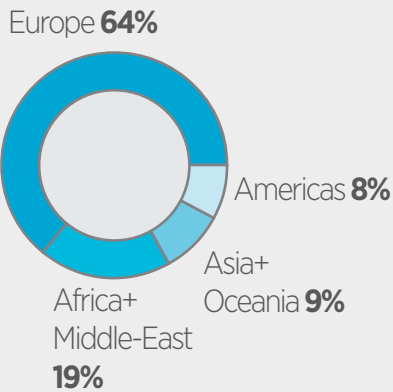


1 January 2014 = 100

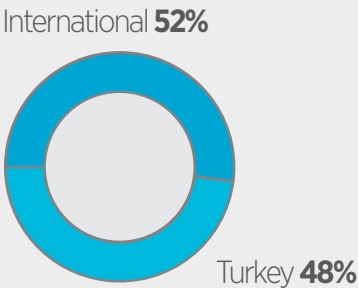
GLOBAL PRESENCE OF ŞİŞECAM



REGIONAL DISTRIBUTION OF INTERNATIONAL SALES



DISTRIBUTION OF SALES



Sales in **150**
countries

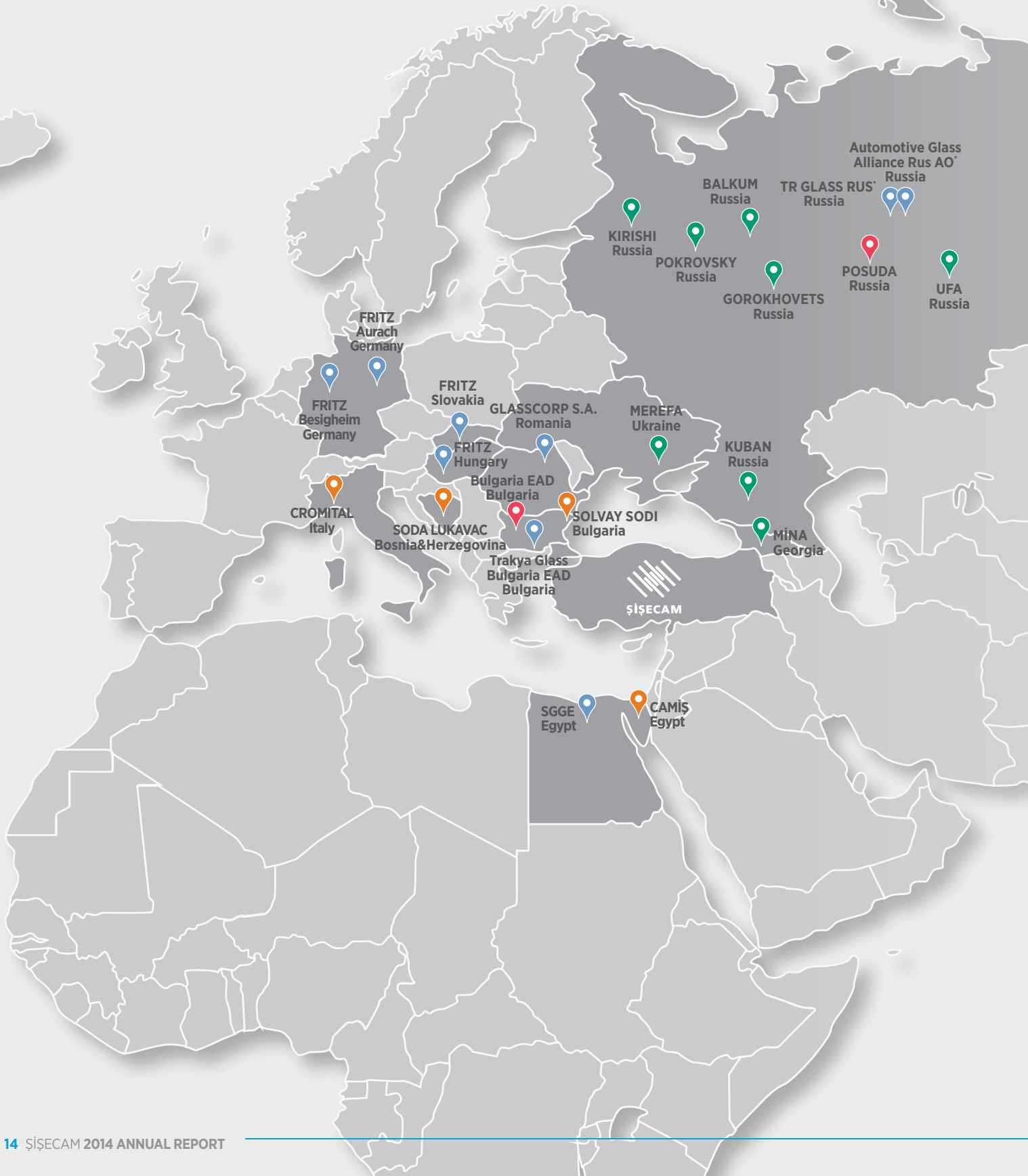
Exports worth USD
837 million



■ Şişecam's export destinations in 2014.

GLOBAL PRODUCTION CAPACITY OF ŞİŞECAM

13 countries **44** production plants*



21,034 employees**

4.2 million tons
of glass production

2.1 million tons
of soda ash production

4 million tons of
industrial raw material
production

Şişecam Group Production Plants in Turkey

THE FLAT GLASS GROUP

Trakya Cam San. A.Ş.

Trakya Polatlı Plant - Ankara
Trakya Plant - Lüleburgaz
Otocam Plant - Lüleburgaz
Mersin Plant

Trakya Yenişehir Cam San. A.Ş.

Yenişehir Plant - Bursa

THE GLASSWARE GROUP

Camış Ambalaj Sanayii A.Ş.

Tuzla Plant - İstanbul
Eskişehir Plant

Denizli Cam San. ve Tic. A.Ş.

Denizli Plant

Paşabahçe Cam San. ve Tic. A.Ş.

Kırklareli Plant
Mersin Plant
Eskişehir Plant

THE GLASS PACKAGING GROUP

Anadolu Cam San. A.Ş.

Mersin Plant

Anadolu Cam Yenişehir San. A.Ş.

Yenişehir Plant - Bursa

OMCO-İstanbul Kalıp San. ve Tic. A.Ş.

Gebze Plant - Kocaeli

Anadolu Eskişehir San. ve Tic. A.Ş.

Eskişehir Plant

THE CHEMICALS GROUP

Cam Elyaf San. A.Ş.

Gebze Plant - Kocaeli

Oxyvit Kimya San. ve Tic. A.Ş.

Mersin Plant

Soda San. A.Ş.

Soda Plant - Mersin
Kromsan Chromium
Compounds Plant - Mersin

HNGIL
India

*As at year-end 2014, Şişecam Group has production facilities in the following countries: Turkey, Russia, Georgia, Ukraine, Bulgaria, Bosnia&Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia, India.

**As at year-end 2014, 40.6% of Şişecam Group employees are based abroad.

TO OUR SHAREHOLDERS



Dear Shareholders,

With a footprint of 44 locations in 13 countries, and bringing its products to millions of customers in over 150 countries, our Group pursues its activities on a global platform in cooperation and interaction with a vast group of stakeholders.

Being a multinational company with global brands competing in various markets force us to keep a close eye on developments in the global and regional economy, and formulate our strategies and business models under a proactive approach. In other words, the economic, political and social developments taking place in different corners of the world closely concern our entire operational cycle from production to sales, and the sustainable success of our Group relies on careful and diligent execution of our global vision and business model, backed by a correctly designed corporate structure.

It is with great pride that I can refer to our Group as a powerful and globally competitive organization, at all levels from its corporate governance structure to its operations, and which is moving resolutely towards its targets for 2020.

As moving towards its targets for 2020, Şişecam achieved many of its goals and about to accomplish many more, but meanwhile we cannot ignore the world macro-economic developments effecting our activities directly or indirectly.

2014 was a dynamic year for the global economy, as it was for our country and our Group, and was a time of major developments that will shape the future.

The world economy has yet not to establish a balanced growth path since the 2008 financial crisis, and disintegration between different economies appears to be widening.

Economic growth started to take on a more tangible trend in 2013 and stabilized more in 2014, with the USA confirmed to be back on a growth track, while the sought-after economic balance remained elusive on the other side of the Atlantic. The view that Europe is in a triple-dip recession process is gaining traction among economists and business circles. Falling to its lowest point of the last 17 months at 50.1, the Markit Economics Purchasing Managers' Index (PMI) indicates stagnation in the Euro Zone. A PMI sub-index, measured on the basis of new orders, also continued to drop, extending the period of contraction which had been recorded in the three previous periods.

Turkey, which ranks as one of the world's largest 20 economies, it was observed that growth continued - but at a relatively slower pace. After having expanded by 4.4% in 2013, the Turkish economy achieved limited 2.8% growth in the first three quarters of 2014. The reason behind this was the weakness in domestic and foreign demand. The uncertainty around global monetary policies and geopolitical developments, along with the weak foreign demand, squeezed growth. The 2014 performance of Turkish economy was affected by volatility on global scale, and was in line with the trends seen in other developing economies.

The global glass market, with a size of US\$ 150 billion, moved in line with global economic developments in 2014, and was exposed to increased competition and pricing pressure. Market focus on high value-added products and product diversity remain key trends that will define the future of the industry. In other words, the future of the global glass industry will be molded by innovative, high added-value products built on new and further advanced technologies.

Brazil, China and India continue to strive as key players affecting the competitive conditions in the global glass industry. In Turkey, the glass industry maintained a moderate rate of growth, and the Turkish glass industry held onto its position of being a net exporter, despite the unfavorable trend in exchange rates.

Our competence in understanding future trends and its implications and building accurate strategies enables us to stride confidently towards our targets for 2020

The policies to be pursued by the US Federal Reserve Bank (the Fed), which has been a defining actor of the post-global crisis period, will continue to have a critical bearing on the course of the global economy. The starting salvo of the Fed's rate hikes is expected to lead to volatility in cash flows, particularly towards developing countries. Against this backdrop, another year of somewhat feeble growth is expected in developing countries, including Turkey, which had been the driving force of the global economy in the aftermath of the global crisis. On the other hand, given

the anticipated slow pace of the recovery in Euro Zone economies, the European Central Bank may well continue pursuing its expansionary monetary policies for some time to come.

The growth composition in Turkish economy is set to take a different structure in 2015 than it had in 2014, with domestic consumption and investment expenditure taking the economy forward. On the other hand, we are expecting developments in Turkey's primary export markets to keep determining the course of economic activity.

Considering the circumstances, Our Group continued to generate value and to focus and ambitiously achieve its targets in 2014.

We have achieved all our strategic goals from sales to investment through strategic thinking and management of domestic and international demand.

Our Group, which has a goal to become as one of the top three companies in the global glass industry by 2020, ambitiously produces initiatives towards improvement in economic axis, or in other words, initiatives directed at enhancing productivity, efficiency and profitability. In our target to rank as one of the world's top three companies in the industry, there are two other basic considerations which are equally as important as the economic criteria: a strong corporate governance structure and sustainability. I am pleased to say that Şişecam, a publicly-held company, underwent its first-ever corporate governance rating process. A flag-bearer of ethical values, transparency, accountability and integrity ever since its inception, our Group is determined to observe compliance with the laws, and fair and ethical trade in all regions where it has a presence.

Another highlight of 2014 was the publication of our Group's first sustainability report. We are committed to building on our efforts on environmental and social axes, recognizing that we, as a world company, have a responsibility on a global scale to tackle the issues that threaten the future of the Earth and humanity, with a particular focus on climate change.

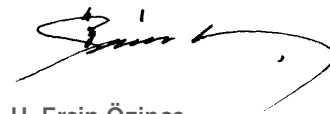
Our Group regards sustainability as a long-term process, and fulfils its requirements accordingly. Energy efficiency, innovation and conformity to international norms represent the three main headings upon which we build sustainability, as an important economic player with production operations in 13 countries.

As an energy-sensitive organization, our Group's approach to sustainability is reflected in a number of concrete projects, which, among many others, include waste heat recovery and increasing the rate of recycling in glass packaging within the scope of our initiatives to enhance our productivity and reduce our carbon footprint. We undertake our efforts in this area at all of our production facilities, without exception.

Dear Shareholders,

The market capitalization of Şişecam had reached US\$ 2.7 billion by the end of 2014. As we head towards our target for 2020, we are committed to further strengthening our shareholder value, and have ensured that we possess the superstructures and infrastructure necessary to do so. Our solid financial structure, competent human resources, the support extended by our shareholders and investors, and the kind interest of our customers will continue to provide us with the energy and leverage we need in our journey.

I would like to express my sincere feelings and thanks to all of our stakeholders, and specifically to our shareholders - to whom we owe our strength - for their faith in Şişecam's goals as a global company, to our employees for keeping our brand at the very top, and to our business partners for adding value to our brand in different regions.



H. Ersin Özince
Chairman of the Board of Directors

TO OUR SHAREHOLDERS



Dear Shareholders,

Moving forward towards its goal of being one of the top three companies in the global glass industry, Şişecam realized sustainable financial performance in 2014 from its environmental consciousness, its wide product portfolio, its added value and its commitment to operational efficiency, growth and continuous development.

Generating value primarily for its shareholders as well as for all of its stakeholders, Şişecam Group grew in line with the country's dynamics, while also backing its steps towards becoming a global company by completing its investments abroad. Despite the challenging conditions in 2014, the Group effectively continued its operations while carefully watching its markets and took firm steps to enhance its activities aimed at a global future, in accordance with its vision.

Highlights of our 2014 performance...

In spite of the negative developments in some of our markets, our Group increased its net sales income in 2014 by 15% to TL 6.9 billion, based on a successful performance in all product groups. As the leading company in the Turkish glass industry, bringing its products manufactured in 13 countries across three continents to 150 countries across seven continents, Şişecam achieved significant progress in its international sales in the reporting period, as well as attaining successful results in Turkey. The share of international sales, rose to 52% in revenue, and the Group's international sales exceeded its domestic sales for the first time in its history. Within this scope, Şişecam Group's exports from Turkey amounted to US\$ 837 million in 2014.

Şişecam has cautious and farsighted investment strategy. Group invested TRY 1.2 billion on CAPEX during 2014 the Şişecam Group preserved a healthy, solid financial structure with TRY 7.2 billion in equity and TRY 2.8 billion in cash holdings. Our Group posted a net profit of TRY 420 million for the year, while its EBITDA was registered as TRY 1.4 billion with an EBITDA margin of 20%. With these results, our Group consolidated its financial strength, which will also drive sustainable growth in 2014.

In 2014, Şişecam Group successfully maintained its BA1 and BB+ corporate rating positions assessed in 2013 by international rating agencies Moody's and S&P.

In 2013, our Group also took concrete steps in joint ventures and acquisitions in various regions. Şişecam supported its growth journey with projects around total cost management and efficient usage of capacity backed up with R&TD studies. In view of the volatile circumstances that dominated the markets, Şişecam Group continued its efforts to restructure its business model with a goal of being more competitive in the international arena.

Enhancing our position and building on our competitive capabilities by raising capacity

In 2014, Şişecam Group inaugurated four new plants, one in Turkey and three abroad, which will produce flat glass, automotive glass, glass packaging and glassware. In a need to fulfill customers' needs in a timely manner, the glass packaging, glassware and soda capacities were added to the existing plants.

Within this framework, 290,000 tons of annual flat glass production capacity was added in Polatlı, Ankara facility, and 230,000 tons of annual flat glass capacity was added to the facility in the The Republic of Tatarstan in Russia. The Group introduced two plants in the automotive glass segment, each with a capacity of 800,000 vehicle-sets/year, one in The Republic of Tatarstan in Russia addressing the Russian market, and the other in Romania addressing the European OEM market.

Besides these new plants, investments in new furnaces continued in other fields in the existing plants, resulting in increased capacities. The new production facilities that entered operation took our glass production capacity to 4.2 million tons, with soda ash production of 2.1 million tons and industrial raw materials production of 4 million tons.

Şişecam aims to increase the share of production activities pursued outside Turkey, which currently in the order of 40%, to 70% in keeping with our goal of becoming one of the world's top three producers. In order to achieve this jump we are moving towards a well-balanced and quantifiable growth strategy.

In addition to its investments in growth and capacity increases, our Group continued with design and implementation projects that will minimize energy consumption in its existing plants, in keeping with the importance it attaches to saving energy and environmental protection. The Group also continued to invest in projects that will secure energy efficiency. As well as energy saving investments aimed at sustainable profitability, a focus was placed on operating efficiency and cost saving initiatives aimed at automation and quality.

Amid a global environment dominated by uncertainty, we are managing developments in all our markets employing a proactive approach

2014 set the scene for different developments both in the sector and in the region. Although there were some signs of recovery in Europe, the revival and balancing anticipated in the glass industry failed to materialize. All sectors in Russia were hit hard by the economic conditions, while the Turkish market performed better, despite showing some variations depending on the fields of activity. However, our Group adopted a proactive approach that responded to all of these developments and succeeded in increasing its consolidated sales by keeping a close eye on its markets.

In the Russian market, where we operate with nine production facilities, we turned to export markets and balanced the capacities in an attempt to minimize the negative effects of the reduced demand in the glass packaging sector, in which we are one of the leading companies. Şişecam Group believes in the future potential of the Russian market, and aims to maintain its focus on this area in line with economic developments.

Moving towards our targets with a focus on Research, Technology and Development activities

The foundation of our Group's sustainable growth policy is in-depth expertise and innovation. The future of the glass industry will be defined by high added-value products based on advanced technology. Our Group forges ahead with the objective of improving its manufacturing technology and vesting its product portfolio in a value-added structure through the steps it takes within the context of R&TD and innovation. Within this scope, the world-class Science and Technology Center, which is one of Turkey's best-equipped research centers with a globally competitive capability in glass and glass products, initiated R&TD activities in its new building.

Dear Shareholders,

We are successfully moving towards the goal of creating higher shareholder value and simplifying our shareholding structure.

In 2014, our Group continued with share disposal and initiatives aimed at simplifying the shareholding structure. The key developments in this respect included the 15.45% stake which the EBRD acquired in Paşabahçe Cam from Trakya Cam, Anadolu Cam and Soda Sanayii, and the 2.65% stake which the IFC had acquired in Soda Sanayii by purchasing part of the shares held by Trakya Cam and Anadolu Cam.

Our Group will continue to simplify the organizations of its companies in the period ahead, with the processes intended to be largely completed in 2015, to the extent permitted by the markets. The plans for the coming year also include increasing the free-float rates of all Group companies.

Our approach to sustainability ensures the value we create is permanent

At Şişecam, we consider sustainability not just as financial continuity, but rather as an integrated concept that expands by also preserving the environment, natural resources, inputs, consumption, customers and values.

Our Group voluntarily joined the Carbon Disclosure Project (CDP), the world's most comprehensive environmental initiative. Şişecam Group also extended support to "An

Assessment of Technology Requirements in the Industry and Determination of Greenhouse Gas Reduction Potential within the Frame of Climate Change" project launched by TÜBİTAK-MAM (The Scientific and Technological Research Council of Turkey – Marmara Research Center). With the waste heat recovery program carried out at our plants under the Sustainable Energy Management Project, Trakya Cam's Yenışehir Plant was named the "Most Successful Industrial Enterprise" within the scope of the Energy Efficiency Enhancement in Industry Projects (SEVAP).

Launched in 2011, "Cam Yeniden Cam" (Everglass), which is one of Turkey's most comprehensive sustainability and social responsibility projects, has served to offer trainings concerning glass recycling to 163,000 primary school pupils. In addition, nearly 9,000 glass recycling bins were donated within the scope of the cooperation established with more than 90 district municipalities in 13 provinces, which kept 1.7 billion glass bottles from ending up in dumpsters, and increased the glass bottle recycling rate from 8% to 17%.

Adhering to corporate governance principles in all of its activities

During 2014, our Group was evaluated for its Corporate Governance practices for the first time, where it scored a high result of 92.8. This outcome placed us in the upper ranks among the highest-scoring industrial companies in the initial assessment. The evaluation conducted was highly significant in that it endorsed our Group's long-going open, transparent and accountable management style, and provided assurance concerning the future to our investors and all our stakeholders.

Confidently and resolutely moving forward, together with its stakeholders

Our Group maintains a confident and resolute outlook for the future, with the value and unique experience it offers to its customers and its deeply rooted history, corporate culture, products and services. As a world company, our Group is ambitious and committed to realizing its mission focused on the future and the top rank, with its professional management team and qualified human resources, as well as its competence in accurately reading global market conditions and quickly adjusting its corporate strategies.

I am convinced that with the support and guidance of our shareholders and our Board of Directors, and the backing of our team's dedication to our vision, our Group will make optimum use of all of its competencies and attain its challenging targets amid an environment presenting increasing uncertainties.

I would like to take this opportunity to extend my thanks to our international business partners, customers, suppliers, investors and employees for their invaluable contributions and their trust in Şişecam.



Prof. Dr. Ahmet Kirman
Vice Chairman and CEO

BOARD OF DIRECTORS

H. Ersin Özince Chairman

(61) H. Ersin Özince is a graduate of the Middle East Technical University. He started his professional career in 1976 at İşbank's Board of Inspectors. After serving as a manager in a variety of departments within İşbank, he was appointed as Deputy Chief Executive in 1994 responsible for Treasury, Financial Management, Capital Markets, Commercial Loans and Credit Information-Financial Analysis. He was appointed as the 15th Chief Executive Officer of İşbank in 1998. Between 1998 and 2005 Özince also served as the Chairman of the Board of Directors of Şişecam Group. Özince was appointed Chairman of the Board of Directors for İşbank on 1 April 2012 and of the Şişecam Group on 15 April 2011. Ersin Özince is a Board Member at TEMA – the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats, a member of IIEB – Institut Internationale d'Etudes Bancaires and IIF - Institute of International Finance, a member of the Board of Trustees at Bilkent University and a member of the consultancy board of WWF Turkey.

Prof. Dr. Ahmet Kirman Vice Chairman and CEO

(56) Prof. Dr. Ahmet Kirman is a graduate of Ankara University, Faculty of Law. He holds a master's degree in EU Competition Law, and Ph.D. in Commercial Law from Ankara University where he became Professor in Public Finance/Tax Law and served as a Faculty Member, Division Head, Head of the Finance Department and Institute Director. He also served as a faculty member at the Galatasaray University, Faculty of Law. Kirman started his career at İşbank in 1982, where he held various positions in banking and insurance operations. He served as Chairman and Board Member in several prominent companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kirman served Şişecam Group as Chairman between 2006 and 2008, as Chairman and Managing Director between 2008 and 2011 and he became the Vice Chairman and the Chief Executive Officer of Şişecam Group in April 2011. He also serves on TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's and ICC Turkish National Committee's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Board of Legal Affairs. Prof. Dr. Kirman is the author of a large number of publications, including 12 books and numerous articles.

Alev Yaraman Member ⁽¹⁾

(67) Alev Yaraman is a graduate of the Middle East Technical University, Department of Chemistry and holds a master's degree in glass technology from the University of Sheffield, UK. She began her career at the Şişecam Group in 1970 and was director of the foundation of the Glass Research and Development Center. Yaraman has been Executive Vice President – Glassware and Executive Vice President – of Flat Glass Group. Assuming an active role in the International Glass Commission, she served as the Chair of the Technical Committee, Board Member and Chairwoman. Having served as a Board member and Chairwoman at EGD (European Domestic Glass Committee), Yaraman is a "fellow" member of the British Society of Glass Technology where she has also served as a Board Member. As a full member of the American Ceramic Society, she served on the Global Partnership management team. Recipient of the Phoenix Prize and the Contribution Award of the METU Prof. Dr. Mustafa Parlar Foundation, Yaraman was also honored with the International Glass Commission President's Award due to her lifetime contributions to the field. In 2014 she has been awarded with the Hon. D. Eng. degree by the Sheffield University in England.

Dr. Tefvik Ateş Kut Member ⁽²⁾

(65) Ateş Kut is a graduate of the Ankara University, Department of Chemical Engineering and holds a doctorate from the same institution. He began his career at the Atomic Energy Commission and joined the Şişecam Group in 1980, where he has served in a variety of management positions. Dr. Kut served as the Executive Vice President – Chemicals from 1998 until his retirement in February 2011.

Zeynep Hansu Uçar Member ⁽³⁾

(43) Zeynep Hansu Uçar is a graduate of the Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her career as an Assistant Investment Specialist in the Subsidiaries Division of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Uçar has been serving as the Subsidiaries Division Unit Manager since 2007. Having functioned as a Board member and auditor at various companies of Şişecam Group since 2010, she also holds seats on the board of directors of Kültür Yayınları İş Türk A.Ş., company, since 22 July 2010, Camış Yatırım Holding A.Ş. since 27 March 2012, Avea İletişim Hizmetleri A.Ş. since 9 October 2012, İş Faktoring A.Ş. since 29 July 2013 and İş Finansal Kiralama A.Ş. since 30 July 2013, all being İşbank subsidiaries.

İlhami Koç
Member⁽⁴⁾

(52) İlhami Koç is graduate of the Ankara University Faculty of Political Science. Koç started his career on the Board of Inspectors of İşbank at the same year. Assigned in April 1994 for the temporary management of a private bank that was handed over to the Central Bank of the Republic of Turkey (CBRT), Koç was appointed as an assistant manager to İşbank's Securities Department in October 1994. In 1997, he was appointed as the Senior Vice President of Capital Markets and Asset Management at İş Yatırım Menkul Değerler A.Ş., where he rose to the position of General Manager in 1999. He began serving as the General Manager of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. in 2001, and as the General Manager of İş Yatırım Menkul Değerler A.Ş. in 2002. He has been working as a Deputy Chief Executive of İşbank since 30 January 2013. Holding the position of the Chairman of the Turkish Capital Markets Association at the same time, Koç is the Chairman of the Board at İş Yatırım Menkul Değerler A.Ş. and Board member at Borsa İstanbul.



Prof. Dr. Atilla Murat Demircioğlu
Independent Member⁽⁵⁾

(67) Prof. Dr. Atilla Murat Demircioğlu is a graduate of the İstanbul University Faculty of Law and obtained his second bachelor's degree and his doctorate degree from the Bern University Faculty of Law. He became Associate Professor and subsequently Professor in Labor and Social Security Law. He served as a faculty member and director at various universities. The author of several books, articles, research papers and publications, Demircioğlu served as a Member of the Editorial Board of the Ministry of Culture's Encyclopedia of Trade Unions, Board Member at Hamburg Turkish-European Research Institute, and Deputy Chairman at the Society for Japanese Studies. He was an advisor to the Minister of Labor and Social Security, Honorary Consultant to TRNC Government, Member of the Audit Board and of the Board of Directors at THY, Legal Advisor to İstanbul Chamber of Commerce, and Advisor to İstanbul 2010 European Capital of Culture Agency. In 2014, he was elected as the President of Alexander Von Humboldt Alumni Association of Turkey, and as moderator of İstanbul Chamber of Commerce Business Life Issues Commission. Demircioğlu was appointed as an independent Board member at the Ordinary General Assembly held on 25 May 2012 in accordance with the CMB Corporate Governance Principles.



Prof. Dr. Orhan Sezgin
Independent Member⁽⁶⁾

(69) Prof. Dr. Orhan Sezgin obtained his bachelor's, master's and doctorate degrees from the İstanbul Academy of Economic and Commercial Sciences. He attended the post-graduate research program entitled "Socio-Economic Planning" at the International Institute of Social Studies in the Netherlands. He served as a faculty member at the Marmara University Faculty of Economics - Department of Economics in Turkish and English, and the Maltepe School of Tobacco Expertise. He served at Marmara University as a Board Member, Senate Member, Director of the Institute of Social Sciences and Head of Political Economics Division - Department of Economics in the Faculty of Administrative Sciences. The author of several books, articles, research papers, and other publications, Sezgin is a Certified Public Accountant. He also served as a Board Member of Ataköy Marina from 1993 to 1994 and of Emlak Konut A.Ş. from 1995 to 1999. From 2000 to 2012, he was Vice President of the Ataköy Marina Yacht Club. Prof. Sezgin was appointed as an independent Board member at the Ordinary General Assembly held on 25 May 2012 in accordance with the CMB Corporate Governance Principles.



Halit Bozkurt Aran
Independent Member^(7, 8)

(67) Bozkurt Aran graduated from Ankara University Faculty of Political Sciences in 1971 and began his professional career at the Ministry of Foreign Affairs in 1973. Aran served as Vice Consul at Salzburg Consulate General (1976-1979); First Secretary at the Kuala Lumpur Embassy, and as Economic Counselor at the Washington Embassy. He was appointed as the Consul General in Dusseldorf, Germany and as Ambassador to Pakistan and Iran. He functioned as Permanent Delegate of Turkey to UNESCO in Paris, and to the World Trade Organization (WTO) in Geneva. At the WTO, Ambassador Aran also chaired the Trade Policy Review Body, the Committee on Trade and Environment, and the Accession Working Committee of Belorussia. Following his post as the Deputy Director General for Political Affairs for European Countries at the head office, Aran also worked as the Director General for Bilateral Economic Affairs and Director General for Middle East Political Relations. Serving as the director of the TEPAV Center for Multilateral Trade Studies established in August 2012, Bozkurt Aran is also a member of The Bretton Woods Committee. He was appointed as an independent Board member at the Ordinary General Assembly held on 14 April 2014 in accordance with the CMB Corporate Governance Principles.



⁽¹⁾ Member of Corporate Governance Committee

⁽²⁾ Member of Corporate Governance Committee

⁽³⁾ Member of Early Detection of Risk Committee, Member of Corporate Governance Committee

⁽⁴⁾ Member of Early Detection of Risk Committee

⁽⁵⁾ Head of Audit Committee, Head of Early Detection of Risk Committee, Head of Corporate Governance Committee

⁽⁶⁾ Member of Audit Committee, Member of Early Detection of Risk Committee

⁽⁷⁾ Member of Audit Committee, Member of Early Detection of Risk Committee

⁽⁸⁾ Appointed to the member seat vacated by Prof. Dr. Turgay Berksoy as of 14 April 2014.

EXECUTIVE BOARD



Prof. Dr. Ahmet Kirman
Vice Chairman and CEO

(56) Prof. Dr. Ahmet Kirman is a graduate of Ankara University, Faculty of Law. He holds a master's degree in EU Competition Law, and Ph.D. in Commercial Law from Ankara University where he became Professor in Public Finance/Tax Law and served as a Faculty Member, Division Head, Head of the Finance Department and Institute Director. He also served as a faculty member at the Galatasaray University, Faculty of Law. Kirman started his career at İşbank in 1982, where he held various positions in banking and insurance operations. He served as Chairman and Board Member in several prominent companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kirman served Şişecam Group as Chairman between 2006 and 2008, as Chairman and Managing Director between 2008 and 2011 and he became the Vice Chairman and the Chief Executive Officer of Şişecam Group in April 2011. He also serves on TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's and ICC Turkish National Committee's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Board of Legal Affairs. Prof. Dr. Kirman is the author of a large number of publications, including 12 books and numerous articles.



Dr. Reha Akçakaya
Executive Vice President Flat Glass Business

(52) Dr. Reha Akçakaya is a graduate of Boğaziçi University, Faculty of Mechanical Engineering. He received his B.Sc. and M.Sci. at the same university. Mr. Akçakaya completed his second M.Sci. in Alfred University, Department of Glass Science and Technology in the U.S.A. He completed his Ph.D. in Marmara University, Department of Engineering Management, and completed the Advanced Management Program of Harvard Business School in 2013. Mr. Akçakaya worked as research assistant at Boğaziçi University from 1985 to 1988, Akçakaya joined Şişecam Group in the Flat Glass Group in 1988. After holding various managerial positions, he has been serving as the Executive Vice President Flat Glass Business since 2 January 2014.



Cemil Tokel
Executive Vice President Glassware Business

(43) Cemil Tokel graduated from Humberside University, Department of Management in 1991, and completed the Advanced Management Program of Harvard Business School in 2012. He joined Paşabahçe Tic. Ltd. Şti. as International Sales Representative in 1992, where he later worked as Supervisor of International Sales, Sales Development Director, and International Sales Manager. Appointed as Vice President of Marketing and Sales in 2012, Cemil Tokel has been serving as Executive Vice President Glassware Business since 2 January 2014.



Abdullah Kılınç
Executive Vice President Glass Packaging Business (Turkey)

(48) Abdullah Kılınç graduated with a bachelor's degree in mechanical engineering from the Middle East Technical University in 1990 and completed the Advance Management Programme of Harvard Business School in 2013. He joined Anadolu Cam Sanayii A.Ş. as production engineer at the Mersin Plant in 1992, where he later functioned as production supervisor in 1995. He was appointed as Assistant General Manager to Mina Ksani Glass Container Company in Georgia in 1999. Brought to the position of Management and Sales HQ Business Development Manager of Anadolu Cam Sanayii A.Ş. in 2003, Kılınç then served as the General Manager of Ruscam Ufa Plant under the Glass Packaging Group, Operations Director of Russia Operations under the Glass Packaging Group, and Operations Director of the Glass Packaging Group. Mr. Kılınç has been serving as the Executive Vice President Glass Packaging Business (Turkey) since 2 January 2014.



Aydın Süha Önder
Executive Vice President Glass Packaging Business (Russia)

(52) Aydın Süha Önder graduated with a bachelor's degree in political science and public administration from the Faculty of Economic and Administrative Sciences at the Middle East Technical University in 1985. He joined İşbank in 1986 in the Economic Research Department, and began working as an assistant inspector at the Board of Inspectors the same year. He became Avclar Branch Manager in 1998, Karaköy Branch Manager in 2001, Corporate Marketing Manager in 2003, Levent Branch Manager in 2006 and Gebze Corporate Branch Manager in 2007. Having served as Deputy CEO of İşbank since 2011, Mr. Önder joined Şişecam Group on 7 January 2014, and was appointed as the Executive Vice President of the Glass Packaging Business (Russia) as of 12 February 2014.



Tahsin Burhan Ergene
Executive Vice President Chemicals Business

(49) Burhan Ergene graduated with a bachelor's degree in mechanical engineering from İstanbul Technical University, in 1989. He completed the International Management Certificate Programme in İstanbul University, in 1990, and the Advanced Management Program at the Harvard Business School in 2012. He joined the Şişecam Group in 1990, where he held various managerial positions in the sales and marketing departments. In 2011, he was appointed as the Marketing and Sales Vice President of the Chemicals Group. He has been serving as the Executive Vice President Chemical Business since 2 January 2014.

Görkem Elverici**Chief Financial Officer**

(39) Görkem Elverici is a graduate of the Middle East Technical University, the Faculty of Engineering-Department of Civil Engineering. Elverici completed his MBA at Bilkent University. He is currently working on his Banking-Finance PhD. dissertation at Kadir Has University. He began his professional career İşbank in 1998. Throughout his career, he served in various middle and senior management positions at İşbank, HSBC Turkey, Deloitte Consulting and Accenture Consulting. Elverici joined the Şişecam Group in the capacity of Finance Director of Flat Glass Group on 1 March 2013. He has been serving as the CFO of Şişecam Group since 12 May 2014.

**Prof. Dr. Şener Oktik****President of Research & Technological Development**

(60) Prof. Dr. Şener OKTİK graduated in Physics in 1976 and received M.Eng. in "Applied Physics" in 1977 from the University of Ankara. He was awarded a Ph.D by the University of Durham (U.K) in 1982. He received an associate professorship in 1986, a full professorship in 1995, worked as lecturer/research scientist/ top executive at Durham University (UK), Lecce University (Italy), Stuttgart University (Germany), Selcuk and Mugla University (Turkey) and as senior research scientist/senior technologist/ expert and top executive at Imperial Chemical Industries PLC, BP Solar (U.K.), Industrial Research Labs of Durham University (U.K), Anel Group, Arianli Holding and served as a Vice Rector (1998-2002) and the Rector (2002-2010) for Muğla University, and joined the Şişecam Group as the President of Research and Technological Development in 2012. He was a member of the Advisory Board of TUBİTAK, Marmara Research Centre (2003-2005) and a member of the "Turkish Delegation" for "The Accession Process of Turkey to European Union to negotiate Research and Technology, Education and Culture chapters. He is currently representing Şişecam as a steering committee member of International Commission for Glass and Glass Alliance Europe. Prof. Oktik is author/co-author of over 100 scientific and technical publications and inventor/co-inventor of two world patents.

**Gizep Sayın****Vice President Strategic Planning**

(52) Gizep Sayın is a graduate of the Boğaziçi University, Department of Industrial Engineering and he holds a master's degree from Istanbul Technical University, Department of Business Engineering. He joined the Şişecam Group in 1989 as Planning Specialist Assistant in the Directorate of Planning and Economic Research and has served the Group in a variety of managerial positions. Sayın was appointed as Business Development and Strategic Planning Manager-Chemicals Business in 2009 and as Vice President-Strategic Planning in February 2011.

**Serdar Gençer****Sustainability Coordinator**

(47) Serdar Gençer graduated from the Middle East Technical University, Industrial Engineering Department in 1990. He got his master's degree in finance from the University of Nottingham in the U.K. He joined İşbank as an assistant inspector at the Board of Inspectors in 1990, where he later worked as assistant manager and group head in the Accounting Department. Appointed as Budget and Planning Manager in 2003, Gençer served as Deputy Chief Executive from July 2008 until August 2013. Having served as a Board Member on the Board of Directors of various financial services companies of İşbank from 1999 until 2013, Gençer also served as the Chairman of the Board of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Gençer joined Şişecam Group on 1 August 2013 as the Sustainability Coordinator.

**Dr. Atilla Gültekin****Vice President Information Technologies**

(49) Atilla Gültekin is a graduate of the Istanbul Technical University, Department of Electronics and Communications Engineering, he received his master's degree at the same institution. He continued his studies and received his PhD from the Department of Control and Computer Engineering, later lecturing at the same University. He then worked at the following companies in the following positions: Siemens Nixdorf - System Software Engineer; Yapı Kredi Bank - System and Network Group Manager, and TradeSoft - Chief Technology Officer. Gültekin served as Project Coordinator and Chief Consultant at İşbank between February 2009 and July 2010. In August 2010, he was appointed as Vice President - Information Technologies at the Şişecam Group.





3rd

**LARGEST FLAT GLASS
MANUFACTURER**

IN EUROPE AND

6th IN THE WORLD

**PRODUCTION IN
COUNTRIES 9**

**29% INCREASE IN
SALES REVENUES
IN THE BASIC GLASS PRODUCTS**



FLAT GLASS GROUP

TRAKYA CAM

In 2014, which was a year of both positive and negative developments in world markets, Trakya Cam maintained its assertive presence in all product groups with its increasing production capability and expanding product range, and has managed to successfully reflect this to its profitability.

AN OVERVIEW OF 2014

The fluctuations in flat glass consumption were reflected to the supply - demand balance.

In 2014, the negative effects of global economic stagnation on Europe lessened and country economies demonstrated limited economic growth. The European construction industry, which had contracted by 21% in the past seven years, posted growth for the first time in 2014 and expanded by 1%. Following a 4% contraction in 2013, the housing construction segment is estimated to have remained unchanged in 2014. On the other hand, the supply-demand balance could not be fully achieved, since the expected increase in flat glass consumption failed to materialize. The oversupply, coupled with the increased stock pressure resulting from the political turmoil in Russia and the Middle East, limited the price increases throughout the year.

Russia underwent an economically turbulent year due to sanctions imposed against it on account of the Ukraine crisis; the steep devaluation of the Ruble against the US dollar, and the decrease in oil prices. The uncertainties in the economy slowed down the construction sector, along with all the other

industries. Prices had been hit by the low consumption in the sector, but entered a recovery process with the effect of decreasing supply towards the end of the year.

Plummeting oil prices, which compounded the political turmoil in the Middle East and North Africa, constrained economic growth in this region. In view of the slowdown in the construction sector and consumption, this region is still considered to be lagging behind its potential and may only become an attractive market in the medium term.

Hindered by the economic and political challenges in surrounding markets, the growth of the Turkish economy lost pace in 2014. That said, Turkey once again emerged as the strongest economy in the region in relative terms, notching up the highest growth rate in 2014.

A year of growth for the Turkish construction sector

A major consumer of flat glass in our country, the construction sector demonstrated 3.8% growth in the first half of the year. Following the relative contraction in the third quarter, the sector is anticipated to have closed the year with a growth



rate of 3-4%. On the other hand, an increase of 39% was observed in the number of building permits, whereas number of occupancy permits increased by 17% in the first three quarters of 2014. While growth in the construction sector was led by the construction of private sector buildings, urban renewal projects were another driving force for the sector. Meanwhile, other sectors either grew below their anticipated levels or suffered a contraction due to the governmental measures adopted to curb domestic demand.

There was a total expansion of 6% in the automotive market in EU and EFTA countries in 2014. Exports remained the driver of growth in the automotive industry.

The overall market for motor vehicles in Turkey contracted by 10% YoY to 807,000 vehicles in 2014. However, increased exports in the automotive made compensated for the contraction in the domestic market, and there was an overall increase in production. Turkey's total automotive exports grew by 7% to reach 885,000 vehicles in 2014. Production of motor vehicles, on the other hand, posted 4% YoY growth to be realized at 1.2 million vehicles.

Growth in the production of household appliances

The fortunes of the European household appliances sector in 2014 can be split into two distinct periods; stagnation in the first half of the year, remaining at its 2013 level, but an increase in production in the second half of the year with an annual rate of growth of 2-3%. Production in the Turkish household appliances sector increased by 3% YoY. According to the cumulative data for December released by the White Goods Manufacturers' Association of Turkey, of the two segments served by the Flat Glass Group, refrigerator production was down by 8%, whereas production of ovens increased by 10%.

2014 HIGHLIGHTS FOR THE FLAT GLASS GROUP

Trakya Cam continued to assert its presence as a strong player in all product groups and increased its profitability in 2014.

Trakya Cam remained a powerful player in all product groups in 2014, which offered mixed fortunes for the world markets, with the Company enjoying a relative recovery despite regional differences on the back of its increased production capability and wider product range, which the Company successfully reflected to its profitability.



The key drivers behind this success included market- and customer-oriented sales and marketing activities, cost saving initiatives implemented across the entire Group, efficient utilization of working capital and the product range, the composition of which has been shifting towards value-added products.

Trakya Cam unwaveringly pursued and completed investments for growth at its existing locations and penetrating new regions. On another front, the Company also took concrete steps to enhance joint ventures and acquisitions instituted previously in various geographical regions in line with its goal of inorganic growth.

Trakya Cam constantly backs its growth with added-value product range, customer-oriented strong organizational structure, increased productivity in all processes, simplified work processes through integrated information technology, and efficient decision-making mechanisms.

Sector highlights...

Trakya Cam increased its total sales revenues of architectural glass by 29% YoY in 2014 with the contribution of value-added products.

International sales were carried out considering profitability, depending on available capacity. Despite the negative developments in the markets, Trakya Cam increased its international architectural glass sales by 42% YoY in TRY terms.

Trakya Cam continued to adhere to a competitive policy in order to preserve and expand its existing sales channels in Bulgaria and Romania, its primary markets in Europe. The Company fulfilled the quality product demands through the laminated and coated glass lines that entered operation in Bulgaria in 2013, and thus increased its share of value-added products within total sales.

Offering solar control, energy savings and opacity depending on the intended purpose for windows, coated glass products have an important place in the flat glass sector. Trakya Cam established itself as an active player in the commercial buildings market, notably with its new temperable coated glass range.

In 2014, Trakya Cam expanded its portfolio of new customers with the contribution of offices opened in Poland, Hungary and Croatia to secure market penetration.

FLAT GLASS BRANDS

TRC **Helio clear®**
 TRC **Helio extra clear®**
 TRC **Helio®**
Isicam®
Isicam Sinerji®
Isicam Konfor®
Isicam Sinerji® T
Isicam Konfor® T
Isicam Sinerji® 3+
Isicam Konfor® 3+
 TRC **Ecotherm**
 TRC **Ecosol**
 TRC **Tentesol®**
 TRC **Tentesol T®**
 TRC **Aura Reflekta**
 TRC **Lameks®**
 TRC **Lameks extra clear®**

TRC **Acoustic Lameks®**
 TRC **Duracam®**
 TRC **Elit Glass**
 TRC **Deco classic®**
 TRC **Deco wired®**
 TRC **Helio matt**
 TRC **Flotal®**
 TRC **Flotal® extra clear**
 TRC **Flotal® E**
 TRC **Gökkuşağı®**
 TRC **Durasolar® P+**

AUTOMOTIVE BRANDS

Duracam®
Lameks®
Toflex®
Toglas®
Fritz®

TRAKYA CAM CONSOLIDATED INDICATORS* (TRY m)

	2013	2014
Revenue	1,488	2,019
International Sales	512	827
Gross Profit from Trading Activities	422	566
Operating Profit before Financial Expenses	159	366
Equity Holders of the Parent	117	283
EBITDA	268	517
Net Financial Debt	313	269
Equity	2,332	2,537
Total Assets	3,885	4,384
Investments	613	431
Number of Employees	5,395	5,908

*Refers to the financial statements submitted to the Public Disclosure Platform (PDP) and covers Trakya Cam, Trakya Cam Investment B.V., Trakya Investment B.V, Trakya Glass Bulgaria EAD, Trakya Yenişehir Cam, Trakya Polatlı Cam, HNG Float Glass Ltd., Glass Corp. S.A., Automotive Glass Alliance Rus AO, TRSG Autoglass Holding B.V, TRSG Glass Holding B.V, Trakya Glass Rus AO, Trakya Glass Rus Trading OOO, Automotive Glass Alliance Rus Trading OOO, Fritz Holding GmbH, RF spol. s.r.o. Richard Fritz Prototype+Spare Parts GmbH, Richard Fritz Kft, Saint Gobain EGYPT.

Sales from the new float line in the Republic of Tatarstan, Russia started at the end of June. Efficient marketing and sales activities served to increase the number of customers, and the sales performance was maintained at a consistent level despite the negative market conditions in the region.

Capacity availability was taken into account in sales to the Middle East region, yet sales increased on a YoY basis. New coated products and other value-added products have been shipped to this market.

International sales increased, and significant progress was achieved, particularly in sales to more distant regions when compared with 2013.

India's economic growth, which had averaged 6.5% in the 2012-2014 period, lost some momentum during 2014, but growth is expected to gain momentum from 2015 onwards with the elimination of political uncertainty in the country following the general elections. The construction sector, which is developing in parallel with the national economy, is set to maintain its performance driven by a rapidly growing population, a large housing gap and an increased supply of commercial buildings, which will in turn positively impact the flat glass market in the periods ahead.

Consumption grew in the Turkish flat glass market. Having pursued a customer- and market-oriented approach, Trakya Cam increased its architectural glass sales in Turkey by 23% in TRY terms.

Continuing its ambitious growth in the automotive glass segment through its activities in auto glass facilities in Turkey and Bulgaria, Trakya Cam captured a higher share of the new vehicle projects recently initiated in the Turkish and European markets, and increased its sales by 16% YoY in 2014.

Supplying products to the new projects being undertaken by Toyota, Hyundai and Ford in Turkey and Spain, Trakya Cam completed the infrastructure preparations aimed at the new projects it will launch in 2015. The Company, which has finalized its auto glass facility investments in Romania and Russia, is expanding its customer and product portfolios within the

framework of the ongoing integration with Richard Fritz, and is in the process of negotiating new projects.

Due to global warming and the worldwide constraints in energy resources, products that have a high energy efficiency and are compatible with the advancing technology have begun to emerge as a key area of development in the white goods industry. In this sense, glass products have acquired functionality in terms of energy efficiency, in addition to their visual applications.

Remaining a powerful supplier in the household appliances sector, Trakya Cam was able to expand its appliance glass sales by 13% in TRY terms in 2014.

