TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Global vision, dynamic structure,
sustainable growth

ANNUAL REPORT 2013

ŞİŞECAM

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TÜRKİYE ŞİŞE ve CAM FABRİKALARI A.Ş.

2013 ANNUAL REPORT

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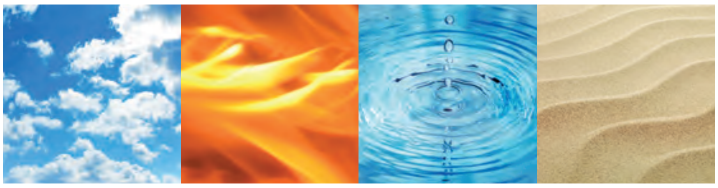


Air ... Fire ... Water ... Earth ... These are the names of the four elements that create life and shape the natural world. The harmonious combination of these four elements, in perfect balance and motion, provides the basis for a sustainable world and gives direction to life. The perfect balance and harmony of these four elements is of the utmost importance for a sustainable lifestyle.

The Şişecam Group, with the synergy it has created through its four main lines of business, just like the perfect harmony of the four elements, is a global actor engaged in shaping the future. Just as the elements of Air, Fire, Water and Earth cannot be separated, Şişecam's four main lines of business ... flat glass, glassware, glass packaging and chemicals ... all operate in concert. The Şişecam Group has reached millions of people in 150 countries through its products adding value to the every aspect of daily life. Şişecam is working for a sustainable world and a sustainable future.

Towards 2020 The Şişecam Group

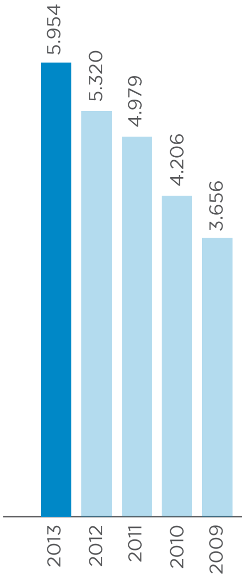
Şişecam Group is an industrial group operating on an international scale in the fields of flat glass, glassware, glass packaging, and chemicals. Şişecam carries out its production activities in 13 countries with a workforce of over 20.000 people and exports to 150 countries. International sales constitute almost half of its total sales. The Group is the leader in its fields of business, encompassing all the key areas of glass production (i.e., flat glass, glassware, glass packaging and glass fiber), and soda ash and chromium chemicals.

Founded in 1935 by İşbank upon the directive of Atatürk, Şişecam is one of the most established industrial organizations in Turkey with 78 years of corporate history. The Group is among the world's most distinguished glass manufacturers, due to its scale, degree of specialization, and the considerable competitive advantage of its operations.

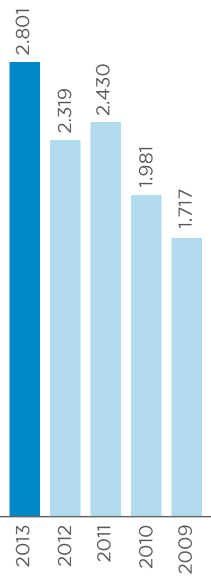
In line with its strategy of creating value in the sector, Şişecam Group utilizes high-end technology and innovations, and continuously improves its products and production processes through R&D investments. Targeting to stand among the top three in the world glass league by 2020, the Group is expanding its production capacity abroad, value-added product portfolio, and market share through new investments.

Combining its extensive experience with an ambitious vision, Şişecam is growing as a people-oriented, environment-friendly global brand that shares, creates wealth, and shapes the future with products and services that add value to its stakeholders in line with its sustainable growth strategies.

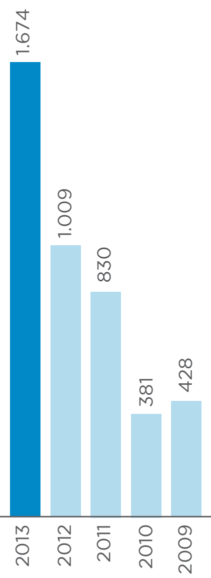
Sales Revenue
(TL m)



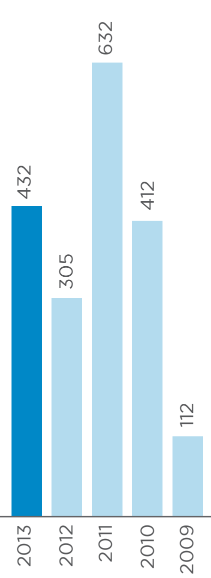
International Sales
(TL m)