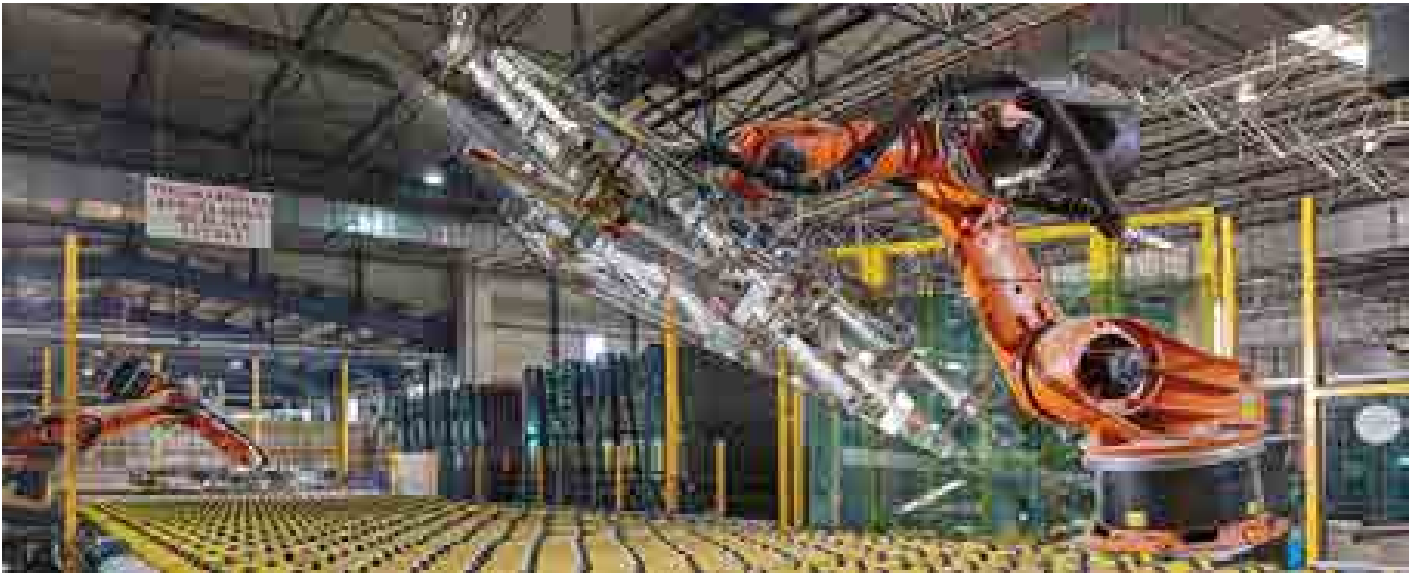
2014 saw marked expansion in the market for solar energy glass, which was triggered mainly by the unlicensed electricity generation limit that was increased from 500 KW to 1 MW by the Energy Market Regulatory Authority (EMRA), and the higher number of solar panel manufacturers in Turkey. As a result, sales of solar energy glass boomed by 53% in revenue terms.

Another key event was the antidumping investigation conducted by the European Commission regarding solar glass imports from China. The investigation, which was concluded in June, resulted in a decision to impose an anti-dumping duty of between 17% to 42% on solar energy glass imported from China for a period of five years. Thanks to this decision, Trakya Cam anticipates an increase in its sales to the European market in 2015.

TRY 431 mn of investment undertaken by Flat Glass Group in 2014

While sustaining its growth in the Turkish market, Trakya Cam unwaveringly pursued its investments and initiatives in new markets during 2014.

Following the establishment of a coated glass facility and one laminated line in Bulgaria, a partnership was established with HNG Float Limited in India, while the company acquired the Richard Fritz company in Germany. These steps were part of an expansion program which was brought to completion in



2013. Trakya Cam continued to pursue its investments in 2014, and completed a substantial portion of the investments it had embarked upon. In this context, Trakya Cam brought its seventh float line in Turkey into operation in the Polatlı Organized Industrial Site in Ankara, which represents its fourth production location in the Turkish market. The facility boasts Turkey's highest-capacity furnace with a capacity of approximately 1,000 tons/day, and is also one of only a few such furnaces in the world. A float line was brought into operation in Alabuga, Russia, in which Trakya Cam holds a 70% stake and Saint-Gobain a 30% stake.

Trakya Cam, which is set to continue its growth in 2015, is planning to launch a mirror line in addition to the float line investment being carried out in partnership with Saint-Gobain in Russia, as well as a second float line in Bulgaria. In line with its goal of becoming a solid supplier of automotive glass by creating new capacities that will satisfy demand for auto glass in the targeted markets in 2015, the Company opened two new auto glass facilities in Romania and Russia, the investments of which have been finalized.

With the support of coated glass investments finalized in 2013, Trakya Cam increased the diversity of its coated glass products in 2014. The target is to introduce new products to the market in 2015.

Improving production capabilities with new initiatives

Trakya Cam continued to respond to its customers' needs in 2014 on the back of its broader product portfolio and concept of high quality.

In 2014, Polatlı and Russia plants - two new investments undertaken by Trakya Cam, began production at full capacity. A second float line was also established in the Bulgaria plant, with a mirror line added to the Russia plant, which were then prepared for production. One float line in the Mersin plant, which had completed its operational life, was stopped in December for cold repair.

Within the framework of the sustainability approach embraced by the Group, Trakya Cam also authored initiatives that

observe human life, environmental protection, and sensitivity of resources and energy saving. The Company stepped up its funding allocated to enhancing environmental and occupational safety performance, while an emphasis was placed on reducing raw material and energy consumption in all production processes. In addition to the improvements realized at existing plants, Trakya Cam introduced designs and implementations that will minimize energy use in its new investments. These initiatives have been introduced at all of the facilities in the Flat Glass Group in Turkey, Bulgaria, Russia and India, and the Company aims to expand the use of its award-winning conversion units, already generating electricity from waste heat at the Trakya Cam Yenışehir plant, to all of its plants.

Trakya Cam's efforts to secure cost savings are not limited to production activities, but also cover processes and business conduct. Attaching importance to working capital management, the Company executed projects encompassing efficient management of the entire supply chain.

Trakya Cam realized the production of laminated doors, which were manufactured for the first time in the auto glass segment, and heated rear windows in 2014. In addition, productivity was optimized through Six Sigma projects, and numerous cost-saving projects were introduced with the primary aim of reducing energy costs. Trakya Cam aims to broaden the coverage of Six Sigma projects in the period ahead.

During 2014, technical studies were carried out to establish the areas where the glass-related requirements of Richard Fritz - the Group's new member, which is leading player in terms of technology in the manufacture of encapsulated glass in the main automotive industry - overlap with the competencies and production capacity of Trakya Cam, and to develop a suitable supply plan. The ultimate goal is to enhance joint projects. From this standpoint, the target is set for 2015 to be a year in which the synergy and integration between Richard Fritz Holding and Trakya Cam can be capitalized on more efficiently.

Four new products introduced in 2014

The product developments included float glass with solar control and decorative functions available in two different



colors for the architectural glass market, temperable low-e coated glass for homes, schools, hospitals and shopping malls where security is a priority, and privacy glass for the automotive industry.

Privacy glass is a float glass product used in motor vehicles for protection against light and sun, preventing visibility from the outside due to its translucency, and ensuring energy saving due to its low solar penetration. R&TD processes are underway to develop high-performance, high-reflection coatings for the PV market, and high-performance specialty products for architectural applications, household appliances and automotive industries.

Trakya Cam also continues the development of coated glass products with different specifications, to be used as raw material for appliance glasses. Development work for automotive glass, on the other hand, is focused on hydrophobic (water repellent) and oleophobic (anti-smudging) glass manufacturing. Another highlight of 2014 was the shipment of the first samples using lead-free solder alloy to customers.

Within the scope of efforts to manufacture athermic (infrared) and UV (ultraviolet)-resistant automotive glasses, Trakya Cam initiated trial production of athermic windshield glass in Bulgaria.

By adding high added-value new products to its portfolio, Trakya Cam aims to win more top-segment, strategically important projects, and to gain increased share in the European automotive market.

A focus on maximizing benefit when structuring marketing communication activities

Trakya Cam pursued a customer and market oriented approach in 2014, and carried out efficient product and channel management; the Company unwaveringly pursued product and brand communication activities.

While regular advertising and publicity activities were carried out for insulating glass products during 2014, a combination of environmentally oriented, value-added, energy-saving products,

and project-based solution partnership services served to enhance customer loyalty. Coated glass products with various performance options were introduced to the market, widening product diversity, while Trakya Cam products became part of numerous projects both in and outside Turkey, thanks to the glass solution offers backed by project technical services, with popularity among architects, investors and all decision-makers.

The 40th anniversary events organized for Isicam, Turkey's one and only heat insulating glass brand, were instrumental in achieving increased product and brand awareness and loyalty.

Thanks to the technical marketing communications held with decision-makers of public institutions within the scope of communication activities, application of coated glass has now become standard in schools affiliated with the Ministry of Education, while security glass products started to be used in prisons under the Ministry of Justice. Activities previously carried out by municipalities enabled the use of high-quality products that provide good heat insulation and energy savings in urban renewal projects.

OUTLOOK FOR 2015 AND TARGETS OF THE FLAT GLASS GROUP

Following the acquisition and partnership steps it has brought to completion in the past two years, Trakya Cam aims to finalize its ongoing investments and put them into operation in 2015. Once these investments are completed, Trakya Cam will be a company operating with 11 float lines, and eight manufacturing facilities serving the automotive industry throughout nine countries.

As a global player that places the customer at the heart of everything it does, Trakya Cam aims to pursue its activities in the areas of high-quality service, high quality product diversity and energy and the environment in 2015, while contributing to the optimal use of resources and to sustainability.



2nd LARGEST GLASSWARE
MANUFACTURER
IN EUROPE AND
3rd IN THE WORLD

45 RETAIL STORES

+20,000
MACHINE AND HAND MADE
PRODUCTS

A close-up photograph of a hand holding a clear glass bottle. The entire image is overlaid with a semi-transparent red filter. The text 'GLASSWARE GROUP' is centered in white, bold, sans-serif font.

GLASSWARE GROUP



PAŞABAHÇE CAM

One of the world's leading glassware manufacturers, Paşabahçe Cam successfully preserved its sales volume in a shrunk global market, a performance matched by just a few others, and increased its global market share to 12%.

AN OVERVIEW OF 2014

In 2014, consumer demand was weak due to the inadequate growth of global economy, and to regional issues; hence, the decline in the glassware demand that had been ongoing for the last several years continued.

Although the European market showed some signs of recovery, the negative effects can still be seen in the French, Greek, Spanish and Eastern European markets. The reforms carried out and the actions taken in the USA secured improvement in the economy, but positive development in the market was elusive. In the Middle East, the political tension across the region that added to the civil war in Syria and the sanctions imposed against Iran reflected negatively on the market. In the CIS region, the downsized economy resulted in declined demand. As for Asia, the economic growth in China and India, which decreased compared to the previous years, led to lower demand and prices.

In Turkey, on the other hand, growth did not materialize due to the stagnant consumer demand, coupled with the almost saturated market.

The Ruble crisis in Russia, high inflation risk, low oil prices and sanctions affected the economy highly negatively in 2014. The economic distresses in that country representing the second primary market of Paşabahçe, and the political crisis in Ukraine caused the glassware market to contract.

The contracted market and competitive environment took their toll on many glassware companies. As a result of the same conditions that persisted through 2014, some major glassware companies suffered from cash shortage, and reorganization processes picked up.

2014 HIGHLIGHTS FOR THE GLASSWARE GROUP

Paşabahçe Cam increased its global market share to 12% in 2014.

One of the world's leading glassware companies, Paşabahçe Cam successfully preserved its sales volume in a shrunk global market, a performance matched by just a few others, and increased its global market share to 12%.

The increased sales attained in the European market, which continued to contract as a result of the deflation threat and



depreciated currency, provided a significant advantage against the competitors in this region. In spite of the intense competition arising from the arising from the excess supply available in Europe, sales grew in the UK, France, Italy and the Netherlands. Capitalizing on the reflection of the revived tourism sector on this segment, sales to the HORECA segment grew by 14%.

In the CIS Region, on the other hand, sales income was preserved in ruble basis despite all unfavorable circumstances, owing to the contribution of commercial marketing activities and taking advantage of being a local manufacturer.

USA sales increased by 3%, thanks to the new company organized for the HORECA segment in this country and the contribution of new collaborations in retail.

Despite the political instabilities that swept through the Middle East and Africa Region, the sales income in this area went up by 19% in keeping with the gains secured in Iran, Egypt, Israel and Morocco.

In the Asia-Pacific Region, the Company undertook efforts for improving the distribution infrastructure of Paşabahçe Cam, and regional sales income was maintained.

Having obtained successful results in the premium segment by working with strategically important markets and customers, Paşabahçe Cam launched “Nude”, design-oriented brand in the priority markets of Europe and in Turkey, and formed the infrastructure for introducing the brand in global markets.

While Paşabahçe Cam increased its sales particularly to the HORECA segment in Turkey, it has preserved its sales to supermarkets and wholesale channel, and increased its share in the market.

Two big promotional projects in Turkey, along with other projects undertaken in soft drinks, alcoholic drinks and tea sectors, impacted promotion sales positively. Overseas, although global promotional projects carried out with certain big companies lessened, World Cup projects were conducted with soft drink companies, and sales grew to the alcoholic drinks industry, with the beer sector mainly accounting for a big share therein.

The Company concentrated on marketing communication activities with the goal of building on the strength of the Paşabahçe brand in global markets, which enjoyed high awareness and admiration in Turkey in 2014. The Company also decided to expand its successful store management in Turkey beyond national borders.



In addition to all these developments, 2014 also saw the disposal of 15.44% of the shares in Paşabahçe Cam to the European Bank for Reconstruction and Development (EBRD) for 125 million Euros. This partnership with EBRD, a leading financial institution, signifies a big step taken towards carrying Paşabahçe Cam to world leadership.

Commercial marketing activities of Paşabahçe Cam have been shaped with an approach focused on consolidating leadership.

Paşabahçe Cam structured and implemented its commercial marketing target for 2014 under three main headings: rising to category leader position on shelves and displays; increasing consumers' interest in the brand, and encouraging the consumers to purchase.

After offering service with 54 sales specialists in 181 national chain stores in 2013, Paşabahçe Cam increased the number of its stores to 504 and the number of sales specialists to 67 in the reporting period. 2014 also marked the first penetration to local supermarket customers as a result of the field priorities and sales strategies identified, combined with effective route optimization.

Aimed at strengthening and supporting the brand communication strategies in the field, 24 launches and in-store activities were carried out in Turkey.

To increase awareness in global markets, the Company focused on block placement of products on the shelves to boost Paşabahçe brand perception, in order to differentiate Paşabahçe branded products from the competitors in Russia. On the other hand, a pilot sales initiative is being run in 82 hypermarkets to ensure an organized presence of, and easy reach to, the products on the shelves, and to analyze the competitors.

Paşabahçe Cam continued to bolster its technology with investments in 2014.

In 2014, Paşabahçe Cam continued to bolster its technology, secure increased productivity, and further expand its innovative, high quality and broad product range through new generation glass furnace and modernization investments.

Paşabahçe Cam carried on with its investments in order to sustain the competitive strength it enjoys in global markets drawing on its superior technology, manufacturing, engineering and development capabilities. Along this line, the Company, by way of new investments, doubled its installed capacity in

GLASSWARE COMBINED INDICATORS* (TRY m)		
	2013	2014
Revenue	1,446	1,616
International Sales	790	872
Gross Profit from Trading Activity	434	505
Operating Profit before Financial Expenses	94	78
Profit for the Year	64	48
EBITDA	206	209
Net Financial Debt	182	263
Equity	1,316	1,290
Total Assets	2,005	2,133
Investments	386	247
Number of Employees	6,404	6,980

*Including Denizli Cam and Camış Ambalaj as well as Paşabahçe Cam.

Bulgaria and Russia, which take on production for two of its target markets, Europe and CIS.

The second oxy-fuel combustion furnace investment worth 48 million Euro at the Bulgaria Plant, which was brought to completion at the end of 2013, secured 100% capacity increase in 2014. This is a best-in-class, low-emission and environment-friendly glassware facility investment that secures energy saving and increased efficiency thanks to its superior technological equipment. These qualities earned the investment the prestigious LIFE+ certification given by the European Environment Agency (EEA). Besides capacity increase, the second furnace investment has also been instrumental in enhanced product quality with the addition of production lines and machinery that are compatible with its value-added, broad product range.

Paşabahçe Cam is a forerunner in the industry also with its energy saving, energy-friendly flue gas treatment systems that protect the environment, and environmentalist investments that enable reuse of flue gas, as well as its R&D and technological superiorities secured through its investments directed towards capacity increase and modernization at its plants in and out of Turkey.

The second furnace investment at the Russia Plant worth USD 83 million, which became operational by mid-2014, is an important investment featuring the leading innovations of its class deriving from its furnace and production lines. Besides doubling the capacity, the Russian investment incorporates production machinery that introduces a broad range of value-added, printed products with increased attributes to the Russian market.

Sustainable growth target, cost reduction and productivity enhancement projects

Paşabahçe Cam carried on with its cost reducing and productivity increasing activities in line with its sustainable growth target in 2014. The cost-reducing and productivity-enhancing effects of the energy saving oxy-fuel crystalline furnace in Kırklareli plant that had become operational in 2013, became visible in 2014. In addition to these developments, the cold repair made to Furnace A at the Bulgaria Plant served to increase energy efficiency.

In 2014, Paşabahçe Cam presented its customers with high quality products and ensured cost-efficiency through its inspection devices aimed at increased efficiency of quality control, production machinery fitted with technological

PAŞABAHÇE CAM CONSOLIDATED INDICATORS* (TRY m)		
	2013	2014
Revenue	1,235	1,299
International Sales	757	828
Gross Profit from Trading Activity	361	410
Operating Profit before Financial Expenses	87	52
Equity Holders of the Parent	57	30
EBITDA	181	153
Net Financial Debt	167	252
Equity	1,080	1,038
Total Assets	1,575	1,638
Investments	292	197
Number of Employees	5,177	5,774

*Including Paşabahçe Cam, Paşabahçe Cam Investment B.V, Paşabahçe Bulgaria, Posuda Limited, Paşabahçe Mağazaları, Paşabahçe SRL, Trakya Cam Investment B.V.

properties that will secure energy saving and increased productivity, and laser technology machinery developed based on R&D activities.

Paşabahçe Cam targets to achieve increased penetration in the global market through its efficient distribution channel organization. Within this scope, the Company focuses on key projects that will reduce logistics costs and enhance productivity. Use of railway in exports to Europe allowed saving from logistic costs in 2014. Under the Network Optimization Project, it is aimed to carry on with the activities commenced in 2014 to secure savings from domestic costs in 2015. In addition to these initiatives mentioned above, key focus areas in 2015 include attaining cost saving from transportation and storage expenses on the back of 80x120 Pallet Transformation Project, and optimizing the planning design and process so as to quickly respond to customer expectations and to variables resulting from corporate dynamics through the Integrated Business Planning Transformation Project.

Product portfolio management practices

In line with the strategies of creating the profitable, value-added product portfolio and increasing the share of branded product sales in keeping with the vision for 2020, Paşabahçe Cam worked towards building on its accessory, licensed and branded product range. Within this scope;

- The Group initiated joint projects with Guzzini, a leading brand in the sector, on the basis of a license agreement.
- A strategic cooperation was launched with the Zest brand, which will be launched globally in February 2015 in the functional kitchenware category with “Up-cycled by Paşabahçe” concept.
- Variations were made to create added value, existing products were relaunched with modifications, thereby creating versatility in the products sold. The key launches made under the Paşabahçe brand during 2014 included Borcam in Color, Homemade (jars) and Storemax (food containers).

The Group also enriched its portfolio by adding new products to the design and product collections of its “Nude” brand developed in 2013 based on its strategy of creating global brands offering minimalist architectural solutions in all living spaces, which bear the signatures of worldwide famed designers.

In addition, Paşabahçe Cam developed 116 new products by actively producing product development and design solutions, and increased its product diversity by collaborating with 52 external designers in 2014.



In an effort to increase the speed of new product development that will offer the optimal solution to market and customer expectations, work was initiated to launch new system solutions through SAP-ERP integration in 2014. As a continuation of these activities, it is intended to structure “Product Life Curve Management” system and to develop a high value-added product portfolio.

Paşabahçe Cam carried out versatile brand communication activities in 2014.

The Company implemented intensive communication and field activities in 2014 in order to sustain high brand appreciation in Turkey and to increase awareness of the Paşabahçe brand in primary markets worldwide.

Also intensive communication campaigns, launches and publicity projects were carried out for achieving increased brand awareness in Turkey and in the primary markets in the world for Nude, the new design brand launched for gaining a share out of the accessory, tableware and objects markets in worldwide household and HORECA segments. Accordingly, the brand was launched overseas, specifically in Paris, Milan and Copenhagen, and was promoted among customers and end-users through various organizations, campaigns and events.

Weight was given to marketing communication activities that were directed towards increasing global recognition and brand equity of Nude and Paşabahçe brands; accordingly, 12 fairs were attended, 6 in Europe, 3 in the USA, 2 in Russia, one in the Far East and one in Turkey. In an effort to enhance the satisfaction of business and channel partners, various events were organized for domestic authorized dealers in the USA and Hungary, for the distributors in Russia, İstanbul and Antalya, and for HORECA industry professionals in Dubai. Other areas given weight included sponsorships and digital marketing activities.

Higher efficiency and saving in technology through R&D activities

Paşabahçe Cam offers new, original products of the highest quality and quantity to the market on the back of integrated R&D activities with Şişecam R&D Center, combined with sustainable, energy-saving, new-generation glass furnaces and production machinery.

With 12 glass furnaces, over 80 production lines, and more than 30 production lines capable of manufacturing value-added printed and decorated products at a total of six plants in Turkey and abroad, Paşabahçe Cam backs its best-in-class technology and production capabilities with its R&D competence.

Paşabahçe Cam secured competitive advantage in the glassware market and cemented its leading position with its investments at its plants in Eskişehir, Kırklareli, Denizli, Mersin, Bulgaria and Russia, which brought about capacity increase, technology upgrade, research and development, new product development, cost reduction and energy saving.

RETAIL STORE OPERATIONS

Paşabahçe Stores maintains and further reinforces its leadership with 45 stores in 11 provinces in Turkey with its customer-oriented structure.

Paşabahçe Stores, which represents the specialist retail chain business segment of the Glassware Group, is among Turkey's leading retailers in this field.

During 2014, Paşabahçe Stores launched special Paşabahçe Stores corners in ATÜ sales points at the International Flights Terminals in İstanbul Atatürk and Ankara Esenboğa Airports, in addition to Palladium, Akasya and Mall of İstanbul stores in İstanbul. Hence, the number of stores rose to 45 in 11 provinces. It was decided to open stores abroad to increase the Paşabahçe brand awareness in overseas markets and to promote Paşabahçe's store operations. To this end, steps were taken in 2014 to open a store in Milan, Italy.

A number of new products were developed and introduced during the reporting period in parallel with customer needs and expectations. Paşabahçe Stores account created on Instagram, one of the widely used online social media channels, quickly gained more than 20,000 followers. It is intended to reach broader audiences by making use of different communication channels in the periods ahead.



The CRM project, which was initiated during the reporting period to further strengthen the customer-focused structure, is planned to be launched by mid-2015.

In the survey of “Number 1 Brands Selected by Consumers in Shopping Malls” carried out by the Turkish Council of Shopping Centers (AYD) and GFK research company, Paşabahçe Stores was named the brand most favored by consumers in the home-decoration category as in previous years. The Paşabahçe Store located in Ankara Armada Shopping Mall received the Performance Special Award according to customer votes.

PAPER/CARDBOARD PACKAGING ACTIVITIES

Camış Ambalaj augmented its sales income by 13% in 2014.

Camış Ambalaj, one of Turkey's leading paper/cardboard packaging manufacturers, remained the sought-after and preferred company in the sector for its specialty, accurate production. The Company increased its total sales income by 13% in 2014.

Camış Ambalaj manufactures offset printed cardboard and laminated consumer packaging, high-quality flexo printed corrugated consumer and transport packaging, trays and multiple packaging for automated filling lines, as well as display units.

At the Crescent and Stars of Packaging Competition 2014 organized by the Packaging Manufacturers Association of Turkey, the Company claimed 1 bronze and 1 competence award.

2015 OUTLOOK AND TARGETS FOR THE GLASSWARE GROUP

2015 is expected to be a better year on a global scale compared to 2014. With respect to economy, consumer demand is anticipated to display a cautious course, a trend that is expected to reflect also on the demand for glassware.

Effects of recovery in the USA economy on the glassware sector in the medium term, competitive environment in the European market, increased activities in the HORECA sector in conjunction with increased tourism in the Middle East and Africa, improved retail sector and negative impacts of political instability in Iraq, Syria and Libya are expected in the coming years.

The target of Paşabahçe Cam is to obtain higher shares in the Turkish market, which is projected to remain constant. In the CIS, the market is expected to keep contracting in 2015; however, Paşabahçe Cam, which is a local manufacturer, is anticipated to grow stronger.

Paşabahçe Cam set its priority targets for 2015 as differentiating itself from its competitors with its high added-value, innovative products with original designs, creating a profitable product portfolio, sustaining effective cost and cash management, increasing and efficiently managing the number of channels whereby reaching the customers directly, and strengthening its presence in the industry.

The Company targets to be the world's leading glassware company by increasing its presence and efficiency in new geographies offering a high market potential and by building on the brand strength.



4th **LARGEST GLASS
PACKAGING MANUFACTURER**
IN EUROPE AND
5th IN THE WORLD

**PRODUCTION
CAPACITY OF**

2.2 **MILLION TONS/YEAR**
4 COUNTRIES

**MANUFACTURING OF GLASS
PACKAGING IN VARIOUS VOLUMES FROM**

6^{CC TO} 15^L **MAXIMUM**
PRODUCT DIVERSITY



GLASS PACKAGING GROUP



ANADOLU CAM

In a year of variable global developments and domestic market dynamics, as well as increased competition, the Glass Packaging Group kept growing and steered its operations in accordance with its innovative strategies targeted at globalization.

AN OVERVIEW OF 2014

Global economic recovery maintained a fragile character throughout 2014. The desired increase could be attained neither in global demand nor in international trade. While inflationist pressures persist in some countries, low demand, high idle capacity and declined commodity prices lead to worldwide unease.

As the recovery trend grows stronger in the developed countries such as the USA and the UK, economic stagnation, low demand and deflationist risks remained in the European region. In emerging countries, loss of momentum became evident. Having suffered from economic recession in the first half of 2014, Brazil opted for interest rate hike in an effort to alleviate high inflation pressure, while China cut down its indicative interest rate. India, on the other hand, decided to keep interest rates unchanged.

In the last quarter of 2014, the Ruble was hit by the severest depreciation of the last 16 years, and indicative interest rate was increased in the Russian Federation in order to avert the hike

in inflation. The Russian economy was highly and negatively affected by the plummeted oil prices, the government's tax increases that restricted the consumption of alcoholic beverages, the embargo imposed by the USA and EU countries because of the negative developments with its bordering neighbor Ukraine.

Georgia fixed its political relations with Russia, which provides a positive momentum to the national economy. Revived trade also improved the profitability of the investments in the area.

The Turkish economy also showed diverseness due to the effects of macroeconomic developments and the political turmoil ongoing in the neighboring regions. Despite the issues in significant export markets such as Iraq and Russia, export volume to the USA and particularly to Germany and the UK as well as other EU countries grew in 2014. In this period, the weak domestic demand conditions and the decrease of oil prices that came in the second half of the year resulted in a reduced import volume.

The developments across the world had different impacts on the glass packaging market regionally. In global terms, market consolidation and efforts to increase capacity gained



intensity in the glass packaging market as well as input supplied industries. The acquisitions that took place in North America, and the capacity increases that occurred in the saturated European Area in 2014 indicate that the competition will remain fierce also in the future. Furthermore, the health perception, the increased purchasing power in emerging economies, and the trends in conscious consumption contributed positively to the expansion of the glass packaging market. Thanks to the development of premium products, which were also specialized in terms of content and packaging as a result of the R&TD activities in the glass industry, the global glass packaging market grew 5% in 2014 and reached at USD 40 billion.

Globally, the glass packaging industry kept growing in emerging economies also in 2014; Brazil, China and India grew better than the world average. While premium products and pharmaceutical packaging showed a rapid growth globally, beer sales volumes grew in the Asia Pacific Region, and the sales and prevalence of energy drink kept growing worldwide.

Owing, particularly, to the economic sanctions imposed by the USA and EU countries, and the undergoing crisis in the country, Russia glass packaging bottler capacities shrank; additionally some of them even withdrew from the market. This caused a direct impact upon glass packaging manufacturers.

The Ukrainian glass packaging market does not send out positive signals, due to the effect of the political tension going on with Russia. Conversely, economy in Georgia gained momentum directly from improved relationships with Russia.

The Turkish glass packaging industry was affected by the presidential election, fluctuating exchange rates, and the political developments in the surrounding geographies, such as the relationship between Russia and Ukraine. The tensions and the environment of distrust in the Middle East decelerated the glass packaging trade to these areas. In Turkey, as well as is the case worldwide, PET is strengthening its image as a healthy packaging as a result of the R&D studies carried out on PET. As China maintains its competitive cost advantage, the import pressure continues on the pharmaceutical segment. While the fluctuating exchange rates negatively impacted raw materials and imports in 2014, higher exchange rates contributed positively to the export of glass packaging, both in the form of empty and filled products. Having expanded by 11% over the past four years, the Turkish glass packaging market registered a growth of nearly 9% in 2014, and attained significant growth rates in sales, particularly in the water, milk, wine and mineral water sectors.

AWARDS

In 2014, Anadolu Cam was recognized with a total of six awards in the 5th annual Crescent and Stars of Packaging competition organized by the Packaging Manufacturers Association. In all, Anadolu Cam won two Gold and four Competency Awards.

FOOD CATEGORY

Gold

Atatürk Orman Çiftliği Yogurt Jar

BEVERAGE CATEGORY

Gold

Doğadan Cold Herbal and Fruit Tea Bottle

Competence Awards

İBB Hamidiye Water Bottle

Sirab Su-Mineral Water Bottle

Kemal Kükrer Hot Sauce Bottle

Hünkar Rakı Bottle



2014 HIGHLIGHTS FOR THE GLASS PACKAGING GROUP

The Glass Packaging Group sustained its growth in 2014.

The Glass Packaging Group sustained its growth in a year of variable global developments, domestic market dynamics and increased competition.

As well as its sustainable and profitable growth approach, the Group left behind a year marked by greater importance placed on intangible values. In addition to that the Group being steered in line with its innovative strategies targeted at globalization.

Placing the value offered to customers always as top priority, the Group remains the leading glass packaging manufacturer in terms of product diversity. While undersigning innovative and unique designs in cooperation with its customers, the Group succeeded in delivering service beyond expectations.

The Glass Packaging Group raised its net turnover by 2.1% year-on-year and registered TRY 1,555 million in 2014. Approximately 40% of net sales were generated from international operations.

Glass Packaging Group – Facilities and Capacities

The Group carries out its activities with a total production capacity of 2.2 million tons/year in four countries: Turkey, the Russian Federation, Ukraine, and Georgia.

Operations in Turkey

The Glass Packaging Group carries out its operations in Turkey under the name of Anadolu Cam, with nine furnaces in three facilities established in Mersin, Yenişehir-Bursa and Eskişehir. The leading manufacturer in the market ever since its incorporation, the Company also continued to strengthen its competitive edge with activities and projects in 2014.

The mineral water segment, which is considered as the driving force of the glass packaging market, retains its leadership within the sales of Anadolu Cam, and accounts for 81.6% of total sales by food and alcoholic beverage sectors. The Company realized more than 130,000 tons of import in order to respond to the market demand and product diversity, and initiated its

capacity increase investments at the Eskişehir facility in view of the expanding market. Anadolu Cam opted for decreasing the concentration of risk exposure by turning its focus towards other sectors. The Company also strengthened its sales program with a more-balanced sectoral sales distribution in order to secure the highest potential from the developments in the competitive environment.

Anadolu Cam Eskişehir Facility is the only glass packaging producer to supply the pharmaceutical sector under the class 8 specifications in Turkey. In addition, the Company creates differentiation and competitive advantage in the market by presenting its customers designed products at its decoration facility with a production capacity of 200 million units/year in Eskişehir.

Topics that maintain their importance are increasing the resistance of glass packaging, lightening of products, reducing process inputs and wastes involved in manufacturing, using renewable energy, increasing glass recycling rate and new projects initiated within this scope. In 2014, the glass recycling facility went into operation in the Eskişehir plant, thereby achieving higher-quality and lower-cost glass manufacturing capability. At all plants, momentum is given to various development and cost-saving initiatives with a particular focus on energy saving. The waste heat recovery project at the Yenişehir Plant is intended to provide energy saving, for which an investment incentive has also been received.

Operations Abroad

Ruscam, the Group company operating in the Russian Federation, maintains the leading glass packaging manufacturer of the Russian market. In 2014, collaboration was re-established with Russkiy Standard, Russia's largest vodka producer. Ruscam was the first glass packaging manufacturer to produce 187 ml wine bottles and 200 ml champagne bottles in Russia. The Company reinforced its competitive advantage with "designed products" in line with customer demands. Thus, the Company continued to adhere to its target of being the customers' solution partner, and achieving enhanced customer satisfaction. After the restrictions imposed on alcoholic drink consumption in the country, the Company shifted its sales and marketing focus toward the food sector which has a great potential. Due to the



ANADOLU CAM CONSOLIDATED INDICATORS* (TRY m)

	2013	2014
Revenue	1,523	1,555
International Sales	688	702
Gross Profit from Trading Activity	242	269
Operating Profit before Financial Expenses	132	165
Equity Holders of the Parent	111	102
EBITDA	341	388
Net Financial Debt	934	599
Equity	1,321	1,523
Total Assets	3,164	3,040
Investments	313	221
Number of Employees	4,959	4,354

*Including Anadolu Cam, JSC Mina, Ruscam Sibir, Ruscam Glass Packaging Holding, Anadolu Cam Investment B.V, Ruscam Management Company, OOO Ruscam, Merefa, Ruscam Glass, Brewery Pivdenna, Balsand B.V, Ruscam Pokrovsky, Anadolu Cam Yenisehir, Anadolu Cam Eskişehir, Omco İstanbul, OOO Balkum, and FormMat.

same restrictions, the Pokrovsky facility, whose operations were suspended by mid-2013 based on the target of “maintaining accurate manufacturing, sales and stock balance”, remained on hold in 2014.

The Group’s facility in Ukraine was put on hold in December 2014 due to the expired lifetime of the existing furnace, as well as economic and political uncertainties and adversities in Ukraine. The technology and modernization investments” for the furnace is projected for inception in 2015. Anadolu Cam will keep supporting the Ukrainian market through its operations in the Russian Federation, Georgia and Turkey until stability is re-established.

Mina, the first abroad investment of Anadolu Cam in Georgia, put into operation its second furnace with an annual capacity of 30,000 tons in 2014, which will strengthen the operations of the Glass Packaging Group. With this investment, customer demands will be responded faster and the Group’s market share in Georgia will in turn increase.

OMCO-İstanbul

Anadolu Cam established a joint venture with OMCO International NV of Belgium in order to specialize in glass packaging molds and increase productivity. Pursuing mold manufacturing activities, OMCO-İstanbul reached a sales turnover of TRY 62 million in 2014. With its growth driven by its product and service quality, and demanded in the international market for the same reasons, OMCO-İstanbul will keep working towards increasing its exports in 2015.

The Glass Packaging Group generated TRY 221 million investments in 2014.

The Group successfully completed its modernization and upgrading investments in Turkey, Russia, Ukraine and Georgia additionally realized a total capital expenditure of TRY 221 million .

While 2014 investments served their intended purposes with quick and reliable steps giving due to the competitive environment, they were focused mainly on cost management, manufacturing productivity increase, production of lightweight bottles, and product quality improvement. The energy saving

initiatives were in progress. As a result of these projects, the Group secured savings in the amount of TRY 14 million in Turkey and TRY 15 million in its multinational operations.

Turkey

The Group realised modernization, cold end, and quality control revision investments in its plants in Turkey. Energy projects carried out by Central functions were continued throughout the Group in 2014.

Russian Federation

Cold repairs were implemented at furnaces in the Gorokhovets and Ufa plants, thus improving manufacturing productivity and increasing the efficiency levels.

Georgia

In 2014, a new furnace with an annual production capacity of 30,000 tons was put into operation at the Mina plant, thereby doubling the production capacity to 60,000 tons/year.

Anadolu Cam Product Design Center continues to carry out new product developments.

Holding an important place in the world and in Turkey with its innovative and creative stance in glass packaging manufacturing, Anadolu Cam has been providing support to its customers through the Product Design Center since 2006.

Due to its many years of experience in industrial design and advanced engineering knowledge, Anadolu Cam serves for the different glass packaging needs of the consumers and brands with innovative and creative designs. During 2014, a total of 475 designs were realized under 38 projects to improve the functions of glass packaging.

A collaborative development project was launched by the Product Design Center, Print Facility, R&TD and the leading companies in the paint industry to upgrade secondary processing capabilities to increase the added-value of standard products for the wine and food industries in particular. Under the “Non-Drip Finish” project, a finish was developed for oil and vinegar bottles, which prevents dripping while pouring.



Anadolu Cam reaches out to stakeholders through campaigns and events organized during the year.

The leader of the Turkish glass packaging industry, Anadolu Cam carried out a two-week advertising campaign during the months of February and March, using newspapers and outdoor media to promote the 15-liter glass bottle.

The www.hayatacamkat.com website, which went live in 2012 to highlight the fact that glass is the healthiest and the most sustainable packaging material continued to provide its visitors with news. The site was redesigned in March 2014. "Hayata Cam Kat" (Add Glass to Life) gained more followers on its social media channels and carried out new applications in 2014.

At the 20th International Packaging Industry Fair, Anadolu Cam hosted visitors from all over the world at its stand that displayed the superior properties of glass and also exhibited its products.

A competition with more than 200 entries from 29 universities across Turkey...

Organized for the second time in 2014, the Anadolu Cam Poster Design Competition with a theme of glass packaging and health received over 200 entries from students studying in the Fine Arts Faculties of 29 universities across Turkey.

30 works in total, elected by a jury comprised of Turkey's leading graphic designers were put on display at Rahmi M. Koç Museum between April 18th and May 18th.

(For further information please visit: <http://hayatacamkat.com/yarisma/camambalajtasarimyarismasi>)

ENVIRONMENTAL INITIATIVES OF THE GLASS PACKAGING GROUP

Light-weight glass packaging development efforts focusing on environment-friendly production continued at full speed in 2014.

Targeting to arrive at an increasingly environment-friendly manufacturing process, Anadolu Cam is working on a number of projects for developing lighter-weight products, which will

result in decreased energy consumption and reduced carbon emissions.

Through light-weight glass packaging production initiatives, savings are secured in raw materials, energy and water while nothing is lost from the volume, durability and visual quality of the end product. Moreover, these initiatives produce additional benefits including reducing the carbon footprint of glass packaging, producing a greater amount of product by using less material, advantages in product transportation, and ease-of-carrying in the end-use of the filled product.

Through these efforts, 38,000 tons of glass were saved, while carbon emissions were reduced by 28,000 tons in the last four years.

"The Glass and Glass Again" Project launched by Anadolu Cam is aimed at creating awareness about recycling glass packaging and ensuring high recycling rates.

The following activities have been carried out since 2011 under the project that set its primary goal as increasing glass recycling to 60% by 2020:

- A total of 163,000 primary school students received education on recycling,
- 8,900 glass bottle banks were donated,
- 437,100 tons of glass packaging waste was recycled.

Cooperation established with a total of 94 district municipalities in 13 provinces across Turkey contributed to creating a popular awareness of recycling, improvement of the collection infrastructure, and modernization of glass recycling plants. Energy saved with the cullet recovered and used in glass facilities under the project was equivalent to the removal of 157,000 passenger cars from traffic and energy savings sufficient to provide heating and hot water for 18.000 residences.



Glass Cullet Improvement Projects

Anadolu Cam supports the “resource efficiency” initiative set for sustainable growth in the European Union 2020 strategy. Accordingly, Anadolu Cam targets to increase the quantity and quality of recycled glass waste (cullet) and minimize resource consumption. The main activities under the project include creating awareness of recycling among the society, strengthening the infrastructure for sorting at the source, and the modernization of glass recycling facilities.

Anadolu Cam offers consultation for the integration of automatic sorters at recycling facilities; in addition, the Company encourages the glass cullet suppliers to invest in automatic machinery by implementing a bonus system based on quality and quantity. The total support provided under the project since 2011 to date is over TRY 4.5 million.

As an extension of glass cullet improvement activities, an automatic control line was put into operation at the Eskişehir Plant in 2014. The Glass Packaging Group has used 140,000 tons of recycled glass in production in 2014.

2015 OUTLOOK AND TARGETS FOR THE GLASS PACKAGING GROUP

The Glass Packaging Group will continue moving towards its goal of becoming a global player as it is stated in its vision for 2020 with its plans for the growth set forth in its 2015 business plan.

Anadolu Cam, who works together with its customers to increase the use of glass packaging will also continue to contribute to recycling. The Group remains an ambitious player in the domestic and international markets within the frame of its respect to the human, nature and environment, while taking part as an important stakeholder in the environment of competition.

On the other hand, the Group targets to steer the industry through its innovative and unique designs, while building on its technological superiority. The value-added product structure that will be developed by R&TD initiatives directed towards the increased lightness and resistance of glass will play a big role in boosting the sales of the Glass Packaging Group.

By continuing to stand by its employees, customers and stakeholders in 2015, the Glass Packaging Group will carry its company profile that adds value to the environment and people to the future.



The **4th** LARGEST SODA MANUFACTURER
IN EUROPE AND

The **10th**
IN THE WORLD

THE WORLD'S LEADING
SODIUM BICHROMATE AND BASIC
CHROMIUM SULFATE MANUFACTURER

25% GROWTH IN SALES INCOME FROM
SODA PRODUCTS



THE CHEMICALS GROUP



SODA SANAYİİ

Despite the weak growth in the world economy and stagnation in the Euro Zone, Soda Sanayii A.Ş. sustained its growth and increased its profitability.

AN OVERVIEW OF 2014

4% expansion in the global soda ash sector in 2014...

The world economy posted a disappointing rate of growth in 2014 against a backdrop of fragile economic activity in the Euro Zone, a reduced pace of growth in the Chinese economy and a slowdown in the Japanese economy. Countering this was the powerful course of the US economy.

The tightness in soda ash supply, which became pronounced in 2014 - particularly in Europe - pushed prices upwards. The soda ash sector grew in parallel with the rising population and economic development, expanding by 4% in 2014.

Regarding regional demand from industries that use soda ash products as inputs, demand for soda ash increased on the back of the growth in the glass industries in Asia, India, Africa, Latin America and the Middle East. The detergent industry, another major user of soda ash, exhibited 3.4% growth globally, albeit with the growth not being uniform from one region to another, while the positive performance of the detergent industry in Asia raised the need for soda ash. However, an ever more competitive environment globally required major

producers in the industry to undertake reorganization and capacity optimization investments. The volume of the soda ash market remained flat in Western Europe due to the stagnation in the European economy in 2014, while the moves to curtail the excess supply in the industry had a positive impact on the supply/demand balance.

A large-scale user of soda ash in Turkey, the glass industry maintained its demand growth in 2014. The detergent industry's demand for soda ash grew in the domestic market with the help of increasing exports to the Middle East. The textile industry's demand, on the other hand, was volatile throughout the year. Using the value-added sodium bicarbonate product as an input, the feed industry expanded in 2014, which in turn drove growth in demand for this product.



Demand for chromium compounds impacted by volatile market conditions

The leather, wood preservation and pigment sectors that use chromium compounds as inputs performed broadly in line with their performance in the previous year, while the stagnation in the metal plating industry continued in 2014. Despite the growth in the automotive industry in Europe, there was a 10% contraction in Turkey; however, production increased by 4% thanks to increased exports. Political and geopolitical turmoil in Turkey's northern and southern neighbors had a negative effect on the leather industry during 2014.

2014 HIGHLIGHTS FROM THE CHEMICALS GROUP

10% growth in the Chemicals Group's consolidated sales revenue in 2014

Carrying out its activities in six countries, the Chemicals Group maintained its growth by investing in its existing facilities in 2014, despite the economic stagnation in Europe that resulted from the contraction in the Euro Zone.

Thanks to the market diversification, penetration and sales revenue in target markets also grew, and the Group closed 2014 with a successful performance. The Group's annual consolidated

sales revenue increased by 10% YoY, whereas total international sales expanded by 18% when compared to 2013.

Soda business sales revenue grew 25% in 2014.

The soda ash product, which had a successful activity year in 2014, generated revenue and profit in excess of the expectations, and the soda business recorded a 25% YoY increase in TRY-based sales revenues in 2014.

In the soda ash business line, that represents a significant field of activity within the Şişecam Group and the Chemicals Group, the Group is ranked as the 4th largest soda ash producer in Europe and 10th in the world, with a total production capacity of 2.1 million tons from its plants in Mersin, Bosnia&Herzegovina, and the Solvay Sodi Plant, its production joint venture in Bulgaria. Soda Sanayii shipped 64% of the total sales out of these three facilities to international markets.

The Group undertook investments in the Mersin Soda Plant in order to increase the share of value-added products; growth was attained in the sales of refined sodium bicarbonate on an annual basis thanks to the full-capacity manufacturing. Marketing activities and branding efforts are being undertaken along the same lines.



Soda Sanayii fulfills its own process steam need with its onsite Cogeneration Plant. Having an electricity generation capacity of 252 MW, the Cogeneration Plant generated 4.2 million tons of steam and 1.9 billion kWh of electricity in 2014.

Expanding its market penetration in parallel with the ongoing capacity increase investments and growing production, the Bosnia&Herzegovina Plant has become the fastest-growing synthetic soda ash manufacturer in the region, and continued with its rise in the Southeastern European market. The company, one of the biggest exporters of Bosnia&Herzegovina, received the country's prestigious "Silver Stamp" award as the most improving company.

Sustainable sales performance in the chromium compounds product group

Markets related to the leather, wood preservation and pigment industries that use chromium products as inputs performed similarly to the previous year, while the stagnation in the metal plating industry continued in 2014. Political and geopolitical unrest in Turkey's northern and southern neighbors had a negative effect upon the leather industry during 2014.

In 2014, large conglomerates involved in the leather industry carried out acquisitions, particularly in raw material supply channels, thereby incorporating the supply chain into their own organization and securing a strategic advantage. Hence, competitive conditions continued to become tougher for small and medium-sized enterprises.

Companies thus downsized and even closed down, particularly in Taiwan; combined with the increased environmental controls in China, this resulted in the termination of manufacturing activities of some producers. Despite these negative developments, the Group's sales performance exceeded expectations in the target markets.

The Chinese market, realizing half of the worldwide consumption in chromic acid product, was the scene to excess supply as a result of the plants that entered operational and others that increased capacities last year, further worsening the already fierce competition. The ongoing stagnation in the industry and increased competition led to a decline in prices worldwide.

In spite of these developments, the Group performed successfully in 2014, and its profitability exceeded targets. Pursuing activities in Mersin, Italy and China in the chromium business line, Group companies increased the number of countries and customers they sell their products to, and derived 82% of their sales revenue from international markets.

One of the world's leading facilities by virtue of its product quality, manufacturing technology, and environmental norms, the Kromsan Chromium Compounds Plant maintained its position as the world's leading manufacturer of sodium bichromate and basic chromium sulfate, and was the world's 4th largest manufacturer of chromic acid in 2014.

Moving forward towards becoming a center fulfilling the European market's need for basic chromium sulfate, liquid chromic acid and liquid bichromate, Cromital S.p.A., the Italy-based Group company, also commands an important place with respect to high value-added specialty chromium III chemicals. The only facility in Italy to have been granted a permit to treat and recover chromium wastewater produced by the metal plating industry, Cromital S.p.A. is able to recycle the chromium recovered in its production. In 2014, the Company boosted its sales of sodium bicarbonate to the leather and flue gas treatment industry, which it had commenced in 2013.

Being a major exporter of soda ash and chromium products to the EU, Soda Sanayii has largely completed its product registrations since 2010 in an effort to fulfill its obligations under the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) program, a highly important consideration for the European Union. In 2014, the formalities and procedures in the "lead registrant" category were brought to completion in the chromium chloride product, taking the number of the Company's registered products in chromium compounds to six. Soda Sanayii is the one and only company in the world to have chromium chloride registered within the scope of the REACH Regulation.

In the field of chromium chemicals, the Group took part in All China Leather Fair (Shanghai-China) and FIMEC Leather Fair (Novo Hamburgo-Brazil). The Company also took part in an advisory role in various symposia and meetings in Turkey, which were aimed at promoting and establishing the basic chromium

CHEMICALS GROUP COMBINED INDICATORS* (TRY m)		
	2013	2014
Revenue	1,769	1,952
International Sales	865	1,018
Gross Profit from Trading Activity	337	455
Operating Profit before Financial Expenses	238	421
Profit for the Year	219	390
EBITDA	354	542
Net Financial Debt	(82)	(401)
Equity	1,595	1,932
Total Assets	2,215	2,562
Investments	144	119
Number of Employees	2,943	2,760

*Including SS A.Ş., Cam Elyaf, Camiş Madencilik, Madencilik Sanayii ve Tic. A.Ş., Camiş Egypt Mining, Camiş Elektrik, and Vijenac.

SODA SANAYİİ CONSOLIDATED INDICATORS* (TRY m)		
	2013	2014
Revenue	1,404	1,607
International Sales	789	914
Gross Profit from Trading Activity	288	397
Operating Profit before Financial Expenses	237	423
Equity Holders of the Parent	206	384
EBITDA	326	516
Net Financial Debt	(34)	(341)
Equity	1,236	1,567
Total Assets	1,780	2,121
Investments	109	104
Number of Employees	1,680	1,550

*Including Soda Sanayii, Şişecam Bulgaria Ltd., Oxyvit Kimya, Şişecam Soda Lukavac, Dost Gaz Depolama, Asmaş, Cromital, Şişecam Chem Investment BV, and Solvay Şişecam Holding AG.

sulfate product that enabled tannery to be performed in an environmentally friendly way. The speed in which the technical work was carried went a long way to ensuring that customers accepted and used the new technology, which has transformed the process of leather production.

Holding all quality management certifications, Soda Sanayii obtained the ISO 10002 Customer Satisfaction Management System Certification in 2014, highlighting the importance it attaches to the customers it serves both in Turkey and abroad.

Chemicals Group investments of approximately USD 70 million in 2014

In 2014, the companies under the Chemicals Group continued with their modernization investments, particularly in the soda ash and chromium product groups, which were aimed at strengthening the facility performance, reducing energy costs and securing increased productivity to boost competitive capability.

Work on the calciner investment got underway in the Mersin Soda Plant with the aim of increasing the soda ash production capacity and securing energy optimization. The salt facility investments to meet the increased production capacity continued with alternative salt field exploration efforts in 2014. On the other hand, the Company obtained the TS-EN-ISO 50001 Energy Management System Certification, which stipulates efficient use of energy resources, while the Online Energy Monitoring System was established in the same period.

In line with the energy efficiency goals, the evaporator used in the production of the same type of Basic Chromium Sulfate was replaced. Efforts are underway to increase the capacity of the existing system in connection with the increased demand for high value-added chromium III chemicals.

In a culmination of the capacity increase projects realized in 2014 at the Şişecam Soda Lukavac Plant, the annual capacity of the plant increased to 440,000 tons by the end of the year. In addition, work continued on the boiler investment, which is targeted at increasing energy efficiency, reducing costs, and guaranteeing production in alignment with environmental legislation.

R&D activities of the Chemicals Group focused on high value-added new products

The R&D activities of the Chemicals Group are carried out in line with the targets of:

- improving the current processes involved in soda ash and chromium compounds manufacturing using low-cost technologies in an environmentally friendly manner,
- enriching the product portfolio with high value-added new products,
- increasing competitive strength through activities that will reduce costs and enhance productivity.

While research into the production of high value-added new products and activities for increasing productivity were carried out in the soda business in 2014, R&D activities continued with the aim of increasing productivity and the number of uses of the new tannery product in chromium chemicals. The activities concerning the chromium III product portfolio continued, and laboratory and pilot-scale studies were conducted for the manufacture of high value-added new products.

CAMIŞ MADENCİLİK

The Group's mining companies realized production and sales of 3.6 million tons in 2014.

Organized under the Chemicals Group, the mining companies meet the raw material requirements of the Group's glass, glass fiber and soda ash manufacturing facilities located both in and outside Turkey, with more than 600 employees. Benefiting from a broader product range as a result of the new processes devised, the mining companies continue to produce the necessary raw materials for the glass, ceramic, cement, silicate and solar glass industries.

The Group's mining companies, which have mines and raw material processing facilities in various parts of Turkey, Egypt and Bosnia & Herzegovina, realized production and sales of 3.6 million tons in 2014.

The Karabük Quartz Sand Processing Facility, which entered operation at the end of 2013, will double its capacity on completion of the investments to be realized in 2015, and the Group will manufacture quartz sand for non-glass industries, as well as the Group's glass plants.



Within the framework of the Group's growth strategies, Camiř Madencilik aims to take its product range forward with existing and new projects, and with value-added products.

CAM ELYAF

41% of its 2014 sales revenue from export markets

Cam Elyaf, in the Chemicals Group, serves wind turbine blades, inner/outer automotive parts, engineering plastics, marine products, industrial applications and the construction industry with mats, multi-end roving, single-end roving, chopped strands, woven roving and combined products that make up the basic inputs of the composites industry.

Cam Elyaf derived 41% of its 2014 sales revenue from export markets. The Company took part in the JEC Europe Composites Show held in France during 2014. Cam Elyaf aims to boost its sales of single-end roving product within the scope of projects that are being and will be approved in line with the government's efforts to provide support and additional incentives to domestic manufacturing.

OXYVIT

8% growth in total sales

Constantly expanding its share in the worldwide Vitamin K3 market, Oxyvit Kimya increased its sales by 8% YoY in 2014. Exports accounted for 93% of the total Vitamin K3 sales, with Europe being the primary destination. Efforts to expand market diversity will continue in 2015, with a particular target of raising sales in the Latin America region.

Sales of sodium metabisulfite, the Company's other product, grew on an annual basis, and approximately 65% of the production was sold to foreign countries. The number of the Company's customers and markets increased in 2014, with a focus on the European, North American and North African markets. Oxyvit participated in the industry's major trade fairs in 2014 including IPE-Atlanta (USA), Eurotier (Germany) and CPhI (China).



OUTLOOK FOR 2015 AND TARGETS FOR THE CHEMICALS GROUP

The tightness that was felt in the soda business in the world in 2015, particularly in Europe, and the resulting upward pressure on prices, is expected to persist throughout 2015. Demand for soda ash is anticipated to grow by 6% in Asia, the Indian sub-continent and Africa in 2015 on the back of the growth in the glass and detergent industries. These markets will be followed by Latin America and the Middle East, which have developing glass industries, and are expected to post 4-5% growth rates.

While a flat course is anticipated in the volume of the Western European market due to the effects of the stagnation in Europe, demand for soda ash is still expected to be buoyant, driven largely by the a strong performance in the Asian detergent industry.

In line with its growth target in the soda ash sector, the Group will maintain its efforts to expand capacity and step up work on projects to increase the weight of value-added products in its portfolio in 2015. In such a fiercely competitive environment, attention will once again focus on projects to bring about efficient cost management and energy efficiency in 2015.

The intense competition in the chromium products market is expected to continue in 2015, with the competitive environment potentially becoming even more challenging in the Euro Zone more than in other regions, due to the weakness of Euro. In line with the Group's growth vision in the chromium sector, plans are being put in place to expand the market and concentrate on strategic collaborations, while targeting higher sales income through optimal capacity usage.

In export markets, which have been diversified in recent years, priority will be given to emerging countries in particular, reinforcing the presence of the Chemicals Group in these markets. In keeping with its role and the responsibilities of being a global player, the chromium business will maintain its customer-focused approach in all sales and marketing activities. Another priority for the Group is the development of new products which rely on environmentally friendly technologies.

Mining subsidiaries, which sold more than 500,000 tons of raw materials to non-Group customers in 2014, aim to further increase this volume in 2015. Other plans for the year ahead include continuing with mining investments aimed at strengthening the Group's position as a reliable raw material supplier in Turkey and abroad.

RESEARCH AND TECHNOLOGICAL DEVELOPMENT

Through 2014 investments in the Science and Technology Center, the ratio of Şişecam Group's research and technological development expenditures to total sales has increased to 1.42%.

There is a rapid growth in societies' demands for fulfillment of their comfortable living expectations in accordance with economic scale and in an environmentally sensitive manner. Industries centered around glass and glass products globally contend to satisfy these demands with intensive research and technological development (R&TD) activities. The prominent R&TD topics that are recurring in every link of the industry's supply chain can be summed up as energy efficiency, productivity, environmental impact, creation of new innovative areas through expanded use of glass, and glass recycling technologies.

Having embraced these priority topics in its vision and mission ever since its incorporation in 1935, the Şişecam Group's target is to rank among the top three companies in the global glass industry league by 2020.

Headed towards this goal, Şişecam aims to keep up with the rapid progress in glass science and technology, and to be able to lead in selected aspects amid an ecosystem featuring an effective innovative process.

In the innovation process that starts with new ideas and inventions and leads to highly-competitive product and technology ownership, Şişecam laid the foundations for corporate R&TD in 1976. In 2014, the Group organized its corporate R&TD activities in the fields of glass and glass products under Turkey's best-equipped Science and Technology Center (STC) roof to compete globally.

Holding the international LEED GOLD certifications, the Science and Technology Center has an enclosed space of 9,400 sqm on a land of 15,000 sqm. The Center offers service out of 23 different specialized laboratories ranging from basic research to laboratory-scale pilot manufacturing trials. Re-registered as an R&D Center under the Law no. 5746 on Supporting R&D Activities, the Science and Technology Center has a team of 155 competent researchers, 35% of whom holds graduate degrees, and actively benefits from all exemptions, discounts, supports and incentives.

Cost and technology optimization-new products-new technologies

The Group carries out corporate R&TD activities through three coordinated layers in line with the regular meetings held with business groups and the outputs from focus group studies:

- Cost and technology optimization for existing product and production technologies,
- Product and production technologies in closely related within the core business areas of the Group,
- Product and production technologies in Şişecam's new business areas in the future

The R&TD activities conducted in 2014 have contributed to the cost reduction of 38 product/production technologies and infrastructure supplies; development of 44 new products and technologies in laboratory-scale; and commercial introduction of 10 product/production and analysis technologies developed in laboratory-scale. In addition, the projects and works carried out under the headings of reduction of energy consumed by glass melting furnaces, waste heat recovery, and reduction of emissions at source, as well as "best practices" resulting from the combination of new furnace designs, simulations, field implementations, and constant monitoring of furnaces have been spread across the Group by way of joint meetings and training modules.

Highlights of R&TD activities

In 2014, Research and Technological Development Division (R&TD) functioned as the project leader for the modeling, design, material procurement, erection supervision and start-up of the new furnaces installed at; Trakya Polatlı and Trakya Glass Rus, Trakya Glass Bulgaria plants of the Flat Glass Group; Posuda 3, Denizli 1 and Bulgaria A furnaces of the Glassware Group; and Anadolu Cam Mersin 10, Gorokhovets B and Mina no. 3 furnaces of the Glass Packaging Group. There was 50% increase as compared with 2013 in endoscopic, thermographic and similar measurement services aimed at the monitoring of furnaces, solution of problems encountered, and extending the useful lives of furnaces.

Within the scope of the international collaborative project CRAFTM (Carbon Reduction by Auxiliary Firing TEchnique for glass Melter), which is led by R&TD and co-executed with the Flat Glass Group and funded under the EU Framework Program FP-7, it has been established that there is potential for 1-2% reduction in energy and 15-20% in NOx based on the studies for NOx reduction and energy performance enhancement in TR4 furnace at Mersin Plant.

Design improvements were realized at float furnaces through up-to-date implementations, and 10% improvement in energy consumption was attained at furnace no. 7 at the TR Polatlı Plant with a capacity of 925 tons/day as compared with the Group's other furnaces.

In the “energy efficiency benchmark” study conducted by an independent research and development company, which covered more than 120 international glass packaging manufacturing furnaces, AC Yenisehir-D furnace ranked among the top 5 furnaces among its peers.

Funded under the EU LIFE+ Program, a separate project carried out at oxyfuel Bulgaria B furnace is aimed at securing 9% energy saving by way of preheating the oxygen and natural gas supplied to the furnace by making use of the energy from waste gases. Under this project, the work in relation to the deployment of primary and secondary heat exchangers was completed, and the procurement was initiated.

Technical audits, which were previously carried out in certain production groups with different contents, was revised to cover all glass manufacturing furnaces on the basis of groups at three-year intervals starting from 2014. The necessary procedure has been formulated accordingly. In 2014, this initiative was carried out at Flat Glass Group furnaces, which were then evaluated comparatively.

Focus groups were formed across the Company and studies were carried out in relation to development of new products/technologies identified in cooperation with the Groups, as well as to problem solving, and determination of the best operation practices.

The scope of the simulation works carried out at R&TD was expanded in order to respond to customer demands in automotive glass, to improve production processes, and to develop new competencies.

Bendable coating was developed for heated athermic, laminated windshields for cars, which acquired the performance capability expected by the automotive industry

Temperable low-e 70/50 performance product, which is compliant with the layer configuration of TRC Cool Plus 62/44T product, was included in the product portfolio of Bulgaria Coating Line in order to fulfill the Flat Glass Group's demand.

Furthermore, the coated product for architectural applications having a performance in the 70/40 range has been developed in the laboratory, and designed to be manufactured at the Bulgaria plant.

Besides new coated products, three new products offering different optical performances and colors were designed, manufactured, and supplied to the market for architectural and automotive applications through batch coloring

One of these products is the deep smoke-colored privacy glass designed for the automotive industry. All experimental work and furnace implementations were carried out, and a patent application was filed prior to manufacturing.

The other two products are in turquoise and azure colors for architectural applications. A patent application was filed also for the turquoise glass.

For Glassware applications, work was carried out on dichroic glasses which were produced through hand blowing. Moreover, new colors were created for forehearth coloring for

promotional products, and work continued regarding glasses of different properties, which are planned to be incorporated in manufacturing in 2015.

In 2014, 13 different shades were produced using forehearth coloring for the Glass Packaging Group for three different campaigns executed by Coca Cola, Carrefour and Pepsi Cola.

High value-added new product development activities were carried out with respect to glass fiber products, which make up intermediate products to the composites industry. Within this scope, a new product was developed for the automotive industry, and engineering service was furnished in the conversion of the Glass Fiber Furnace no. 3 to fully oxygen-fired system.

National and international collaborations and funded R&TD projects

Working in cooperation with 12 universities and research enterprises in 2014, R&TD conducted nationally funded collaborative projects with a budget of TRY 6.9 billion, and filed applications for four new projects. The projects carried out under international collaborations had a total budget of EUR 5.7 million. The new systems and analysis equipment externally funded under the projects served to strengthen the infrastructure of the Science and Technology Center.

Within the scope of the project supported by TEYDEB (Technology and Innovation Funding Programs Directorate) directed towards improving electrochromic window systems that dynamically control heat and light, a fully-equipped laboratory has been put into service, which possesses coating and measurement capabilities.

The gains from the international inorganic thermochromic-organic electrochromic project carried out with Washington University (U.S.A.) and in cooperation with TUBITAK-NSF were a triple co-sputter coating device that will blend different materials and add thermochromic feature, and the infrastructure that can measure optical changes under heat exposure.

A project is being carried out with the support of T.R. Ministry of Science, Industry and Technology and in cooperation with Harran University for the development of high electrical-conductivity and high optical-transmittance coatings, which is demanded by optoelectronic applications, using the sol-gel method that is a low-cost alternative to conventional methods. As a result of this project, a large-scale sol-gel coater was won for the STC. With the project executed with Akdeniz University under the same support program, coatings were developed for glass packaging products that are transparent and decrease UV transmittance from 70% to 30%.

With a project work funded under TUBITAK 1501, which aimed to coat bottles with nanocomposite SiO₂-TiO₂ and increase their mechanical resistance by 20%, a coating process was developed which increased the bottle's internal pressure values by 30% to 50%. A large-scale dip coater and nano-micro mechanical test equipment were obtained for the STC laboratories from the project budget.

Under the TEYDEB-funded project, the STC gained a laboratory-scale system for chemical vapor deposition at atmospheric pressure, a technology that Şişecam does not currently possess.



The project funded by the T.R. Ministry of Science, Industry and Technology and conducted in collaboration with GÜNAM (Middle East Technical University Center for Solar Energy Research and Applications) is aimed at applying the new generation nanoscale patterned glasses to photovoltaic solar cells, and the resulting technology will be introduced to the glass industry.

Another example for the collaboration between the industry and universities is a project conducted as a SanTeZ (Industrial Thesis) Project, the “Project for Improving the Surface Properties of Glass Molds Using the Electroless Ni-W-B Coating Method” was brought to completion in lab-scale. Thereafter, the pilot facility was transferred to Anadolu Cam Sanayii A.Ş. Yenişehir Plant for use in manufacturing and put into use.

In summary, the Turkish universities with which collaborative projects were carried out during 2014 are the following: Boğaziçi University, Middle East Technical University, Gazi University, İstanbul Technical University, Yıldız Technical University, İstanbul University, Hacettepe University, Akdeniz University, Eskişehir Anadolu University, Sakarya University, Harran University, Gebze Technical University, İzmir Institute of Technology, Süleyman Demirel University, Bilkent University, Koç University, Sabancı University, Özyeğin University. The research institutions included Arçelik, Roketsan, Aselsan, METU-GÜNAM, TUBITAK-MAM (Marmara Research Center), and Ankara University Ceramic Research Institute (SAM).

The Group's project partners overseas included laboratories of the following: Washington University (U.S.A.), Jena, Erlangen, Aachen Universities (Germany), Sheffield, South Wales Universities (U.K.), Sofia University (Bulgaria), Bucharest Polytechnic University (Romania), Trencin University (Slovakia), Glass Institute-Celsian (Holland), Fraunhofer Institute (Germany), Instituto de Cerámica y Vidrio (Spain), Stazione Sperimentale del Vetro (Italy), Gaz de France-R&D and SEFPRO-CREE R&D (France).

Within the scope of these collaborations a total of 16 projects were executed under national and international funding programs, and four project applications were made. Out of the 16 projects conducted, 12 were carried out under national fund programs (five TEYDEB 1511, one TEYDEB 1501, two ARDEB 1003, four SAN-TEZ), and four under international programs (one SOLAR-ERA.NET, one EU FP 7, one NSF, one EU LIFE+).

Intellectual capital

Patent preparation activities continued for new products that were developed in the laboratory and transferred to manufacturing, thereby contributing to the Company's future patent portfolio. During 2014, one European Patent application and two Turkish Patent applications have been granted. In addition to granted patents, two Turkish Patent and three PCT (Patent Cooperation Treaty) applications have been filed. An application has been filed for TUBITAK 1602 Patent Support Program and incentives have been obtained for five Turkish and three PCT patent applications.

Besides patent writing and applications, R&TD monitors the patents and technologies worldwide and shares them with the manufacturing groups.

Environmental sensitivity

Aiming to optimize the use of natural resources and to minimize the environmental impact of its manufacturing activities within the scope of its corporate environmental and energy strategy, Şişecam Group addresses the environmental performances of the Group Companies, and “monitors and improves” them through the activities of the Research and Technological Development Division.

Within the frame of the Flat Glass Group audit conducted in 2014, maintenance of domestic flat glass furnaces was carried out, flue gas emissions were measured, and pollution levels were evaluated in accordance with the national legislation. Pursuant to the loan agreement made with the IFC, 16 ambient air quality measurements were made in the facilities' impact areas in Trakya, Yenişehir and Mersin regions in order to monitor the impact of flat glass manufacturing activities. In addition to routine emission and air quality measurements, work was carried out to increase the current energy efficiency and to reduce pollution.

Building on know-how, skills, equipment, and capabilities

Simulations, furnace designs, implementations, and Research and Technological Development activities were carried out in order to increase the efficiency of quality and cost improvement in existing product and production technologies and analysis methods. The capabilities developed and/or strengthened during 2014 through these efforts included the following, among others:

- “chemical vapor deposition technology at atmospheric pressure” which can be used for all glass packaging products and some glassware products, as well as flat glass,



- methodology developed for characterizing the coating thicknesses of single and/or multi-layer fine films and optical properties of these coatings which will be effective in the selection of materials to be used in coated glass structures before product development attempts,
- know-how, experience and infrastructure for examining the mechanical properties of coatings using nano-indentation method and for customizing mechanical properties,
- In order to respond faster to demands from production groups, for determination of glass faults XRF mapping method has been implemented at the Regional Laboratories

Furthermore, the existing lab experience of the R&TD was shared with the production groups abroad; Trakya Glass Rus ZAO Flat Glass Plant laboratory was put into operation, and technical support was given to the Glass Packaging and Glassware groups' laboratories in Russia.

It was made sure that R&TD personnel working in assistant researcher and higher positions attended more than three events on the average in order to build on their competencies and skills through facilitating the participation in national and international events and to create cooperation potential. 23 papers and one poster were presented in national and international platforms. In addition, an article has been published in the internationally peer-reviewed Journal of Non-Crystalline Solids.

Uninterruptedly organized for 29 years, the Glass Symposium was held at Kadir Has University on November 7th 2014 with the theme "Glass and Value Adding Glass Coatings". The sessions were followed by 54 academics from 22 national and international universities and a total of 305 participants from research institutions and nine companies, as well as Şişecam employees.

The Group made appearances and set up booths in two national and international congresses and conferences that are related with its activities and strategies and within this context, Şişecam Sessions organized including six presentations at the Science and Applications of Thin Films Conference & Exhibition held in September in Çeşme, İzmir; five presentations at the 6th Balkan Conference on Glass Science & Technology and 18th Conference on Glass & Ceramics held in October in Nessebar, Bulgaria, and four presentations at the 9th SERES '14 - III. International Ceramic Glass Porcelain Enamel Glaze and Pigment Congress held in Eskişehir.

In conjunction with its memberships held on the Technical Committees of the International Commission on Glass (ICG), Şişecam hosted the TC 13 Environment Committee annual meeting in İstanbul on October 14th and 15th 2014. Attended by 16 people, the meeting's discussion topics included Current Practices and Changes under the EU Environmental Legislation, Treatment Technologies at Existing Facilities, Alternative Practices and Emission Measurement Techniques.

Glass science and technology education – securing the future

An educational document entitled "Glass Science and Technology" covering basic information for young engineers working at manufacturing companies has been purchased, together with all the rights of the document, from a foreign research institution. Intended to pass over Şişecam's knowledge and experience that make up its greatest asset to future generations so as to ensure sustainability, the document was translated into Turkish and adapted for training by a committee formed of R&TD experts. Organized in cooperation with the Training Department, the first edition of the Glass Technology Training held in 2014 was attended by 26 engineers with 1 to 5 years of experience and working in manufacturing, quality or maintenance units. The training program laid the foundations for the educational mobilization that will turn out to be the future's "Glass Academy". The training initiative, which will be developed also with the contributions of a team formed of retired R&TD experts, will incorporate education packages for different levels and themed training programs on different topics for non-glass industry employees and for those holding glass-related jobs.

A monitoring systematic was created for the furnace operation data for the purpose of extending the furnace life and of enhancing energy efficiency. Best operation practices have been determined in line with the data assessed by monitoring systems, and a Melting Workshop was organized whereby these best practices were deployed throughout the Company and the results were shared interactively with Şişecam furnace operating engineers.

R&TD experts authored four chapters of the Glass Industry Roadmap second edition published in 2014, which is a cooperative effort of the International Commission on Glass that steers the world glass industry and in which Şişecam takes part actively.

ENVIRONMENT AND ENERGY

The rapidly increasing negative effects of the global climate change strengthened the importance of Şişecam Group's targets in relation to its energy-saving products, as well as the energy and carbon-saving goals set in relation to manufacturing.

Environmental and Energy Policy

Recognizing that environment and energy-related matters make up a basic component of the Group's sustainable success, Şişecam Group carried on with its efforts and activities with the following motivations in 2014:

- Use manufacturing techniques with high environmental performance
- Develop energy efficiency projects to reduce carbon emissions resulting from energy consumption
- Expand waste recovery and recycling activities
- Consider alternative fuel and raw material options
- Focus on responsible energy and natural resource management
- Recover energy in every possible case

Develop process designs that decrease the environmental impact resulting from emissions.

The rapidly increasing negative effects of the global climate change strengthened the importance of Şişecam Group's targets in relation to its energy-saving products, as well as the energy and carbon-saving goals set in relation to manufacturing.

Energy-saving goals in relation to production:

- Increase energy efficiency in production,
- Increase the rate of recycled glass used as raw material to reduce process emissions resulting from glass production.

Energy-saving goals in relation to products:

- Expand the use of high value-added products that contribute to energy saving and thus, support the decreasing of energy consumption worldwide,
- Contribute to clean energy generation by manufacturing products, which are used in systems generating electricity from solar and wind energy.

2013 Sustainability Report

The Sustainability Report was prepared based on the Global Reporting Initiative (GRI) G4 Directive so as to cover Şişecam Group's operational activities carried out in Turkey in 2013 and 2014, served as a tool whereby Şişecam repeated its undertakings in relation to prioritize environmental performance topics towards its shareholders, suppliers, employees, customers and society. The report is accessible at the website of Şişecam (http://www.sisecam.com.tr/wp/wp-content/uploads/2014/06/sisecam_surdurulebilirlikraporu2013.pdf).

ENVIRONMENTAL AND ENERGY POLICY

Knowing that the sustainable growth, which we have placed in the main axis of our business, is only possible as long as we maintain the sustainable environmental and energy principles, we aim to:

- Use natural resources efficiently, increase recycling and recovery rates,
- Consider energy efficient and environmentally friendly technologies while creating all processes starting from the designing phase,
- Develop and implement energy efficiency projects that will have a positive impact on climate change,
- Purchase products, services and technologies that provide energy efficiency to support high performance designs,
- Perform our production activities by implementing Environment and Energy Management Systems

In this direction, we declare and undertake:

- To comply with environmental and energy related legal and other requirements in force,
- To continuously enhance and improve our environmental and energy performance,
- To take the necessary precautions to reduce or eliminate the negative environmental impacts of our activities,
- To review pre-determined objectives and targets periodically and to provide required resources to achieve these goals and objectives,
- To increase awareness by providing understanding and embracement of our policy by our shareholders.

Environmental Management System

Şişecam Group adheres to the Environmental Management System approach to monitor the environmental impact of its production activities, and to improve its performance with the support of its stakeholders. 90% of the Group's worldwide facilities hold ISO 14001 Environmental Management System certification.

While review of corporate environmental performance and coordination of necessary projects to improve the corporate performance are coordinated centrally, each production facility adopts a systematic approach to its operations to improve its own environmental performance in its respective field of activity.

At each plant of the Group, there is at least one environmental officer who is generally an environmental engineer, and reports to the plant manager. Environmental officers work in cooperation with Environment Committees formed by representatives of all production units of that plant. Environmental issues are monitored at all plants and action plans aligned with the procedures formulated under the Environmental Management Systems are implemented. Following periodic internal audits and sub-contractor audits, preventive and corrective action plans are developed and relevant topics are examined at the end of the year and improvement opportunities are evaluated.

Environmental Performance and Environmental Compliance

Achieving full compliance with the environmental laws and regulations of the countries in which it operates is a primary part of Şişecam Group's environmental approach. Within this context, all regulatory requirements are taken into consideration starting from the planning phase of activities, and all necessary investments are implemented. In 2014, investments at the Group's manufacturing companies for the operation of existing treatment and disposal systems and for waste disposal amounted to TRY 51 million, which was substantially spent on new treatment and disposal facilities.

Any development regarding the EU environmental legislation is followed up and opinions in relation to topics concerning the Group's manufacturing facilities are shared via memberships on related institutions and associations. Furthermore, Şişecam takes an active role in the environment commissions of sector-related NGOs at national (Istanbul Chamber of Industry, Union of Chambers and Commodity Exchanges of Turkey, Association of Turkish Construction Material Producers etc.) and international (Glass Alliance Europe, European Container Glass Federation, European Domestic Glass Committee etc.) level.

Waste Management

While all recyclable wastes resulting from processes are recycled through recycling facilities within the framework of the Group's approach in relation to sustainability and transparency, other wastes are disposed of at licensed facilities. In all markets it operates, Şişecam acts in compliance with the current legislation governing the recovery of packaging materials.

In 2014, 44% of the packaging materials that Şişecam Group companies supplied to the market in 2013 was collected and recovered, and more than 11,000 tons of paper, cardboard, plastic and composite packaging was recycled in total. For this purpose, TRY 554,000 in total is spent for educational, supportive and awareness activities aimed at students, as well as recycling projects carried out by authorized organizations that the Group made agreements with, namely ÇEVKO (Foundation for Environmental Protection and Reuse of Packaging Waste) and TÜKÇEV (Consumer and Environmental Education Foundation).

With the aim of producing efficient solutions for recycling glass, which is an infinitely recyclable material, Şişecam collaborated with its stakeholders also in 2014 and continued to support many projects. The Group's most comprehensive initiative is named "Cam Yeniden Cam (Glass and Glass Again)", which

aims to increase glass recycling rate in Turkey to 60% by 2020. Since 2011 which is the start date of the project, 437,100 tons of glass packaging was recovered in total, while 47% of total was recovered in 2014.

CDP (Carbon Disclosure Project)

Şişecam, responses to CDP, the world's most prominent initiatives to combat climate change, since 2011. Under this framework, the Group continued to disclose its strategies, risk-benefit analysis on energy, carbon emission and climate change, along with carbon emission amounts. Şişecam is the one of the 41 Turkish companies that have joined the initiative. The disclosure covers the Group's glass and non-glass manufacturing facilities in Turkey and glass manufacturing facilities in Bulgaria, and it has been rated at the highest level according to the score released by the CDP, expressing an excellent understanding and management of the issues related to climate change.

Energy Efficiency Projects

Processes that can be improved with respect to energy use are constantly reviewed at all the manufacturing facilities of the Group, which operates in energy-intensive industries. Accordingly, projects for the electric engines, compressors, lighting equipments, pumps and blowers were completed during 2014. All phases of the projects have been optimized and evaluated technically and economically by experts at Şişecam plants. Efficiency increase which will be attained through these projects is anticipated to be instrumental in significant energy saving from 2015 onwards. Upon introduction of the energy monitoring system, safer and more detailed information will be available based on the data that the system will get from the existing and new equipments.

The sustainable energy measurement and monitoring project will allow supervision and expansion of all energy systems at 15 plants of the Group to certain extents, and it is one of the largest projects of this kind in Turkey and in the world. The project is intended to be instrumental in establishing a standard model not just in terms of software, but also of plant infrastructure, while making the transition from manual measurements to a sustainable online measurement system. This will provide the opportunity to make comparisons and improvements, which are crucial for the implementation of strategic plans and minimization of energy costs.

The audits commenced in 2012 within the scope of the plan for determining the energy efficiency levels of the production facilities under the Group are being carried out by an independent audit company authorized by the Ministry of Energy and Natural Resources. Audits have been completed for 29 facilities in Turkey and for six facilities abroad, and aspects that will provide energy saving have been determined.

13 plants of Şişecam have ISO 50001 Energy Management System Certification, which forms the basis of energy efficiency efforts. Two plants are in certification phase, and certificates are anticipated to be received in the early months of 2015.

Potential capacity determined based on the projects conducted in relation to electricity generation from waste heat at the Group's manufacturing companies is around 17 MW. The first investment that was realized to capitalize on this capacity was put into operation at the Yenışehir Plant of Flat Glass Group, in 2012. Similar facilities are intended to be introduced at the Mersin and Bulgaria plants of Flat Glass Group, and Yenışehir Plant of Glass Packaging Group, in June 2015. In this way, it is targeted to utilize the entire potential capacity identified for Şişecam Group.

HUMAN RESOURCES



To Şişecam Group, the foundation stone of sustainable success is the highly qualified human resource that will expand the innovative corporate culture and will create value on a global scale.

Şişecam Group takes place among the world's leading industrial establishments with its activities carried out in 13 countries with 21,034 employees as at year-end 2014.

Organized under the Human Resources Division that develops and implements the HR policies and strategies supporting Şişecam Group's global vision, the Human Resources Department carries out its activities with the main objectives of recruiting and retaining the human resource that:

- is innovative, learns collectively, and propagates the corporate culture for the Group's sustainable success,
- creates value on a global scale.

Şişecam Group observes equality of opportunity in all human resources practices such as recruitment, remuneration, performance management, career management, training and development.

Şişecam Group does not discriminate on any grounds, including, but not limited to, race, color, sex, religion, marital status, age, sexual orientation, philosophical or political affiliation, ethnicity, and/or health condition.

The Group reviewed the Human Resources Systems and regulated responsibilities in relation to all employees within the scope of Corporate Sustainability and Ethical Codes.

Recruitment Systems

The powerful image of Şişecam is reflected while reaching new graduates and professionals, and various activities are organized to build on the employer's brand awareness. In today's world where competition increased and the recruitment system turned into talent hunting, swift and effective initiatives are carried out to introduce the systems that are compatible with the constantly changing structures of generations.

Performance Management

Implemented to propagate success-driven performance culture, support transformation of individual success into corporate success, and ensure organizational integrity, the Performance Management System runs in integration with Şişecam Group's vision, mission and strategies.

Launched by the Group in 2010, the Balanced Scorecard implementation cascades down strategic goals to personal goals, and success-driven performance culture is constantly supported as a critical step. The Performance Management System is based on supporting the employees, so that the value created by an employee serves to the organization's sustainable success. The Performance Management System at Şişecam is constantly improved to obtain human-centric, swift and reliable results both for the employees and for the managers.

The Performance Management System runs in integration with other HR functions such as career management, training and development management, remuneration and rewarding, and talent management. All these systems are operated with the goal of creating value for the employees and the organization.

Performance management at Şişecam is carried out based on a technological infrastructure that allows objective self-assessment and line manager's assessment of the employee, and ensures confidentiality, thus avoiding discrimination and disregarding any differentiation among employees other than performance and competence levels.

Career Development

Şişecam Group regards each existing and future employee as an asset, and structures its career management practices based on this approach. Şişecam Group presents all employees with the opportunity to build on their careers, plan their organizational and personal needs beforehand so as to advance and be promoted, without discriminating in any manner. With the Career Development Module, individuals' expectations and the organization's needs are discussed in annual career committee meetings; career maps, career and succession plans are prepared in the light of data obtained from the Performance Management System. At Şişecam Group, career management is brought to life on a technological infrastructure similar to that of the Performance Management System. Development

planning activities for the employees and their respective line managers are in a format that is easily accessible and traceable. In addition to the existing system, competency analyses are made and employees are offered development plans within the frame of Evaluation and Development Center practices, in which blue collar and white collar employees can take part.

Core Values

The core values of Şişecam Group are spelled out as follows in keeping with the goal of being among the world's top three glass manufacturers by 2020:

- We derive our strength from our traditions and support each another.
- We thrive and develop together.
- We care for our environment.
- We exhibit a fair and transparent approach to management.
- We respect differences.

Within the scope of the activities aimed at disseminating the values to large audiences, "We Are Part of the Şişecam Family" workshops were organized in and out of Turkey in 2014.

Employee Motivation, Recognition, Appreciation and Rewarding

Revisions were made to practices and systems in place at Şişecam, which recognize and reward the employees' projects, opinions and business conduct. The Proposal Development System, whereby employees share their ideas and projects that can add value to, and leverage, the Company, has become a platform that is frequently used by the employees. With the Seniority Incentive Awards held every year, we get together with employees who have served the Group for a long time, and they are rewarded depending on their seniority.

In 2014, Şişecam Social Activities Club was launched for ensuring that employees' time at the work place is enjoyable, for improving communication, sharing and synergetic environments, and for turning employee happiness into productivity. Within this frame, various activities and projects were realized with the support of volunteer employees from trips to theater plays, from office parties to tournaments, and from aid campaigns to discount deals.

Employee Engagement Survey was introduced for the first time in 2013, which is planned to be held biennially to identify the activities that will enhance Group employees' loyalty, sense of belonging, and satisfaction, and to take necessary steps accordingly. Action plans created in 2014 based on the results from the questionnaire were prioritized according to budget and timing. Furthermore, the Pulse Survey, which is intended to be conducted annually, was implemented for the first time in December 2014.

Total Reward System

Şişecam Group embraced a competitive remuneration policy, which is aimed at attracting the needed human resource on one hand, while maintaining a high level of loyalty from its existing employees so as to create a positive and competitive working environment on the other hand. The Group's remuneration management system pays regard to elements such as the salary market, existing product structure and affordability, individual performance and job level.

Şişecam Group offers the following to its employees:

- A state of the art, rewarding and competitive remuneration package,
- Flexible and sustainable fringe benefits designed according to needs and expectations,
- A social structure that observes a balance between work and personal life,
- A productive, collectively fostered working environment open to communication
- Deep-rooted and innovative development and career opportunities targeting global leadership.

TRAINING AND DEVELOPMENT PROGRAMS

Şişecam Group implements training and development programs aiming to contribute to individuals' development in line with the corporate vision and strategic goals of the HR.

Domestic and international training, learning and development activities continued in 2014 in order to promote an innovative and learning corporate culture, to equip employees with knowledge about advancing technology and novelties in their respective professions, to help them build on their business conduct, and to improve corporate and job family competencies.

In addition to those, training programs that will support the employees' computer skills were also carried on, as well as compulsory, legal training such as occupational health and safety and first aid certification programs.

The Group's Internal Trainer Certification Program continued to capitalize on intellectual knowledge available within the organization, and the number of training programs offered by certified internal trainers was increased. Transition to e-learning applications, which move education, learning and development activities beyond classroom sessions and facilitate attendance, enriched training and learning tools and gave easier access to information.

In cooperation with the Research and Technological Development Division (R&TDD), and with the support of R&D expert directors and specialists, CelSian-NCNG MBO Glascursus, a resource about glass that represents the Group's main field of activity, was translated into Turkish, and a training document entitled "Glass Science and Technology for Engineers" was prepared which incorporates the practices in Turkey. Based on this document, Glass Science and Technology training was developed for engineers that recently joined the Group, which was offered by internal trainers having expertise in the topic.

Actively taking part in overseas training and development activities, the Group also carried out different programs given by trainers invited from foreign countries, which included the following:

- The General Management Program of Harvard Business School,
- SCOR training, which is the Supply Chain Management model of the Supply Chain Council (SCC-APICS),
- Glass training programs of the American Glass Research (AGR),
- Summer School and other activities organized in relation to glass by the International Commission on Glass (ICG),
- Training and development activities such as the Society for Human Resource Management (SHRM) Annual Conference and Exposition.

At Şişecam Group, industrial relations are handled within the frame of the policies that are developed in a sound and balanced manner with the objective of enhancing competitiveness and productivity.

Industrial relations at Şişecam Group are carried out with 10 related trade unions in three business lines, which are coordinated by the Group's Industrial Relations Directorate under the Human Resources Division.

The Group's Industrial Relations Vision:

- To enhance competitiveness and productivity by developing industrial relations in a balanced and sound manner, in accordance with the Group's policies
- To preserve labor peace based on trust and dialogue in workplaces, by working with the trade unions,
- To conduct projects aimed at making occupational health and safety more efficient in accordance with the "People First" philosophy.

Collective Bargaining Agreements

Across the Group, six collective bargaining agreements have been concluded domestically, which include one group collective bargaining agreement covering ten factories, and agreements with two establishments and three workplaces. The agreements on the international front included the following: establishment agreement covering four workplaces in Bulgaria, workplace agreement covering the Posuda Plant in Russia; workplace agreement covering the Glascorp Plant in Romania, and workplace agreement covering the Soda Lukavac Plant in Bosnia & Herzegovina. Negotiations on renewing expired collective bargaining agreements of terms varying between one to three years were commenced in late 2013 and early 2014, and concluded in favor of Şişecam Group.

In 2014;

- As a result of the negotiations on the 16th Term Workplace Collective Labor Agreement with T. Çimse İş Trade Union for Denizli Cam San. A.Ş., mutual agreement was reached on 29 April 2014, and the Collective Labor Agreement was executed. The Agreement will remain in force for three years from 01 January 2014 until 31 December 2016.
- As a result of the negotiations on the 16th Term Establishment Collective Bargaining Agreement for the period from 01 January 2014 until 31 December 2015 with Petrol-İş Trade Union for Soda and Kromsan Plants affiliated to Soda San. A.Ş., mutual agreement was reached on 12 August 2014, and the Collective Labor Agreement was executed.
- As a result of the negotiations on the 24th Term Group Collective Bargaining Agreement with Kristal-İş Trade Union for 10 workplaces affiliated to Şişecam Group, an agreement was executed on 28 August 2014. The agreement will remain in force for three years from 01 January 2014 until 31 December 2016.
- As a result of the negotiations on the 1st Term Collective Bargaining Agreement with Kristal-İş Trade Union for Trakya Polatlı Cam San. A.Ş., the agreement was executed on 03 December 2014. The agreement will remain in force for three years from 01 January 2014 until 31 December 2016.
- Expired collective bargaining agreements for the Group's workplaces abroad have been renewed as a result of the negotiations, which were held paying due regard to the characteristics of the respective countries and the interests of the Group.

Within this framework, in 2014, Collective Bargaining Agreements were executed on:

- 01 May 2014 covering the period 01 January 2014-31 December 2014 for Posuda Ltd. Plant with Proofkom Trade Union;
- 13 June 2014 covering the period 01 July 2014-30 June 2015 for Trakya Glass Bulgaria EAD with Podkrepa Trade Union;



- 19 December 2014 covering the period 01 October 2014-31 December 2016 for SC Glasscorp SA in Romania with Glasscorp Trade Union;
- 16 December 2014 covering the period 01 January 2015-31 December 2015 for Soda Lukavac Plant in Bosnia and Herzegovina with Non-Metal Trade Union.
- The term of the Collective Bargaining Agreement in force at Camiř Ambalaj San. A.ř. expired on 31 December 2014, and the negotiations for the 14th Term Collective Bargaining Agreement began with the meeting held on 29 December 2014.

Legislation and Coordination Activities

Related units were informed on the regulatory changes in relation to labor law and occupational health and safety in 2014 in meetings coordinated by the Industrial Relations Department, as was the case in previous years. At the coordination meetings held, the developments in industrial relations and the problems in practice were addressed, information was exchanged, and uniformity of practices was secured across the Group.

The Group continued to offer explanations and submit opinions regarding laws, regulations, and implementations of the provisions of collective bargaining agreements at workplaces in 2014.

The Industrial Relations Directorate provided training to Plant Managers of enterprises in Turkey and their HR Directors regarding the implementation of collective bargaining agreements, and assessments were made regarding the matters affecting the status and operation of workplaces.

During 2014, the řiřecam Group held dialogue meetings with trade unions in order to ensure continued labor peace at workplaces.

OCCUPATIONAL HEALTH AND SAFETY

Offering efficient guidance on healthy and safe working environments is a matter of priority for the Şişecam Group.

With its previous revision having taken place in 2010, the Occupational Health and Safety Policy was revised in 2014, and it was published for use at all domestic and overseas workplaces of Şişecam.

OCCUPATIONAL HEALTH AND SAFETY PRACTICES (OHS)

In 2014, OHS measurement and monitoring activities were carried out at the following plants of Türkiye Şişe ve Cam Fabrikaları A.Ş.:

- Camiş Ambalaj San. A.Ş. Eskişehir Plant, Camiş Ambalaj San. A.Ş. Tuzla Plant, Paşabahçe Cam San. ve Tic. A.Ş. Tuzla Campus and Paşabahçe Stores Tuzla Warehouses affiliated to the Glassware Group,
- Anadolu Cam Eskişehir San A.Ş. Eskişehir Plant, Anadolu Cam San A.Ş. Mersin Plant affiliated to the Glass Packaging Group,
- Trakya Yenişehir Cam San. A.Ş. Yenişehir Plant, Trakya Cam San. A.Ş. Trakya Plant, Autoglass Plant and Polatlı Plant affiliated to the Flat Glass Group,
- Oxyvit Kimya Sanayii ve Ticaret A.Ş., Camiş Madencilik A.Ş. Karabük Facility, Trakya Grinding Facility, Mersin OIS Limestone Dolomite Processing Facility, Yalıköy Sand Processing Facilities affiliated to the Chemicals Group.

The resulting reports were shared with the Risk Management Division, Internal Audit Division, and related HR Departments.

Occupational Health and Safety Training and Coordination Activities

During 2014, all Şişecam A.Ş. and affiliated group employees working at İş Towers building received Basic Occupational Health and Safety Training, which was coordinated by the Industrial Relations Department. Also First Aid Teams were set up, which were made up of İş Towers and Information and Technology Center employees, who were provided with Basic First Aid Training. All OHS specialists working at the Group received Energy Isolation, Lock Out/Tag Out (LOTO) Systems Training. Initiated in 2013, Behavior-Oriented Occupational Health and Safety training was given to middle managers who are working all production plants in Şişecam, and efforts aimed at building on the OHS culture continued.

Project team members gave user training at the head office and at the plants in relation to the Occupational Accidents Analysis and Corrective/Preventive Action Tracking System, which was prepared in 2013 and to be used by end user starting from January 2014. Having gone live, the system was improved in line with the feedback received, and started to be used actively and efficiently. In line with the modified occupational accidents analysis system, the annual Occupational Health and Safety Rewarding system was revised in view of occupational accident frequency, occupational accident severity and the best practices regarding occupational health and safety at plants.

Following suit of 2013, activities were organized at Şişecam plants which in Mersin during the National Occupational Health and Safety Week in May. The theater play themed occupational health and safety, which was specific to Şişecam culture and glass manufacturing, was staged starting from the national occupational health and safety week, and later in the year at the Group's plants.

In addition to those, plays about OHS and Personal Protective Equipment (PPE) were put on stage, which encouraged the use of personal protective equipment and prizes were distributed to motivate the employees.



A painting competition was organized for the children of the Group blue collar employees in a bid to point out that occupational health and safety culture is applicable not only to workplace but to life in general, and to propagate this culture socially.

A committee made up of occupational safety specialists working at Şişecam A.Ş. head office and affiliated groups was set up to prepare an OHS handbook, which will be used at Şişecam workplaces. Addressing basic occupational health and safety topics and regulatory requirements so as to cover all production and working areas, the handbook was printed by early January 2015 and started to be handed out to employees with in 2015.

OCCUPATIONAL HEALTH AND SAFETY POLICY

We aim to achieve every stage of our operations in a safe and healthy working environment. In line with this objective, as a part of our responsibility to create healthy individuals as well as manpower, we adopt strategies

- To prevent occupational accidents and occupational diseases by determining the necessary measures to implement and be implemented.

- To make risk assessments by the participation the employees and to reach the acceptable risk levels,
- To use the safe equipment and appropriate technologies for a healthy and safe working environment,
- To ensure the participation of our stakeholders each level of the organization in the improvement of occupational health and safety practices,
- To constitute Occupational Health and Safety culture and turn it into a lifestyle.

In this direction, we declare and undertake

- To meet the relevant standards and requirements in the field of legal obligations for Occupational Health and Safety,
- To increase our performance and our processes with a proactive approach on the continuous improvement on Occupational Health and Safety,
- To continue improving the education and activities of our employees and sub-contractors / suppliers to their employees, visitors, interns for adopting the principles of OHSAS.

INFORMATION AND COMMUNICATION TECHNOLOGIES

Şişecam Information and Communication Technologies provides sustainable, innovative, agile, flexible, cost and customer oriented services aligned with the Groups' strategies and business goals.

Şişecam ICT contributes to the profitable and rapid growth of the companies that constitute the Şişecam Group as a solution partner with the high-quality, innovative, sustainable and economic services and solutions. Şişecam ICT continues to provide high value-added services focused on business goals and strategies in 2014 fiscal year.

Şişecam ICT develops and implements policies, standards and processes in compliance with the Group's Business Transformation Programs. Accordingly, the targets are set as follows:

- Ensure that new IT investments contribute to the Group's integration processes through IT infrastructure and standardization projects,
- Conduct process improvement projects and secure operational efficiency,
- Increase market, customer and product management efficiency through production planning and scheduling, capacity and business planning (annual budget) projects,
- Make rapid and effective operational decisions and support strategy development through Business Analytics projects,
- Align IT services and solutions with corporate and national regulations; ensure the continuity and sustainability of these environments,
- Offer services that are based on customer expectations, fields of activity and technological advancements through customer- and process-oriented approaches, that respond to flexible work process expectations, that feature measurable service levels, and that are constantly upgraded,
- Offer high-quality and rapid solutions that will provide cost advantage to the needs of business units by following up the advancements in technology and developing human resources.

KEY PROJECTS IN 2014

IT Infrastructure and Standardization Projects for New Investments

The IT infrastructures were installed with the standards at Cromital, the Chemicals Group's investment in Italy, and at the Flat Glass Group's investments in Tatarstan and Romania. Based on mandatory local regulations and legislations, all processes of the companies were migrated to the ERP environment, and manufacturing activities then launched.

The HR Project was realized for the Ruscam Group Companies, CEE Posuda Ltd. Company and affiliated offices in the Russian Federation to cover the Group's overseas companies under the central HR application standards. The new application was aligned with the central management and local legislations, and was ensured to run on an up-to-date, flexible software platform and in integration with corporate information systems.

Process Development Projects

For the purpose of making the work flows of the processes at the Group more efficient, more productive, more capable and more adjustable to the constantly evolving environment, systematic approaches began to be adapted, which are backed with IT technology infrastructures. The work processes addressed for this purpose are as follows:

IT technology infrastructure was started with the adoption of a systematic approach that provides process workflow to be more effective, more efficient, more capable and adaptive to a constantly changing environment throughout the Group. Business processes addressed are as follows:

Domestic corporate correspondence system was set up at the Group, which moved official correspondence and communication processes to the electronic environment. The application brings efficiency, productivity, traceability, cost-saving and the ability to create a corporate archive. The aim

is to carry out internal communication through information technologies, and to transform the corporate culture as necessary for this business approach.

The Call Center and Quality Management Processes that belong to the Group's Research and Technological Development were migrated to the digital environment, thereby enabling corporate memory, and analysis and monitoring of workload, time and cost parameters.

Pursuant to the Service of Notices Regulation no. 7201, KEP (Registered E-Mail) addresses and e-signatures were provided for those companies that are obliged to do so, and the platform was readied for various requirements such as official correspondences with other commercial establishments, warnings and official notices.

The packaging process used at the central warehouse for Paşabahçe Stores was supported with the appropriate infrastructure so as to increase business productivity. Accordingly, weight checking is performed while packing the products, which prevents material errors and secures saving from resources allocated for this purpose.

Planning and Scheduling Projects

Focusing on solutions which are targeted at improving the planning processes across the Group, developing production planning and scheduling systems that will contribute to the organization's competitive strength, ensuring operational efficiency of resources in medium and short term, enhancing delivery performance and customer satisfaction, and reducing production and inventory costs.

Within this scope, short term production planning and scheduling system has been installed for Trakya Automotive Glass, Bulgaria Automotive Glass and Bulgaria Processed Glass plants that are under the Flat Glass Group organization.

The capacity planning and budgeting solution used at the float glasses product group of the Flat Glass Group was upgraded; new functions were added to the software, and integrated into ERP and business planning system.

Group's standard Budget and Business Planning application was rolled out to Flat Glass operations that allowed preparation of annual and monthly budgets and work plans; execution, tracking, revision of all business plans in integration with ERP components, and creating of financial and logistics reports in comparisons with the actuals.

Business Analytics Projects

The "Supply Chain Cockpit" application was developed, through which results are reached in relation to cost and performance analysis regarding transportation operations performed by the Group's logistics units, thereby creating the necessary infrastructure for analyzing the logistics processes on the basis of groups, companies, and production locations.

The "Management Cockpit" application, which provides a visual presentation of business analytics that directly impact the

Groups' decision-making mechanisms regarding financial and logistics operational results, was updated, and vested in mobile capability. The main headings covered in this application are as follows: financial, sales, inventory, cost, customer debts, and profitability analysis.

IT Service Development Projects

The IT Project and Portfolio Management Environment has been launched for the purpose of enabling more efficient management of IT projects executed across the Group starting from the idea and demand phases. The other objectives of the project include rendering project management traceable and measurable, and enhancing the quality of services offered.

The Availability Management Process went live, which constantly monitors and reports on the accessibility of critical IT services used by the Group companies in the performance of their primary operations, such as ERP, email and merchandising system. In addition, the Capacity and Performance Management Process was introduced for efficient planning, operation and maintenance of services.

Technological Development Projects

Network Tracking and Reporting System has been installed, which monitors, records and reports on the two-way traffic data between Şişecam's domestic and overseas establishments and İş Tower 3 Data Center, and on the corporate application performance; the system, in turn, allows faster and more efficient results when responding to performance problems.

A Call Center Telephone System incorporating integrated call center, IVR and sound recording applications was set up with the objective of better monitoring, measuring and recording the performance of the IT Help Desk Unit, which receives the user problems and requests regarding IT services. The scope of the service was expanded to cover the Group's overseas companies.

With the Security Camera Surveillance and Recording Systems set up throughout the Group, environments are monitored for physical security, occupational health and safety purposes, and necessary measures are adopted as and when necessary.

CORPORATE SOCIAL RESPONSIBILITY

Şişecam Group continues to carry out projects that contribute to the community in the fields of culture and the arts, education, environment and sports.

CONTRIBUTION TO CULTURAL VALUES

Antique Glass Works Collection

Şişecam's collection of 527 antique glass works, collected as a culmination of a lengthy and diligent effort to preserve cultural values, is registered with the Istanbul Archeological Museums. The collection is on display in a special hall in the Şişecam head office building. The Glass Hall of the Bodrum Museum of Underwater Archeology was opened in 1985 to visitors from around the world, under the sponsorship and patronage of Şişecam.

History-Culture-Glass Collections

As part of Şişecam Group's mission to preserve and pass on our cultural heritage to future generations, the first of the History-Culture-Glass collections reflecting the historical and cultural background of Anatolia through glass artworks was presented in 1999. A total of 414 limited edition items of artistic value have been produced under the glass collections so far. 2013 marked the addition of the Zevk-i Selim Collection to the series, which previously covered 11 collections - Ottoman, Islamic Glass, Çeşm-i Bülbül (Nightingale's Eye), Mosaics, Beykoz, Anatolian Civilizations, Blue and White on Glass, Words of Art on Glass, Patience and Reconciliation, Alliance of Civilizations, Mystery of 7, Ashura, Istanbul and the Talking Coins.

Serçe Harbour Glass Wreck Documentary

Within the framework of Şişecam Group's vision of sustainable growth and the importance it attaches to environmental values, the "Glass and Glass Again" documentary was broadcast in 2014, which provides an account of the discovery of the Serçe Harbour Glass Wreck that presents critical finds with respect to underwater archeology, glass manufacturing and recycling.

The Serçe Harbour Shipwreck was excavated by a team of Turks and Americans led by Prof. George Bass known as the father of underwater archeology at Serçe Harbour near Marmaris 35 years ago, and the finds included two tons of broken glass

nuggets and about one tonne of broken glass, as well as glass items.

Known around the world as Glass Wreck, the ship is regarded as one of the world's most important wrecks both due to its load and the substantial part of its body that survived until today.

The sunken ship and its contents are on display in the Bodrum Museum of Underwater Archeology under the care of Şişecam since 1985. The documentary, "Glass and Glass Again", is intended to tell the story of the Glass Wreck and the unlimited recyclability of glass to broader audiences.

CONTRIBUTION TO EDUCATION AND TRAINING LEARNING

Şişecam provides Education Incentive Scholarship to its employees and their children who are in education. The scholarships made available TRY 3,286,422 of funds within this scope in 2014.

In the 2013-2014 academic year, the Trakya Plant covered the transportation and lunch expenses of 73 students attending the primary school with five classrooms located within the Şişecam Thrace Region Glass Industry Housing Site.

Under the Vocational Education Law no. 3308, 3-year apprenticeship education is being offered at the Denizli Glass Plant since 1990. The plant currently provides education to 142 students aged between 16 and 21, who are trained in accordance with the master/apprentice tradition and who receive theoretical and practical information from foremen, masters, and master instructors.

Extending support to the "Project for Improving Vocational Education" carried out by the Governor's Office of Mersin, Şişecam has constructed the Industrial Vocational High School with the aim of educating a greater number of young people in a vocation. Located in the Tarsus Organized Industrial Site in Mersin, and comprising of 24 classrooms and one workshop, the high school was donated to the Ministry of National Education. The high school began offering education and training in September 2014.



CONTRIBUTION TO ENVIRONMENTAL VALUES

Forestation

Areas between of 5,000 to 10,000 square meters within the sites of Şişecam plants are allocated to forestation, and Şişecam Memorial Forests are brought to life in all regions where Şişecam have operations. Cami Madencilik A.Ş. boasts a Şişecam Memorial Forest that has reached 368 decares in a culmination of forestation efforts initiated in 2000 in the Yalıköy area, where its pit and facilities are located.

Tree planting activities initiated in 2006 by Soda Sanayii A.Ş. in the Mersin region are organized annually for the purpose of determining forest sites and planting trees in these sites. As a result of the efforts taken in this framework, the families of current and retired employees planted nearly 3,000 saplings in 2014.

Thanks to the sapling planting activities launched in the Cankurtaran region, Denizli Cam Sanayii ve Ticaret A.Ş. created a mini forest with grown trees on an area of three decares. In addition, approximately 6,000 trees and saplings have been planted in the plant site, 50% of which is covered in greens.

Project for the Protection of the Kazanlı Sea Turtle Population

Endangered sea turtles have been known to be using the beach in a district of the Mersin province as an egg-laying site for hundreds of years.

Launched in 2007 by Soda Sanayii A.Ş., the Kazanlı Project has proven instrumental in the preservation of the endangered “Caretta Caretta” and “Chelonia Mydas” sea turtle species and their nesting areas, while raising awareness of this issue among the local population. The project is intended to provide a social contribution and benefit to the socio-cultural and socio-economic life in the region through eco-tourism, that may be generated by the presence of the endangered sea turtles in the region.

The greatest contribution to the “Kazanlı Sea Turtles Project” has come from young volunteers and students of the Biology Department of Mersin University. Besides these young volunteers who have taken part in the development of the project, meetings are organized to encourage active participation of new volunteers in the initiative. In 2014, the oscillation that needed to be observed in the total number of sea turtle nests continued, and the number of nests increased consistently.



CONTRIBUTION TO ENVIRONMENTAL VALUES

Project “Glass and Glass Again”

Launched in 2011 by Anadolu Cam in cooperation with the ÇEVKO Foundation and local administrations, the project “Glass and Glass Again” is one of the most comprehensive sustainability and social responsibility initiatives in Turkey. Aiming to change social behavior and support the move towards a recycling society, the project is carried out with the primary objectives of;

- Raising awareness of glass packaging recycling and helping build an informed community,
- Improving the collection infrastructure for glass packaging waste,
- Modernizing the glass packaging waste collection and processing facilities, and separating glass packaging waste co-mingled with household waste before landfilling.

Between 2011 to 2014, classes in glass recycling were provided to 163,000 primary school students, 8,900 glass recycling containers were donated and 437,100 tons of glass packaging waste was recycled under the project. This resulting reduction in carbon emission was equal to that of removing 157,000 cars off the roads, and the energy saved thanks to recycling reached

a level that would cover the heating and hot water needs of 18,000 households. In addition, cooperation was established with 94 district municipalities in 13 provinces, and support was extended to raise awareness among society, improving collection infrastructure and modernizing glass recycling facilities.

During 2014, a total of 3,750 glass recycling containers were donated to selected districts in İstanbul, Ankara, İzmir, Mersin, Denizli, Muğla, Kocaeli, Edirne, Kırklareli, Manisa, Aydın, Adana and Tekirdağ. Of these, 2,900 had a 900 liter capacity and 850 had a capacity of 1,200 liters. Furthermore, one glass collection vehicle was donated to each of the Beyoğlu, Şişli and Marmaris Municipalities, which offer high potential for collecting glass waste, and one to the Zeytinburnu Municipality. Bottle banks are being built for use in restaurants and hotels which heavily consume glass and which are located within the borders of the municipalities with which there are agreements; the bottle banks are supplied to the consumption points that require them. During the reporting period, these bottle banks were set up at heavily-visited locations such as shopping malls, streets, squares in various cities, and activities aimed at raising awareness of recycling were carried out, during which mascots and presents were given away.



CONTRIBUTION TO SPORT

Şişecam Çayırova Sports Club

The Çayırova Sports Club, which was founded by Şişecam under the name of Çayırova Sailing Sports Club, commenced operations at Çayırova Sports Facilities in 1982 with the objective of attracting young people into sport and contributing to the physical and moral development of the youth through sports. The Club obtained federated club status from the General Directorate of Youth and Sport in 1984.

With a team of approximately 100 athletes and managers, the Club serves young athletes and those striving to be athletes in the disciplines of sailing, rowing and canoeing, and trains national athletes who have achieved successful results in various branches.

Rowing

The Şişecam Çayırova Sports Club women's rowing team ranked third in the 2014 Adults Turkey Championships. The Club also claimed the team championship in the Junior Girls' category, second spot in the Young Women's and Little Girls' categories, and the third place in the Junior Men's category in the Turkish Youth Championships. In the Turkey Cup races, the Club's rowers took first place in the Junior Girls' category and the second place in the Young Women's and Junior Men's categories. The Club was placed fourth in the Junior Girls' category at the Balkan Championships.

Sailing

The Club's four Optimist and four Laser sailors obtained ranking scores in the 1st Regional Cup Sailing Races and qualified to participate in the Ministry of Youth and Sports Championship Finals. In the 2nd Regional Cup Races, four sailors earned ranking points and took part in the Federation Cup Championship Finals, while one sailor ranked second in this respective category and won the silver medal. Our athletes notched up a major achievement by claiming the championship in the U23 category in the 2014 Pirat Turkey Championships.

Canoeing

During the Spring Cup Calm Water Canoeing Races, our canoeists claimed two first places in the young women's category, a third place in the women's, and third place in the little women's categories, thus capturing the second place trophy in the young women's event. The athletes won the championship trophy in the Canoe Ocean Racing Spring Cup.

At the Calm Water Canoeing Turkey Championships, the athletes won six second spots and five third spots.

At the Canoe Ocean Racing Turkey Championships Races, the athletes won the Turkey championship. At the International Race De Pas Calais races held in France, one athlete on the Turkish National Team ranked first, third and fourth in various categories.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

Operating in an intensively competitive environment, the Şişecam Group implements efficient risk management and internal audit processes in order to provide adequate risk assurance to its stakeholders.

The global crisis that has been ongoing since 2008, coupled with the geopolitical risks that have become tangible in geographies where we operate, promoted the environment of uncertainty to its highest extent.

This uncertainty environment, combined with the competition that got fiercer with the efforts to get a share from contracting markets, increasing customer expectations, tightened regulatory requirements and developments in corporate governance, added to the sensitivity of risk perceptions of all stakeholders, which led to a stricter questioning of the efficiency of risk management and internal audit processes during 2014. Risk Management and Internal Audit functions at the Group were separated and organized under distinct divisions in order to ensure that these two topics, which make up the key components of Corporate Governance, are managed with greater concentration.

Under this structure, our Group handles existing and potential risks with a proactive approach and carries out audit activities with a “risk-based” perspective.

At the Şişecam Group, risk management and internal audit activities have been structured under the parent company. The activities are directly reported to the Board of Directors of the parent company in coordination with the CEOs, managing the core operational areas. The results of regular and planned meetings held with the “Risk Committee”, the “Audit Committee”, and the “Corporate Governance Committee” which have been established in the Şişecam Group companies listed in Borsa İstanbul, are reported to the Boards of Directors in accordance with the legislation.

During the activities carried out with the aim of establishing a corporate structure, providing the required assurance to stakeholders, protecting the tangible and intangible assets of the Şişecam Group, minimizing the losses caused by uncertainties and maximizing benefit from potential opportunities, communication between the internal audit and risk management functions is maintained at the maximum level

and is directed toward the goal of supporting decision-making processes and increasing management efficiency.

Risk Management at the Şişecam Group

At the Şişecam Group, risk management activities are carried out with a holistic and proactive approach based on enterprise risk management principles. The potential effects of such risks with each other and the characteristics of the countries where the Group operates are also taken into account in the course of operations. Thanks to this perspective, geographical distribution and risk diversification are converted into a significant advantage, and any risks encountered as specific to a country and/or a business segment are integrated with the risk processes before they are implemented elsewhere, and the interaction of risks with each other is monitored. Thus, decision support processes are assisted and efficient use of resources is ensured.

The risk catalogues for all business segments across the Group are periodically updated with the participation of the Group employees and the risks are ranked according to their importance. By taking the “risk appetite” of the Board of Directors into account, with regard to analyzed risks, the strategies to be implemented are established and the necessary measures taken. These risk management activities are not only limited to financial and strategic risks, but also cover operational risks such as production, sales, health and safety, emergency management and information technologies.

Internal Audit at the Şişecam Group

The objective of the internal audit activities, which have been carried out within the Group for many years, is to assist the healthy development of the Group’s companies, to ensure uniformity in practices, and to guarantee that all activities are performed in compliance with internal and external regulations, as well as the execution of corrective actions in a timely manner. In line with the stated objectives, audit activities are being carried out on an ongoing basis within the bodies of the companies of the Group operating domestically and abroad.

Internal audit is carried out in accordance with the periodic auditing programs approved by the Board of Directors. During the preparation of the audit programs, the results of the risk management activities are also used, meaning that “risk-based audit” practices are implemented.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS AT
1 JANUARY - 31 DECEMBER 2014
TOGETHER WITH AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards 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.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries as at 31 December 2014 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 3 March 2015.

6. In accordance with subparagraph 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 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers



Haluk Yalçın, SMMM
Partner

Istanbul, 3 March 2015

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

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

ASSETS	Notes	31 December 2014	31 December 2013
Current Assets		5.656.766.119	4.686.223.346
Cash and cash equivalents	6	2.775.445.357	1.953.138.390
Financial assets	7	721.100	880.265
Trade receivables	10,37	1.149.167.138	1.154.730.742
- <i>Due from related parties</i>	37	13.169.905	15.992.500
- <i>Other trade receivables</i>	10	1.135.997.233	1.138.738.242
Other receivables	11,37	25.324.436	85.137.088
<i>Due from related parties</i>	37	7.626.686	22.458.811
- <i>Other receivables</i>	11	17.697.750	62.678.277
- <i>Derivative instruments</i>	12	84.341.541	-
Inventories	13	1.421.943.738	1.243.774.349
Prepaid expenses	14	64.776.890	76.383.449
Current income tax assets	35	7.773.601	5.392.177
Other current assets	15,26	120.618.783	149.786.077
Subtotal		5.650.112.584	4.669.222.537
Assets held for sale	34	6.653.535	17.000.809
Non-current Assets		6.693.020.770	6.796.405.650
Financial assets	7	82.490.121	82.665.765
Other receivables	11	17.261.178	2.536.937
Investments accounted for under equity accounting	16	490.269.920	449.299.322
Investment properties	17	426.298.791	426.298.791
Property, plant and equipment	18	5.207.158.718	5.446.561.260
Intangible assets	19,20	105.608.660	110.398.766
- <i>Goodwill</i>	20	29.057.791	31.534.049
- <i>Other intangible assets</i>	19	76.550.869	78.864.717
Prepaid expenses	14	102.421.821	60.002.528
Deferred tax assets	35	235.476.857	188.961.418
Other non-current assets	26	26.034.704	29.680.863
TOTAL ASSETS		12.349.786.889	11.482.628.996

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

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

		31 December	31 December
LIABILITIES	Notes	2014	2013
Current Liabilities		1.901.844.461	1.839.569.688
Short term borrowings	8	576.464.776	365.531.721
Short term portion of long term borrowings	8	377.546.646	484.865.721
Trade payables	10,37	657.733.829	677.579.772
- Due to related parties	37	50.555.903	52.111.545
- Other trade payables	10	607.177.926	625.468.227
Liabilities for employee benefits	24	21.637.908	20.722.243
Other payables	11,37	19.653.050	17.466.061
- Due to related parties	37	4.525.328	2.328.277
- Other payables	11	15.127.722	15.137.784
Derivative instruments	12	-	4.154.651
Deferred income	14	64.152.597	69.461.852
Current income tax liabilities	35	49.754.910	58.987.843
Short term provisions	22,24	61.243.536	62.790.535
- Provisions for employee benefits	24	10.035.921	11.397.142
- Other short term provisions	22	51.207.615	51.393.393
Other current liabilities	15,26	73.657.209	78.009.289
Non-current Liabilities		3.208.682.863	3.027.758.041
Long term borrowings	8	2.889.394.544	2.733.799.270
Other payables	11	1.008.467	1.486.305
Deferred income	14	43.045.742	4.158.780
Provisions for employment benefits	24	244.269.164	255.604.541
Deferred tax liabilities	35	30.964.946	32.709.145
EQUITY	27	7.239.259.565	6.615.301.267
Equity holders of the parent	27	5.692.444.484	5.494.471.013
Paid-in share capital		1.700.000.000	1.571.000.000
Adjustments to share capital		241.425.784	241.425.784
Share premium		527.051	527.051
Other comprehensive income/expense not to be reclassified to profit or loss		358.303.237	343.658.329
- Gain/loss on revaluation and remeasurement		365.747.752	365.751.130
- Funds for actuarial gain/(loss) on employee termination benefits		(7.444.515)	(22.092.801)
Other comprehensive income/expense to be reclassified to profit or loss		(21.156.777)	302.849.554
- Currency translation differences		(27.553.722)	303.249.106
- Hedging reserves		6.312.839	(461.440)
- Financial asset revaluation fund		84.106	61.888
Restricted reserves		70.442.411	60.897.508
Retained earnings		2.929.708.408	2.542.250.282
Net profit for the period		413.194.370	431.862.505
Non-controlling Interests	27	1.546.815.081	1.120.830.254
TOTAL LIABILITIES AND EQUITY		12.349.786.889	11.482.628.996

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**CONSOLIDATED STATEMENTS OF INCOME****FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013**

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

		1 January- 31 December 2014	1 January- 31 December 2013
	Note		
Revenue	28	6.875.894.376	5.954.193.854
Cost of sales (-)	28	(5.003.480.957)	(4.460.494.581)
Gross Profit from trading activity		1.872.413.419	1.493.699.273
General administrative expenses (-)	29,30	(643.555.890)	(570.672.636)
Marketing expenses (-)	29,30	(631.317.836)	(531.640.986)
Research and development expenses (-)	29,30	(42.957.453)	(39.419.287)
Other operating income	31	279.668.961	351.427.826
Other operating expenses (-)	31	(245.727.879)	(218.921.173)
Income from investments in associates and joint ventures	16	64.944.604	36.891.498
Operating Profit		653.467.926	521.364.515
Income from investing activities	32	32.840.831	123.590.966
Expenses from investing activities (-)	32	(9.651.200)	(9.721.636)
Operating profit before financial income and expense		676.657.557	635.233.845
Financial income	33	1.362.117.978	1.179.306.922
Financial expenses (-)	33	(1.544.314.741)	(1.334.570.442)
Profit/loss before tax from continued operations		494.460.794	479.970.325
Tax income/expense from continued operations		(74.684.199)	(25.954.881)
- Taxes on income	35	(170.656.926)	(132.389.564)
- Deferred tax income	35	95.972.727	106.434.683
Profit for the period		419.776.595	454.015.444
Attributable to			
- Non-controlling interest	27	6.582.225	22.152.939
- Equity holders of the parent	27	413.194.370	431.862.505
Earnings per share	36	0,2431	0,2540

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013**

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

	Notes	1 January- 31 December 2014	1 January- 31 December 2013
Profit for the Period	27	419.776.595	454.015.444
Other Comprehensive Income			
Items not to be reclassified to profit or loss	27	16.908.720	167.107.590
Revaluation of investment properties		-	175.902.727
Funds for actuarial gain/loss on employee termination benefits		21.001.730	-
Share of other comprehensive income items not to be reclassified to profit or loss attributable to investments accounted for under equity method		107.336	-
Deferred tax loss		(4.200.346)	(8.795.137)
Items to be reclassified to profit or loss	27	(153.390.845)	225.151.869
Currency translation differences		(170.200.762)	226.287.952
Fair value gain/ (loss) on financial assets		23.387	7.826
Gains/(losses) on cash flow hedging		20.984.623	(1.429.397)
Deferred tax gain/ (loss)		(4.198.093)	285.488
Other Comprehensive Income/ (Loss)		(136.482.125)	392.259.459
Total Comprehensive Income		283.294.470	846.274.903
Attributable to			
- Non-controlling interest		179.603.987	79.246.072
- Equity holders of the parent		103.690.483	767.028.831
Earnings per share	36	0,0610	0,4512

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

		Adjustment to Share Capital			Other Comprehensive Income to be reclassified to profit or loss			Other Comprehensive Income not to be reclassified to profit or loss			Retained Earnings			Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
		Paid-in Capital	Share Capital	Treasury Shares (-)	Share Premium	Revaluation Funds	Other Gain/Losses	Currency Translation Differences	Other Gain/Losses	Restricted Reserves	Retained Earnings	Net Profit for the Period				
Balance at 1 January 2013	1,500,000,000	241,425,784	(58,966,447)	527,051	365,676,206	(22,092,801)	102,775,159	54,456	48,895,020	2,152,273,912	305,177,255	4,635,745,595	970,194,797	5,605,940,392		
Transfers to reserves	-	-	-	-	-	-	-	-	12,002,488	293,174,767	(305,177,255)	-	-	-	-	
Total comprehensive income	-	-	-	-	74,924	-	200,473,947	(454,008)	-	135,071,463	431,862,505	767,028,831	79,246,072	846,274,903		
Capital increase	71,000,000	-	-	-	-	-	-	-	-	(71,000,000)	-	-	76,618,130	76,618,130		
Changes arising from share based																
Transactions	-	-	58,966,447	-	-	-	-	-	-	124,399,635	-	183,366,082	7,482,594	190,848,676		
Dividends	-	-	-	-	-	-	-	-	-	(71,000,000)	-	(71,000,000)	(16,277,834)	(87,277,834)		
Increases (decreases) due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	-	-	-	-	-	-	(20,669,495)	-	(20,669,495)	20,669,495	-		
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(17,103,000)	(17,103,000)		
Balance at 31 December 2013	1,571,000,000	241,425,784	-	527,051	365,751,130	(22,092,801)	303,249,106	(399,552)	60,897,508	2,542,250,282	431,862,505	5,494,471,013	1,120,830,254	6,615,301,267		

Note 27 sets out disclosures for the changes in the equity.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Adjustment to Share Capital		Treasury Shares (-)		Share Premium		Revaluation Funds		Other Comprehensive Income to be reclassified to profit or loss		Other Comprehensive Income not to be reclassified to profit or loss		Retained Earnings			Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
	Paid-in Capital	Share Capital	Shares (-)	Premium					Other Gain/ Losses	Currency Translation Differences	Other Gain/ Losses	Restricted Reserves	Retained Earnings	Net Profit for the Period				
Balance at 1 January 2014	1.571.000.000	241.425.784	-	527.051	365.751.130	(22.092.801)	303.249.106	(399.552)	60.897.508	2.542.250.282	431.862.505	5.494.471.013	1.120.830.254	6.615.301.267				
Transfers to reserves	-	-	-	-	-	-	-	-	9.544.903	422.317.602	(431.862.505)	-	-	-	-	-	-	-
Total comprehensive Income	-	-	-	-	(3.378)	14.505.243	(330.802.828)	6.796.497	-	579	413.194.370	103.690.483	179.603.987	283.294.470				
Capital increase	129.000.000	-	-	-	-	-	-	-	-	(129.000.000)	-	-	-	-	-	15.236.844	15.236.844	
Dividends	-	-	-	-	-	-	-	-	-	(71.000.000)	-	-	(20.469.494)	(91.469.494)				
Impact of sale of subsidiary	-	-	-	-	-	143.043	-	-	-	(143.043)	-	-	-	-	-	9.398.978	9.398.978	
Increases/(decreases) due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	-	-	-	-	-	-	-	-	-	(160.111.836)	-	-	160.111.836	-	-
Transactions with non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	325.394.824	-	-	325.394.824	82.102.676	407.497.500
Balance at 31 December 2014	1.700.000.000	241.425.784	-	527.051	365.747.752	(7.444.515)	(27.553.722)	6.396.945	70.442.411	2.929.708.408	413.194.370	5.692.444.484	1.546.815.081	7.239.259.565				

Note 27 sets out disclosures for the changes in the equity.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2014	1 January- 31 December 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		767.920.660	546.814.691
Net profit for the period	27	419.776.595	454.015.444
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		946.361.392	572.570.958
- Depreciation and amortization	18,19	687.882.606	588.037.880
- Adjustments for impairments/reversals	7,10,11,13	18.834.887	13.959.463
- Changes in provisions	22,24	48.554.264	55.157.392
- Interest income and expenses	8,18,31,33	94.447.833	86.029.050
- Unrealized exchange loss/ (gain) on cash and cash equivalents.	31,33	111.340.736	(45.549.751)
- Income from associates (net)	16	(64.944.604)	(36.891.498)
- Adjustments for tax income/ losses	35	74.684.199	25.954.881
- Gain/ losses on sale of tangible assets	31,32	(11.054.211)	(113.822.199)
- Gain on sale of subsidiary	27,32	(5.409.519)	-
- Dividend income	32	(11.440)	(45.952)
- Other adjustments related to profit/loss reconciliation	26	(7.963.359)	(258.308)
Changes in net working capital		(218.201.636)	(209.300.624)
- Increases/decreases in inventories	13,27	(188.356.842)	(127.599.607)
- Increases/decreases in trade receivables	10,27,37	(5.375.283)	(110.358.295)
- Increases/decreases in other receivables	11,16,37	47.197.498	(56.450.619)
- Increases/decreases in trade payables	10,27	(18.978.564)	131.870.750
- Increases/decreases in other payables	11,14,26,27,37	(2.188.000)	(49.259.508)
- Other increases/decreases in net working capital	14,26,27	(53.860.404)	13.472.755
- Marketable securities held for sale.	12,33	-	(10.976.100)
- Proceeds from sale of assets held for sale	31,34	3.359.959	-
Cash flows from operating activities		1.147.936.351	817.285.778
- Interest paid	8,31,33,37	(206.411.059)	(176.703.979)
- Interest received	31,33,37	53.744.802	40.201.931
- Current income tax paid	35	(187.093.023)	(100.628.779)
- Employment termination benefits paid	24	(40.256.411)	(33.340.260)

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2014	1 January- 31 December 2013
B. CASH FLOWS FROM INVESTING ACTIVITIES		(970.139.630)	(1.139.442.519)
- Proceeds from sale of subsidiaries that result in control ceases	27	26.984.031	-
- Proceeds from acquisition of subsidiaries that result in control gain	3	-	9.773.254
- Cash outflows from the sale of shares in other entities or funds or debt instruments	7,32	635.866	-
- Cash outflows from the sale of shares in other entities or funds or debt instruments	7,16	(335.508)	(142.112.543)
- Proceeds from sale of tangible and intangible assets	18,19,32	63.386.916	145.180.904
- Cash outflows due to purchases of tangible and intangible assets	18,19	(1.135.644.841)	(1.665.007.715)
- Proceeds from sale of investment properties	17	-	309.144.567
- Advances given	14	(250.424.008)	(228.452.620)
- Proceeds from advances given	14	244.575.420	367.815.359
- Dividend income	16,32	35.695.159	31.418.111
- Interest received	6,33	56.543.255	43.273.535
- Other cash inflows/outflows	3,10,11,26	(11.555.920)	(10.475.371)
C. CASH FLOWS FROM FINANCING ACTIVITIES		970.799.760	1.024.787.452
- Proceeds from the issues of shares and other equity instruments	27	-	190.848.676
- Capital contribution of non-controlling interests	27	15.236.844	76.618.130
- Share transaction with non-controlling interests	27	407.497.500	(17.103.000)
- Proceeds from borrowings	8	1.588.760.432	2.805.406.704
- Repayments of borrowings	8	(947.435.490)	(1.931.549.544)
- Financial leases paid	8	(1.790.032)	(12.155.680)
- Dividends paid	27	(91.469.494)	(87.277.834)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		768.580.790	432.159.624
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		53.862.255	360.461.209
- Foreign exchange gain/ (loss) on cash and cash equivalents	31,33	130.798.788	285.477.086
- Effect of currency translation differences	27	(76.936.533)	74.984.123
NET (INCREASE)/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		822.443.045	792.620.833
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	1.950.947.616	1.158.326.783
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	2.773.390.661	1.950.947.616

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

1. Group's Organizations and Nature of Operations

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 54 subsidiaries, 5 joint venture and 3 associates.

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

The Group was established 79 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BİST"), formerly named as Istanbul Stock Exchange ("İSE"), since 1986. As of the balance sheet date, İş Bankası holds 65,47% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company together with the disclosure of ultimate shareholders is disclosed in Note 27.

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

İş Kuleleri Kule 3, 4. Levent 34330, Beşiktaş / İstanbul / Turkey

Telephone : + 90 (212) 350 50 50

Facsimile : + 90 (212) 350 57 87

Web site : <http://www.sisecam.com>

Trade Register Information of the Company

Registered Trade Office : Istanbul Registry of Commerce Office

Registered at : 21599

Registry no : 0-8150-0344-7300016

Personnel structure of the Group

	31 December 2014	31 December 2013
Personnel paid by monthly	6.684	6.406
Personnel paid by hourly	14.350	13.835
Total	21.034	20.241

1,119 employees included in the Group's total personnel structure is consisted of the personnel of joint ventures and associates accounted for under equity method. (31 December 2013: 1.145 employees).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

The nature of operations and the operation groups of the companies included in consolidation are presented as follows:

Flat Glass Group

Subsidiaries	Nature of business	Country of registration
Trakya Cam Sanayii A.Ş. ⁽¹⁾	Production and sales of flat glass, auto glass and processed glass	Turkey
Trakya Yenışehir Cam Sanayii A.Ş.	Production and sales of flat glass, coated glass, laminated glass, and patterned glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and sales of flat glass	Turkey
Trakya Glass Bulgaria EAD ⁽²⁾	Automatic production and sales of flat glass	Bulgaria
	Glassware, auto glass, white goods and mirror	
Trakya Cam Investment B.V.	Finance and investment company	Netherlands
TRSG Autoglass Holding B.V.	Finance and investment company	Netherlands
Trakya Investment B.V.	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Rus AO ⁽³⁾	Production and sales of flat glass	Russia
Automotive Glass Alliance Rus AO ⁽³⁾	Production and sales of automotive glass	Russia
Automotive Glass Alliance Rus Trading OOO	Importing and sales services	Russia
Trakya Glass Rus Trading OOO	Importing and sales services	Russia
Glasscorp S.A.	Production and sales of automotive glass and white goods glass	Romania
Fritz Holding GmbH	Holding services	Germany
Richard Fritz Spol S.R.O.	Glass encapsulation production and sales services	Slovakia
Richard Fritz Prototype+Spare Parts GmbH	Glass encapsulation production and sales services	Germany
Richard Fritz Kft	Glass encapsulation production and sales services	Hungary
Joint Ventures	Nature of business	Country of registration
HNG Float Glass Limited	Production and sales of flat glass and glass	India
Associate	Nature of business	Country of registration
Saint Gobain Glass Egypt S.A.E.	Production and sales of flat glass	Egypt

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş. ⁽¹⁾	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Srl ⁽⁴⁾	Sales and marketing services	Italy

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. ⁽¹⁾	Production and sales of glass packaging	Turkey
Anadolu Cam Yenişehir Sanayi A.Ş.	Production and sales of glass packaging	Turkey
Anadolu Cam Eskişehir Sanayi A.Ş.	Production and sales of glass packaging	Turkey
Anadolu Cam Investment B.V.	Finance and investment company	Netherlands
Balsand B.V.	Finance and investment company	Netherlands
OOO Ruscam Management Company	Finance and investment company	Russia
OOO Ruscam Glass Packaging Holding	Production and sales of glass packaging	Russia
OOO Ruscam	Production and sales of glass packaging	Russia
OOO Ruscam Glass ⁽⁵⁾	Production and sales of glass packaging	Russia
OAo Ruscam Pokrovsky	Production and sales of glass packaging	Russia
OOO Ruscam Sibir	Production and sales of glass packaging	Russia
CJSC Brewery Pivdenna	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine
JSC Mina	Production and sales of glass packaging	Georgia

Joint Ventures	Nature of business	Country of registration
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	Production and sales of moulds	Turkey
OOO Balkum	Sand mining and sales	Russia

Associate	Nature of business	Country of registration
OAo FormMat	Sand mining and sales	Russia

Chemicals Group

Subsidiaries	Nature of business	Country of registration
Soda Sanayii A.Ş. ⁽¹⁾	Production and sales of soda ash and chromium chemicals	Turkey
Cam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Camiş Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Şişecam Bulgaria EOOD	Soda sales	Bulgaria
Cromital S.p.A	Chromium and chromium subproducts	Italy
Camiş Egypt Mining Ltd. Co.	Sand mining and sales	Egypt
Şişecam Soda Lukavac D.O.O.	Production and sales of soda	Bosnia-Herzegovina
Şişecam Chem Investment B.V.	Finance and investment company	Netherlands

Joint Ventures	Nature of business	Country of registration
Oxyvit Kimya Sanayii ve Tic. A.Ş.	Vitamin-K manufacturer	Turkey
Rudnik Krečnjaka Vijeć D.O.O.	Production and sales of lime stone	Bosnia-Herzegovina

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

Others

Subsidiaries	Nature of business	Country of registration
Camiş Limited	Foreign purchasing services	England
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey
Şişecam Enerji A.Ş. ⁽⁶⁾	Storage and sales of natural gas and electricity trade	Turkey
SC Glass Trading B.V. ⁽⁷⁾	Import and sales services	Netherlands

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

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

As of 31 December 2014, Türkiye Şişe ve Cam Fabrikaları, Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Soda Sanayii A.Ş. are traded in BIST-30, BIST-50 and BIST-100 respectively. Denizli Cam Sanayii ve Tic A.Ş. is traded in BIST-ALL SHARES national index.

The "Corporate Governance Rating Report" was prepared in the scope of corporate governance compliance rating agreement signed between Türkiye Şişe ve Cam Fabrikaları A.Ş. and Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"). In the report, the Company was rated with 9,28 out of 10, where SAHA used the new methodology which was based on the "Corporate Governance Principals" published in January 2014 by CMB. The breakdown of the rating based on four weighted main section is as follows:

Main sections	Weight	Note
Shareholders	25%	94,57
Public Disclosure and Transparency	25%	94,70
Stakeholders	15%	95,51
Board of Directors	35%	88,96
Average Rating	100%	92,78

Türkiye Şişe ve Cam Fabrikaları A.Ş. has been included in the scope of the BIST "Corporate Governance Index" since 31 December 2014.

⁽²⁾ This company has a production line operating under glassware segment.

⁽³⁾ At 11 December 2014 the legal title of Trakya Glass Rus ZAO was changed as Trakya Glass Rus AO and the legal title of Automotive Glass Alliance Rus ZAO was changed as Automotive Glass Alliance Rus AO.

⁽⁴⁾ The company was established on 24 November 2014 with the purpose of providing sales and marketing services to the glassware group companies.

⁽⁵⁾ The legal title of OOO Ruscam Kuban was changed as OOO Ruscam Glass on 28 March 2014.

⁽⁶⁾ The minority shares of Dost Gaz Depolama A.Ş., subsidiary operating under chemicals segment, were acquired by the Company on 14 April 2014 and the legal title of the company was changed as Şişecam Enerji A.Ş. on 26 May 2014.

⁽⁷⁾ The company was established on 22 August 2014 with the purpose of providing import and sales services to the Group companies.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

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

Subsidiaries of Flat Glass Group

Company's name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Trakya Cam Sanayii A.Ş.	69,79	69,79	69,79	69,79
Trakya Yenisehir Cam Sanayii A.Ş.	100,00	74,33	100,00	74,33
Çayırova Cam Sanayii A.Ş.	100,00	91,50	100,00	91,50
Trakya Polatlı Cam Sanayii A.Ş.	100,00	74,33	100,00	74,33
Trakya Glass Bulgaria EAD	100,00	74,05	100,00	77,58
Trakya Cam Investment B.V.	100,00	74,05	100,00	77,58
TRSG Autoglass Holding B.V.	100,00	69,79	100,00	69,79
Trakya Investment B.V.	100,00	69,79	100,00	69,79
TRSG Glass Holding B.V.	70,00	48,85	70,00	48,85
Trakya Glass Kuban OOO ^(*)	-	-	100,00	69,79
Trakya Glass Rus AO	100,00	48,85	100,00	48,85
Automotive Glass Alliance Rus AO	100,00	69,79	100,00	69,79
Automotive Glass Alliance Rus Trading OOO	100,00	69,79	100,00	69,79
Trakya Glass Rus Trading OOO	100,00	48,85	100,00	48,85
Glasscorp S.A.	90,00	62,81	90,00	62,81
Fritz Holding GmbH	100,00	69,79	100,00	69,79
Richard Fritz Inc. ^(**)	-	-	100,00	69,79
Fritz Beteiligungsgesellschaft GmbH ^(***)	-	-	100,00	69,79
Richard Fritz Spol S.R.O.	100,00	69,79	100,00	69,79
Richard Fritz GmbH+Co. KG ^(****)	-	-	100,00	69,79
Richard Fritz Prototype+Spare Parts GmbH	100,00	69,79	100,00	69,79
Richard Fritz Kft	100,00	69,79	100,00	69,79

^(*) Having no investing activities, Trakya Glass Kuban OOO, entered the process of liquidation on 14 January 2014 and it has officially been closed down on 5 May 2014.

^(**) Richard Fritz Inc., which has no investing activity, has been liquidated on 31 December 2014.

^(***) On 21 September 2014, the company merged with Fritz Holding GmbH, the rate of ownership of which is 100%.

^(****) The merging process which was initiated on 21 August 2014 with Fritz Holding GmbH, the rate of ownership of which is 100%, completed on 31 December 2014.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

Joint Ventures of Flat Glass Group

Company's name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
HNG Float Glass Limited	50,00	34,89	50,00	34,89

Associates of Flat Glass Group

Company's name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Saint Gobain Glass Egypt S.A.E.	30,00	20,94	30,82	21,50

Subsidiaries of Glassware Group

Company's name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Paşabahçe Cam Sanayii ve Tic. A.Ş.	84,01	84,01	99,45	95,77
Paşabahçe Mağazaları A.Ş.	100,00	76,50	100,00	86,18
Camış Ambalaj Sanayii A.Ş.	100,00	99,98	100,00	100,00
Denizli Cam Sanayii ve Tic. A.Ş.	51,00	46,47	51,00	47,83
Paşabahçe Investment B.V.	100,00	84,01	100,00	95,77
OOO Posuda	100,00	84,01	100,00	95,77
Paşabahçe Srl	100,00	84,01	-	-

Subsidiaries of Glass Packaging Group

Company's name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Anadolu Cam Sanayii A.Ş.	79,12	79,12	79,12	79,12
Anadolu Cam Yenişehir Sanayi A.Ş.	100,00	82,27	100,00	82,27
Anadolu Cam Eskişehir Sanayi A.Ş.	100,00	82,26	100,00	82,26
Anadolu Cam Investment B.V.	75,92	60,07	75,92	60,07
Balsand B.V.	51,00	40,35	51,00	40,35
OOO Ruscam Management Company	100,00	40,35	100,00	40,35
OOO Ruscam Glass Packaging Holding	100,00	40,35	100,00	40,35
OOO Ruscam	99,72	59,91	99,72	59,91
OOO Ruscam Glass	100,00	40,35	100,00	40,35
OAo Ruscam Pokrovsky	100,00	40,35	100,00	40,35
OOO Ruscam Sibir	100,00	40,35	100,00	40,35
CJSC Brewery Pivdenna	100,00	40,35	100,00	40,35
Merefa Glass Company Ltd.	100,00	40,35	100,00	40,35
JSC Mina	99,86	79,01	99,86	79,01

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

Joint Ventures of Glass packaging

Company's Name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	50,00	39,57	50,00	39,57
OOO Balkum	50,00	20,18	50,00	20,18

Associates of Glass Packaging

Company's Name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
OAQ FormMat	48,46	19,55	48,46	19,55

Subsidiaries of Chemicals Group

Company's Name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Soda Sanayii A.Ş.	87,05	80,65	89,70	82,70
Cam Elyaf Sanayii A.Ş.	99,01	95,62	99,01	95,63
Camış Elektrik Üretim A.Ş.	100,00	84,09	100,00	84,09
Camış Madencilik A.Ş.	100,00	100,00	100,00	100,00
Madencilik Sanayii ve Tic. A.Ş.	100,00	99,52	100,00	99,52
Asmaş Ağır Sanayi Makinaları A.Ş. ⁽¹⁾	-	-	99,98	85,28
Şişecam Bulgaria EOOD	100,00	80,76	100,00	82,80
Cromital S.p.A	100,00	80,85	100,00	82,88
Camış Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Şişecam Soda Lukavac D.O.O.	89,30	72,12	89,30	73,94
Şişecam Chem Investment B.V.	100,00	80,76	100,00	82,80

⁽¹⁾ The company was sold to CTS Demir ve Çelik İç Dış Ticaret Mühendislik Makine Sanayii Ltd. Şti on 15 July 2014.

Joint Ventures of Chemicals Group

Company's Name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Oxyvit Kimya Sanayii ve Tic. A.Ş.	50,00	41,44	50,00	42,35
Rudnik Krencjaka Vijenac D.O.O.	50,00	50,00	50,00	50,00

Associates of Chemicals Group

Company's Name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Solvay Şişecam Holding AG	25,00	20,19	25,00	20,70

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

1. Group's Organizations and Nature of Operations

Companies included in consolidation:

Other Subsidiaries of the Group

Company's Name	31 December 2014		31 December 2013	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Camiş Limited	100,00	95,20	100,00	98,73
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	99,95	100,00	99,96
Şişecam Dış Ticaret A.Ş.	100,00	99,99	100,00	100,00
Şişecam Enerji A.Ş.	100,00	100,00	100,00	85,31
SC Glass Trading B.V.	100,00	100,00	-	-

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").

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

The Company (and its subsidiaries and Joint Ventures registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries, joint ventures and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The interim consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These interim 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 the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Preparation of Financial Statements in Hyperinflationary Periods

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

Going Concern

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

Comparatives and Restatement of Prior Periods' Financial Statements

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

Financial statements of foreign subsidiaries

Financial statements of subsidiaries, associates and joint ventures operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into TRY from the foreign exchange rate at the balance sheet date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "currency translation differences" under shareholders' equity.

Foreign currencies and exchange rates of the countries where a significant portion of the Group's foreign operations are performed are summarized below:

Currency	31 December 2014		31 December 2013	
	Period End	Period Average	Period End	Period Average
US Dollars	2,31890	2,18652	2,13430	1,90334
Euros	2,82070	2,90423	2,93650	2,52904
Bulgarian Lev	1,44220	1,48491	1,50141	1,29308
Egyptian Pounds	0,32661	0,30884	0,30915	0,27721
Russian Rubles	0,04024	0,05756	0,06478	0,05935
Georgian Lari	1,24431	1,23822	1,22922	1,14423
Ukrainian Hryvnia	0,14706	0,18364	0,26702	0,23813
Convertible Mark	1,44220	1,48491	1,50141	1,29308
New Romanian Leu	0,62601	0,64973	0,65397	0,56879
Hungarian Forint	0,00896	0,00941	0,00989	0,00852
Indian Rupee	0,03662	0,03582	0,03448	0,03249

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Consolidation Principles

The consolidated financial statements include the accounts of the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş., its subsidiaries (collectively referred to as the "Group") on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting 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, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Note 1 sets out all subsidiaries included in the scope of consolidation and it shows their ownership and effective interests (%) as of 31 December 2014 and 31 December 2013.

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 shareholders' share in the net assets and results of Subsidiaries for the period are separately classified as non-controlling interest in the consolidated statements of financial position and statements of income. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date.

When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest.

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2014, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

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2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Joint Ventures

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2014 and 31 December 2013. Joint Ventures are accounted for under equity accounting method.

Associates

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

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

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

Available-for-sale investments

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

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

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2. Basis of Presentation of Consolidated Financial Statements

2.2 Statement of Compliance to IAS/TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2014 in accordance with Communiqué Serial II, No:14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by CMB, including the compulsory explanations.

2.3 Significant changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The accounting policies used in the preparation of these consolidated financial statements for the period ended 31 December 2014 are consistent with those used in the preparation of financial statements for the year ended 31 December 2013

2.4 Restatement and Errors in the Accounting Policies and Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended 31 December 2014 are consistent with those used in the preparation of financial statements for the year ended 31 December 2013.

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

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

The Group has applied new standards, amendments and interpretations to existing IAS/ IFRS standards published by IASB and TASC/IFRIC that are effective as at 1 January 2014 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2014 and in interim periods to 31 December 2014.

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2. Basis of Presentation of Consolidated Financial Statements

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

a. The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2014:

- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to IAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument.
- IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

b. New IFRS standards, amendments and IFRICs effective after 1 January 2015

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

2. Basis of Presentation of Consolidated Financial Statements

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

b. New IFRS standards, amendments and IFRICs effective after 1 January 2015

- IFRS 2, 'Share-based payment'
 - IFRS 3, 'Business Combinations'
 - IFRS 8, 'Operating segments'
 - IFRS 13, 'Fair value measurement'
 - IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
 - Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
 - IAS 39, 'Financial instruments - Recognition and measurement'
- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2013 cycle of the annual improvements project, that affect 4 standards:
- IFRS 1, 'First time adoption'
 - IFRS 3, 'Business combinations'
 - IFRS 13, 'Fair value measurement' and
 - IAS 40, 'Investment property'
- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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2. Basis of Presentation of Consolidated Financial Statements

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

b. New IFRS standards, amendments and IFRICs effective after 1 January 2015

- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
- Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations except for the ones the impacts of which were disclosed above will not have a significant effect on the consolidated financial statements of the Group.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Revenue recognition

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

Sales of Goods

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

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

Services Provided

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

Logistics, import, export and insurance intermediary services are performed by service companies for the Group.

Interest Income

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

Dividend income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared.

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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, goods in transit and other stocks (Note 13).

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value. Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost of the property, plant and equipment. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Expected useful life, residual value and amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18)

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

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

	Useful life
Buildings	10-50 years
Land improvements	5-50 years
Machinery and equipment	2-25 years
Motor vehicles	3-15 years
Furniture and fixtures	2-20 years
Other tangible assets	3-20 years

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

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.

Intangible assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 5 years based on their economic lives (Note 19).

Computer software

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

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Intangible assets

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 (3 years) and carried at cost less accumulated amortization. When an indication of impairment exists, the Group compares the carrying amount of the intangible asset with its net realizable value 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.

Intangible assets acquired in a business combination

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

Mining assets

Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine are recognized in the statement of comprehensive income. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income. Depreciation starts when the asset is in a location and condition necessary for it to be capable of operating in the manner intended by the management. Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of tons of ore extracted during the period by the remaining proven and probable mine reserves in terms of tons for attributable area of interest. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Intangible assets

Mining assets

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

Development costs

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

Investment Properties

Land and buildings those are held for long term rental yields or value increase or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements. If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 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 IAS 16 and its fair value as a revaluation in accordance with IAS 16 and revaluation differences are accounted for under equity. Fair value of investment property has been calculated at the end of each year by the independent valuation firms that have related CMB licenses and required professional experience (Note 17). In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Assets Classified as Held for Sale

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

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

Derivative Financial Instruments

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

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 income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Derivative Financial Instruments

Cash flow hedge

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 income 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.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Financial Leases

a) The Group as the lessee

Financial Leasing

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

Operating leases

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Leases

b) The Group as the lessor

Operating leases

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

Borrowing costs

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

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

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

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

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties (Note 37).

Offsetting

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial assets

Classification

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

Receivables

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

Available-for-sale financial assets

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

(Note 7).

Held to maturity financial assets

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

Recognition and measurement

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

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial assets

Recognition and measurement

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security.

The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income. Dividends on available-for sale equity instruments are recognized in the statement of income as part of financial income when the Group's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost minus impairment in the consolidated financial statements.

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

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Trade receivables

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

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income (Note 10 and Note 31).

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments (Note 7).

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial liabilities

Other financial liabilities

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

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

Trade payables

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

Business combinations and Goodwill

A business combination is the bringing together of separate entities or business into one reporting entity. Business combinations are accounted for using the purchase method in the scope of TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Business combinations and Goodwill

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 currencies other than TRY (foreign currencies) 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. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Earnings per Share

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 36).

Events after the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 22).

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Onerous contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group.

Present obligations arising under onerous contracts are measured and recognized as a provision

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities (Note 15).

Segment reporting

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

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

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

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

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

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

Current and deferred income tax

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

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

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

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

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Employee Benefits

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

The liabilities related to employee termination benefits are accrued when they are entitled.

Statement of Cash Flows

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

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

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

Treasury Shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued and is shown as treasury shares in the consolidated balance sheet. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the company's equity holders.

Dividends

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Construction Contracts

Contract costs are recognized as expenses in the period in which they are incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within other assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses) under other liabilities.

2.7 Significant Accounting Estimates and Assumptions

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

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY 106.193.310 (31 December 2013: TRY 94.107.150) results from temporary differences as of 31 December 2014 that are arising from the tax allowances and can be used as long as the tax allowances continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2014, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 195.438.967 (31 December 2013: TRY 144.227.737) (Note 35).

The Group has classified Çayırova property located in Gebze, Kocaeli, as investment property due to the termination of operational use as of 31 December 2012. The fair value of the property is determined as TRY 217.707.575, as of 31 December 2012. Revaluation gains amounting to TRY 202.061.493 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity net of deferred tax amounting to TRY 10.103.075. As of 31 December 2014, there is no a significant change in the fair value of investment property considering the updated revaluation report

(Note 17).

The Group has classified Beykoz property located in İncirköy, Beykoz, İstanbul as investment property due to the termination of operational use as of 30 June 2011. The fair value of the property is determined as TRY 208.591.216 as of 2011. Revaluation gain amounting to TRY 200.114.617 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity net-off deferred tax amounting to TRY 10.005.731. As of 31 December 2014, there is no a significant change in the fair value of investment property considering the updated revaluation report (Note 17).

One of the Group's unquoted available for sale financial asset, the fair value of Avea İletişim Hizmetleri A.Ş. ("Avea") that the Group has an ownership at a rate by 1,48% via a direct ownership by 0,35% and indirect ownership by 1,14% by its shares of Trakya Yatırım Holding A.Ş. is based on a valuation report issued on 13 June 2010 by an independent and international valuation firm, which has the required professional knowledge and experience in telecommunication sector. The fair value of available for sale financial asset was determined based on the available telecommunication sector information by the valuation methods of discounted cash flow, comparative sector multipliers and benchmark studies. The discount rate and sector multiplier used in the discounted cash flow analysis are 12,4% and 7,0% respectively. The fair value of the available for sale asset was subsequently analyzed by considering available subscriber number of Avea, its market share, and sector-specific discounted cash flow analysis including sector comparisons for 2013 and 2014 and no significant fair value change was identified as a result of those analyses.

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3. Business Combinations

There is no business combination within the scope of IFRS-3 "Business Combinations" between 1 January and 31 December 2014.

Business combinations in the year 2013:

The Group acquired 100% of shares of Fritz Holding GmbH. and all of its subsidiaries, for EUR 3.000.000 on 31 May 2013. The Group aimed to gain a large share of market and support its target of production and sale of glass encapsulation in Germany.

	Net Book Value	Fair Value
Current Assets	85.143.491	81.771.537
Cash and cash equivalents	17.035.654	17.035.654
Trade receivables	28.226.588	28.339.337
Inventories	28.849.160	24.278.203
Prepaid expenses	737.085	737.085
Other current assets	10.295.004	4.454.571
Assets held for sale	-	6.926.687
Non-current Assets	66.009.653	69.880.207
Tangible assets	65.200.883	48.593.144
Intangible assets	808.770	21.287.063
Total Assets	151.153.144	151.651.744
Current Liabilities	89.703.794	135.508.629
Short term borrowings	340.432	340.432
Trade payables	23.530.927	22.769.319
Other payables	62.339.717	62.339.717
Short term provisions	-	35.237.174
Other current liabilities	3.492.718	14.821.987
Non-current Liabilities	29.441.748	12.402.977
Long term borrowings	6.745.131	6.927.018
Other payables	22.017.454	-
Long term provisions	679.163	1.454.403
Deferred tax liabilities	-	4.021.556
Total Liabilities	119.145.542	147.911.606
Total Net Assets	32.007.602	3.740.138
Total cash paid		7.262.400
Cash and cash equivalents acquired		(17.035.654)
Net cash outflow/ (inflow)		(9.773.254)
Goodwill at the date of transaction		3.522.262
Currency translation differences		750.344
Goodwill as 31 December 2013		4.272.606

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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3. Business Combinations

Business combinations in the year 2013:

In the consolidated statements of income, the share of Fritz Holding GmbH in the revenue after the acquisition date is TRY 256.539.580. In the same period, its contribution to the profit attributable to equity holders of the parent is TRY 14.565.361. Had Fritz Holding GmbH been included in the consolidation starting from 1 January 2013, additional net revenue of TRY 164.545.408 and a decrease in the consolidated income statement by TRY 144.668 would have been recognized.

4. Interests in Other Entities

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

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

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

	BIST	BIST	Market Value at
31 December 2014	Best Purchase Price	Closing Price	Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3,61	3,64	6.188.000.000
Trakya Cam Sanayii A.Ş.	3,44	3,44	2.542.160.000
Anadolu Cam Sanayii A.Ş.	1,99	2,00	888.000.000
Soda Sanayii A.Ş.	4,28	4,28	2.152.840.000
Denizli Cam Sanayii ve Tic. A.Ş.	8,41	8,41	50.460.000

	BIST	BIST	Market Value at
31 December 2013	Best Purchase Price	Closing Price	Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	2,70	2,72	4.273.120.000
Trakya Cam Sanayii A.Ş.	2,35	2,54	1.803.400.000
Anadolu Cam Sanayii A.Ş.	1,92	1,92	796.800.000
Soda Sanayii A.Ş.	2,59	2,60	1.188.200.000
Denizli Cam Sanayii ve Tic. A.Ş.	5,96	5,96	35.760.000

The Rate of Shares Traded in BIST (%)	31 December 2014	31 December 2013
Türkiye Şişe ve Cam Fabrikaları A.Ş.	34,52	33,45
Trakya Cam Sanayii A.Ş.	30,59	30,50
Anadolu Cam Sanayii A.Ş.	20,62	20,56
Soda Sanayii A.Ş.	12,97	10,27
Denizli Cam Sanayii ve Tic. A.Ş.	34,84	35,41

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

4. Interests in Other Entities**The statement of the financial position as of 31 December 2014**

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayi Consolidated	Denizli Cam Standalone
Current assets	1.859.827.014	1.295.141.252	1.111.338.089	38.209.710
Non-current assets	2.523.918.995	1.744.610.323	1.009.988.081	26.691.491
Total assets	4.383.746.009	3.039.751.575	2.121.326.170	64.901.201
Current liabilities	713.708.813	461.819.040	305.502.188	28.092.231
Non-current liabilities	1.132.936.011	1.054.785.720	248.859.060	7.637.973
Total liabilities	1.846.644.824	1.516.604.760	554.361.248	35.730.204
Non-controlling interests	204.795.699	88.007.083	19.270.046	-
Net assets of the Company	2.332.305.486	1.435.139.732	1.547.694.876	29.170.997
Non-controlling interests	8.421.000	11.635.555	36.107	-

Profit/Loss for the period between 1 January and 31 December 2014

Revenue	2.018.617.608	1.555.025.633	1.606.682.874	68.284.262
Profit/(loss) for the year	296.112.066	14.111.439	387.599.478	1.268.911
Other comprehensive income	(69.071.346)	225.821.045	(12.579.352)	1.131.827
Total comprehensive income/(loss)	227.040.720	239.932.484	375.020.126	2.400.738
Non-controlling interests	13.380.067	19.298.319	2.338.024	-

Summary of cash flows for the period between 1 January and 31 December 2014:

Cash flows from operating activities	269.048.776	(130.651.654)	449.667.267	5.009.428
Cash flows from investing activities	(158.097.134)	(33.948.869)	30.682.760	(5.053.491)
Cash flows from financing activities	157.157.986	144.793.207	(78.105.850)	63.681
Before currency translation difference	268.109.628	(19.807.316)	402.244.177	19.618
Currency translation differences	53.742.531	(25.549.973)	21.829.787	(15.341)
Change in cash and cash equivalents	321.852.159	(45.357.289)	424.073.964	4.277
Cash and cash equivalents at the beginning of the period	804.571.321	602.436.318	223.734.921	330.468
Cash and cash equivalents at the end of the year period	1.126.423.480	557.079.029	647.808.885	334.745

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

4. Interests in Other Entities**The statement of the financial position as of 31 December 2013**

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayi Consolidated	Denizli Cam Standalone
Current Assets	1.482.943.622	1.247.477.435	800.251.931	36.388.705
Non-current Assets	2.402.129.066	1.916.856.345	980.215.045	21.784.760
Total Assets	3.885.072.688	3.164.333.780	1.780.466.976	58.173.465
Current Liabilities	518.457.308	796.629.670	287.945.348	23.355.653
Non-current Liabilities	1.034.497.455	1.046.152.112	256.132.676	8.047.553
Total Liabilities	1.552.954.763	1.842.781.782	544.078.024	31.403.206
Non-controlling interest	184.473.092	74.333.410	15.376.178	-
Net asset	2.147.644.833	1.247.218.588	1.221.012.774	26.770.259
Dividend paid to non-controlling interests	6.315.750	12.231.489	-	-

Profit/ (loss) for the period 1 January-31 December 2013

Revenue	1.488.093.721	1.522.791.496	1.403.898.784	55.150.890
Net profit/(loss) for the period	124.643.895	72.797.304	208.046.467	(884.737)
Other comprehensive income/ (loss)	155.220.339	144.633.265	59.727.837	35.267
Total comprehensive income/ (loss)	279.864.234	217.430.569	267.774.304	(849.470)
Non-controlling interests	22.125.438	(27.092.057)	4.982.785	-

Cash Flow Position for the period 1 January- 31 December 2013

Cash flows from operating activities	296.168.671	145.225.430	18.562.274	2.097.334
Cash flows from investing activities	(651.248.774)	50.930.712	(56.125.454)	(1.186.103)
Cash flows from financing activities	707.516.237	240.590.037	52.798.968	(8.999.699)
Before currency translation	352.436.134	436.746.179	15.235.788	(8.088.468)
Currency translation differences	154.211.863	18.217.668	41.603.219	221.970
Change in cash and cash equivalents	506.647.997	454.963.847	56.839.007	(7.866.498)
Cash and cash equivalents at the beginning of the period	297.923.324	147.472.471	166.895.914	8.196.966
Cash and cash equivalents at the end of the period	804.571.321	602.436.318	223.734.921	330.468

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

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5. Segment Reporting

a) Operational segments

1 January - 31 December 2014	Glass			Consolidation		
	Flat glass	Glassware	packaging	Chemicals	Other	adjustments
Net external revenue	2.306.525.608	1.555.685.714	1.553.889.045	1.448.760.642	11.033.367	-
Inter group revenue	13.276.191	60.061.287	25.167	502.906.786	15.500.239	(591.769.670)
Revenue	2.319.801.799	1.615.747.001	1.553.914.212	1.951.667.428	26.533.606	(591.769.670)
Total costs	(1.671.362.144)	(1.110.641.546)	(1.282.159.113)	(1.496.767.852)	(4.644.247)	562.093.945
Gross profit	648.439.655	505.105.455	271.755.099	454.899.576	21.889.359	(29.675.725)
Operating expenses	(481.261.546)	(423.418.518)	(245.434.593)	(192.652.656)	(2.840.138)	27.776.272
Other operating income	126.109.710	55.095.237	49.689.032	58.605.801	6.030.849	(15.861.668)
Other operating expenses (-)	(76.744.753)	(72.288.457)	(51.149.896)	(47.604.068)	(1.099.530)	3.158.825
Income from investments in associates and joint ventures	(1.153.146)	-	6.546.910	59.377.054	-	173.786
Operating profit	215.389.920	64.493.717	31.406.552	332.625.707	23.980.540	(14.428.510)
Income from investing activities	142.036.450	14.260.285	135.665.130	88.482.541	268.044	(347.871.619)
Expenses from investing activities (-)	(4.752.877)	(687.223)	(4.181.945)	(29.155)	-	-
Operating profit before financial income and expense	352.673.493	78.066.779	162.889.737	421.079.093	24.248.584	(362.300.129)
Financial income	411.153.161	589.120.973	195.208.057	117.446.189	99.743.247	(50.553.649)
Financial expenses	(446.902.091)	(622.394.864)	(347.002.384)	(91.164.205)	(87.875.987)	51.024.790
Profit before tax from continued operations	316.924.563	44.792.888	11.095.410	447.361.077	36.115.844	(361.828.988)
Tax income/expense for the period	(20.560.718)	2.757.995	1.955.457	(57.701.111)	(4.081.898)	2.946.076
Profit for the period from continued operations	296.363.845	47.550.883	13.050.867	389.659.966	32.033.946	(358.882.912)
Purchases of tangible and intangible assets	530.607.456	247.134.606	222.380.490	118.782.828	37.142.235	-
Depreciation and amortization charges	(199.966.953)	(131.255.420)	(222.780.297)	(120.574.333)	(13.305.603)	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)*	552.640.446	209.322.199	385.670.034	541.653.426	37.554.187	(362.300.129)
						1.364.540.163

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

Statement of Financial position (31 December 2014)

Total assets	4.691.500.023	2.133.544.322	2.742.408.957	2.562.045.501	3.369.952.831	(3.149.664.745)	12.349.786.889
- <i>Income from associates</i>	227.301.236	-	27.866.321	234.400.282	702.081	-	490.269.920
Total liabilities	2.222.632.476	843.415.845	1.522.057.885	629.692.033	861.548.176	(968.819.091)	5.110.527.324

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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5. Segment Reporting

a) Operational segments

1 January - 31 December 2013	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation adjustments	Consolidated
Net external revenue	1.684.243.209	1.394.855.504	1.522.787.493	1.344.393.762	7.913.886	-	5.954.193.854
Inter group revenue	6.388.889	51.561.200	22.201	424.171.044	12.080.398	(494.223.732)	-
Revenue	1.690.632.098	1.446.416.704	1.522.809.694	1.768.564.806	19.994.284	(494.223.732)	5.954.193.854
Total costs	(1.208.877.461)	(1.012.000.251)	(1.281.187.985)	(1.431.149.640)	(9.306.988)	482.027.744	(4.460.494.581)
Gross profit	481.754.637	434.416.453	241.621.709	337.415.166	10.687.296	(12.195.988)	1.493.699.273
Operating expenses	(367.281.058)	(384.960.238)	(235.640.023)	(168.863.305)	(4.081.439)	19.093.154	(1.141.732.909)
Other operating income	178.722.508	65.821.624	50.568.056	69.074.513	5.232.572	(17.991.447)	351.427.826
Other operating expenses (-)	(99.154.972)	(37.511.954)	(43.971.052)	(37.922.915)	(1.929.336)	1.569.056	(218.921.173)
Income from investments in associates and joint ventures	(7.024.150)	-	6.812.301	36.884.075	-	219.272	36.891.498
Operating profit	187.016.965	77.765.885	19.390.991	236.587.534	9.909.093	(9.305.953)	521.364.515
Income from investing activities	10.356.624	17.505.110	116.617.712	1.713.522	37.968.672	(60.570.674)	123.590.966
Expenses from investing activities (-)	(2.444.051)	(928.380)	(6.349.205)	-	-	-	(9.721.636)
Operating profit before financial income and expense	194.929.538	94.342.615	129.659.498	238.301.056	47.877.765	(69.876.627)	635.233.845
Financial income	502.912.243	442.622.507	84.168.570	77.665.296	101.906.069	(29.967.763)	1.179.306.922
Financial expenses	(540.437.241)	(468.320.492)	(182.117.537)	(72.162.487)	(101.433.700)	29.901.015	(1.334.570.442)
Profit before tax from continued operations	157.404.540	68.644.630	31.710.531	243.803.865	48.350.134	(69.943.375)	479.970.325
Tax income/expense for the period	(27.896.129)	(4.675.730)	40.788.531	(25.054.490)	(1.144.922)	(7.972.141)	(25.954.881)
Profit for the period from continued operations	129.508.411	63.968.900	72.499.062	218.749.375	47.205.212	(77.915.516)	454.015.444
Purchases of tangible and intangible assets	783.522.360	386.368.141	333.083.724	144.166.656	26.948.113	-	1.674.088.994
Depreciation and amortization charges	(139.496.050)	(111.504.633)	(208.950.170)	(115.871.184)	(12.215.843)	-	(588.037.880)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	334.425.588	205.847.248	338.609.668	354.172.240	60.093.608	(69.876.627)	1.223.271.725
Statement of Financial position (31 December 2013)							
Total assets	4.225.650.713	2.005.058.842	3.012.903.362	2.215.127.577	3.279.099.878	(3.255.211.376)	11.482.628.996
- Income from associates	200.440.253	-	34.511.981	213.634.061	713.027	-	449.299.322
Total liabilities	1.875.512.573	688.747.536	1.848.219.255	619.806.629	845.888.196	(1.010.846.460)	4.867.327.729

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5. Segment Reporting

b) Geographical segments

	Russia, Ukraine and Georgia			Consolidation		
1 January - 31 December 2014	Turkey	Europe	Other	Total	adjustments	Consolidated
Net external revenue	4,921.837.085	1,227.685.349	-	6.875.894.376	-	6.875.894.376
Inter group sales	160.610.929	85.896.892	15.842.599	333.210.802	(333.210.802)	-
Total net sales ^(*)	5,082.448.014	1,313.582.241	15,842.599	7,209.105.178	(333.210.802)	6,875.894.376
Cost of sales	(3,552.269.407)	(1,056.165.895)	(7,129.361)	(5,327.424.153)	323.943.196	(5,003.480.957)
Gross profit	1,530.178.607	257.416.346	8,713.238	1,881.681.025	(9,267.606)	1,872.413.419
Operating expenses	(984.558.144)	(211.653.298)	(8,135.241)	(1,344.037.831)	26,206.652	(1,317,831,179)
Other operating income	238.094.048	33,210.329	-	296.935.508	(17,266.547)	279,668,961
Other operating expenses (-)	(133,162,452)	(20,125,315)	(100,631)	(248,515,199)	2,787,320	(245,727,879)
Income from investments in associates and joint ventures	8,282,495	56,662,109	-	64,944,604	-	64,944,604
Operating profit	658.834.554	(123,813,984)	477,366	651,008,107	2,459,819	653,467,926
Income from investing activities	34,457,215	667,164	-	40,022,784	(7,181,953)	32,840,831
Expenses from investing activities (-)	(5,602,226)	(4,048,974)	-	(9,651,200)	-	(9,651,200)
Operating profit before financial income and expense	687,689,543	(122,964,553)	477,366	681,379,691	(4,722,134)	676,657,557
Financial income	1,203,067,984	152,721,179	67,582	1,366,122,710	(4,004,732)	1,362,117,978
Financial expenses	(1,182,920,595)	(334,787,160)	(34,059)	(1,547,055,305)	2,740,564	(1,544,314,741)
Profit before tax from continued operations	707,836,932	(305,030,534)	510,889	500,447,096	(5,986,302)	494,460,794
Tax income/expense for the period	(83,935,484)	26,726,448	(210,695)	(74,684,199)	-	(74,684,199)
Profit for the period	623,901,448	(278,304,086)	300,194	425,762,897	(5,986,302)	419,776,595
Purchases of tangible and intangible assets	405,478,913	398,083,919	8,604	1,156,047,615	-	1,156,047,615
Depreciation and amortization charges	(424,483,053)	(148,329,502)	(63,802)	(687,882,606)	-	(687,882,606)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1,112,172,596	25,364,949	541,168	1,369,262,297	(4,722,134)	1,364,540,163
Statement of Financial position (31 December 2014)						
Total assets	10,228,783,804	1,617,311,385	2,294,952	15,282,953,157	(2,933,166,268)	12,349,786,889
- Income from associates	167,036,667	-	-	490,269,920	-	490,269,920
Total liabilities	2,674,939,621	1,385,260,606	694,296	5,426,755,761	(316,228,437)	5,110,527,324

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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5. Segment Reporting

b) Geographical segments

	Russia, Ukraine and Georgia			Other	Total	Consolidation adjustments	Consolidated
1 January - 31 December 2013	Turkey	Europe					
Net external revenue	4.421.848.287	820.832.199		-	5.954.193.854	-	5.954.193.854
Inter group sales	102.832.271	51.702.764		11.549.167	240.398.385	(240.398.385)	-
Total net sales ^(*)	4.524.680.558	872.534.963		11.549.167	6.194.592.239	(240.398.385)	5.954.193.854
Cost of sales	(3.307.325.478)	(695.517.305)		(6.069.147)	(4.690.733.441)	230.238.860	(4.460.494.581)
Gross profit	1.217.355.080	190.713.452		5.480.020	1.503.858.798	(10.159.525)	1.493.699.273
Gross profit	(879.023.553)	(135.438.001)		(4.913.233)	(1.169.348.835)	27.615.926	(1.141.732.909)
Other operating income	294.609.772	49.800.915		-	368.805.234	(17.377.408)	351.427.826
Other operating expenses (-)	(137.011.273)	(69.205.778)		-	(219.225.429)	304.256	(218.921.173)
Income from investments in associates and joint ventures	5.700.804	31.190.694		-	36.891.498	-	36.891.498
Operating profit	501.630.830	83.316.267		566.787	520.981.266	383.249	521.364.515
Income from investing activities	124.160.186	6.887.448		-	151.508.263	(27.917.297)	123.590.966
Expenses from investing activities (-)	(4.453.010)	(5.268.626)		-	(9.721.636)	-	(9.721.636)
Operating profit before financial income and expense	621.338.006	(62.913.796)		566.787	662.767.893	(27.534.048)	635.233.845
Financial income	1.160.664.564	16.229.245		218.208	1.182.420.202	(3.113.280)	1.179.306.922
Financial expenses	(1.196.935.204)	(121.648.650)		-	(1.337.466.675)	2.896.233	(1.334.570.442)
Profit before tax from continued operations	585.067.366	(168.333.201)		784.995	507.721.420	(27.751.095)	479.970.325
Tax income/expense for the period	(30.095.255)	11.977.009		(214.454)	(25.954.881)	-	(25.954.881)
Profit for the period	554.972.111	(156.356.192)		570.541	481.766.539	(27.751.095)	454.015.444
Purchases of tangible and intangible assets	868.898.698	510.594.704		107.445	1.674.088.994	-	1.674.088.994
Depreciation and amortization charges	(386.083.810)	(130.745.434)		(45.717)	(588.037.880)	-	(588.037.880)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.007.421.816	67.831.638		612.504	1.250.805.773	(27.534.048)	1.223.271.725
Statement of Financial position (31 December 2013)							
Total assets	9.113.369.207	1.990.247.458		2.817.728	14.259.816.016	(2.777.187.020)	11.482.628.996
- <i>Income from associates</i>	159.580.675	-		-	449.299.322	-	449.299.322
Total liabilities	2.532.387.737	1.854.164.455		1.076.795	5.570.174.741	(702.847.012)	4.867.327.729

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

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6. Cash and Cash Equivalents

	31 December 2013	31 December 2014
Cash and Cash Equivalents	577.062	468.531
Cash at banks	2.774.661.262	1.948.361.726
<i>Demand deposits</i>	181.630.451	174.154.563
<i>Time deposits (with maturities of three months or less)</i>	2.593.030.811	1.774.207.163
Mutual funds	-	14.740
Other liquid assets	207.033	4.293.393
	2.775.445.357	1.953.138.390

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2014	31 December 2013
USD	0,45%-2,05%	January-February 2015	1.660.980.525	1.298.641.275
EUR	0,25%-1,80%	January-February 2015	828.083.449	161.340.514
TRY	9,00%-10,15%	January 2015	92.221.715	310.579.224
Others (TRY equivalents)			11.745.122	3.646.150
			2.593.030.811	1.774.207.163

Cash and cash equivalents as of 31 December 2014 and 31 December 2013 presented in the consolidated statement of cash flows are as follows:

	31 December 2014	31 December 2013
Cash and cash equivalents	2.775.445.357	1.953.138.390
Less: Interest accrual	(2.054.696)	(2.190.774)
	2.773.390.661	1.950.947.616

7. Financial Assets**a) Current Financial Asset**

Current Financial Asset	31 December 2014	31 December 2013
Time deposits with a maturity longer than three months and shorter than one year	721.100	750.705
Other short term financial asset	-	129.560
	721.100	880.265

b) Non-current financial asset

Available for sale financial assets	31 December 2014	31 December 2013
Financial investments not traded in an active market	81.495.795	81.694.826
Unconsolidated subsidiaries	663.451	663.451
Financial investments carried at market price	330.875	307.488
	82.490.121	82.665.765

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7. Financial Assets**b) Non-current financial asset**

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

	31 December 2014	31 December 2013
Previously reported - 1 January	82.665.765	82.657.939
Capital increase	335.508	-
Fair value differences	23.387	7.826
Impact of sale of subsidiary	(10.798)	-
Disposal of available for sale financial assets	(188.233)	-
Provision for impairment	(335.508)	-
	82.490.121	82.665.765

Financial assets carried at market price	Share (%)	31 December 2014	Share (%)	31 December 2013
İş Finansal Kiralama A.Ş. ⁽¹⁾	<1	330.875	<1	307.488

⁽¹⁾ İş Finansal Kiralama A.Ş. is quoted in BIST and it was revalued at the best bid price which is TRY 0,94 (31 December 2013: TRY 0,95).

Financial assets not traded in an active market	Share (%)	31 December 2014	Share (%)	31 December 2013
Trakya Yatırım Holding A.Ş. ⁽¹⁾	34,65	51.656.972	34,65	51.656.972
Avea İletişim Hizmetleri A.Ş.	<1	29.836.265	<1	29.836.265
Nemtaş Nemrut Liman İşletmeleri A.Ş. ⁽²⁾	-	-	<1	188.233
Karadeniz Tic. A.Ş. ⁽³⁾	-	-	<1	6.127
İtaş İzmir Teknopark Tic. A.Ş. ⁽³⁾	-	-	<1	4.671
Bosen Enerji Elek.Üret.Oto.Pro.Grb. A.Ş.	<1	2.381	<1	2.381
Çukurova İnşaat Mak. San. ve Tic. A.Ş.	<1	177	<1	177
		81.495.795		81.694.826

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

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

⁽²⁾ The financial asset was sold to Camış Yatırım Holding A.Ş. on 1 July 2014.⁽³⁾ These financial assets were disposed due to the fact that they were included in the portfolio of Asmaş Ağır Sanayi Makinaları A.Ş., which was sold on 15 July 2014.

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7. Financial Assets

b) Non-current financial asset

	Share	31 December	Share	31 December
Unconsolidated subsidiaries	(%)	2014	(%)	2013
Paşabahçe Mağazaları B.V. ⁽¹⁾	100,00	1.787.091	100,00	1.451.583
Şişecam Shangai Trade Co. Ltd.	100,00	655.449	100,00	655.449
Paşabahçe Yatırım ve Pazarlama A.Ş.	100,00	500.000	100,00	500.000
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
Paşabahçe Glass GmbH	100,00	68.699	100,00	68.699
Topkapı Yatırım Holding A.Ş.	80,00	51.796	80,00	51.796
Paşabahçe Spain SL	100,00	42.792	100,00	42.792
Paşabahçe USA Inc.	100,00	164	100,00	164
Provision for impairment (-)		(2.654.623)		(2.319.115)
		663.451		663.451

Paşabahçe Glass GmbH, Paşabahçe Spain SL, Paşabahçe USA Inc., are subsidiaries incorporated internationally, engaging in the production, marketing and sale operations. The financial statements of these companies and the financial statements of Paşabahçe Yatırım ve Pazarlama A.Ş. and Topkapı Yatırım Holding A.Ş. are not included in consolidation due to their immateriality.

Impairment is allocated for whole carrying amounts of Mepa Merkezi Pazarlama A.Ş., Paşabahçe Mağazaları B.V. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

⁽¹⁾ The Group participated in the capital increase of Paşabahçe Mağazaları BV by Euro 120.000 in 21 November 2014 and the related capital increase was registered in 26 November 2014. Paşabahçe Mağazaları BV paid its liabilities to the Group by the use of fund obtained from capital increase.

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8. Borrowings

	31 December 2014	31 December 2013
Current financial liabilities		
Short term borrowings	576.464.776	365.531.721
Short term portion of long term borrowings	31 December 2014	31 December 2013
Short term portion of long term borrowings and interests	374.567.222	479.178.471
Bonds issued	3.772.864	6.563.466
Discount on issuance of bonds	(900.102)	(1.361.365)
Financial leases	110.996	534.649
Deferred financial lease liabilities costs (-)	(4.334)	(49.500)
Total short term portion of long term borrowings	377.546.646	484.865.721
Total current financial liabilities	954.011.422	850.397.442
Non-current financial liabilities	31 December 2014	31 December 2013
Long term portion of long term borrowings	1.732.813.880	1.668.674.311
Bonds issued	1.159.450.000	1.067.150.000
Discount on issuance of bonds	(6.587.592)	(7.324.234)
Financial leases	3.718.386	5.303.657
Deferred financial lease liabilities costs (-)	(130)	(4.464)
Total non-current financial liabilities	2.889.394.544	2.733.799.270
Total financial liabilities	3.843.405.966	3.584.196.712

On 24 April 2013, the following international rating agencies were confirmed the Company's credit ratings as follows;

- Standard&Poors declared the credit rating of the Company as "BB+" for TRY and foreign currency denominated long-term loans, "b" for short-terms loans and the view of the loans as "static"
- Moody's declared the credit rating and view of the Company for the long-term loans as "Ba1" and "static", respectively.
- On 26 May 2014, Standard&Poors confirmed that the long-term credit rating and view of the Company as "BB+" and "static", respectively.
- On 6 May 2014, Moody's confirmed that the long-term credit rating and view of the Company as "Ba1" and "static", respectively.

The Company quoted the bond amounting to USD 407.210.000 with the code of ISIN: XS0927634807, issued under Regulation S and the bond amounting to USD 92.790.000 with the code of ISIN: US90016AAA88, issued under Rule 144A on the Irish Stock Exchange and the issue certificate of the notes was provided by the CMB on 3 May 2013 and approved on 30 April 2013 with decision no 15/487. Citigroup, BNP Paribas, J.P. Morgan and HSBC acted as agencies for the issue of the bond. The procedures related to the sale of the bonds to foreign qualified investors were completed on 9 May 2013. The central safekeeping institutions of traded securities are Euroclear and Clearstream.

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8. Borrowings

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

	31 December 2014	31 December 2013
Repricing periods for loans		
3 months and shorter	812.210.235	722.239.245
3 - 12 months	1.379.397.168	1.150.790.810
1 - 5 years	480.010.478	545.258.989
More than 5 years	12.227.997	95.095.459
	2.683.845.878	2.513.384.503

The interest rate for the issued bonds amounting to TRY 1.155.735.170 is 4,25% (Effective interest rate 4,415%) and the coupon interest payments would be paid semi-annually in equal installments. (31 December 2013: TRY 1.065.027.867).

The financial leases amounting to TRY 3.824.918 is paid up in equal monthly installments (31 December 2013: TRY 5.784.342).

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

Short and long-term bank borrowings between 1 January - 31 December 2014 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January 2014	2.500.199.671	16.589.706	(3.404.874)	2.513.384.503
Currency translation differences	(624.358.687)	(8.281.223)	573.504	(632.066.406)
Foreign exchange gain/(loss)	140.797.022	-	-	140.797.022
Additions-provisions for the period	1.591.259.245	172.566.691	(2.498.813)	1.761.327.123
Payments-reversed provision for the period	(947.435.490)	(153.611.171)	1.450.297	(1.099.596.364)
31 December 2014	2.660.461.761	27.264.003	(3.879.886)	2.683.845.878

Bonds issued	Capital	Interest	Discount on Bonds	Commission	Total
1 January 2014	1.067.150.000	6.563.465	(6.065.238)	(2.620.360)	1.065.027.867
Foreign exchange gain/(loss)	92.300.000	-	-	-	92.300.000
Additions-provisions for the period	-	43.298.350	-	-	43.298.350
Payments-reversed provision for the period	-	(46.088.951)	789.537	408.367	(44.891.047)
31 December 2014	1.159.450.000	3.772.864	(5.275.701)	(2.211.993)	1.155.735.170

Financial leases	Principal	Interest (-)	Total
1 January 2014	5.838.306	(53.964)	5.784.342
Currency translation differences	(169.392)	-	(169.392)
Additions-provisions for the period	178.138	(178.138)	-
Payment in the year	(2.017.670)	227.638	(1.790.032)
31 December 2014	3.829.382	(4.464)	3.824.918

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8. Borrowings

Financial liabilities movements for the period 1 January and 31 December 2013 are summarized as below:

Bank Borrowings	Principal	Interest	Commission	Total
1 January 2013	2.094.718.098	22.754.648	-	2.117.472.746
Impact of acquisition of subsidiary	1.580.298	-	-	1.580.298
Currency translation differences	269.058.568	2.589.477	(343.089)	271.304.956
Foreign exchange gain/(loss)	143.939.286	-	-	143.939.286
Additions-provisions for the period	1.922.452.965	134.258.640	(4.461.440)	2.052.250.165
Payments-reversed provision for the period	(1.931.549.544)	(143.013.059)	1.399.655	(2.073.162.948)
31 December 2013	2.500.199.671	16.589.706	(3.404.874)	2.513.384.503

Bonds issued	Capital	Interest	Discount on bonds	Commission	Total
1 January 2013	-	-	-	-	-
Foreign exchange gain/(loss)	170.250.000	-	-	-	170.250.000
Additions-provisions for the period	896.900.000	28.138.590	(6.592.215)	(2.892.606)	915.553.769
Payments-reversed provision for the period	-	(21.575.125)	526.977	272.246	(20.775.902)
31 December 2013	1.067.150.000	6.563.465	(6.065.238)	(2.620.360)	1.065.027.867

On 9 May 2013, the Group issued 7 year term, fixed interest bonds amounting to USD 500 million with the maturity date of May 2020. The interest rate for the bonds was determined as 4,25%. The capital payment of the bond would be made at maturity date.

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

Financial leases	Principal	Interest (-)	Total
1 January 2013	11.616.692	(1.327.116)	10.289.576
Impact of acquisition of subsidiary	5.687.152	-	5.687.152
Currency translation differences	1.789.253	-	1.789.253
Additions-provisions for the period	174.041	-	174.041
Payment for the period	(13.428.832)	1.273.152	(12.155.680)
31 December 2013	5.838.306	(53.964)	5.784.342

Capitalized finance expenses are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Interest expense	20.402.774	8.567.182
Foreign exchange loss	-	340.056
	20.402.774	8.907.238

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8. Borrowings

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

31 December 2014

Currency	Maturity	Interest (%) ⁽¹⁾	Short Term	Long Term	Total
US dollars	2015-2022	Libor+1,50-4,50	158.168.210	1.325.204.621	1.483.372.831
EUR	2015-2022	Euribor+0,819-6,00	515.665.272	1.041.504.424	1.557.169.696
Russian rubles	2015-2021	9,00-23,00	251.335.167	483.142.161	734.477.328
Ukranian Hryvnia	2015-2021	12,50-19,50	12.757.289	36.168.402	48.925.691
TRY	2015-2016	10,04	16.085.484	3.374.936	19.460.420
			954.011.422	2.889.394.544	3.843.405.966

⁽¹⁾ The weighted average interest rate for EUR is Euribor + 2,69% for USD is Libor + 2,56% for RUR is Mosprime+2,65%, for UAH is 15,01% and for TRY is 10,04%. (Average effective annual interest rate for EUR is 3,10%, for USD is 4,07%, and for UAH is 15,01%, for RUR is 11,86% and for TRY is 10,04%).

31 December 2013

Currency	Maturity	Interest (%) ⁽¹⁾	Short Term	Long Term	Total
US dollars	2014-2019	Libor+1,50-4,50	85.520.465	1.288.520.815	1.374.041.280
EUR	2014-2022	Euribor+0,819-6,00	432.778.153	844.699.500	1.277.477.653
Russian rubles	2014-2020	8,65-10,50	247.186.379	515.541.781	762.728.160
Ukranian Hryvnia	2014-2021	8,00-26,00	73.001.865	78.180.648	151.182.513
TRY	2014-2016	10,04	11.910.580	6.856.526	18.767.106
			850.397.442	2.733.799.270	3.584.196.712

⁽¹⁾ The weighted average interest rate for EUR is Euribor + 2,80% for USD is Libor + 2,46% for RUR is Mosprime+2,41%, UAH is 15,51% and for TRY is 10,04%. (Average effective annual interest rate for EUR is 3,17%, for USD is 4,07%, and for UAH is 15,51%, for RUR is 9,54% and for TRY 10,04%).

The redemption schedule of the financial liabilities is as follows:

	31 December 2014	31 December 2013
Within 1 year	954.011.422	850.397.442
Within 1- 2 years	597.808.376	449.934.362
Within 2- 3 years	581.205.893	644.549.661
Within 3- 4 years	240.242.153	162.411.779
Within 4- 5 years	208.823.038	144.250.664
More than 5 years	1.261.315.084	1.332.652.804
	3.843.405.966	3.584.196.712

The weighted average maturity of the financial liabilities is 1.097 days (31 December 2013: 1.242 days).

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9. Other Financial Liabilities

None (31 December 2013: None).

10. Trade Receivables and Payables

Trade Receivables

	31 December 2014	31 December 2013
Current trade receivables		
Trade receivables	1.146.286.836	1.144.508.793
Notes receivables	32.670.506	31.529.506
Rediscount of notes receivable (-)	(6.162.048)	(5.467.269)
Due to related parties (Note 37)	13.169.905	15.992.500
Other trade receivables	356.248	2.292.405
Provision for doubtful receivables	(37.154.309)	(34.125.193)
	1.149.167.138	1.154.730.742

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

A portion of domestic sales of basic glasses is made on cash and the average term for the remaining sales of basic glasses is 90 days (31 December 2013: 90 days) and 2% overdue interest rate is applied for the payments made after the due date (31 December 2013: 1,5%).

The average sales term for auto glass and processed glass items is 45 days (31 December 2013: 45 days)

A portion of foreign sales are made in cash and the remaining portion receivable has average 45 days (31 December 2013: 60 days) maturity.

The average sales term for automatic glass items is 75 days (December 2013:75 days) and a monthly overdue interest rate of 2% is applied for the payments made after the due date (December 2013: 3%).

Glass packaging products have been sold on cash terms since 1 November 2009. For customers not paying in cash, a monthly interest of 1,25% for payment terms up to 121 days, and a monthly interest rate of 3% is applied for payments exceeding 121 days.

Inter-group sales terms of soda products are 30 days. The applied average term of domestic external sales related to soda products is 43 days (31 December 2013: 43 days). Monthly 2% overdue interest is applied for the payments made after due dates (31 December 2013: 2%).

The average sales term for domestic sales of chromium products in foreign currency is 29 days (31 December 2013: 25 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (31 December 2013: 1%). Average sales term for export sales is 63 days (31 December 2013: 60 days).

Receivables related to heavy engineering industry sales are collected in accordance with a progress payment plan.

The Group has recognized provision for doubtful receivables. 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.

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10. Trade Receivables and Payables

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

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

	31 December 2014	31 December 2013
1 January 2014	(34.125.193)	(24.689.820)
Charge for the year	(10.969.530)	(11.692.754)
Collections	6.168.220	3.240.174
Currency translation differences	1.772.194	(982.793)
	(37.154.309)	(34.125.193)

The Group holds the following collaterals for trade receivables:

	31 December 2014	31 December 2013
Letters of guarantees	194.159.842	219.305.795
Direct debiting system	94.902.330	85.503.964
Promissory notes and bills	75.899.478	41.305.414
Mortgages	15.293.819	20.625.113
Cash	8.074.385	8.282.750
	388.329.854	375.023.036

As of 31 December 2014, TRY 184.787.513 (31 December 2013: TRY 179.637.304) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2014	31 December 2013
1- 30 days overdue	123.033.146	107.651.607
1-3 months overdue	34.829.731	38.785.306
3-12 months overdue	15.559.453	21.656.132
1- 5 years overdue	11.365.183	11.544.258
Total overdue receivables	184.787.513	179.637.303
The part under guarantee with collateral, etc.	28.137.979	13.147.960

Trade Payables

	31 December 2014	31 December 2013
Short term trade payables		
Trade payables	608.993.322	627.129.287
Due to related parties (Note 37)	50.555.903	52.111.545
Other trade payables	580.760	7.447
Rediscount on notes payable (-)	(2.396.156)	(1.668.507)
	657.733.829	677.579.772

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11. Other Receivables and Payables

	31 December 2014	31 December 2013
Other current receivable		
Other receivables	14.814.598	60.205.760
Due from related parties (Note 37)	7.626.686	22.458.811
Deposits and guarantees given	3.298.241	2.075.496
Due from personnel	1.658.190	3.690.724
Investment for power transmission line ⁽¹⁾	778.075	3.991.260
Allowance for other doubtful receivables (-)	(2.851.354)	(7.284.963)
	25.324.436	85.137.088

⁽¹⁾ The amount is composed of the investment in connecting a subsidiary, Soda San. A.Ş. Mersin Plant, to the transmission network, and as per the relevant agreement this amount will be offset from the "System Utilisation Fee" to be received from TEİAŞ in the upcoming periods.

The movement of other doubtful receivables is as follows:

	31 December 2014	31 December 2013
1 January - Previously reported	(7.284.963)	(6.596.033)
Currency translation differences	2.416.937	(869.559)
Collections	2.113.208	235.714
Charge for the period	(96.536)	(55.085)
	(2.851.354)	(7.284.963)

	31 December 2014	31 December 2013
Other non-current receivables		
Receivable from tax office	14.455.210	-
Deposits and guarantees given	2.805.968	2.536.937
	17.261.178	2.536.937

	31 December 2014	31 December 2013
Other current payables		
Deposits and guarantees received	7.970.466	6.970.216
Other payables	7.197.900	8.240.983
Due to related parties (Note 37)	4.525.328	2.328.277
Rediscount on other notes payables (-)	(40.644)	(73.415)
	19.653.050	17.466.061

	31 December 2014	31 December 2013
Other non-current payables		
Other payables	904.548	173.771
Deposits and guarantees taken	103.919	1.312.534
	1.008.467	1.486.305

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12. Derivative Instruments

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

Hedging instruments include, interest rates swaps converting floating rate of Libor+2,55% to fixed rate of 9,30% with 3-month intervals for a USD denominated borrowing of USD 70 million and cross currency swaps converting USD denominated capital and interest payables into Russian Ruble denominated ones.

The Group entered into a foreign currency forward exchange contract between 16 May 2013 and 16 December 2013 in order to sell USD in exchange for TRY.

The transactions related to derivative instruments are as follows:

	31 December 2014	31 December 2013
1 January	(4.154.651)	-
Foreign exchange gain charged to equity	20.984.623	(1.429.397)
Foreign exchange gain/(loss) charged to statement of income	94.803.853	(12.654.518)
Interest expense charged to statement of income	264.745	(793.248)
Realized foreign exchange losses/(gain)	-	10.976.100
Currency translation differences	(27.557.029)	(253.588)
Net Asset / (Liability)	84.341.541	(4.154.651)

13. Inventories

	31 December 2014	31 December 2013
Finished goods	875.236.552	730.761.514
Raw materials	355.658.813	361.545.503
Trade goods	85.273.665	71.788.247
Goods in transit	40.032.530	5.903.172
Work in process	27.434.344	39.180.426
Supplies	23.811.003	18.508.515
Other inventories	34.386.311	33.101.763
Provision for impairment (-)	(19.889.480)	(17.014.791)
	1.421.943.738	1.243.774.349

The movement of provision for impairment of inventory is as follows:

	31 December 2014	31 December 2013
1 January	(17.014.791)	(17.460.266)
Provision for the year	(7.433.313)	(2.211.624)
Provision released	2.692.676	3.350.440
Currency translation differences	1.865.948	(693.341)
	(19.889.480)	(17.014.791)

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14. Prepaid Expenses and Deferred Income**Prepaid Expenses**

	31 December 2014	31 December 2013
Prepaid expenses in current assets		
Order advances given for inventories	51.125.200	65.101.228
Prepaid expenses	13.651.690	11.282.221
	64.776.890	76.383.449

	31 December 2014	31 December 2013
Prepaid expenses in non-current assets		
Advances given for tangible and intangible assets	78.341.031	51.277.742
Prepaid expenses	24.080.790	8.724.786
	102.421.821	60.002.528

Deferred income

	31 December 2014	31 December 2013
Short term deferred income		
Deferred income	39.848.238	36.612.576
Order advances received	22.368.442	30.854.335
Other advances received	1.935.917	1.994.941
	64.152.597	69.461.852

	31 December 2014	31 December 2013
Non-current deferred income		
Deferred income ^(*)	43.045.742	4.158.780

(*) The amount consists of the government incentive provided by the Bulgarian government to Trakya Glass Bulgaria EAD, and Romania government to Glasscorp SA.

15. Construction Contracts

	31 December 2014	31 December 2013
Contract costs incurred for work performed	16.805.566	34.419.350
Less: Progress payments received (-)	(16.805.566)	(24.341.695)
	-	10.077.655

Progress payments and costs realized in financial statements are as follows:

	31 December 2014	31 December 2013
Receivables from construction contracts (Note 26)	-	10.077.655

As of 31 December 2014, there are neither guarantees given nor advances received for progress payments due to the fact that Asmaş Ağır Sanayi Makinaları, one of the subsidiaries of the Group, was sold to non-Group parties on 15 July 2014. (As of 31 December 2013, the amount of the guarantees given and advances received for progress payments are TRY 3.489.803 and TRY 3.391.903, respectively).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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15. Construction Contracts

The Group uses the "percentage of completion" method for the accounting of the production of heavy machinery. Percentage of completion rate is calculated as a percentage of total estimated costs for each contract within the period up to the date of the balance sheet and it is measured according to the contract costs. If this ratio had deviated by 1% from the management estimates, revenue would not be changed. (31 December 2013: TRY 169.607).

16. Joint Ventures and Associates

Net asset values of Joint Ventures and associates accounted for under equity accounting method represented in the balance sheet of the associates are as follows:

Joint Ventures

	31 December 2014	31 December 2013
HNG Float Glass Limited	127.799.491	120.384.040
Rudnik Krecnjaka Vijenac D.O.O.	16.725.321	16.288.619
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	15.571.109	15.859.283
Oxyvit Kimya Sanayii ve Tic. A.Ş.	6.940.746	7.048.733
OOO Balkum	4.138.866	5.914.544
	171.175.533	165.495.219

Associates

	31 December 2014	31 December 2013
Solvay Şişecam Holding AG	211.424.223	190.997.441
Saint Gobain Glass Egypt S.A.E.	99.501.745	80.056.213
OAQ FormMat	8.168.419	12.750.449
	319.094.387	283.804.103
	490.269.920	449.299.322

Movements of the investments accounted for under equity accounting method during the year are as below:

	31 December 2014	31 December 2013
1 January - Previously reported	449.299.322	243.333.548
Profit / (loss) for the period (net) from joint ventures and associates	64.944.604	36.891.498
Payment for capital increase	14.935.555	-
Funds for actuarial gain/ loss on employee termination benefits	107.336	-
Acquisition	-	142.112.543
Currency translation differences	(3.333.178)	58.333.892
Dividend income from associates	(35.683.719)	(31.372.159)
	490.269.920	449.299.322

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16. Joint Ventures and Associates

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

HNG Float Glass Limited

	31 December 2014	31 December 2013
Current assets	70.697.710	54.123.256
Non-current assets	364.532.695	358.332.502
Total Assets	435.230.405	412.455.758
Current liabilities	126.853.673	154.463.504
Non-current liabilities	52.777.750	17.224.174
Total Liabilities	179.631.423	171.687.678
Net asset (including goodwill)	255.598.982	240.768.080
Group share (%)		
- Direct and indirect ownership rate (%)	50,00	50,00
- Effective ownership rate (%)	34,89	34,89
Group share in net assets	127.799.491	120.384.040
	1 January- 31 December 2014	11 June 31 December 2013
Revenue	181.136.016	73.386.950
Loss from continuing operations	(109.906)	(6.611.715)
Other comprehensive income	14.940.808	16.698.507
Total comprehensive income/ (loss)	14.830.902	10.086.792
The Group's share in profit/(loss) from continuing operations	(54.953)	(3.305.858)

In accordance with expansion strategy in the potential markets, the Group acquired 50% shares of the Company, which is located in India on 11 June 2013 for a consideration of USD 61.149.742 (= TRY 142.112.543)

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

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16. Joint Ventures and Associates

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

Rudnik Krechnjaka Vijenac D.O.O.

	31 December 2014	31 December 2013
Current assets	3.713.816	3.135.393
Non-current Assets	38.253.204	39.727.873
Total Assets	41.967.020	42.863.266
Current Liabilities	8.023.548	9.669.786
Non-current Liabilities	492.830	616.242
Total Liabilities	8.516.378	10.286.028
Net Assets (including goodwill)	33.450.642	32.577.238
Group share (%)		
- Direct and indirect ownership ratio (%)	50,00	50,00
- Effective ownership ratio (%)	50,00	50,00
Group share in net assets (including goodwill)	16.725.321	16.288.619
	1 January - 31 December 2014	1 January - 31 December 2013
Revenue	16.216.574	12.286.890
Profit from continuing operations	2.222.040	579.729
Other comprehensive income/(loss)	(1.348.636)	6.446.982
Total comprehensive income/(loss)	873.404	7.026.711
The Group's share in Profit/(loss) from continuing operations	1.111.020	289.865

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

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16. Joint Ventures and Associates

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

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.

	31 December 2014	31 December 2013
Current Assets	30.189.809	33.591.207
Non-current Asset	8.911.816	9.557.130
Total Assets	39.101.625	43.148.337
Current Liabilities	5.033.657	8.556.245
Non-current Liabilities	2.925.750	2.873.527
Total Liabilities	7.959.407	11.429.772
Net Assets	31.142.218	31.718.565
Group share (%)		
- Direct and indirect ownership ratio (%)	50,00	50,00
- Effective ownership ratio (%)	39,57	39,57
Group share in net assets	15.571.109	15.859.283
	1 January- 31 December 2014	1 January- 31 December 2013
Revenue	62.173.618	61.413.769
Profit from continuing operations	11.062.693	13.149.832
Other comprehensive income/(loss)	189.845	-
Total comprehensive income/(loss)	11.252.538	13.149.832
The Group's share in Profit/(loss) from continuing operations	5.531.347	6.574.916
Dividend distribution from retained earnings	11.828.885	13.050.255
Dividend distributed to company's share	5.914.443	6.525.127

In the General Assembly held on 24 March 2014, it was decided to proceed the dividends on 18 April 2014.

Shares of Joint Venture in non-group parties are related to Omco International N.V.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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16. Joint Ventures and Associates

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

Oxyvit Kimya Sanayii ve Tic. A.Ş.

	31 December 2014	31 December 2013
Current Assets	12.700.925	12.862.015
Non-current Asset	10.693.112	10.895.049
Total Assets	23.394.037	23.757.064
Current Liabilities	5.685.833	5.769.910
Non-current Liabilities	3.826.712	3.889.688
Total Liabilities	9.512.545	9.659.598
Net Assets	13.881.492	14.097.466
Group share (%)		
- Direct and indirect ownership rate (%)	50,00	50,00
- Effective ownership rate (%)	41,44	42,35
Group share in net assets	6.940.746	7.048.733
	1 January- 31 December 2014	1 January - 31 December 2013
Revenue	31.446.253	27.775.289
Profit from continuing operations	3.390.162	4.283.760
Other comprehensive income/(loss)	24.827	-
Total comprehensive income/(loss)	3.414.989	4.283.760
The Group's share in profit from continuing operations	1.695.081	2.141.880
Dividend distribution from retained earnings	3.630.963	3.248.218
Dividend distributed to company's share	1.815.482	1.624.109

In the ordinary shareholders general assembly meeting held on 24 March 2014, it was decided that TRY 2.630.963 of the dividend to be paid on 15 April 2014, and the remaining TRY 1.000.000 to be paid by 31 December 2014. The Joint Venture paid the remaining dividend on 1 September 2014 and 19 November 2014 in equal instalments.

Shares of Joint Venture in non-group parties are related to Cheminvest Türkiye Deri Kimyasalları San. ve Tic. A.Ş.

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16. Joint Ventures and Associates

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

OOO Balkum

	31 December 2014	31 December 2013
Current Assets	4.151.521	3.201.786
Non-current Asset	6.281.303	10.533.746
Total Assets	10.432.824	13.735.532
Current Liabilities	2.096.222	1.906.445
Non-current Liabilities	58.871	-
Total Liabilities	2.155.093	1.906.445
Net Assets	8.277.731	11.829.087
Group share (%)		
- Direct and indirect ownership rate (%)	50,00	50,00
- Effective ownership rate (%)	20,18	20,18
Group share in net assets	4.138.866	5.914.544
	1 January- 31 December 2014	1 January - 31 December 2013
Revenue	14.373.595	16.524.583
Profit from continuing operations	1.329.924	324.763
Other comprehensive income/ (loss)	(4.881.280)	1.217.898
Total comprehensive income/ (loss)	(3.551.356)	1.542.661
The Group's share in profit from continuing operations	664.962	162.382

Shares of Joint Venture in non-group parties are related to Andrey Sherbakov.

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16. Joint Ventures and Associates

The summary of the financial statements of Associates is as follows:

Solvay Şişecam Holding AG

	31 December 2014	31 December 2013
Current assets	353.819.441	379.846.164
Non-current assets	656.133.987	627.288.840
Total Assets	1.009.953.428	1.007.135.004
Current liabilities	97.730.559	182.273.965
Non-current liabilities	49.000.221	45.082.796
Total Liabilities	146.730.780	227.356.761
Non-controlling interest	17.525.758	15.788.480
Net asset	845.696.890	763.989.763
Group share (%)		
- Direct and indirect ownership rate (%)	25,00	25,00
- Effective ownership rate (%)	20,19	20,70
Group share in net assets	211.424.223	190.997.441
	1 January - 31 December 2014	1 January - 31 December 2013
Revenue	621.645.366	523.951.172
Profit / (loss) from continuing operations	190.717.011	120.175.704
Dividends paid in advance from current year profit	36.244.790	18.490.317
Profit / (loss) from continuing operations	226.961.801	138.666.021
Other comprehensive income/ (loss)	(33.439.496)	148.952.090
Total comprehensive income/ (loss)	193.522.305	287.618.111
The Group's share in profit/(loss) from continuing operations	56.740.450	34.666.505
Dividend distribution from retained earnings	75.570.388	74.605.669
The Group's share in dividend distributed	27.953.794	23.222.923

Founded based on Bulgarian Republic laws, Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97,95% direct and indirect ownership of Solvay Sodi A.D., which was located in Devnya, Bulgaria.

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16. Joint Ventures and Associates

The summary of the financial statements of Associates is as follows:

Saint Gobain Glass Egypt S.A.E

	31 December 2014	31 December 2013
Current assets	98.157.090	66.521.780
Non-current asset	417.826.206	412.921.798
Total Assets	515.983.296	479.443.578
Current liabilities	138.169.900	102.251.430
Non-current liabilities	46.140.912	117.399.917
Total Liabilities	184.310.812	219.651.347
Net Assets (including goodwill)	331.672.484	259.792.231
Group share (%)		
- Direct and indirect ownership ratio (%)	30,00	30,82
- Effective ownership ratio (%)	20,94	21,50
Group share in net assets (including goodwill)	99.501.745	80.056.213
	1 January- 31 December 2014	1 January- 31 December 2013
Revenue	154.178.269	110.403.855
Profit /(Loss) from continuing operations)	(3.660.642)	(12.066.315)
Other comprehensive income/(loss)	17.787.815	25.086.635
Total comprehensive income/(loss)	14.127.173	13.020.320
The Group's share in profit/ (loss) from continuing operations	(1.098.193)	(3.718.292)
Capital increases in the period	57.753.080	-
The Group's share in cash capital increase	14.935.555	-

Saint Gobain Glass Egypt S.A.E increased its capital by EGP 187.000.000 on 14 April 2014, Group contributed the capital increase of Saint Gobain Glass Egypt S.A.E by EGP 49.250.000 which leads to decrease its shareholder from 30,82% to 30,00%. The capital contribution was proceed by capital advanced give before 1 January 2014.

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16. Joint Ventures and Associates

The summary of the financial statements of Associates is as follows:

OA FormMat

	31 December 2014	31 December 2013
Current Assets	1.719.294	1.209.378
Non-current Asset	16.691.701	26.953.190
Total Assets	18.410.995	28.162.568
Current Liabilities	1.503.648	1.762.210
Non-current Liabilities	51.346	89.073
Total Liabilities	1.554.994	1.851.283
Net Assets (including goodwill)	16.856.001	26.311.285
Group share (%)		
- Direct and indirect ownership ratio (%)	48,46	48,46
- Effective ownership ratio (%)	19,55	19,55
Group share in net assets (including goodwill)	8.168.419	12.750.449
	1 January- 31 December 2014	1 January- 31 December 2013
Revenue	5.089.858	5.288.857
Profit from continuing operations	732.336	165.290
Other comprehensive income/(loss)	(10.187.620)	2.717.759
Total comprehensive income/(loss)	(9.455.284)	2.883.049
The Group's share in Profit/(loss) from continuing operations	354.890	80.100

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17. Investment Properties

	31 December 2014	31 December 2013
Cost	56.442.450	56.442.450
Accumulated depreciation (-)	(32.319.769)	(32.319.769)
Net book value	24.122.681	24.122.681
Revaluation reserve	402.176.110	402.176.110
Fair value	426.298.791	426.298.791

The Group has classified Çayırova property located in Gebze, Kocaeli, as investment property due to the termination operational use as of 31 December 2012. The fair value of the property is determined as TRY 217.707.575, as of 31 December 2012. Revaluation gains amounting to TRY 202.061.493 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TRY 10.103.075. The fair value of the investment property of Çayırova is determined based on the valuations made by two different valuation firms holding licenses and are authorized by CMB. The valuation firms have the required professional experience and up-to-date information concerning the classification and location of the investment property. The fair value of investment property has been calculated by the arithmetical average of the amounts stated in the valuation reports. The fair value of investment property was determined based on recent market conditions, using the 'Benchmark Method' in the first report whereas it has been determined by using the 'Replacement Cost Method' in the second report. The assumptions that are expected to impact the value of investment property in the Benchmark Method are convenience of transportation facilities, connection to motorways and access roads, the surrounding industrial structuring, the industrial potential of the area and available zoning status and three different benchmarks were evaluated. The assumptions that were used to determine the fair value of the investment property in the replacement cost method were the value of the lands and the value of constructional investments on the lands. The real unit costs that are subject to assessment of constructional investments have been determined by considering the construction methods and their available physical conditions.

The Group has classified Beykoz property located in İncirköy, Beykoz, İstanbul as investment property due to the termination of operational use as of 30 June 2011. The fair value of the property is determined as TRY 208.591.216 as of 30 June 2011. Revaluation gains amounting to TRY 200.114.617 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TRY 10.005.731. The fair value of the Beykoz property was determined by two different independent firms which have CMB licenses. The valuation firms have the required professional experience and up-to-date knowledge concerning the classification and location of the Beykoz property. The fair value of the property was calculated by arithmetical average of the amounts stated in the valuation reports. In the first report, fair value of the property is determined according to the "Benchmark Method" by considering the current market data. In the second valuation report, fair value of the property is determined according to the "Cash Flow Analysis" by considering room prices determined according to the equivalent comparison method and project cost determined according to the cost analysis as if the property were a hotel. In the cash flow analysis, the rent increase rate and discount rate have been used as 3,0% and 13,0%, respectively.

No significant fair value change was identified in investment properties as of 31 December 2014.

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18. Property, Plant and Equipment

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January	99.109.689	301.253.914	1.819.325.001	7.131.856.718	47.072.393	326.016.988	518.606.993	1.224.635.706	11.467.877.402
Classification ⁽¹⁾	-	9.065.558	(9.772.137)	10.281.974	757.885	(2.461.873)	2.680.901	-	10.552.308
Impact of sale of subsidiary	(2.650.225)	(545.407)	(6.028.520)	(20.502.636)	(1.173.970)	(2.058.850)	-	-	(32.959.608)
Currency translation differences	(2.580.614)	(21.230.240)	(318.484.043)	(469.557.153)	(3.840.866)	(15.662.547)	(51.155.137)	(148.125.266)	(1.030.635.866)
Additions ⁽²⁾	1.250	348.728	13.395.424	120.021.509	3.287.402	39.880.453	17.832.138	940.776.336	1.135.543.240
Disposals	(983.585)	(127.473)	(15.857.341)	(82.141.119)	(2.513.075)	(19.235.592)	(62.356.091)	(1.853.632)	(185.067.908)
Transfers from construction in progress	16.530.335	31.936.376	431.750.580	755.284.798	8.108.064	20.508.219	86.055.251	(1.350.173.623)	-
Balance at 31 December 2014	109.426.850	320.701.456	1.914.328.964	7.445.244.091	51.697.833	346.986.798	511.664.055	665.259.521	11.365.309.568
Accumulated depreciation and impairment									
Previously reported- 1 January	-	(157.395.345)	(510.582.635)	(4.715.901.499)	(34.356.725)	(250.071.202)	(353.008.736)	-	(6.021.316.142)
Classification ⁽¹⁾	-	(3.218.097)	3.941.266	(10.094.096)	(755.554)	2.360.964	(2.786.791)	-	(10.552.308)
Impact of sale of subsidiary	-	507.326	5.170.104	17.512.452	1.169.139	1.871.235	-	-	26.230.256
Currency translation differences	-	13.607.620	72.496.405	240.541.435	2.732.336	9.957.901	34.831.813	-	374.167.510
Charge for the period ⁽³⁾	-	(23.133.147)	(59.528.413)	(463.624.334)	(4.674.361)	(28.679.268)	(86.202.760)	-	(665.842.283)
Disposals	-	43.199	2.432.830	69.938.348	2.303.205	13.428.176	51.016.359	-	139.162.117
Balance at 31 December 2014	-	(169.588.444)	(486.070.443)	(4.861.627.694)	(33.581.960)	(251.132.194)	(356.150.115)	-	(6.158.150.850)
Net book value as of 31 December 2014	109.426.850	151.113.012	1.428.258.521	2.583.616.397	18.115.873	95.854.604	155.513.940	665.259.521	5.207.158.718
Net book value as of 31 December 2013	99.109.689	143.858.569	1.308.742.366	2.415.955.219	12.715.668	75.945.786	165.598.257	1.224.635.706	5.446.561.260

⁽¹⁾ The Group reconsidered the fixed assets (includes fully amortized) and performed reclassifications and offsetting in the related accounts. The related fixed assets have no impact on profit/ (loss).

⁽²⁾ Purchase of financial cost of TRY 20.402.774 has been capitalized (Note 8).

⁽³⁾ Allocation of depreciation expense is disclosed in Note 28 and Note 30.

No mortgage over lands and buildings due to bank borrowings exist (1 January - 31 December 2013 : None.).

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18. Property, Plant and Equipment

Cost	Land improvements	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January	79.145.494	292.141.414	1.540.243.536	6.624.845.237	42.627.893	282.954.055	408.556.113	543.720.119	9.814.233.861
Classification ⁽ⁱ⁾	(4.010.595)	4.698.754	3.710.360	(125.739.978)	(42.378)	(4.325.941)	9.915.808	14.458	(115.779.512)
Currency translation differences	8.028.083	10.024.023	117.593.562	270.187.700	5.285.912	16.097.712	13.478.579	112.593.906	553.289.477
Impact of acquisition of subsidiary	11.845.306	-	53.875.398	90.513.458	489.860	24.696.715	2.494.252	1.398.746	185.313.735
Additions ⁽ⁱⁱ⁾	3.134	924.183	17.375.736	177.182.697	1.820.563	24.897.264	44.488.928	1.389.744.728	1.656.437.233
Disposals	-	(212.764)	(1.039.053)	(307.694.605)	(3.714.072)	(27.134.767)	(45.342.365)	(54.425.467)	(439.563.093)
Transfers to assets held for sale	-	-	-	(108.314.908)	(1.105.491)	(6.239.402)	(2.885.493)	-	(118.545.294)
Transfers to investment properties	(3.079.930)	(21.461.934)	(42.967.141)	-	-	-	-	-	(67.509.005)
Transfers from construction in progress	7.178.197	15.140.238	130.532.603	510.877.117	1.710.106	15.071.352	87.901.171	(768.410.784)	-
Balance at 31 December 2013	99.109.689	301.253.914	1.819.325.001	7.131.856.718	47.072.393	326.016.988	518.606.993	1.224.635.706	11.467.877.402

Accumulated depreciation and impairment

Previously reported- 1 January	-	(147.353.129)	(410.020.149)	(4.573.827.490)	(31.898.436)	(224.010.106)	(284.419.159)	-	(5.671.528.469)
Classification ⁽ⁱ⁾	-	(41.768)	(5.399.380)	126.857.950	42.060	4.256.318	(9.935.668)	-	115.779.512
Currency translation differences	-	(4.337.280)	(32.152.599)	(144.312.560)	(3.664.165)	(12.820.288)	(8.495.254)	-	(205.782.146)
Impact of acquisition of subsidiary	-	-	(38.963.246)	(73.418.424)	(414.126)	(21.881.790)	(2.043.005)	-	(136.720.591)
Charge for the period ⁽ⁱⁱⁱ⁾	-	(21.719.874)	(50.650.768)	(397.712.299)	(3.155.930)	(25.699.379)	(75.108.676)	-	(574.046.926)
Disposals	-	48.309	200.172	248.040.065	3.648.607	24.054.888	24.107.533	-	300.099.574
Transfers to assets held for sale	-	-	-	98.471.259	1.085.265	6.029.155	2.885.493	-	108.471.172
Transfers to investment properties	-	16.008.397	26.403.335	-	-	-	-	-	42.411.732
Balance at 31 December 2013	-	(157.395.345)	(510.582.635)	(4.715.901.499)	(34.356.725)	(250.071.202)	(353.008.736)	-	(6.021.316.142)

Net book value as of 31 December 2013	99.109.689	143.858.569	1.308.742.366	2.415.955.219	12.715.668	75.945.786	165.598.257	1.224.635.706	5.446.561.260
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Net book value as of 31 December 2012	79.145.494	144.788.285	1.130.223.387	2.051.017.747	10.729.457	58.943.949	124.136.954	543.720.119	4.142.705.392
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⁽ⁱ⁾ The Group reconsidered the fully amortized fixed assets and performed reclassifications and offsetting in the related accounts. The related fixed assets have no impact on profit/(loss).

⁽ⁱⁱ⁾ Purchase of financial cost of TRY 8.907.238 has been capitalized (Note 8).

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

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19. Intangible Assets

Cost	Rights	Mine fields	Development		Total
			Expenses	Other	
Previously reported- 1 January	109.878.816	13.135.203	29.638.632	14.382.850	167.035.501
Classification ⁽ⁱ⁾	180.824	-	-	(1.256.464)	(1.075.640)
Impact of sale of subsidiary	(241.852)	-	-	-	(241.852)
Currency translation differences	(2.230.460)	-	-	(898.200)	(3.128.660)
Additions	9.311.984	-	10.222.622	969.769	20.504.375
Disposals	(125.195)	-	-	(177.184)	(302.379)
Balance at 31 December 2014	116.774.117	13.135.203	39.861.254	13.020.771	182.791.345

Accumulated depreciation

Previously reported- 1 January	(64.376.581)	(5.871.533)	(10.541.976)	(7.380.694)	(88.170.784)
Classification ⁽ⁱ⁾	(180.824)	-	-	1.256.464	1.075.640
Impact of sale of subsidiary	233.084	-	-	-	233.084
Currency translation differences	1.174.653	-	-	1.345.259	2.519.912
Charge for the period ⁽ⁱⁱ⁾	(12.259.258)	(819.072)	(6.683.463)	(2.278.530)	(22.040.323)
Disposals	119.815	-	-	22.180	141.995
Balance at 31 December 2014	(75.289.111)	(6.690.605)	(17.225.439)	(7.035.321)	(106.240.476)
Net book value as of 31 December 2014	41.485.006	6.444.598	22.635.815	5.985.450	76.550.869
Net book value as of 31 December 2013	45.502.235	7.263.670	19.096.656	7.002.156	78.864.717

Cost	Rights	Mine fields	Development		Total
			Expenses	Other	
Previously reported- 1 January	57.946.893	13.135.203	20.430.652	8.705.129	100.217.877
Classification ⁽ⁱ⁾	42.105	-	-	(2.436)	39.669
Currency translation differences	8.346.635	-	-	1.265.728	9.612.363
Acquisition of subsidiary	38.221.886	-	-	1.362.487	39.584.373
Additions	5.389.050	-	9.207.980	3.054.731	17.651.761
Disposals	(67.753)	-	-	(2.789)	(70.542)
Balance at 31 December 2013	109.878.816	13.135.203	29.638.632	14.382.850	167.035.501

Accumulated depreciation

Previously reported- 1 January	(36.082.640)	(5.052.461)	(5.648.318)	(4.332.820)	(51.116.239)
Classification ⁽ⁱ⁾	(50.471)	-	-	10.802	(39.669)
Currency translation differences	(3.878.160)	-	-	(879.242)	(4.757.402)
Acquisition of subsidiary	(17.214.769)	-	-	(1.082.541)	(18.297.310)
Charge for the period ⁽ⁱⁱ⁾	(7.178.542)	(819.072)	(4.893.658)	(1.099.682)	(13.990.954)
Disposals	28.001	-	-	2.789	30.790
Balance at 31 December 2013	(64.376.581)	(5.871.533)	(10.541.976)	(7.380.694)	(88.170.784)
Net book value as of 31 December 2013	45.502.235	7.263.670	19.096.656	7.002.156	78.864.717
Net book value as of 31 December 2012	21.864.253	8.082.742	14.782.334	4.372.309	49.101.638

⁽ⁱ⁾ The Group reconsidered the fully amortized intangible assets and performed reclassifications and offsetting in the related accounts. The related intangible assets have no impact on profit/(loss).

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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20. Goodwill

	31 December 2014	31 December 2013
Previously reported- 1 January	31.534.049	22.222.492
Acquisition impact for the period	-	3.522.262
Currency translation differences	(2.476.258)	5.789.295
	29.057.791	31.534.049

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

	31 December 2014	31 December 2013
Glasscorp S.A.	16.154.395	16.875.912
Cromital S.p.A	6.645.555	6.918.379
Fritz Holding GmbH	4.104.119	4.272.606
OOO Ruscam Glass Packaging Holding ^(*)	2.153.722	3.467.152
	29.057.791	31.534.049

^(*) As a result of the acquisition of OOO Ruscam Kirishi, the legal title of OOO Ruscam Kirishi was changed as OOO Ruscam Glass Packaging Holding on 1 July 2013.

21. Government Grants

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

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

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

Glass Corp S.A. utilizes government grants within this scope.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

22. Provisions, Contingent Assets and Liabilities

The total amount of the law suits as of 31 December 2014 filed and continuing against is approximately TRY 39.170.911 (31 December 2013: TRY 81.321.603).

The Group has been defendant and plaintiff of more than one case within the ordinary operations during the period. According to the opinions of independent legal and tax advisors, the Group considers the possibility of incurring loss amounting to TRY 39.170.911 from the cases as remote as of 31 December 2014.

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2014 and 31 December 2013 are as follows:

The CPMs given by the Company	31 December 2014				
	TRY Equivalent	USD	EUR	RUR	TRY
A. CPM's given in the name of own legal personality	1.714.654	-	-	-	1.714.654
B. CPM's given on behalf of the fully consolidated companies	1.926.964.186	70.598.250	410.321.567	14.873.700.164	7.342.165
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	948.715.250	400.000.000	7.500.000	-	-
i. Total amount of CPM's given on behalf of the majority shareholder ⁽¹⁾	948.715.250	400.000.000	7.500.000	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	2.877.394.090	470.598.250	417.821.567	14.873.700.164	9.056.819

Percentage of other CPM's given by the Company to the Company's equities is 13,11% as of 31 December 2014.

⁽¹⁾ The amounts represent the CPMs that are given to the Company by the subsidiaries included in the consolidation.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

22. Provisions, Contingent Assets and Liabilities

The CPMs given by the Company	31 December 2013				
	TRY Amounts	USD	EUR	RUR	TRY
A. CPM's given in the name of own legal personality	1.194.336	-	-	-	1.194.336
B. CPM's given on behalf of the fully consolidated companies	1.746.269.460	74.420.204	315.614.052	10.032.674.552	10.717.098
C. CPM's given on behalf of third parties or ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	922.238.335	400.000.000	23.333.334	-	-
i. Total amount of CPM's given on behalf of the majority shareholder ⁽¹⁾	922.238.335	400.000.000	23.333.334	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	2.669.702.131	474.420.204	338.947.386	10.032.674.552	11.911.434

Percentage of other CPM's given by the Company to the Company's equities is 13,94% as of 31 December 2013.

⁽¹⁾ The amounts represent the CPMs that are given to the Company by the subsidiaries included in the consolidation.

Put/call option agreements

Put/call option agreements were signed between the Company and European Bank for Reconstruction and Development ("EBRD") on 10 November 2014 and 24 October 2014. Therefore, Company has put option for Paşabahçe Cam San. ve Tic. A.Ş. ("Paşabahçe") while it has granted a call option to EBRD. If Paşabahçe's public offering occurs until 24 October 2019, related put/call options will be invalid (Note 27).

Put option agreement was signed between the Company and International Finance Corporation ("IFC") on 18 November 2014. Therefore, Company has granted a call option to IFC for non-controlling shares of Soda Sanayii AŞ. If Soda Sanayii AŞ's second public offering occurs in 6 years after the signature date (until 6th anniversary), related call options will be invalid (Note 27).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

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22. Provisions, Contingent Assets and Liabilities

Short term provisions

	31 December 2014	31 December 2013
Accrued expenses	49.832.026	49.815.833
Provisions for employee benefits	10.035.921	11.397.142
Other short term provision	1.375.589	1.577.560
	61.243.536	62.790.535

23. Commitments

According to the agreements made among Türkiye Petrolleri Anonim Ortaklığı A.Ş., Shell Enerji A.Ş., Mersin O.S.B., Aygaz Doğal Gaz Toptan Satış A.Ş., Boru Hatları and Petrol Taşıma A.Ş. (BOTAŞ) and Eskişehir Organize Sanayii Bölge Müdürlüğü, the Group has a commitment to purchase 1.319.389.646 sm3 of natural gas between 1 January 2014 and 31 December 2015 (31 December 2013: 1.173.950.163 sm3).

24. Employee Benefits

Short term liabilities for employee benefits

	31 December 2014	31 December 2013
Due to personnel	21.637.908	20.722.243

	31 December 2014	31 December 2013
Short term provisions for employee benefits		
Unused vacation provision	10.035.921	11.397.142

Long term provisions for employment benefits

Provision for employee termination benefits

	31 December 2014	31 December 2013
Domestic	239.647.894	249.994.424
Foreign	4.621.270	5.610.117
	244.269.164	255.604.541

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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24. Employee Benefits

Long term provisions for employment benefits

Provision for employee termination benefits

The amount payable consists of one month's salary limited to a maximum of TRY 3.438,22 for each period of service as of 31 December 2014 (31 December 2013: TRY 3.254,44). TRY 3.541,37 which is effective from 1 January 2015, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2013: TRY 3.438,22 which is effective from 1 January 2014).

Liability of employment termination benefits is not subject to any funding as there isn't an obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed 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 income statement under the cost of sales and operating expenses.

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, in the accompanying consolidated financial statements as of 31 December 2014 and 31 December 2013 the provision is 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 5,00% (31 December 2013: 5,00%) and a discount rate of 9,49% (31 December 2013: 8,37%), the real discount rate is approximately 4,28% (31 December 2013: 3,21%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2014, turnover rate to estimate the probability of retirement is 98,91% (31 December 2013 : 98,89%).

The movement of the employment termination benefits is as follows:

	31 December 2014	31 December 2013
Previously reported - 1 January	255.604.541	234.869.417
Service costs	42.683.356	44.375.486
Interest costs	7.417.907	7.531.763
Currency translation differences	(178.499)	713.732
Acquisition of subsidiary	-	1.454.403
Actuarial gain/(loss)	(21.001.730)	-
Payments made during the period	(40.256.411)	(33.340.260)
	244.269.164	255.604.541

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25. Impairment of Assets

	31 December 2014	31 December 2013
Impairment of assets		
Provision for doubtful receivables	37.154.309	34.125.193
Provision for other doubtful receivables	2.851.354	7.284.963
Provision for inventory write down	19.889.480	17.014.791
Impairment of available-for-sale financial assets	159.266.448	158.930.940
	219.161.591	217.355.887

	31 December 2014	31 December 2013
The details of impairment of available-for-sale financial assets		
Trakya Yatırım Holding A.Ş.	99.617.136	99.617.136
Avea İletişim Hizmetleri A.Ş.	56.994.689	56.994.689
Paşabahçe Mağazaları B.V.	1.787.091	1.451.583
Şişecam Shangai Trade Co. Ltd.	655.449	655.449
Mepa Merkezi Pazarlama A.Ş.	212.083	212.083
	159.266.448	158.930.940

26. Other Assets and Liabilities

	31 December 2014	31 December 2013
Other current assets		
VAT receivables	68.854.225	79.350.001
Deductible VAT on exports	40.529.490	54.422.176
Income accruals	7.963.359	258.308
Work advances	1.750.327	1.071.997
Receivables related to construction contracts (Note 15)	-	10.077.655
Other	1.521.382	4.605.940
	120.618.783	149.786.077

	31 December 2014	31 December 2013
Other non-current assets		
Vat deductible	22.203.181	25.848.182
Advances given for the inventories	3.803.309	3.803.309
Other non-current assets	28.214	29.372
	26.034.704	29.680.863

	31 December 2014	31 December 2013
Other current liabilities		
Taxes and funds payables	32.122.508	35.121.295
Social security premiums payable	20.653.069	19.952.411
Expense accruals	17.777.202	17.389.127
VAT and other payables	915.191	2.591.569
Other ⁽¹⁾	2.189.239	2.954.887
	73.657.209	78.009.289

⁽¹⁾ The Group acquired 90% of shares of Glass Corp. S.A., for a consideration of EUR 3.098.613 EUR 2.575.493 of this amount has been paid and the remaining EUR 523.120 (equivalent of TRY 1.475.564) is accounted for as a current liability.

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27. Capital, Reserves and Other Equity Items

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

a) Capital/ Treasury Shares

The approved and paid-in share capital of the Company consists of 170.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

	31 December 2014		31 December 2013	
Registered capital ceiling	2.500.000.000		2.500.000.000	
Approved and paid-in capital	1.700.000.000		1.571.000.000	

	31 December 2014		31 December 2013	
	Amount	Share	Amount	Share
	TRY	(%)	TRY	(%)
Shareholders				
T. İş Bankası A.Ş.	1.113.022.171	65,47	1.028.563.430	65,47
T.İş Bankası Mensupları Sos. Güv.Vakfı	75.766.774	4,46	70.017.413	4,46
Efes Holding A.Ş.	63.188.280	3,72	58.393.405	3,72
Anadolu Hayat Emeklilik A.Ş.	816.991	0,05	754.996	0,05
Other ⁽¹⁾	447.205.784	26,30	413.270.756	26,30
Nominal capital ⁽²⁾	1.700.000.000	100,00	1.571.000.000	100,00
Adjustment to share capital	241.425.784		241.425.784	
Total share capital	1.941.425.784		1.812.425.784	

⁽¹⁾ Other includes the publicly traded portion of Türkiye Şişe ve Cam Fabrikaları A.Ş. shares.

⁽²⁾ The registration procedures related to shares amounting to TRY 129.000.000, which was issued due to the capital increase from TRY 1.571.000.000 to TRY 1.700.000.000 was completed on 27 June 2014 and share distribution was initiated on 1 July 2014. TRY 71.000.000, TRY 38.494.126,06 and TRY 19.505.873,94 of the amount was realized from profit for the year 2013, profit from investment property and associates and extraordinary reserves, respectively.

Ultimate shareholders of the Company, indirectly, are as follows:

	31 December 2014		31 December 2013	
	Amount	Share	Amount	Share
	TRY	(%)	TRY	(%)
Shareholders				
T. İş Bankası A.Ş. Mensupları Munzam Sosyal				
Güvenlik ve Yardımlaşma Sandığı Vakfı	585.956.521	34,47	541.595.672	34,47
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	312.832.930	18,40	289.094.431	18,40
Other ⁽¹⁾	801.210.549	47,13	740.309.897	47,13
Nominal capital	1.700.000.000	100,00	1.571.000.000	100,00

⁽¹⁾ Other includes various shareholders and the publicly traded portion of İşbank shares.

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27. Capital, Reserves and Other Equity Items**b) Share premium**

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 527.051 as of 31 December 2014 (31 December 2013:TRY 527.051).

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

	31 December 2014	31 December 2013
Investment property fair value difference	365.747.752	365.751.130
Actuarial gain/(loss) fund	(7.444.515)	(22.092.801)
	358.303.237	343.658.329

Gain/Loss on Revaluation and Remeasurement

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

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

	31 December 2014	31 December 2013
1 January 2014	365.751.130	365.676.206
Change in value during the period	-	175.902.727
Impact of non-controlling interests	(3.378)	(31.961.203)
Impact of deferred tax	-	(8.795.137)
Disposals	-	(135.071.463)
	365.747.752	365.751.130

Provision for employee termination benefits actuarial gain / loss funds

The amendment in IAS-19 "Employee Benefits" does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Revaluation Funds" under the equity.

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

	31 December 2014	31 December 2013
1 January 2014	(22.092.801)	(22.092.801)
Increase during the period	21.109.066	-
Impact of deferred tax	(4.200.346)	-
Impact of non-controlling interests	(2.402.898)	-
Impact of sale of subsidiary	143.043	-
Disposals	(579)	-
	(7.444.515)	(22.092.801)

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27. Capital, Reserves and Other Equity Items**d) Other Comprehensive Income to be reclassified to profit or loss**

	31 December 2014	31 December 2013
Currency translation differences	(27.553.722)	303.249.106
Hedging reserve	6.312.839	(461.440)
Financial asset revaluation fund	84.106	61.888
	(21.156.777)	302.849.554

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 160.602.066 of the change in the currency translation difference relates to non-controlling interests (31 December 2013:TRY 25.814.007).

Hedging reserves

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

The movement of hedging reserves is as follows:

	31 December 2014	31 December 2013
1 January 2014	(461.440)	-
Effective portion of the derivative instrument charged to equity	20.984.623	(1.429.397)
Impact of non-controlling interests	(10.013.420)	682.078
Impact of deferred tax	(4.196.924)	285.879
	6.312.839	(461.440)

Revaluation fund on financial assets

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

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

	31 December 2014	31 December 2013
1 January 2014	61.888	54.453
Fair value differences	23.387	7.826
Impact of deferred tax	(1.169)	(391)
	84.106	61.888

27. Capital, Reserves and Other Equity Items

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.

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

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

	31 December	31 December
Restricted reserves attributable to equity holders of the Parent	2014	2013
Legal reserves	70.442.411	60.897.508

f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 2.929.708.408 (31 December 2013: TRY 2.542.250.282) is TRY 181.370.757 (31 December 2013: TRY 200.017.599).

Profit Distribution

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

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

27. Capital, Reserves and Other Equity Items

f) Retained Earnings

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 2014	31 December 2013
Net profit for the year	205.494.880	190.898.061
I. Legal reserves	(10.274.744)	(9.544.903)
Distributable profit for the year	195.220.136	181.353.158
Extraordinary reserves	181.370.757	200.017.599
	376.590.893	381.370.757

g) Non-controlling interest

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

Capital contribution of the non-controlling interests for the period between 1 January and

31 December 2014:

- The non-controlling interests participated in the capital increase of TRSG Glass Holding BV amounting to EUR 18.000.000, at its ownership rate by 30%.
- Having performed by Asmaş Ağır Sanayi Makinaları A.Ş. at an amount of TRY 22.962.598,78 on 11 July 2014, the non-controlling interests participated in the cash capital increase in proportion of their rate of shares TRY 5.064.

Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2013:

- The non-controlling interests participated in the capital increase of one of the subsidiaries, TRSG Glass Holding BV, which amounts to EUR 49.500.000 for the period between 1 January and 30 September 2013 and EUR 34.100.000 for the period between 1 October and 31 December 2013, in proportion of their rate of shares (30%).
- The non-controlling interests participated in the capital increase of one of the subsidiaries, Balsand BV, which amounts to EUR 2.064.591 at 31 December 2013, in proportion of their rate of shares (49%).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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27. Capital, Reserves and Other Equity Items

g) Non-controlling interest

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2014:

- On 14 April 2014, the Company acquired the shares of Dost Gaz Depolama A.Ş. at a nominal value of TRY 42.500 (respectively 42.470+10+10+10), which is in the portfolio of the subsidiary Soda Sanayii A.Ş., Camış Madencilik A.Ş., Şişecam Dış Ticaret A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. The name of the company was changed as Şişecam Enerji A.Ş. on 26 May 2014.
- On 10 November 2014, the shares of Paşabahçe Cam Sanayii ve Tic. A.Ş. at a nominal value of TRY 33.292.044 (respectively 14.26 7.874+9.512.254+9.511.916), which are in the portfolio of the subsidiaries Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Soda Sanayii A.Ş., were sold to European Bank for Reconstruction and Development ("EBRD") with an amount of EUR 125.000.000 (respectively 53.570.884,68+35.715.192,20+35.713.923,12) on cash. Selling price was determined according to Ebitda multiplier, the value of the selling price in the transaction day was TRY 351.975.000.
- On 21 November 2014, the shares of Soda Sanayii A.Ş. at a nominal value of TRY 13.331.852,61 (respectively 10.665.482,09+2.666.370,52), which are in the portfolio of the subsidiaries Anadolu Cam Sanayii A.Ş. and Trakya Cam Sanayii A.Ş., were sold to International Finance Corporation ("IFC") with an amount of USD 25.000.000 (respectively 20.000.000+5.000.000) in cash. Selling price was determined according to the weighted average of 10 days BIST, the value of the selling price in the transaction day was TRY 55.522.500.

The transactions made with the purpose of restructuring of Group companies between 1 January and 31 December 2013:

- Based on the report prepared by Engin Bağımsız Denetim ve Serbest Mali Müşavirlik A.Ş. on 7 October 2013, the foreign subsidiaries and associates to be merged under a separate entity founded in Netherlands, the majority of shares of which would be owned by the Group, with the purpose of a more effective way of financial management of these subsidiaries and associates. Based on the valuation report prepared on 7 October 2013, the total value of the shares amounting to EUR 184.102.377 is split up as follows:
 - The value of the Group's shares at a rate of 25% in Solvay Şişecam Holding AG, which is located in Austria, is EUR 105.661.500,
 - The value of the Group's shares at a rate of 100% in Şişecam Bulgaria EOOD, which is located in Bulgaria, is EUR 1.124.000,
 - The value of the Group's shares at a rate of 99,50% in Cromital S.p.A, which is located in Italy, is EUR 14.338.945,
 - The value of the Group's shares at a rate of 89,30% in Şişecam Soda Lukavac DOO, which is located in Bosnia Herzegovina, is EUR 62.977.932.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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27. Capital, Reserves and Other Equity Items

g) Non-controlling interest

On 25 October 2013, the related shares included in the portfolio of Soda Sanayii AŞ were sold to Sisecam Chem Investment BV located in Netherlands. It has been decided that the capital of Sisecam Chem Investment BV amounting to EUR 1.000.000 would be increased to EUR 185.000.000 by an increase by EUR 184.000.000. It has been decided on the Board of Directors' meeting held on 8 November 2013, in order to ensure that the consolidation of the related companies under Soda Sanayi A.Ş., T. Şişe ve Cam Fabrikaları AŞ would not participate the capital increase by not using its stock rights and it would be the equity holder of the parent by the way that the new shares amounting to EUR 184.000.000 that is to be issued by Sisecam Chem Investment B.V. would be purchased by Soda Sanayii A.Ş.

- The procedures related to share transfers by the completion of the legal transactions for the purchase of 30% share of TRGS Autoglass Holding BV, which is located in Netherlands, amounting to a nominal value of EUR 6 million have been completed on 23 December 2013.
- It has been decided that the shares of European Bank for Reconstruction and Development ("EBRD") in the capital of AC Glass Invest B.V. by 40% would be sold to Balsand B.V. at a value of EUR 10.654.287,13 as of 15 November 2013, in accordance with the loan agreement made between OOO Ruscam Kuban, operating in Russia, and EBRD on 31 March 2008 and the Put and Call Option Agreement covering the whole aspects of this agreement made on 14 April 2008 among Balsand B.V located in Netherlands, Türkiye Şişe ve Cam Fabrikaları A.Ş., Anadolu Cam Sanayii A.Ş.
- On 31 October 2013, the shares of Şişecam Sigorta Aracılık Hizmetleri A.Ş. at a nominal value of TRY 2.480 and shares of Paşabahçe Cam Sanayii ve Tic. A.Ş. at a nominal value of TRY 338 in the portfolio of the subsidiary, Camiş Ambalaj Sanayii A.Ş., was sold to Şişecam Dış Ticaret AŞ at a value by TRY 2.480 and TRY 477, respectively.
- It was decided that the shares of the Company amounting to a nominal value of TRY 58.966.446 (equaling to 3,93% of the total shares) which was held by Paşabahçe Cam Sanayii ve Ticaret A.Ş., one of our subsidiaries, to be sold to Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı at Borsa İstanbul A.Ş. Wholesale Market without applying the margin of +/- 20% and in accordance with Circular on the Establishment and Operation Principles of the Wholesale Market. at a price which was determined at TRY 3,24 based on the weighted average of average prices as of 24.05.2013, the date of application backward last business day of the previous week for 10 working days, by rounding off to the nearest price tick. It was decided that the gain on the sale of shares would be accounted for in accordance with article 5/1-e of Corporate Income Tax Rules. The fee for the sales transaction charged is TRY 202.609.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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27. Capital, Reserves and Other Equity Items

g) Non-controlling interest

- Paşabahçe Cam Sanayii ve Tic. A.Ş. and Paşabahçe Eskişehir Cam Sanayii ve Tic. A.Ş., subsidiaries of the Group, were merged on 31 January 2013, the total shares of Paşabahçe Cam Sanayii and Tic. A.Ş. amounting to TRY 14.970.000 were transferred to available shareholders of Paşabahçe Eskişehir Cam and Sanayii and Tic. A.Ş.
- The total share of Cam Elyaf Sanayii A.Ş. amounting to a nominal value of $(10.141.577 + 7.559.774 =)$ TRY 17.701.351 which was held by Paşabahçe Cam Sanayii and Tic. A.Ş. at a value of TRY 7.559.774 and by Trakya Cam Sanayii A.Ş. at a value of TRY 10.141.577, was sold to the Company on 28 March 2013 at a total amount by $(17.701.351 \times 3,32 =)$ TRY 58.768.485 based on a share value of $(199.471.924 / 60.000.000 =)$ TRY 3,32 by considering the fair value of the shares amounting to TRY 199.471.924 based on the revaluation report that was issued by Engin Bağımsız Denetim ve Serbest Muhasebecilik A.Ş. (Grant Thornton).
- The total shares of Paşabahçe Mağazaları A.Ş. amounting to a nominal value of TRY $(3.849.938 + 62 =)$ TRY 3.850.000 which were held by the Company at a value by TRY 3.849.938 and held by Camiş Madencilik A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. at a value respectively by TRY $(TRY 52 + TRY 10 =)$ TRY 62 were sold to Paşabahçe Cam Sanayii and Tic. A.Ş. on 28 March 2013 at a total amount $(3.850.000 \times 10,27 =)$ TRY 39.539.500 based on a share value of $(TRY 56.492.689 / TRY 5.500.000 =)$ TRY 10,27 by considering the fair value of the shares amounting to TRY 56.492.689 based on the valuation report that was issued by Engin Bağımsız Denetim ve Serbest Muhasebecilik A.Ş. (Grant Thornton).
- The Company purchased 5.600 shares (0,5% of the paid-in capital) of Cromital S.p.A from Soda Sanayi, a subsidiary of the Group on 18 February 2013.

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

	31 December 2014	31 December 2013
Equity of the parents	165.282.988	(20.669.495)
Non-controlling items	242.214.512	3.566.495
Collected / (paid) holds	407.497.500	(17.103.000)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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27. Capital, Reserves and Other Equity Items**h) Impact of sales of subsidiary**

Asmaş Ağır Sanayi Makinaları A.Ş. whose shares were held by the Group and Topkapı Yatırım Holding A.Ş., one of its related parties, were sold to CTS Demir Çelik İç ve Dış Ticaret Mühendislik Makine Sanayii Ltd. Şti. with an amount of TRY 27.150.000 on cash on 15 July 2014 by the method of tender. The disposal of the subsidiary does not have a material impact on the Group's operational and geographical segment.

The statement of financial position of the subsidiary sold is as follows:

	As of 15 July 2014
Current assets	5.903.514
Cash and cash equivalents	164.766
Trade receivables	1.046.772
Inventories	4.620.088
Prepaid expenses	71.883
Current income tax assets	5
Non-current Assets	6.748.918
Financial assets	10.798
Property, plant and equipment	6.729.352
Intangible assets	8.768
Total assets	12.652.432
Current Liabilities	312.132
Trade payables	139.395
Other payables	51.372
Other current liabilities	121.365
Net assets	12.340.300
The consideration collected by the Group	27.148.797
Cash and cash equivalents given	(164.766)
Net cash inflow	26.984.031
Topkapı Yatırım Holding A.Ş. one of the related parties, collected a consideration of TRY 1.203 due to sale of shares.	
Consideration received	27.148.797
Sale of net assets	(12.340.300)
Impact of non-controlling interests	(9.398.978)
Gain on the sale of subsidiary	5.409.519

The profit or loss attributable the subsidiary sold until the date of sale was recognized in the consolidated statement of income. The revenue attributable to the subsidiary sold is TRY 1.696.405 for the period between 1 January and 15 July 2014.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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28. Sales and Cost of Sales

	1 January- 31 December 2014	1 January - 31 December 2013
Sales		
Sales	7.282.350.125	6.303.103.366
Other income	6.547.526	11.612.083
Sales discount	(267.167.097)	(261.272.738)
Sales returns	(35.161.692)	(26.360.660)
Other sales discounts	(110.674.486)	(72.888.197)
	6.875.894.376	5.954.193.854
Cost of sales		
Direct materials	(2.335.598.590)	(1.984.363.179)
Direct labor	(412.514.144)	(371.420.834)
Production overheads	(1.324.390.259)	(1.237.307.001)
Depreciation and amortization	(613.839.477)	(526.127.714)
Change in work-in-progress inventories	(11.746.082)	4.452.808
Change in finished goods inventories	144.475.038	46.783.264
Cost of goods sold	(4.553.613.514)	(4.067.982.656)
Cost of trade goods sold	(375.090.712)	(324.213.485)
Cost of services given ^(*)	(7.611.790)	(13.042.147)
Other costs	(67.164.941)	(55.256.293)
	(5.003.480.957)	(4.460.494.581)

^(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January - 31 December 2014 amounts to TRY 5.483.280 (1 January - 31 December 2013: TRY 3.845.106).

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

	1 January - 31 December 2014	1 January- 31 December 2013
General Administrative expenses	(643.555.890)	(570.672.636)
Marketing expenses	(631.317.836)	(531.640.986)
Research and development expenses	(42.957.453)	(39.419.287)
	(1.317.831.179)	(1.141.732.909)

30. Operating Expenses by Nature

	1 January- 31 December 2014	1 January- 31 December 2013
Indirect material costs	(18.458.853)	(16.310.902)
Employee benefit expenses	(349.949.084)	(326.290.094)
Outsourced services	(422.391.193)	(383.459.409)
Miscellaneous expenses	(458.472.200)	(357.607.444)
Depreciation and amortization	(68.559.849)	(58.065.060)
	(1.317.831.179)	(1.141.732.909)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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31. Other Operating Income/ (Expenses)

	1 January- 31 December 2014	1 January - 31 December 2013
Other operating income		
Foreign exchange gains from other operations	92.047.778	229.571.653
Interest income from other operations	53.243.841	39.941.803
Insurance claims	20.757.631	1.819.428
Gain on sales of scrap items	17.246.954	6.482.731
Gain on sales of raw materials	13.436.031	8.782.509
Provisions no longer required	8.281.428	3.475.888
Brand incentive (Turququality) income	4.804.474	3.459.399
Rediscount interest income on operating activities	1.782.527	5.600.205
Commission Income	990.891	779.830
Other	67.077.406	51.514.380
	279.668.961	351.427.826

	1 January- 31 December 2014	1 January - 31 December 2013
Other operating expenses		
Foreign exchange loss from other operations	(162.523.574)	(142.995.240)
Provision expenses	(11.401.574)	(11.747.839)
Loss from sales of raw materials	(9.369.914)	(5.229.586)
Loss on sale of non-current assets held for sale	(6.714.163)	-
Interest expense from other operations	(3.668.498)	(8.476.138)
Rediscount interest expense on operating activities	(1.825.679)	(6.659.184)
Commission Expenses	(461.519)	(583.167)
Other	(49.762.958)	(43.230.019)
	(245.727.879)	(218.921.173)

32. Income and Expense from Investing Activities

	1 January- 31 December 2014	1 January - 31 December 2013
Income from Investing Activities		
Gain on sale of investment property	-	108.144.566
Gain on sale of tangible assets	26.971.941	15.399.269
Gain on sale of subsidiary (Note 27)	5.409.519	-
Gain on sale of available for financial asset	447.633	-
Dividend Income	11.440	45.952
Gain on sale of marketable securities	298	1.179
	32.840.831	123.590.966

	1 January- 31 December 2014	1 January - 31 December 2013
Expenses from Investing Activities		
Loss on sales of tangible assets	(9.651.200)	(9.721.636)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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33. Financial Income and Expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Financial Income		
Foreign exchange income	1.304.945.095	1.135.280.827
- Cash and cash equivalents	1.081.130.709	1.101.992.549
- Borrowings	64.717.418	26.373.278
- Bonds issued	43.676.497	6.915.000
- Derivative instruments	94.803.853	-
- Other	20.616.618	-
Interest income	57.172.883	44.026.095
- Time deposits	56.407.177	43.765.967
- Derivative instruments	264.745	-
- Other	500.961	260.128
	1.362.117.978	1.179.306.922
	1 January - 31 December 2014	1 January - 31 December 2013
Financial Expenses		
Foreign exchange expense	(1.345.810.035)	(1.176.307.489)
- Cash and cash equivalents	(950.331.921)	(816.515.463)
- Borrowings	(205.514.440)	(169.972.508)
- Bond issued	(135.976.497)	(177.165.000)
- Derivative instruments	-	(12.654.518)
- Other	(53.987.177)	-
Interest expense	(198.504.706)	(158.262.953)
- Borrowings	(152.163.917)	(125.691.458)
- Bond issued	(43.298.350)	(28.138.590)
- Derivative instruments	-	(793.248)
- Financial leasing	(227.638)	(1.273.152)
- Other	(2.814.801)	(2.366.505)
	(1.544.314.741)	(1.334.570.442)
	1 January - 31 December 2014	1 January - 31 December 2013
Financial Income Expense (Net)		
Foreign exchange income / (expense)	(40.864.940)	(41.026.662)
- Cash and cash equivalents	130.798.788	285.477.086
- Borrowings	(140.797.022)	(143.599.230)
- Bond issued	(92.300.000)	(170.250.000)
- Derivative instruments	94.803.853	(12.654.518)
- Other	(33.370.559)	-
Interest income / (expense)	(141.331.823)	(114.236.858)
- Bank loan interest accrual	(95.756.740)	(81.925.491)
- Derivative instruments	(43.298.350)	(28.138.590)
- Financial leasing	(227.638)	(1.273.152)
- Derivative instruments	264.745	(793.248)
- Other	(2.313.840)	(2.106.377)
	(182.196.763)	(155.263.520)

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34. Assets Held for Sale

Cost	31 December 2014	31 December 2013
Land	5.167.522	5.379.668
Buildings	10.512.749	10.944.336
Plant, machinery and equipment	-	108.314.908
Vehicles	-	1.105.491
Furniture and fixture	-	6.239.402
Other non-current assets	-	2.885.493
	15.680.271	134.869.298
Accumulated Depreciation		
Land	1.974.490	2.055.550
Buildings	7.052.246	7.341.767
Plant, machinery and equipment	-	98.471.259
Vehicles	-	1.085.265
Furniture and fixture	-	6.029.155
Other non-current assets	-	2.885.493
	9.026.736	117.868.489
Net Book Value	6.653.535	17.000.809

The tangible assets, the net book value of which is TRY 6.653.535 and classified as assets held for sale are the tangible assets that Fritz Holding GmbH plans to sell (31 December 2013: TRY 6.926.687).

The properties located in Topkapı, Zeytinburnu District, İstanbul were sold during period. (31 December 2013: TRY 10.074.122)

The related properties have been accounted for under assets held for sales in accordance with IFRS-5 "Non-current Assets Held for Sale and Discontinued Operations" as of the balance sheet date since the Group considers that the sale of related properties is highly probable.

Movements of assets held for sale are as follows:

	31 December 2014	31 December 2013
Previously reported - 1 January	17.000.809	-
The impact of acquisition of subsidiary	-	6.926.687
Additions	-	10.074.122
Disposals	(10.074.122)	-
Currency translation differences	(273.152)	-
	6.653.535	17.000.809

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

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

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with CMB and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2014	31 December 2013
Deferred tax assets	235.476.857	188.961.418
Deferred tax liabilities (-)	(30.964.946)	(32.709.145)
Deferred tax liabilities (net)	204.511.911	156.252.273

Temporary Differences	31 December 2014	31 December 2013
Useful life and valuation differences on tangible and intangible assets	690.963.485	680.327.257
Valuation of investment property	402.176.110	402.176.110
Derivative financial valuation	84.341.541	(4.154.651)
Corporate tax allowance	(977.194.835)	(721.138.685)
Carry forward tax losses	(599.902.952)	(506.840.065)
Employment termination benefits	(244.269.164)	(255.604.541)
Provision for impairment of inventory	(50.018.675)	(19.090.587)
Investment allowance utilized during the period	(8.141.798)	(47.573.232)
Other	(86.188.952)	(63.923.603)
	(788.235.240)	(535.821.997)

Deferred Tax Assets and Liabilities	31 December 2014	31 December 2013
Useful life and valuation differences on tangible and intangible assets	(134.547.270)	(131.817.188)
Valuation of investment property	(20.108.806)	(20.108.806)
Derivative financial valuation	(16.868.308)	825.440
Corporate tax allowance	195.438.967	144.227.737
Carry forward tax losses	106.193.310	94.107.150
Employment termination benefits	48.806.876	51.085.186
Provision for impairment of inventory	8.582.947	3.713.267
Investment allowance utilized during the period	929.672	953.596
Other	16.084.523	13.265.891
	204.511.911	156.252.273

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

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

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

	31 December 2014	31 December 2013
Within 1 year	1.597.188	31.498.233
Within 2 year	10.202.342	2.616.913
Within 3 year	19.851.505	15.994.588
Within 4 year	81.063.246	28.232.041
Within 5 year	87.027.589	104.302.700
Within 6 year	18.732.773	26.526.028
Within 7 year	26.093.422	20.492.407
Within 8 year	67.202.988	31.218.341
Within 9 year	85.581.554	109.005.542
Within 10 year	202.550.345	136.953.272
	599.902.952	506.840.065

Carry forward tax losses can be utilized against corporate income taxes for a period of 5 years in Turkey, 7 years in Romania whereas in Russia these losses can be utilized for a period of 10 years however; current year losses cannot be used to offset previous year profits.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 115.622.863. (31 December 2013: TRY 145.935.562)

Movements of deferred tax assets and liabilities are as follows:

	31 December 2014	31 December 2013
Previously reported - 1 January	156.252.273	54.613.230
Impact of acquisition of subsidiary	-	(4.021.556)
Charged to the statement of income	95.972.727	106.434.683
Charged to the equity	(8.398.439)	(8.509.649)
Currency translation differences	(39.314.650)	7.735.565
	204.511.911	156.252.273

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.

Turkey, corporate tax rate applied is 20% (31 December 2013: 20%).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

Corporate Tax

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

Country	31 December 2014	31 December 2013
Bosnia Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Georgia	15,0	15,0
Italy	31,4	31,4
Egypt	25,0	25,0
Romania	16,0	16,0
Russia ⁽¹⁾	2,0-20,0	2,0-20,0
Ukraine	18,0	19,0
Germany	15,0	15,0

⁽¹⁾ The tax rate in Tatarstan region of Russia is 2,0% while the tax rate in other regions is 20,0%.

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income in 2014, (31 December 2013: 20%).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

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

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

Investment Allowance

Investment allowances are not applicable after 1 January 2006. If companies' taxable incomes are not sufficient, the amount of unused investment allowance as of 31 December 2005 and the incentive allowances incurred from 1 January 2006 onwards, can be transferred to the following years in order to be deducted from the taxable revenues of the following years.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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

Law No.6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. A 20% corporate tax is calculated on earnings after deducting investment incentives. The arrangements made with the Law No.6009 came into force in 1 August 2010 to be applied on income for the year 2010.

Corporate Tax Allowance Practice

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

Current period tax asset is TRY 7.773.601 (31 December TRY 2013: 5.392.177).

	31 December 2014	31 December 2013
Current tax provision	170.086.489	134.096.611
Prepaid taxes and funds (-)	(120.331.579)	(75.108.768)
Tax provision in the statement of the financial position	49.754.910	58.987.843

	1 January- 31 December 2014	1 January - 31 December 2013
Provision for Corporate Tax for current period	(170.086.489)	(134.096.611)
Currency translation differences	(570.437)	1.707.047
Deferred tax income	95.972.727	106.434.683
Tax provision in the statement of income	(74.684.199)	(25.954.881)

Reconciliation of provision for tax

Profit before taxation and non-controlling interest	494.460.794	479.970.325
Effective tax rate	20%	20%
Calculated tax	(98.892.159)	(95.994.065)

Tax reconciliation

- Carry forward tax losses	(54.828.778)	(15.512.993)
- Non-deductible expenses	(41.693.509)	(34.399.140)
- Profit share of investment accounted through equity method	(12.988.921)	(7.378.300)
- Derivative financial instruments	(11.845.303)	563.523
- The effect of the foreign companies that have different tax rates	(9.372.318)	(4.680.752)
- Corporate tax allowance	64.399.387	80.299.356
- Dividends and other non-taxable income	41.819.145	43.331.866
- Currency translation differences	37.663.134	(7.759.531)
- Investment incentives	65.987	(1.145.806)
- Other	10.989.136	16.720.961
Tax provision in the statement of income	(74.684.199)	(25.954.881)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

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36. Earnings per Share

	1 January- 31 December 2014	1 January - 31 December 2013
Earnings per share		
Average number of shares existing during the period (total value)	1.700.000.000	1.700.000.000
Net profit for the period attributable to equity holders of the parent	413.194.370	431.862.505
Earnings per share	0,2431	0,2540
Total comprehensive income attributable to equity holders of the parent	103.690.483	767.028.831
Earnings per share obtained from total comprehensive income	0,0610	0,4512

37. Related Party Disclosures

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

Deposits and loans from related parties:

Deposits	31 December 2014	31 December 2013
T. İş Bankası A.Ş.		
- Time deposits	2.499.482.460	1.653.071.034
- Demand deposits	21.600.717	63.258.934
	2.521.083.177	1.716.329.968
İşbank AG		
- Demand deposits	9.176.951	6.788.476
	9.176.951	6.788.476
	2.530.260.128	1.723.118.444
Borrowings received from related parties	31 December 2014	31 December 2013
T. İş Bankası A.Ş.	213.004.697	335.412.389
İşbank AG	33.848.400	35.238.000
T. Sınai ve Kalkınma Bankası A.Ş.	-	2.681.223
	246.853.097	373.331.612

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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37. Related Party Disclosures

Receivables due from related parties:

	31 December 2014	31 December 2013
Trade receivables due from related parties		
Oxyvit Kimya San. ve Tic. A.Ş.	3.489.445	3.798.398
Saint Gobain Glass Egypt S.A.E	2.219.665	-
Şişecam Shangai Trade Co. Ltd.	2.035.060	1.767.200
İş Merkezleri Yönetim ve İşletim A.Ş.	1.369.916	1.181.810
Solvay Şişecam Holding AG	1.244.795	581.853
Rudnik Kretnjaka Vijenac D.O.O.	917.933	891.005
Omco İstanbul Kalıp San. ve Tic. A.Ş.	551.294	1.795.397
T. İş Bankası A.Ş. ve İşbank AG	435.033	438.907
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	365.696	338.653
OOO Balkum	175.111	161.171
Paşabahçe Glass GmbH	152.335	276.049
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ^(*)	98.731	4.546.814
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	55.378	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	36.111	33.911
Fabrika Cementa Lukavac D.D. (FCL)	23.286	-
HNG Float Glass Limited	116	-
Paşabahçe USA Inc.	-	125.675
Anadolu Anonim Türk Sigorta Şirketi	-	32.375
Omco International N.V.	-	23.282
	13.169.905	15.992.500

^(*) TRY 4.463.446 of the total amount in 2013 consists of VAT receivable due to sale of Topkapı investment property.

	31 December 2014	31 December 2013
Other receivables due from related parties		
Saint Gobain Glass Egypt S.A.E ^(*)	7.606.300	20.233.423
Yatırım Finansman Menkul Değerler A.Ş.	15.345	21.439
Sudel Invest S.A.R.L.	5.041	5.248
Paşabahçe Yatırım ve Pazarlama A.Ş.	-	2.182.888
Paşabahçe Mağazaları B.V.	-	15.813
	7.626.686	22.458.811

^(*) As of 31 December 2014, capital advance given to Saint Gobain Glass Egypt S.A.E. is TRY 7.606.300 (31 December 2013: TRY 19.984.777).

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37. Related Party Disclosures

Payables due to related parties:

	31 December 2014	31 December 2013
Trade payables due to related parties		
Solvay Şişecam Holding AG	24.170.892	18.065.336
Omco İstanbul Kalıp San. ve Tic. A.Ş.	13.407.001	20.367.629
Oxyvit Kimya San. ve Tic. A.Ş.	6.067.347	6.223.070
Anadolu Anonim Türk Sigorta Şirketi	4.454.680	5.139.215
Rudnik Krecnjaka Vijenac D.O.O.	926.396	854.503
İş Merkezleri Yönetim ve İşletim A.Ş.	689.729	363.822
OOO Balkum	669.732	779.354
Paşabahçe USA Inc.	76.844	241.675
Avea İletişim Hizmetleri A.Ş.	51.018	52.733
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	18.534	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	18.093	13.946
Kanyon Yönetim İşletim ve Pazarlama Ltd.	5.601	1.774
Anadolu Hayat Emeklilik Sigorta A.Ş.	34	-
Kültür Yayınları İş-Türk Ltd. Şti.	2	-
T. İş Bankası A.Ş. ve İşbank AG	-	8.488
	50.555.903	52.111.545
	31 December 2014	31 December 2013
Other payables due to related parties		
Paşabahçe Yatırım ve Pazarlama A.Ş.	2.162.587	-
Saint Gobain Glass France S.A.	506.558	-
Paşabahçe Glass GmbH	198.149	759.947
Paşabahçe Spain SL	132.009	137.932
Denizli Cam San. Vakfı	31.126	44.974
Mepa Merkezi Pazarlama A.Ş.	4.267	11.863
Other	1.490.632	1.373.561
	4.525.328	2.328.277

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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37. Related Party Disclosures

Income and expenses from/ to related parties:

	1 January - 31 December 2014	1 January - 31 December 2013
Interest income from related parties		
T. İş Bankası A.Ş. ve İşbank AG	47.583.821	37.354.316
Saint Gobain Glass Egypt S.A.E	252.422	118.926
Oxyvit Kimya San. ve Tic. A.Ş.	145.504	57.865
Paşabahçe Yatırım ve Pazarlama A.Ş.	61.500	20.310
Rudnik Kretnjaka Vijenac D.O.O.	40.305	56.952
Paşabahçe Mağazaları B.V.	1.163	4.567
Anadolu Anonim Türk Sigorta Şirketi	59	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	679
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	829
	48.084.774	37.614.444
	1 January - 31 December 2014	1 January - 31 December 2013
Interest expenses to related parties		
T. İş Bankası A.Ş. ve İşbank AG	13.052.833	16.034.381
T. Sınai ve Kalkınma Bankası A.Ş.	880.713	938.602
İş Finansal Kiralama A.Ş.	49.500	97.493
Paşabahçe Yatırım ve Pazarlama A.Ş.	87.806	1.758
Omco İstanbul Kalıp San. ve Tic. A.Ş.	56.163	127.894
Oxyvit Kimya San. ve Tic. A.Ş.	21.669	35.313
Mepa Merkezi Pazarlama A.Ş.	961	2.662
	14.149.645	17.238.103
	1 January - 31 December 2014	1 January - 31 December 2013
Dividend income from related parties		
İş Finansal Kiralama A.Ş.	11.440	-
Nemtaş Nemrut Liman İşletmeleri A.Ş.	-	45.952
	11.440	45.952

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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37. Related Party Disclosures

Income and expenses from/ to related parties:

	1 January- 31 December 2014	1 January - 31 December 2013
Other income from related parties	2014	2013
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽¹⁾	11.856.039	12.125.222
Anadolu Anonim Türk Sigorta Şirketi ⁽²⁾	9.861.759	8.239.183
Saint Gobain Glass Egypt S.A.E. ⁽³⁾	5.888.525	259.174
Oxyvit Kimya San. ve Tic. A.Ş.	3.885.625	1.843.120
Omco İstanbul Kalıp San. ve Tic. A.Ş.	3.876.768	1.757.828
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. ⁽¹⁾	3.171.518	3.265.847
Solvay Şişecam Holding AG	2.412.387	1.913.923
HNG Float Glass Limited	388.554	-
Rudnik Krecnjaka Vijenac D.O.O.	363.202	393.618
Paşabahçe Glass GmbH	348.508	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	329.607	300.577
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	314.164	-
T. İş Bankası A.Ş. ve İşbank AG	245.211	103.798
Paşabahçe USA Inc.	131.191	-
Avea İletişim Hizmetleri A.Ş.	83.994	-
Fabrika Cementa Lukavac D.D. (FCL)	64.980	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽⁴⁾	47.586	81.150.785
Paşabahçe Mağazaları B.V.	28.694	13.621
Milli Reasürans T.A.Ş.	13.187	-
İş Yatırım Menkul Değerler A.Ş.	11.754	4.013
Anadolu Hayat Emeklilik Sigorta A.Ş.	9.979	9.523
Türkiye Sınai Kalkınma Bankası A.Ş.	3.925	-
İş Factoring Finansman Hizmetleri A.Ş.	1.512	-
Yatırım Finansman Yatırım Ortaklığı A.Ş.	1.115	-
Kültür Yayınları İş-Türk Ltd. Şti.	1.036	-
İş Finansal Kiralama A.Ş.	797	207
İş Portföy Yönetimi A.Ş.	720	1.247
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	64	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	59	-
TSKB Gayrimenkul Değerleme A.Ş.	33	-
Bosen Enerji Elektrik Üret. Otopro. Grubu A.Ş.	-	771.910
Mepa Merkezi Pazarlama A.Ş.	-	6.000
	43.342.493	112.159.596

⁽¹⁾ Consists of revenues generated from sales of electricity.

⁽²⁾ TRY 8.674.189 of the total amount consist of insurance agency income that Şişecam Aracılık Hizmetleri A.Ş. generated between 1 January and 31 December 2014 (1 January - 31 December 2013: TRY 7.353.671).

⁽³⁾ Consists of revenues from sales of Soda.

⁽⁴⁾ TRY 81.108.425 of the total amount in 2013 consist of profit due to sale of Topkapı investment property.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.**NOTES TO THE CONSOLIDATED****FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014**

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37. Related Party Disclosures

Income and expenses from/ to related parties:

	1 January- 31 December 2014	1 January - 31 December 2013
Other expenses to related parties		
Solvay Şişecam Holding AG ⁽¹⁾	143.389.078	109.794.057
Omco İstanbul Kalıp San. ve Tic. A.Ş. ⁽²⁾	29.077.065	28.321.178
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽³⁾	19.184.459	15.601.532
Rudnik Krecnjaka Vijenac D.O.O. ⁽⁴⁾	8.505.056	6.499.647
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁵⁾	7.983.538	6.524.121
OOO Balkum ⁽⁴⁾	5.963.380	3.484.199
Anadolu Anonim Türk Sigorta Şirketi	2.611.316	614.530
Şişecam Shangai Trade Co. Ltd.	1.672.238	965.921
T. İş Bankası A.Ş. ve İşbank AG	1.445.826	1.317.357
Oxyvit Kimya San. ve Tic. A.Ş.	882.833	982.697
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	871.696	801.585
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	277.113	263.999
İş Yatırım Menkul Değerler A.Ş. ⁽⁶⁾	259.196	2.464.828
Anadolu Hayat Emeklilik Sigorta A.Ş.	140.123	134.346
Paşabahçe USA Inc.	76.694	-
Kültür Yayınları İş-Türk Ltd. Şti.	54.000	53.945
Avea İletişim Hizmetleri A.Ş.	9.878	840
Saint Gobain Glass Egypt S.A.E.	-	104.054
	222.403.489	177.928.836

⁽¹⁾ Amount consists of the purchases of soda from Solvay Sodi AD.⁽²⁾ Amount consists of glass mould expenses.⁽³⁾ TRY 18.821.054 of the total amount consists of rent expenses for İş Kuleleri, Kule 3 for the period of 1 January - 31 December 2014 (1 January - 31 December 2013: TRY 15.314.707).⁽⁴⁾ Amount comprises from the expenses related with purchase of glass raw-materials (sand).⁽⁵⁾ Amount comprises from the administrative and management expenses related with İş Kuleleri Kule 3, where the Group is located.⁽⁶⁾ Camış Menkul Değerler A.Ş. merged with İş Yatırım Menkul Değerler A.Ş. on 30 June 2014. Therefore, balances of Camış Menkul Değerler A.Ş. were consolidated with balances of İş Yatırım Menkul Değerler A.Ş.

	1 January- 31 December 2014	1 January - 31 December 2013
Short-term benefits provided to key management		
Parent (Holding)	11.523.759	10.723.624
Consolidated entities	39.602.119	28.654.072
	51.125.878	39.377.696

Key management personnel are composed of top management, members of board of directors, general manager and general manager assistants and factory directors. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits between 1 January - 31 December 2014 and 1 January - 31 December 2013.

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38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

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

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

As of 31 December 2014 and 31 December 2013 the Group's net debt / total equity ratios are as follows:

	31 December 2014	31 December 2013
Financial liabilities and trade payables	4.501.139.795	4.261.776.484
Less: Cash and cash equivalents	(2.775.445.357)	(1.953.138.390)
Net debt	1.725.694.438	2.308.638.094
Total equity	7.239.259.565	6.615.301.267
Net debt / total equity ratio	24%	35%

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, which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 10).

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

38. Financial Instruments and Financial Risk Management**b) Financial Risk Factors****b.1) Credit Risk Management**

Credit risks exposed through types of financial instruments	Receivables						
	Trade Receivables			Other Receivables		Cash and cash equivalents	
	Related Parties	Third Parties	Third Parties	Related Parties	Third Parties		Financial Derivatives
Maximum credit risk exposed as of balance sheet date 31.12.2014 ^(*)							
(A+B+C+D+E)	13.169.905	1.135.997.233		7.626.686	34.958.928	2.774.661.262	84.341.541
- The part of maximum risk under guarantee with collaterals etc.	-	(388.329.854)		(4.257.919)	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	13.169.905	951.209.720		1.617.685	34.925.418	2.774.661.262	84.341.541
- The part under guarantee with collaterals, etc.	-	(360.191.875)		-	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	184.787.513		6.009.001	33.510	-	-
- The part under guarantee with collaterals, etc.	-	(28.137.979)		(4.257.919)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	37.154.309		-	2.848.378	-	-
- Impairment (-)	-	(37.154.309)		-	(2.848.378)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	2.976	-	-
- Impairment (-)	-	-	-	-	(2.976)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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

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

b.1) Credit Risk Management

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

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.1) Credit Risk Management

Guarantees received from the customers are as follows:

	31 December 2014	31 December 2013
Letters of guarantee	194.159.842	219.305.795
Direct debit system	94.902.330	85.503.964
Security cheques and bonds	75.899.478	41.305.414
Mortgages	15.293.819	20.625.113
Cash	8.074.385	8.282.750
	388.329.854	375.023.036

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

	31 December 2014	31 December 2013
1-30 days overdue	123.033.146	107.651.607
1-3 months overdue	34.829.731	38.785.306
3-12 months overdue	15.559.453	21.656.132
1-5 years overdue	11.365.183	11.544.258
Total overdue receivables	184.787.513	179.637.303
The part secured with guarantee, etc. (-)	(28.137.979)	(13.147.960)

b.2) Liquidity Risk Management

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

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions

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

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.2) Liquidity Risk Management

Liquidity risk tables

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

31 December 2014						
Non derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	2.683.845.878	2.971.882.453	247.414.364	810.183.566	1.791.551.221	122.733.302
Bond issued	1.155.735.170	1.430.471.438	-	49.276.625	197.106.500	1.184.088.313
Financial Leases	3.824.918	3.829.382	83.142	27.854	3.718.386	-
Trade Payables	607.177.926	609.574.082	598.099.783	11.474.299	-	-
Due to related parties	55.081.231	55.081.231	55.081.231	-	-	-
Other financial liabilities	16.136.189	16.176.833	15.127.722	-	1.049.111	-
Total liabilities	4.521.801.312	5.087.015.419	915.806.242	870.962.344	1.993.425.218	1.306.821.615

Derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Cash inflows	84.341.541	84.341.541	-	-	84.341.541	-
Cash outflows	-	-	-	-	-	-
	84.341.541	84.341.541	-	-	84.341.541	-

31 December 2013						
Non derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	2.513.384.503	3.007.414.253	169.642.754	845.096.613	1.635.488.389	357.186.497
Bond issued	1.065.027.867	1.361.950.188	-	45.353.875	181.415.500	1.135.180.813
Financial Leases	5.784.342	5.838.306	285.223	249.426	5.303.657	-
Trade Payables	625.468.227	627.136.734	608.497.089	18.639.645	-	-
Due to related parties	54.439.822	54.439.822	54.439.822	-	-	-
Other financial liabilities	16.624.089	16.697.504	15.137.784	-	1.559.720	-
Total liabilities	4.280.728.850	5.073.476.807	848.002.672	909.339.559	1.823.767.266	1.492.367.310

Derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Cash inflows	-	-	-	-	-	-
Cash outflows	(4.154.641)	(4.154.641)	-	-	(4.154.641)	-
	(4.154.641)	(4.154.641)	-	-	(4.154.641)	-

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks

b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates.

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38. Financial Instruments and Financial Risk Management**b) Financial Risk Factors****b.3) Market risk management****b.3.1) Foreign currency risk management**

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 2014				
	TRY Equivalent	USD	EUR	TRY Equivalent of Other Currencies
1. Trade Receivables	362.793.499	89.127.871	48.349.245	19.736.164
2a. Monetary financial assets, (cash, and banks accounts included)	2.542.860.001	732.056.552	297.363.408	6.521.098
2b. Non-Monetary financial assets	-	-	-	-
3. Other	27.496.185	4.886.573	5.424.481	863.877
4. Current Assets (1+2+3)	2.933.149.685	826.070.996	351.137.134	27.121.139
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	47.633	20.541	-	-
6b. Non-Monetary financial assets	-	-	-	-
7. Other	53.790.405	875.575	17.336.737	2.858.300
8. Non-Current Assets (5+6+7)	53.838.038	896.116	17.336.737	2.858.300
9. Total Assets (4+8)	2.986.987.723	826.967.112	368.473.871	29.979.439
10. Trade Payables	73.541.743	12.985.895	14.495.886	2.540.205
11. Financial liabilities	382.145.124	68.596.452	79.085.621	-
12a. Other monetary liabilities	13.586.643	3.307.197	2.019.325	221.674
12b. Other non-monetary liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	469.273.510	84.889.544	95.600.832	2.761.879
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.778.380.883	574.320.675	158.325.476	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	1.778.380.883	574.320.675	158.325.476	-
18. Total liabilities (13+17)	2.247.654.393	659.210.219	253.926.308	2.761.879
19. Net assets of off balance sheet derivative items/(liability) position (19a - 19b)	162.323.000	70.000.000	-	-
19a. Total amount of assets hedged	162.323.000	70.000.000	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	901.656.330	237.756.893	114.547.563	27.217.560
21. Net foreign currency asset/ (liability)/(position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a))	658.046.740	161.994.745	91.786.345	23.495.383
22. Fair value of derivative instruments used in foreign currency hedge	84.341.541	36.371.358	-	-
23. Export	1.758.815.669	431.789.263	244.786.182	103.784.437
24. Import	724.051.785	125.215.125	148.801.429	18.112.836

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

b.3.1) Foreign currency risk management

Foreign Currency Position as of 31 December 2013

	TRY Equivalent	USD	EUR	TRY Equivalent of Other Currencies
1. Trade Receivables	356.333.360	87.627.014	49.528.764	23.869.809
2a. Monetary financial assets, (cash and banks account included)	1.516.292.971	620.836.171	62.615.655	7.371.460
2b. Non-Monetary financial assets	-	-	-	-
3. Other	33.339.466	5.596.062	6.795.726	1.440.142
4. Current Assets (1+2+3)	1.905.965.797	714.059.247	118.940.145	32.681.411
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	46.778	20.541	1.000	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	17.219.270	535.357	4.936.042	1.581.971
8. Non-Current Assets (5+6+7)	17.266.048	555.898	4.937.042	1.581.971
9. Total Assets (4+8)	1.923.231.845	714.615.145	123.877.187	34.263.382
10. Trade Payables	84.442.361	17.241.995	14.973.005	3.674.542
11. Financial liabilities	257.074.031	40.707.412	57.957.501	-
12a. Other monetary liabilities	26.213.008	5.951.653	4.512.768	258.652
12b. Other non-monetary liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	367.729.400	63.901.060	77.443.274	3.933.194
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.616.970.911	607.152.250	109.356.671	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	1.616.970.911	607.152.250	109.356.671	-
18. Total liabilities (13+17)	1.984.700.311	671.053.310	186.799.945	3.933.194
19. Net assets of off balance sheet derivative items (liability) position (19a-19b)	149.401.000	70.000.000	-	-
19a. Total amount of assets hedged	149.401.000	70.000.000	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	87.932.534	113.561.835	(62.922.758)	30.330.188
21. Net foreign currency asset / (liability) /(position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(112.027.202)	37.430.416	(74.654.526)	27.308.075
22. Fair value of derivative instruments used in foreign currency hedge	(4.154.651)	(1.946.611)	-	-
23. Export	1.522.171.683	422.062.689	245.576.991	97.768.852
24. Import	534.966.613	126.867.131	107.172.846	22.450.914

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38. Financial Instruments and Financial Risk Management**b) Financial Risk Factors****b.3) Market risk management****b.3.1) Foreign currency risk management**

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

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign currency sensitivity

	31 December 2014			
	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	37.564.961	(37.564.961)	-	-
2- USD hedged from risks (-)	16.232.300	(16.232.300)	-	-
3- USD net effect (1+2)	53.797.261	(53.797.261)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	25.890.174	(25.890.174)	297.231.040	(297.231.040)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	25.890.174	(25.890.174)	297.231.040	(297.231.040)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	2.349.538	(2.349.538)	35.074.464	(35.074.464)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	2.349.538	(2.349.538)	35.074.464	(35.074.464)
Total (3+6+9)	82.036.973	(82.036.973)	332.305.504	(332.305.504)

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38. Financial Instruments and Financial Risk Management**b) Financial Risk Factors****b.3) Market risk management****b.3.1) Foreign currency risk management***Foreign currency sensitivity*

	31 December 2013			
	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	7.988.774	(7.988.774)	-	-
2- USD hedged from risks (-)	14.940.100	(14.940.100)	-	-
3- USD net effect (1+2)	22.928.874	(22.928.874)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(21.922.302)	21.922.302	234.555.606	(234.555.606)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	(21.922.302)	21.922.302	234.555.606	(234.555.606)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	2.730.808	(2.730.808)	24.757.481	(24.757.481)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	2.730.808	(2.730.808)	24.757.481	(24.757.481)
Total (3+6+9)	3.737.380	(3.737.380)	259.313.087	(259.313.087)

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased / decreased by 0,25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and non-controlling interest would decrease / increase by TRY 4.490.193 as of 31 December 2014 (31 December 2013: TRY 3.978.894).

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38. Financial Instruments and Financial Risk Management**b) Financial Risk Factors**

b.3) Market risk management

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 2014				
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	3.785.504.663	264.904.667	4.050.409.330
Cash and cash equivalents	-	2.593.030.811	182.414.546	2.775.445.357
Financial assets	-	721.100	-	721.100
Available for sale financial assets	-	-	82.490.121	82.490.121
Trade receivables	-	1.135.997.233	-	1.135.997.233
Due from related parties	-	20.796.591	-	20.796.591
Other receivables	-	34.958.928	-	34.958.928
Financial liabilities	1.866.641.189	2.642.727.181	12.432.942	4.521.801.312
Bank borrowings	1.866.641.189	804.771.747	12.432.942	2.683.845.878
Bond issues	-	1.155.735.170	-	1.155.735.170
Financial leases	-	3.824.918	-	3.824.918
Trade payables	-	607.177.926	-	607.177.926
Due to related parties	-	55.081.231	-	55.081.231
Other payables	-	16.136.189	-	16.136.189
31 December 2013				
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	3.017.506.935	261.582.252	3.279.089.187
Cash and cash equivalents	-	1.774.221.903	178.916.487	1.953.138.390
Financial assets	-	880.265	-	880.265
Available for sale financial assets	-	-	82.665.765	82.665.765
Trade receivables	-	1.138.738.242	-	1.138.738.242
Due from related parties	-	38.451.311	-	38.451.311
Other receivables	-	65.215.214	-	65.215.214
Financial liabilities	1.603.190.899	2.669.423.483	8.114.468	4.280.728.850
Bank borrowings	1.603.190.899	902.079.136	8.114.468	2.513.384.503
Bond issues	-	1.065.027.867	-	1.065.027.867
Financial leases	-	5.784.342	-	5.784.342
Trade payables	-	625.468.227	-	625.468.227
Due to related parties	-	54.439.822	-	54.439.822
Other payables	-	16.624.089	-	16.624.089

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

b.3.3) Other price risks

Equity Price Sensitivity

The Group's available for sale financial asset that are not consolidated, is traded at BIST 100 index.

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased / decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2014 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired
- The other equity funds would increase/decrease by TRY 30.095 (2013: TRY 30.748 of increase/decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

Group's sensitivity to equity share price has not changed materially when compared to the prior year.

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

Categories of Financial Instruments

31 December 2014	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
Financial assets	2.860.507.998	1.156.793.824	82.490.121	-	4.099.791.943	
Cash and cash equivalents	2.775.445.357	-	-	-	2.775.445.357	6
Trade receivables	-	1.135.997.233	-	-	1.135.997.233	10
Due from related parties	-	20.796.591	-	-	20.796.591	37
Derivative financial investments	84.341.541	-	-	-	84.341.541	12
Financial investments	721.100	-	82.490.121	-	83.211.221	7
Financial liabilities	4.505.665.123	-	-	-	4.505.665.123	
Financial liabilities	3.843.405.966	-	-	-	3.843.405.966	8
Trade payables	607.177.926	-	-	-	607.177.926	10
Due to related parties	55.081.231	-	-	-	55.081.231	37
Derivative financial liability	-	-	-	-	-	12

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

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

Categories of Financial Instruments

31 December 2013	Assets and liabilities at amortized cost	Loans and receivables	Assets for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
Financial assets	1.954.003.915	1.177.189.553	82.665.765	14.740	3.213.873.973	
Cash and cash equivalents	1.953.123.650	-	-	14.740	1.953.138.390	6
Trade receivables	-	1.138.738.242	-	-	1.138.738.242	10
Due from related parties	-	38.451.311	-	-	38.451.311	37
Derivative financial investments	-	-	-	-	-	12
Financial investments	880.265	-	82.665.765	-	83.546.030	7
Financial liabilities	4.268.259.412	-	-	-	4.268.259.412	
Financial liabilities	3.584.196.712	-	-	-	3.584.196.712	8
Trade payables	625.468.227	-	-	-	625.468.227	10
Due to related parties	54.439.822	-	-	-	54.439.822	37
Derivative financial liability	4.154.651	-	-	-	4.154.651	12

Fair Value of Financial Instruments

31 December 2014				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	82.490.121	330.875	-	82.159.246
Derivative financial assets	84.341.541	-	84.341.541	-
Financial assets held to maturity	721.100	-	721.100	-
Total	167.552.762	330.875	85.062.641	82.159.246

31 December 2013				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	82.665.765	307.488	-	82.358.277
Derivative financial assets	-	-	-	-
Financial assets held to maturity	880.265	-	880.265	-
Total	83.546.030	307.488	880.265	82.358.277

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

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2014

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

40. Events after the Balance Sheet Date

- In the Company's Board of Directors meeting held on 13 January 2015; in accordance with the organization restructure within the scope of operation model during the Group's reorganization process;
- Having been Strategic planning Deputy General Manager, Gizem Sayın was appointed as the Coordinator for the CEO.
- Having been Director of Flat Glass Strategic Planning, Özlem Vergon was appointed as the President (in charge of Strategy); effective from 13 January 2015.
- In the Company's Board of Directors meeting held on 24 February 2015; according to the opinion of Audit Committee, it was decided to submit to the approval of Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) for the independent audit procedures of the financial statements of 2015 and 2016 which will be prepared in accordance with the Capital Markets Board's Communiqué Serial: II, No: 14.1.
- The second Float assembly line, with 230.000 ton/year capacity, of the float glass manufacturing plant of Trakya Glass Bulgaria EAD, one of the affiliates, has been ignited and commercial production was planned to be started in April 2015.
- Test productions, in the mirror manufacturing plant, with 5 million m2/year capacity, of Trakya Glass Rus AO, one of the affiliates, have been completed and commercial production was started on 27 February 2015.

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

Approval of Financial Statements

The Group's audited consolidated financial statements as of 31 December 2014 and the year-end report prepared in accordance with the Capital Markets Board's Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the CFO, Mustafa Görkem Elverici and the deputy CFO Mükremin Şimşek and approved for the public announcement by the Board of Directors on 3 March 2015.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
PROFIT DISTRIBUTION OF 2014

Dear Partners,

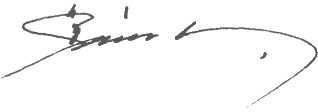
Our company has closed 2014 accounting period with TRY 413,194,370 of profit.

We submit to your information and approval that our TRY 413,194,370 of net period profit, which was stated in 2014 consolidated financial statement that was prepared in accordance with the “Communiqué Regarding Financial Reporting in Capital Market” Serial II-14.1 of Capital Market Board (CMB), to be segregated as follows in accordance with CMB’s regulations regarding profit distribution, 25th article of our Articles of Association and the considerations specified in our company’s “Profit Distribution Policy”;

1. Net Period Profit	413,194,370
2. Primary Legal Reserve	(10,274,744)
3. Net Distributable Period Profit	402,919,626
4. Donations Made within the Year	1,011,904
5. Net Distributable Period Profit with the Addition of Donations, where the First Dividend will be Calculated	403,931,530
6. First Dividend to the Partners	
- Cash	90,000,000
- Free	105,000,000
Total Dividend	195,000,000
7. Excess Reserve	207,919,626

That TRY 90,000,000 of gross dividend, which accounts for 5.29411% of current issued capital, to be distributed in cash, That TRY 105,000,000 of gross dividend, which accounts for 6.17647% of current issued capital, to be distributed as free shares, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share, that cash dividend payment date to be determined as May 29, 2015 and that the distribution of free shares following the completion of legal process considerations.

Best Regards,



H. Ersin Özince

Chairman of the Board of Directors

SECTION I - Declaration of Compliance with the Principles of Corporate Governance

Within the framework of the corporate governance principles stated in the Capital Markets Board's ("CMB") Communiqué Series II 17.1 regarding the Corporate Governance Communiqué which entered into force upon publication in Official Gazette No. 28871 dated 3 January 2014, this declaration reflects the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (the "Company") regarding determination of the duties, authorities, and responsibilities of the board of directors, subordinate committees, and managers; regarding shareholders, public disclosure, and transparency; and regarding regulation of relations with stakeholders.

Şişecam Group is an industrial group operating internationally in the flat glass, glassware, glass package, and chemicals segments. Şişecam currently operates in 13 countries, sells approximately half of its production to overseas buyers, and exports its products to 150 countries throughout the world. The Group is in the leading position in the Turkish market in all segments of glass production including flat glass, glassware, glass package, and fibreglass, and its operations cover soda and chrome composites.

Founded in 1935 by İsbank upon a directive from Mustafa Kemal Atatürk, Şişecam is one of the most established industrial organizations in Turkey, with 80 years of corporate history. The Group is considered one of the most prominent manufacturers in the world in its field due to its scale, degree of specialization, and competitive activities.

Şişecam Group, which aims to become one of the top three companies in its sector in 2020, utilizes cutting-edge technology and innovations, continuously develops its products and production processes with R&D investments under its value creation strategy, and continuously expands its international production facilities, value-added products, and market share.

Combining its extensive experience with its ambitious vision Şişecam stays on course to become a global brand, shape its future with products and services that add value for stakeholders and shareholders, enrich, and make life easier, and which is people and environment-friendly.

As a global company in its business segment Şişecam has established management based on principles of equality, transparency, accountability, and responsibility. Its specialization and position among Europe's and the world's most prominent manufacturers, along with its compatible activities, are the clearest proof of the insight of its management.

Modern principles of management and industry, a high level of industrialization, and focus on the market and R&D are the key drivers of Şişecam's success and are the basic foundations of the Şişecam of the future. Şişecam Group aims to reinforce its vision of being the leading manufacturer in surrounding countries which is based on these principles by adopting corporate governance principles. Our company takes the utmost care to comply with capital markets legislation and Capital Markets Board (CMB) regulations in corporate governance implementations, and the principles, which were included in the appendix of the Corporate Governance Communiqué in the activity period that ended 31 December 2014, and which are not yet completely harmonized, have not caused any conflicts of interest among the stakeholders.

The explanations regarding corporate governance principles in the appendix to the Communiqué on Principles Regarding the Specification and Application of Corporate Governance that are non-compulsory for the Company are stated in the related sections of the report for the year that ended 31 December 2014.

On the other hand, significant implementations regarding compliance with corporate governance principles are summarized below.

- 1) A central management concept has been adopted for Şişecam Group affiliated public companies in order to comply with the rules for responsibilities arising from Capital Markets Board regulations set by legislation, and in order to operate efficiently and effectively. The Group has been structured in a way to support this centralization and comply with the capital markets board legislation, and associated activities are carried out by the investor relations department under the supervision of the finance director.

In this context, in accordance with Corporate Governance Communiqué II-17.1 Article 11 announced by the CMB, a corporate governance and investor relations department manager and a responsible party were appointed and announced publicly on 30 June 2014. A department manager was also appointed as a member of the Corporate Governance Committee.

- 2) An agreement to rate compliance with corporate governance principles was signed on 18 November 2014 with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which is officially authorized to assign ratings in accordance with the corporate governance principles of the Capital Markets Board. The report rated Şişecam 9.46 under the Shareholders heading, 9.47 for Public Disclosure and Transparency, 9.55 under Stakeholders, 8.9 under Board of Directors, and the average rating was 9.28. The report was announced publicly on 29 December 2014. In accordance with the CMB's corporate governance principles, the "Compensation Policy" was established and announced to the shareholders on the Company's official website.
- 3) A "Compensation Policy" has been determined in accordance with CMB Corporate Governance Principles and disclosed to shareholders via the website.

- 4) In order to provide more accurate and effective information to company shareholders and stakeholders, the content of the official website has been expanded and investor presentations, the investor calendar, frequently asked questions, and related captions have been provided on the official website and updated regularly.
- 5) All related party transactions along with the nature and content of the transactions for 2014 were submitted to the board of directors. There were no significant or unusual related party transactions which were required to be submitted to the general assembly for approval in 2014 which were not approved by an independent board member.

Within the context of these implementations the Corporate Governance Principles Compliance Report for 2014 has been prepared in accordance with Decision No: 2/35 published in weekly newsletter No: 2014/2 on 27 January 2014 by the CMB, and has been introduced in sections as follows.

SECTION II - STAKEHOLDERS

2.1. Investor Relations Department

In order to comply with the rules regarding the responsibilities arising from Capital Markets Board regulations set by legislation, and in order to operate efficiently and effectively, a centralized structure has been implemented.

All requirements and responsibilities of Şişecam and other public companies, in accordance with the Turkish Commercial Code and capital markets board legislation, have been fulfilled with the supervision, orientation, and coordination of the “Investor Relations Department”, which falls within the area of responsibility of Financial Affairs Group Director Mustafa Görkem Elverici in line with the corporate governance principles of the CMB. In this context, in accordance with CMB II- 17.1 No. Corporate Governance Communiqué of Article 11, Emre İğdirsel, Department Manager, who holds a Capital Markets Activities Level 3 License and Corporate Governance with Rating License, and Başak Öge, Corporate Finance Investor Relations Manager, were appointed as responsible parties, and this mandate was disclosed to the public through the PDP on 30 June 2014.

The investor relations department plays an active role in protection of shareholding rights and in facilitating the use of those rights, particularly the right to a debriefing and the right to analyse. The main activities conducted within this scope are summarized as follows.

- a. Ensuring that the records relating to the written correspondence with investors and other information are kept in a correct, safe, and updated manner.
- b. Responding to the queries of shareholders requesting written information on the company.
- c. Ensuring the general assembly meeting is held in compliance with the applicable legislation, articles of association, and other company by-laws.
- d. Preparing the documents that might be used by shareholders in the general assembly meeting.
- e. Supervising the fulfilment of the obligations arising from capital markets legislation, including all corporate governance and public disclosure matters.

The investor relations department submits a report to the board of directors at least once a year on the activities it has conducted, including the assessments of investors and brokerage companies throughout the year.

Meetings and conference calls were held with domestic and foreign brokerage and asset management companies. One-on-one interviews were held with analysts. Investors can request information by contacting the investor relations department directly by sending an e-mail or filling out the information request form open to public on the Company's website. Records of written and oral information requests related to the requests are held by the Department of Investor Relations.

Information and disclosures were updated regularly on the Company website, with the aim of informing the public and shareholders.

Communications providing detailed information to investors regarding the activities of the Company in 2014 are summarized below.

210 one-to-one meetings were held with investors, 152 of which were with shareholders and 58 of which were with bond holders. A total of five investor conferences, three of which were national and two of which were international, were participated in in 2014. Four of these were held with shareholders and one with bond holders. In addition, two non-deal roadshows were held abroad.

40 meetings were held with analysts and a site visit which included four main business facilities in Mersin was organized for analysts. In addition, two non-deal roadshows were held abroad.

In addition to the responsible party from the investor relations department, Finance Vice President Aytaç Saniye Mutlugüller, Finance Deputy Vice President Mükremin Şimşek, and the central accounting manager can be charged with tasks relating to investor relations if it is deemed necessary.

2.2. Shareholders' Use of Information Rights

Shareholders are not discriminated against when making use of their right to obtain and evaluate information. Each shareholder has the right to obtain and evaluate information. There are no regulations under the articles of association that limit the right to receive information.

In 2014, written and verbal information requests from investors and shareholders were responded to in accordance with capital markets legislation, CMB regulations, and resolutions, and related information and documents, except for confidential information or trade secrets were, conveyed to investors and shareholders as required by the equality principles.

Within the framework of the laws and regulations in effect, the Company's corporate web site is effectively utilized to ensure that the information rights of shareholders are expanded and may be used efficiently. Within this scope, the Company's corporate web site, www.sisecam.com.tr, contains the information for shareholders that is suggested by the corporate governance principles and the regulatory authorities, in both Turkish and English.

Also, for the purpose of supporting the right of shareholders to obtain information, interviews given to the press by company officials and quarterly press conferences regarding quarterly operating results are presented to the shareholders on the corporate website under the "Investor Relations" section.

Though our articles of association do not govern the right of individual shareholders to demand a special auditor, to date no shareholder has submitted such a request.

2.3. General Assembly Meeting

The announcement of a general assembly meeting is made through the Public Disclosure Platform (KAP), the Electronic General Assembly System (EGKS), the corporate website of the Company, and the Turkish Trade Registry Gazette at least three weeks before the meeting in order to reach the maximum number of shareholders. In addition, before the general assembly meeting, "information documents" regarding agenda items are prepared and announced to the public. All announcements and notifications required by the Turkish Commercial Code (TCC), capital markets legislation, CMB regulations and decisions, and articles of association are made.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting and did not contain any ambiguity about the exact location of the meeting, agenda items of the meeting, the body issuing the invitation to the meeting, or the exact location where the annual report, financial statements, and other meeting documents could be examined. In this context, the annual report, financial reports, other documents forming the basis for agenda items, and the profit distribution proposal from the date of the announcement, were posted on the Company website and at Company headquarters to facilitate easy access by shareholders.

Along with the announcements to be made in accordance with legislation and the announcement of the general assembly meeting, on the Company's corporate website, www.sisecam.com.tr, the following items are provided to shareholders in the "Information Documents" section under "General Assembly Announcement and Documents" in the "Investor Relations" section.

- a. The total number of shares and voting rights reflecting the company's shareholding structure as of the date of disclosure, privileged share groups within company capital, voting rights, and the nature of privileges.
- b. Information on changes in management and activities of the company and its subsidiaries in the previous fiscal year, or changes planned for the upcoming fiscal period which may significantly affect company operations.
- c. Grounds for dismissal and replacement of board members, candidates' backgrounds, posts held in the last decade, the nature and significance of their relationships with the company and related parties, their independence status, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner which would not result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the general shareholders' meeting was related to the agenda items.

Subjects which the shareholders send to the investors relations department of the Company in writing are considered by the board of directors. There were no such requests within this period.

The utmost care is shown to hold general assembly meetings without causing inequality among the shareholders and to organize the meetings so as to make sure shareholders can participate at the lowest possible cost. Within this context, the time of the general assembly meeting is determined by considering traffic, transportation, and similar environmental factors. Electronic general assembly is also considered as an option which may increase the possibility for shareholders to participate in these meetings.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

At the general assembly meeting agenda items were expressed in an unbiased and detailed manner and presented clearly and concisely to provide shareholders with the opportunity to express their opinions under equal conditions and raise any questions. The chairman made sure that each question was answered directly at the meeting, providing the answers did not constitute trade secrets. If the question was not related to the agenda or was so comprehensive that it could not be answered immediately, the question was answered by the investor relations department as soon as possible in writing. No shareholders submitted written questions to the investor relations department on the basis of not having received an answer at the general assembly meeting in 2014.

Shareholders were informed if permission was granted to shareholders who control management, members of the board of directors, managers with administrative responsibility, their spouses, or relatives up to second degree blood relatives to execute transactions and compete with the holding and/or its affiliates, to make commercial business transaction for themselves or on behalf of others, or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility, and this topic was included as a separate item on the agenda of the general shareholders' meeting.

Any authorization for the board of directors to engage in activity within the scope of Articles 395 and 396 of the Turkish Commercial Code is included as a separate item on the agenda of the general shareholders' meeting.

The members of the board of directors associated with issues of a special nature on the agenda, other relevant persons, authorized persons who were responsible for preparing the financial statements, and auditors were present to provide necessary information and answer questions at the general shareholders' meeting.

If there is a significant change in the management and operation of the company, the public is informed within the frame of the regulation.

In this context, with Board of Directors Resolution Number 110 dated 30 October 2014 regarding organizational structure changes, the risk management and internal audit department was divided into two independent units and Özgün Çınar and Oğuz Haluk Solak were appointed Risk Management Chairman and Internal Audit Department head respectively, and these changes were announced on the Public Disclosure Platform on 7 November 2014.

The Company's articles of association were amended in compliance with corporate governance principles with respect to significant transactions and related party transactions defined in the corporate governance principles of the CMB and providing guarantees, pledges, and securities to third parties.

Within this context, in this period:

Shares of Paşabahçe Cam Sanayii ve Ticaret A.Ş. with a nominal value of 33,292,044TRY and which were in the portfolios of our subsidiaries Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., and Soda Sanayii A.Ş., were sold to the European Bank for Reconstruction and Development (EBRD) for 125,000,000EUR; and

Shares of Soda Sanayii A.Ş., which were in the portfolios of our subsidiaries Anadolu Cam Sanayii A.Ş. and Trakya Cam Sanayi A.Ş., were sold to International Finance Corporation (IFC) for 5million USD and 25 million USD, respectively.

These transactions were agreed upon with the unanimous consent of the board of directors.

Şişecam has established a policy on donations and grants and submitted it to the general shareholders' meeting for approval. Shareholders were informed of donations made within the reporting period, and the ceiling for the upcoming period was approved. Stakeholders and media are allowed to attend the general shareholders' meetings. Şişecam's general assembly meeting is held under the supervision of a representative from the Ministry, who is assigned by the Ministry of Customs and Trade. The general assembly meeting minutes, which are posted on the corporate website of the Company, are available for review by the shareholders in the Company's head office and on the corporate website of the Company.

The general assembly is informed by way of a separate agenda topic regarding related party transactions, pledges, securities, and mortgages provided on behalf of third parties in the current period.

The ordinary general assembly meeting for 2013 was held 3 April 2014 with a quorum of 86.6%.

In the announcements and declarations regarding general assembly meetings, the following information is provided:

- a) The agenda, place, date, and time of the general assembly, and the principles for arranging letters of attorney and letter of attorney forms for the shareholders who will be represented by their attorneys;
- b) Whether the general assembly meetings will be held in a physical or electronic environment, and the information that assigning attorneys, making suggestions, expressing opinions, and voting during any general assembly meetings in the electronic environment will be done using the Electronic General Assembly System (EGKS) provided by the Central Registry Office (MKG), and that shareholders who would like to participate the general assembly in person or through their attorneys in the electronic environment shall make their preferences known in accordance with the principles of EGKS;
- c) Information regarding the requirement that shareholders who would like to participate in the general assembly must present their identities or letters of attorney in person or through their attorneys if they want to use their rights related to their shares registered in the “Shareholders List” in the Central Registry Office system; and
- d) That the annual report, including financial statements, independent audit reports, the profit distribution proposal of the board of directors, and the previous and revised versions of the amendment text, if there will be any amendments to the articles of association, will be available for examination by the shareholders on the corporate website of the Company.

2.4. Voting Rights and Rights of Non-controlling Interests

There are no privileges stated in the articles of association regarding the use of voting rights. In accordance with the articles of association, each share has one voting right. If cross ownerships cause dominant relationships, the companies involved in the cross ownerships may not use their voting rights unless there are indispensable conditions, such as the need for a quorum.

Türkiye Şişe ve Cam Fabrikaları A.Ş. does not have treasury shares.

All shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

There are no restrictions or obligations stated in the articles of association concerning the representation of a

minority within management nor is there any provision that defines a minority as possessing shares accounting for less than 1/20 of the total shares of the company.

2.5. Dividend Right

The “Dividend Distribution Policy”, determined within the framework of the provisions of capital markets legislation, tax legislation, and articles of association, and of which the full text is given below, has been submitted for the information of the shareholders with a separate agenda item and has been disclosed to the public in corporate website of the Company. This policy has been submitted to the approval of shareholders at the general meeting and disclosed in the annual report and in corporate website of the Company.

Şişecam’s dividend distribution policy contains the minimum information necessary for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and that of the company.

The Profit Distribution Policy is as follows;

The dividend distribution policy of our company has been determined considering the Turkish Commercial Code, the Capital Markets Board Law, tax laws, other legislation the company is subject to, and the provisions of the articles of association.

Accordingly;

- a) The Company has determined that a minimum of 50% of its distributable net profit for each period, calculated at year end within the framework of the legislation on capital markets and other relevant legislation, is distributed in cash and/or in the form of bonus shares; the shareholders’ ordinary general assembly may resolve on a distribution which differs from the targeted percentage, taking into consideration matters such as economic conditions, investment plans, and cash position;
- b) The board of directors’ profit distribution proposals, which also contain the details stipulated in the arrangements pertaining to the Capital Markets Board and in the corporate governance principles, are, within the relevant statutory periods of time, disclosed to the public through the Public Disclosure Platform, the Company’s website, and activity reports;

- c) Cash dividends, which shall be distributed depending on the resolutions taken at the general assembly, are paid on the dates decided upon at the general assembly; the transactions, which are relevant to the dividends that shall be distributed in the form of bonus shares, are completed within the statutory periods of time stipulated in the arrangements pertaining to the Capital Markets Board;
- d) Within the framework of the profit distribution policy the dividends are equally distributed among all the shares existing at the date of distribution, regardless of issuance and acquisition dates;
- e) If the board of directors proposes the general assembly not distribute the profits, the grounds for this proposal and information on how the undistributed profits shall be utilized are announced to the shareholders at general assembly meetings;
- f) Under the profit distribution policy a balanced policy is followed which establishes a balance between the interests of the shareholders and the interests of the Company;
- g) There are no privileged shares in terms of acquisition of shares from the profit;
- h) The articles of association do not allow for payment of dividends to members of the board of directors or to employees using the founder's redeemed shares;
- i) In accordance with the articles of association, the board of directors can distribute profit advances, provided this is authorized by the general assembly and complies with the Capital Markets Law and regulations of the Capital Markets Board regarding this subject; the profit advance distribution authority, which is granted by the general assembly to the board of directors, is limited to the related year.

In 2014, dividends totalling 142 million TRY have been distributed, of which 71 million TRY were cash and 71 million TRY were bonus shares.

2.6. Transfer of Shares

Neither the articles of association of the company nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company's Website and Its Contents

The corporate website, www.sisecam.com.tr, is actively used as suggested by the corporate governance principles of the CMB in order to be in continuous contact with its shareholders and to maintain the company's relationships with its shareholders more effectively. The information on this website is constantly updated by the investor relations department. The company's corporate website has the same content with explanations within the framework of the provisions of the related regulations and there is not any conflicting or missing information on the site.

On the company's corporate website www.sisecam.com.tr, which is available in Turkish and English, mandatory information is disclosed pursuant to the legislation. The following is included on the corporate website: segment information, information about products, annual and interim reports, financial statements, corporate governance compliance reports, the articles of association, trade register information, information about the latest shareholder and management structures, publicly disclosed material information, periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas from the general assembly meetings and lists of the participants and minutes for the general assembly meeting, a form for proxy voting at the general assembly meeting, the donation policy, the remuneration policy, the dividend distribution policy, the ethical rules of the company, frequently asked questions and the responses. Information on these topics can be accessed on the website for at least the last five years.

The shareholder structure of the company and the names of the people who hold more than 5% of the shares after the elimination of indirect or treasury shares are disclosed on the company's website and are updated quarterly.

Türkiye İş Bankası A.Ş. holds 65.47% of the issued shares of the company, amounting to TRY 1.700.000.000. Türkiye İş Bankası A.Ş. is the controlling shareholder and as of the date of this report there are individual shareholders who hold more than 5% of the company's shares within its capital structure.

3.2. Annual Report

The annual report is prepared in order to provide complete and accurate information regarding the activities of the company to the public. The annual report for 2014 has been prepared based on the third clause of Article 516 of the Turkish Trade Act and Article 518 of the same act, in accordance with the minimum content specified in Article 8 of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board and the provisions of the "Regulations Regarding the Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs and Trade and the annual report has been independently audited.

The annual report contains the following information;

- a. The period covered by the report, the title of the company, trade registry number, contact information,
- b. The names of the chairman and the members of the board as well as committees and upper management,
- c. The sectors in which the company and its subsidiaries operate and information on its positions in these sectors,
- d. Information about the company's functional units, general explanations related to their activities and performance and yearly developments,
- e. Progress on investments, the eligibility and status of government incentives,
- f. The changes to the articles of association in the current period,
- g. The Corporate Governance Principles Compliance Report,
- h. Information on related party transactions,
- i. Other relevant and beneficial information that is not included in the financial statements,
- j. The company's organizational, capital and ownership structure and any changes made in the related accounting period,
- k. Information on all benefits provided to staff and the number of personnel,
- l. Information about the fact that no board members were involved in any transactions with the company on their own behalf or on someone else's behalf within the framework of permission granted by the general shareholders' meeting along with their activities within the scope of restraint of trade,
- m. The dividend distribution policy,
- n. Basic ratios that explain the company's financial position, profitability and solvency, and
- o. The company's financing resources and risk management policies.

In addition to the matters specified in the legislation, information on the following matters is included in the annual reports;

- a) The external duties of board members and executives and the declaration of independence of the relevant board members,
- b) The members of the committees within the board and their working principles,
- c) The number of board meetings held during the year,
- d) Any changes to legislation which could significantly affect the company's operations,
- e) Any major court cases against the company and their possible consequences, and
- f) The benefits provided to employees, vocational training for employees, and other company activities that give rise to social results.

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The company recognizes the rights of stakeholders which were established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation or protected by contracts, the company protects the interest of stakeholders under good faith principles and within the capabilities of the company. Effective and expeditious compensation is provided in case of a violation of rights.

The website of the company is actively used to provide adequate information on policies and procedures that protect stakeholders' rights.

The corporate governance structure of the company ensures that its stakeholders, including its employees and representatives, report their concerns about any illegal or unethical transactions to the management.

The company's employees can raise any transaction that contradicts legislation and that is not ethically sound to audit committee and to the internal audit unit. An ethics hotline has been set up for stakeholders to raise any transactions deemed to contradict the law or the company's ethical values to the audit committee, which is composed of independent board members. Complaints can also be sent via email, to etik@sisecam.com. A documented compensation policy has been established and disclosed to public for Şişecam.

Şişecam has created the framework for a compensation policy, though not a very detailed one, and has disclosed it to the public on the corporate web site.

In order to increase communication with the employees, two in-house periodicals, the "Şişecam Group Periodical" and the "Technical Bulletin" are published. In addition, subjects that are followed by the public are broadcasted on the "Corporate TV". On the portal, which is available for in-house employees, instruction manuals and announcements regarding policies, procedures, instructions and systems that are in effect are submitted for the information of the employees.

4.2. Stakeholders' Participation in the Company Management

The fundamental 16 principles, which are embraced to allow for the participation of company employees in management, keeps all lines of communication open and eliminates all possible encumbrances. Practices such as “development delegate”, “we are members of Şişecam”, message to the general manager” and “idea factory” are used to this end.

The company maintains constant communication with its employees, pays attention to their needs and creates various platforms and mechanisms by which employees can convey their opinions and comments. Internal meetings are held, which company employees attended when necessary.

These meetings play a significant role in the decision-making process of senior management. Expectations and demands from all of the stakeholders involved with the company are addressed based on the code of ethics and are resolved through mutual communication.

Even though these models and their applications are not incorporated in the articles of association, they are included in the “Şişecam Constitution”.

4.3. Human Resources Policy

The human resources policy of our company is put into writing and the regulations and procedures that are part of the policy are submitted to employees through the internal portal.

It is ensured that recruitment and career planning are conducted on the basis of equality and transparency. These activities are carried out in line with the relevant provisions of the “Human Resources Systems Regulations”, the “Recognition Appreciation System” and the “Incentive System.”

The recruitment department has been working to attract new graduates and other professionals by actively using all existing recruiting methods and techniques and by organizing various communication activities at universities and other institutions.

The Performance Management System works hand in hand with the vision, mission and strategies of the Group.

By modifying the Balance Score Card system, started by the Group in 2010, to include personal targets, the success-based performance culture is being converted into a success-based corporate culture. The foundation of the Performance Management System is to create value for the employee and to ensure that the value created by the employee serves the development and sustainability targets of the company.

Expectations for the individual employee and the requirements of the organization are discussed by means of the Career Development Plan, a part of the Performance Management System, in the career committees that are held regularly each year. Moreover, strategic career maps as well as the Group-based career and succession plans are developed using data from the Performance Management System.

Şişecam aims to add the necessary human resources to its organization while preserving a high level of loyalty among current employees, as well as creating a positive and competitive working environment.

The compensation management system of the Group takes into account variables such as the wages in the market, the existing compensation structure and payment power, individual performance and job levels.

All employees of Şişecam are offered;

- An up-to-date competitive salary package that rewards success,
- A flexible and sustainable benefits package based on the employee's needs and expectations,
- A social structure that provides a work-life balance,
- A productive and fostering working environment which leads to open communication, and
- Well-established and innovative development and career opportunities aiming towards global leadership.

At Şişecam, individual-centred leadership and personal development programs are implemented in line with the sustainability policies of the Group. In addition to competency development and professional/ technical training courses, long-term certification programs are offered. Employees are encouraged to attend summits, symposiums and congresses held at home and abroad. Programs that support employees' foreign language knowledge and computer skills are available.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Şişecam has started an Instructor Certification Program inside the Group to make use of the intellectual resources within the company. The number of people benefiting from this training nearly doubled in 2014, compared to the previous year, and 175.641 man hours of training activities were carried out. Executives attended the Advanced Management and General Management programs at Harvard Business School.

Across the Group, six collective bargaining agreements have been carried out domestically. These include one group collective bargaining agreement covering ten factories, two manufacturing plants and three workplaces. Internationally, agreements are in place covering four workplaces in Bulgaria, the Posuda factory in Russia, the Glascorp factory in Romania and the Soda Lukavac d.o.o. and Rudnik Krechnjaka factories in Bosnia and Herzegovina. The effective duration period of these collective bargaining agreements vary between one and three years.

Coordination meetings on the subjects of implementing collective bargaining agreements, industrial relations and increasing productivity are held at the Group's workplaces with the representatives of the following trade unions: Kristal-İş (the Glass, Cement, Ceramic and Soil Industries Workers' Union of Turkey), T. Çimse-İş (the Ceramic and Pottery Industries Workers' Union of Turkey), Selülöz-İş (the Cellulose and Wood Products Workers' Union of Turkey) and Petrol-İş (the Petroleum, Chemical, Rubber Workers' Union of Turkey). Similarly, coordination activities are also carried out with trade unions organized at the workplaces abroad.

A Workplace Accidents Analysis and Corrective & Preventive Actions (CAPA) Tracking System Project has been completed and put into practice as of January 2014. The system, which covers all workplaces and units, including the management and sales centers, ensures the tracking and control of workplace accidents in a systematic manner integrated with the "System Application and Products" (SAP) system. Another pillar of the project, the CAPA system, ensures proper rectification of all failures to conform which present a risk of workplace accidents, arising from OHSAS 18001, managerial, internal.

4.4. Codes of Conduct and Social Responsibility

Şişecam Group's code of ethics were regulated and put into effect in order to provide a framework of honesty, transparency, confidentiality and objectivity and to be in compliance with the law in accordance with the board resolution no. 49 on 20 July 2010. This resolution covers guideline regulations that direct the relations of all Group employees with the customers, suppliers, shareholders and other stakeholders. These decisions were updated in accordance with the current requirements with the board resolution no. 33 on 28 March 2013. Şişecam's ethical rules are publicly disclosed on the corporate web site.

Şişecam's collection of 527 antique glass works, assembled to preserve cultural values, is registered with the Archeology Museum of Istanbul. The collection is on exhibition in Şişecam's head office. The Glass Hall of the Bodrum Underwater Archeology Museum was opened in 1985 to visitors from around the world, under the sponsorship and safeguard of Şişecam.

The first of the History, Culture and Glass collections was presented in 1999 and reflected the historical and cultural background of Anatolia through glass artwork. This project was initiated in line with the mission of the Şişecam Group to preserve and pass on cultural heritage to the coming generations. So far, 414 glass items with artistic value have been produced under the 12 series of glass collections; each of these items has been produced in limited numbers. In 2013, the Zevk-i Selim Collection was added to the series. The prior 11 collections were the Ottoman Collection, the Islamic Glass Collection, the Çeşm-i Bülbül Collection, the Mosaic Collection, the Beykoz Collection, the Anatolian Civilizations Collection, the Blue and White on Glass Collection, the Calligraphy on Glass Collection, the Patience and Reconciliation Collection, the Alliance of Civilizations Collection, the Mystery of Seven Collection, the Aşure Collection, the Istanbul Collection and the Talking Banknotes-Coins Collection.

In order to support the "Project for the Development of Vocational Education" carried out by the Office of the Governor of Mersin, Şişecam has constructed the building for the Industrial Vocational High School. This building is built with the goal of supporting more young people in attaining an occupation. Located in the Organized Industrial Zone in Tarsus, Mersin, it has 24 classrooms and one workshop.

Under the project "Glass and Glass Again" launched by Anadolu Cam (a Group company) in collaboration with the ÇEVKO Foundation and local administrations in 2011, training on recycling has been given to a total of 113,000 primary school students and 5,510 recycling containers have been donated. In all, 300,000 tons of glass packaging waste has been recycled since 2011. Thus, carbon emissions were reduced by a magnitude equal to a reduction obtainable by the withdrawal of 108,000 cars from use. Altogether, the amount of energy saved through recycling reached a level which would meet the heating and hot water needs of 12,600 homes. Furthermore, in collaboration with 55 sub-provincial municipalities in the provinces of Mersin, Ankara, İzmir, Muğla, Manisa, Istanbul, Edirne, Kocaeli and Tekirdağ, the Group provided support in raising public awareness, the development of waste collection infrastructures and the modernization of glass recycling plants.

Şişecam is involved in social responsibility activities such as conservation of sea turtles at Kazanlı, Mersin, forestation and variety of sports, including sailing and rowing.

SECTION V - BOARD OF DIRECTORS

5.1. 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 Company represents and governed 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. Prof. Dr. Ahmet Kirman, General Manager, participates in the Board of Directors as an executive member. The chairman of the Board of Directors and the General Manager 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 procedures anticipated in the corporate governance principles on 7 March 2012 and proposed to Board of Directors at the same date. In the Board of Directors meeting held on 14 March 2012, no qualified opinion was issued related to the election of appropriate independent members in accordance with CMB notifications no: B.02.6.SPK.0.13.00-199-1114 and dated on 17 April 2012.

By substituting Prof. Dr. Turkey Berksoy, who resigned from independent membership of Board of Directors, Halit Bozkurt Aran, on the other hand, was elected as independent member in order to complete duty term of his successor with the proposal of Corporate Governance Committee no: 2014/2 and dated on 10 April 2014 and the decision of Board of Directors no: 38 and dated on 14 April 2014 and no qualified opinion was issued related to this election in accordance with the CMB's notifications no: 29833736-199-843 dated on 24.4.2014.

The independent and non-independent members of the board, who have been determined within this scope, have been elected for 3 years in the General Assembly Meeting related to year 2011, held on 25 May 2012. Since the three-year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 25 March 2015, 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:

STATEMENT OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.

To the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the “Independent member of Board of Directors” conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,



Halit Bozkurt Aran

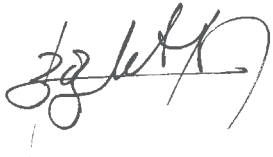
STATEMENT OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.

To the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the “Independent member of Board of Directors” conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,



Prof. Dr. Orhan Sezgin

STATEMENT OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.

To the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the “Independent member of Board of Directors” conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,



Prof. Dr. A. Murat Demircioğlu

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Subsequent to General Assembly meetings, in which the members of Board of Directors are elected, Chairman and vice President of Board of Directors have been determined with the purpose of making decision on segregation of duties. As stated in the table below, there exists 1 executive and 8 non-executive members of the Board of Directors.

In accordance with Turkish Commercial Code Law no 395 and 396, the approvals with respect to participation of Chairman and members of the Board of Directors in the Company's area of activity, either in person or on behalf of others and their engagement to partnership of the companies operating in similar activities is given by the General Assembly.

The member of Board of Directors can express their opinion freely, without any influence. In accordance with Corporate Governance Principles, there are two female members in the Company's Board of Directors, who are Alev Yaraman and Zeynep Hansu Uçar. On the other hand, there is neither a target rate nor a target period defined but limited to the fact that the rate of female members of the board shall not be fewer than 25% and there has been no defined policy in order to meet those targets yet.

The Company has subsidiaries and associates. Considering the fact that the involvement of members of Board of Directors in the management of these companies is for the interests of the Group, their responsibilities out of the Company are not limited and the out-of-company responsibilities of board members are explained below.

Name & Surname	Title	As-is Out of Group Responsibilities
Hakkı Ersin Özince	Chairman	T.İş Bankası A.Ş. Chairman
Prof.Dr. Ahmet Kirman	Vice Chairman-General Manager	Trakya Glass Bulgaria EAD. Trakya Cam Investment B.V.. Trakya Investment B.V.. Fritz Holding GmbH. Anadolu Cam Investment B.V.. OOO Ruscam Glass Packaging Holding. OOO Ruscam Management Company. Balsand B.V. Chairman
Alev Yaraman	Member	None
İlhami Koç	Member	T.İş Bankası A.Ş. Genel Müdür Yardımcısı. Maxis Investments Ltd. Chairman. İş Yatırım Menkul Değerler A.Ş. Chairman. İşbank AG. Member of the Board of Directors. CJSC İşbank Member of the Board of Directors and Audit Committee
Zeynep Hansu Uçar	Member	Kültür Yayınları İş Türk A.Ş. Anadolu Cam San.A.Ş.. Anadolu Cam Yenişehir San.A.Ş.. Camiş Madencilik A.Ş.. Çayırova Cam San.A.Ş.. Paşabahçe Cam San.ve Tic. A.Ş.. Paşabahçe Mağazal.A.Ş.. Soda San.A.Ş.. Trakya Cam San.A.Ş.. Trakya Polatlı Cam San.A.Ş.. Trakya Yenişehir Cam San.A.Ş.. Cam Elyaf San.A.Ş.. Anadolu Cam Eskişehir San.A.Ş.. Camiş Yatırım Holding A.Ş.. Avea İletişim Hizm.A.Ş.. Asmaş Ağır San.Mak.A.Ş.. İş Finansal Kiralama A.Ş.. İş Faktoring A.Ş. Member of the Board of Directors
Dr. Tefik Ateş Kut	Member	None
Prof.Dr. Atilla Murat Demircioğlu	Member	Trakya Cam San. A.Ş. Independent member of Board of Directors-Corporate Management Committee Chairman. Committee Member Responsible for Audit. Risk Early Detection Committee Member. Member of the Board of Directors of Yıldız Technical University.
Prof.Dr. Orhan Sezgin	Member	None
Halil Bozkurt Aran	Member	None

5.2. 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 146 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. 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 2014 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 27 November 2014, published in 3 December 2014 and prepared by the Board of Director's decision no 122 in accordance with the article 367 and 371 of Turkish Commercial Code in 20 November 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.

The possible defects of members of the Board of Directors in performing their duties that may lead to damage of the company are insured. However, the amount of insurance does not exceed 25% of the Company's capital.

5.3. The Number, Structure and Independence of the Committees Constituted in the Board of Directors

For effective duty and responsibility performance of the Board of Directors, the "Supervisory 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, five and three members, respectively.

The Chairman of the Board of Directors and General Manager 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 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" and "Relationships with Shareholders Department".

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have not 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.

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.

Due to the fact that all members of Audit Committee and chairmen 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 Prof. Dr. Atilla Murat Demircioğlu (independent), Prof. Dr. Orhan Sezgin (independent) ve Halit Bozkurt Aran (independent).

The Corporate Governance Committee;

Chairman Prof. Dr. Atilla Murat Demircioğlu (independent), Alev Yaraman, Tevfik Ateş Kut, Zeynep Hansu Uçar ve Emre İğdirdisel.

Early Risk Identification System and Committee;

Chairman Prof. Atilla Murat Demircioğlu (independent), Prof. Dr. Orhan Sezgin (independent), Halit Bozkurt Aran (independent), Zeynep Hansu Uçar ve İlhami Koç.

5.4. Internal Control and Risk Management System

The Board of Directors has set up the internal control systems by considering the ideas of committees of Board of Directors and covering the procedures of risk management and information systems. Accordingly, the Board of Directors reviews the effectiveness of risk management and internal audit systems at least once a year.

Combining with the geopolitical developments in regions where we operate, the global recession lasted since 2008 increased the uncertainty. This uncertainty together with the competition for obtaining a market share from shrinking markets, increasing customer demands, tightening legal regulations and the developments in corporate governance areas has increased the risk sensitivity of all the shareholders and it has led the effectiveness of risk management and internal audit processes to be questioned at a higher level during the year 2014. The Risk Management and Internal Audit Functions of the Group have been decomposed under separate divisions with the purpose of managing these two important functions at high level of concentration.

The Group continues its audit activities at a risk-based perspective and evaluates the available and potential risks proactively, under this structure.

The activities of risk management and internal audit of Şişecam Group have been structured under the Parent Company. The activities are performed under the control of Board of Directors of the Parent Company in collaboration of Group heads of business segments of the Group and the regular and the minutes of regular and planned meetings held with "Early Risk Identification System and Committee", "Audit Committee" and "Corporate Governance Committee" have been reported to Board of Directors, in accordance with legislations.

During the works performed for having a corporate structure, ensuring assurance to shareholders, protecting tangible and intangible assets, resources and environments of the Group, minimizing losses from uncertainty and having the maximum benefit from potential opportunities, relationship between the internal audit and risk management is maintained at a high level and aimed to support the decision process and increase the management efficiency.

Risk Management in Şişecam Group

Risk management activities in Şişecam Group are executed fundamentally on the corporate risk management principles and a comprehensive and proactive approach is maintained. Interaction between risks and the characteristics of the countries' in which Şişecam

Group operates are taken into consideration. This sort of approach enables the geographical distribution and the diversity of risks to be an advantage, prevention from risks and their integration to risk processes becomes possible before they also occur in other countries and segments because of the occurrences of risks in certain countries and/or sectors; by the close surveillance of interactions between risks, decision-making process is supported and an effective and efficient use of resources is ensured.

Segment based risk catalogues which are prepared by our Group, is updated periodically with the participation of Group's employees and risks are sorted by their degree of importance. By taking the tendency to risk of the Board of Directors into consideration about the analyzed risks, strategies which will be carried out are determined and relevant precautions are taken. These works are not limited to the financial and strategic risks; they also cover operational risks such as production, sales, workplace safety, and emergency management and information technologies.

Internal Audit in Şişecam Group

The aim of the internal audit functions in our Group is to provide a healthy development for the Group Companies, to create unity in practice, to ensure that the operations are in line with both internal and external regulations and to ensure that correctional measures are taken timely. In accordance with the aforementioned purpose, for both domestic and abroad establishments of the Group; audit procedures are carried out. Audit work is done according to the periodical audit programs which are approved by the Board of Directors. When creating audit programs; risk management studies are utilized, in other words "risk-based audit" exercises are applied.

5.5. Strategic Objectives of the Company

The process of definition of strategic goals of the Company and the evaluation and review of these strategic goals are initiated with the clarification of the set of Vision/Mission and Values by the Board of Directors.

The Company uses the term of Mission in determining which products are to be produced for whom and in which geographical regions those products are to be proposed. The term of Vision refers to an overall expression of the target and the desired positions that the company intends to arrive at.

Within this context, The Board of Directors has defined the objective of the Group as follows: "To become a leading company in glass and its areas of activity, which produces creative solutions with its business partners, makes difference with its technology and brands and which is human and environmental-friendly, while planning to become the leading company in glass and other fields of activity". Mission of the Company has been determined as "Adding value to life by producing quality and comfort creating products, being a respectful Company to human, nature and laws". Determined values defined for throughout Şişecam and include all affiliates of the Group.

The Group determines its long-term goals in-line with the visions and missions and prepares its 5 years strategic plans and yearly budgets in accordance with the aforementioned goals and sets all employees' aims compatible with the budgets. At the end of every annual year, performances are evaluated in line with the goals.

5.6. Fiscal Rights

As indicated in the Articles of Association; rights, benefits and wages that are procured to the Members of the Board of Directors are established by the General Assembly. The monthly wages of the Members of the Board of Directors are determined and declared to the public in Ordinary General Assembly Meeting which was held at April 3, 2013. Wage policy principles for the high level executives of the Company are stated in written form in the Ordinary General Assembly Meeting for Shareholders which was held at April 3, 2013 and are declared to the Shareholders of the company and posted to the website of the Company.

There are no payments done to the General Manager, CFO and other high level executives, which are fixed to revenue, profitability or any other essential indicators which could be considered technically as bonus. In addition to the cash payments such as wages, bonuses and welfare benefits; a once a year payment is made to the General Manager, CFO and other high level executives of the company; which is calculated by the Board of Directors by taking -the operational volume, essence of the operation of the company and degree of vulnerability of the company, size of the structure which is managed, the sector in which the company operates and also the inflation rate, overall wage level and the profitability of the Company- into consideration. Also a company vehicle is provided for the high level executives of the company.

To this extent, the total of the payments that are done to the Members of the Board of Directors and high level executives are declared to the public in the financial statement disclosures of our company, and the lack of a individual based breakdown of payments prevents any conflict of interests.

Şişecam does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
AGENDA OF THE 2014 ORDINARY GENERAL ASSEMBLY MEETING

1. Election of the Presiding Board and authorization of the Presiding Board to sign the General Assembly meeting minutes,
2. Reading out the Board of Directors' Annual Report regarding the Company's 2014 operations, and the summary of the Independent Auditor's report,
3. Examination, deliberation and ratification of the balance sheet and income statements for 2014,
4. Approval of the individual elected to succeed the Board of Directors member who resigned during the reporting period,
5. Acquittal of the members of the Board of Directors,
6. Election of the members of the Board of Directors,
7. Determination of the remuneration to be paid to the members of the Board of Directors,
8. Authorizing the Board of Directors members pursuant to Articles 395 and 396 of the Turkish Commercial Code (TCC),
9. Decision on the distribution manner and timing of 2014 profit,
10. Decision on the designation of the independent audit firm pursuant to the requirements of the Turkish Commercial Code (TCC) and the Capital Markets Board of Turkey (CMB),
11. Provision of information to shareholders regarding the donations made during the reporting period and determination of the upper limit of donations to be made in 2015,
12. Provision of information to shareholders regarding guarantees, pledges and mortgages provided in favor of third parties.

Date: 25 March 2015

Place: İş Kuleleri Kule 3, 4. Levent / İSTANBUL

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CAPITAL INCREASE, CHANGES TO THE ARTICLES OF INCORPORATION AND DIVIDEND DISTRIBUTION DURING THE REPORTING PERIOD

During the reporting period, it was decided at the Ordinary General Assembly held in 2014 to distribute gross dividends in the amount of TRY 71,000,000 corresponding to 4.73% of the existing paid-in capital in cash and gross dividends in the amount of TRY 71,000,000 corresponding to 4.73% as bonus shares. Based on the said decision, dividends in the amount of TRY 71,000,000 covered from 2013 profit was paid out to shareholders in cash on 30 May 2014.

During the reporting period, the Company's issued capital was raised from TRY 1,571,000,000 to TRY 1,700,000,000 within the existing authorized capital of TRY 2,500,000,000; out of the increment of TRY 129,000,000, TRY 71,000,000 was covered from the 2013 profit, TRY 38,494,126.06 from income on property and participation share disposal, and TRY 19,505,873.94 from extraordinary reserves. The certificate of issue for the shares in the incremental amount of TRY 129,000,000 was approved with the Capital Markets Board of Turkey (CMB) decision no. 18/579 dated 13 June 2014, and shares were distributed on 01 July 2014. Within the scope of the capital increase mentioned above, "Article 7 – Capital" of the Company's Articles of Incorporation was amended as follows and the amendment text was registered on 27 June 2014.

Capital

Article 7:

New version

The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and switched to the aforementioned system with the Capital Markets Board of Turkey (CMB) permission dated 4 March 1985 and numbered 93.

The Company's authorized capital is TRY 2,500,000,000, which is divided into 250,000,000,000 shares each with a nominal value of TRY 0.01.

The authorized capital permission granted by the CMB is valid from 2012 through 2016 (5 years). Even if the authorized capital so permitted is not reached by the end of 2016, in order for the Board of Directors to pass a capital increase decision after 2016, it is mandatory to get authorization from the General Assembly of Shareholders for a new period of time upon getting permission from the CMB for the previously permitted or a new maximum capital amount. The Company will be deemed to have exited the registered capital system in case of failure to obtain the said authorization.

The Company's issued capital is TRY 1,700,000,000, which is divided into 170,000,000,000 registered shares each with a nominal value of TRY 0.01. TRY 1,700,000,000 that makes up the issued capital is fully paid-in and covered.

The shares representing the capital are tracked in dematerialized form within the frame of dematerialization principles.

Other Issues

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 2014 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 situations arose in 2014, which would have required equalization of losses by reason of the transactions described above.

Legal Reference of the Annual Report

The annual report of the Group for 2014 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.

Care is taken to prepare the annual report in sufficient detail to give shareholders full and accurate access to all information about the Company's operations and activities.

Approval of the Annual Report

The Company's annual report for 2014 fiscal year has been signed and approved by the members of the Company's Board of Directors on 3 March 2015.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH**

To the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş.

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2014.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 3 March 2015 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 “Going Concern”, we have not encountered any significant issue which we are required to be reported with regard to the inability of the Group to continue its operations for the foreseeable future.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers



Haluk Yalçın, SMMM
Partner

Istanbul, 3 March 2015

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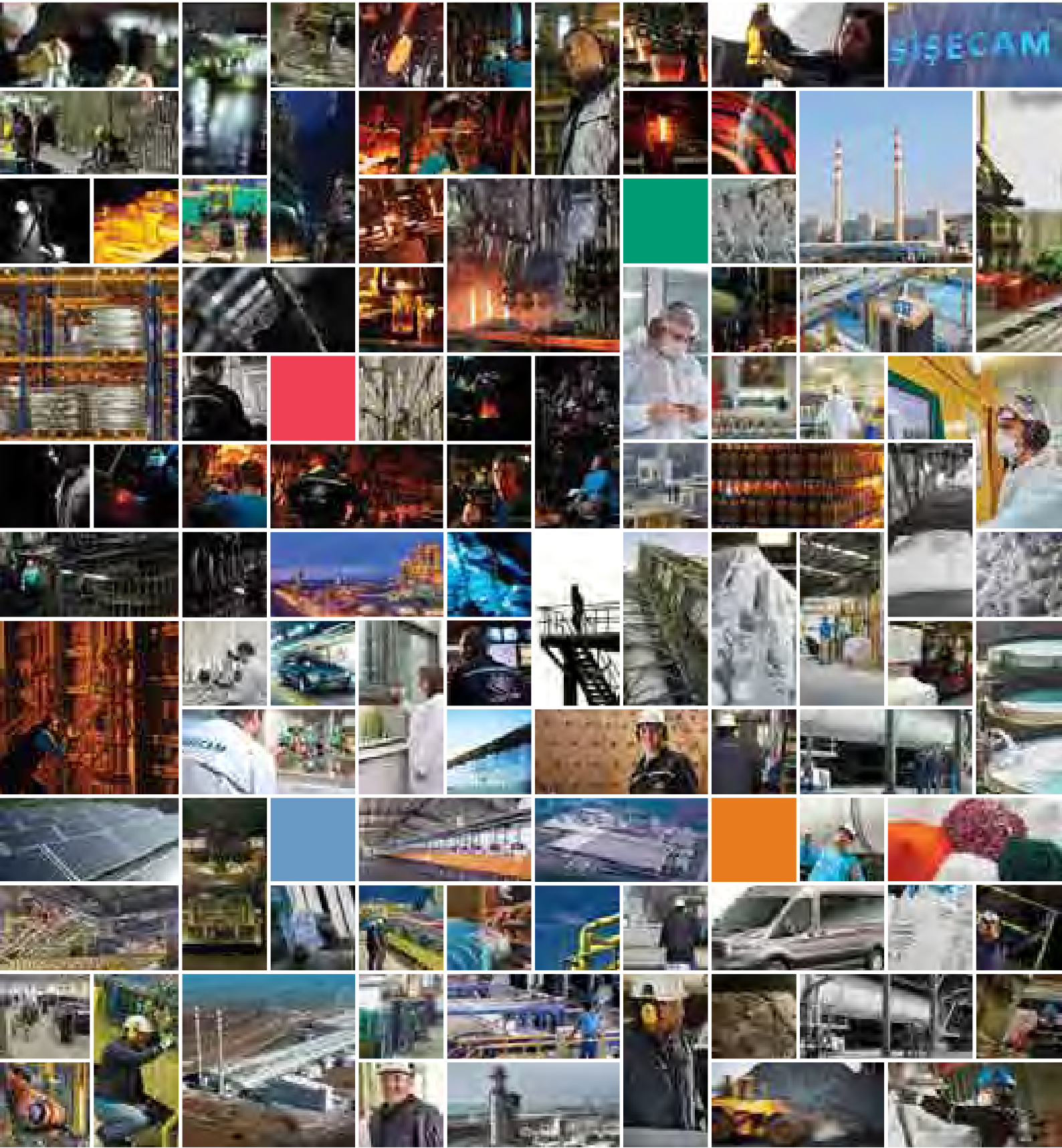
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