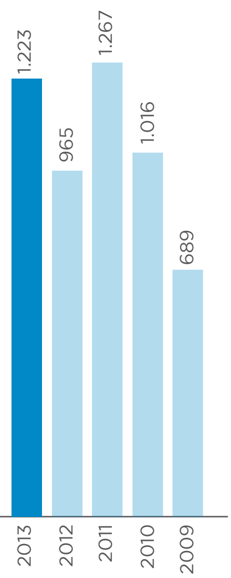
Investments
(TL m)



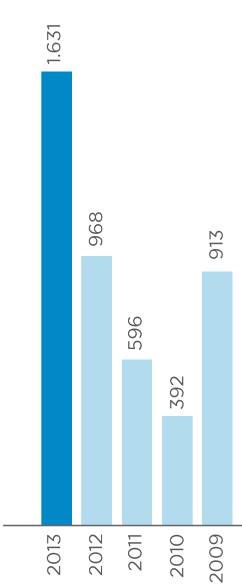
Equity Holders of the Parent (TL m)



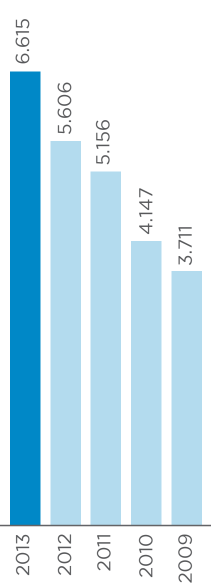
EBITDA (TL m)



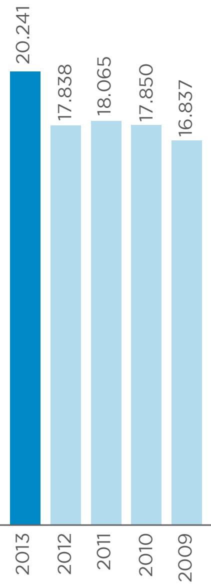
Net Financial Debt
(TL m)



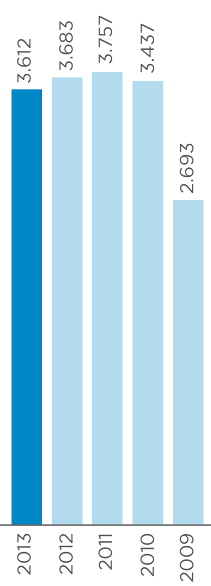
Equity
(TL m)



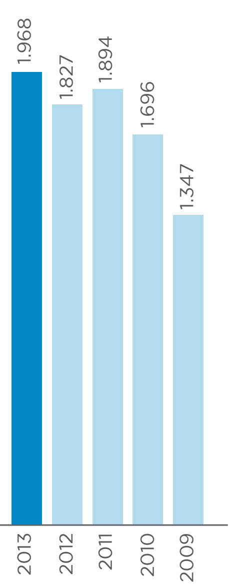
No. of Employees



Glass Production
(000 Tons)

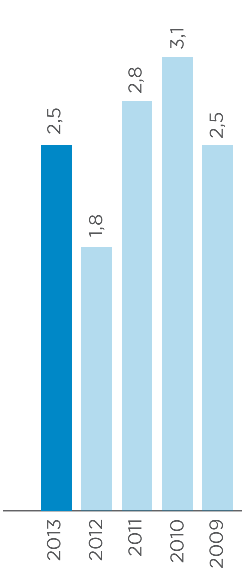


Soda Production
(000 Tons)

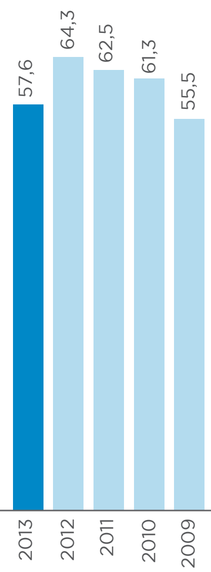


FINANCIAL RATIOS (%)

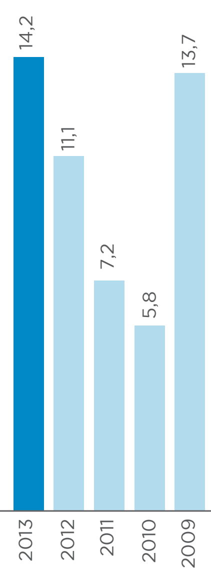
Current Assets/ Current Liabilities



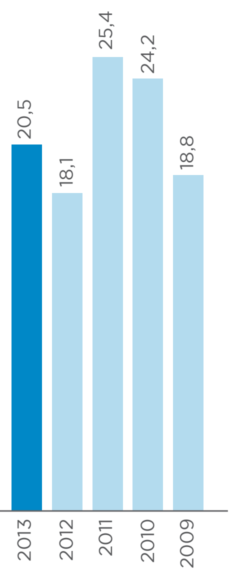
Equity/Total Liabilities and Equity



Net Financial Debt/ Total Liabilities and Equity



EBITDA/Sales Revenue



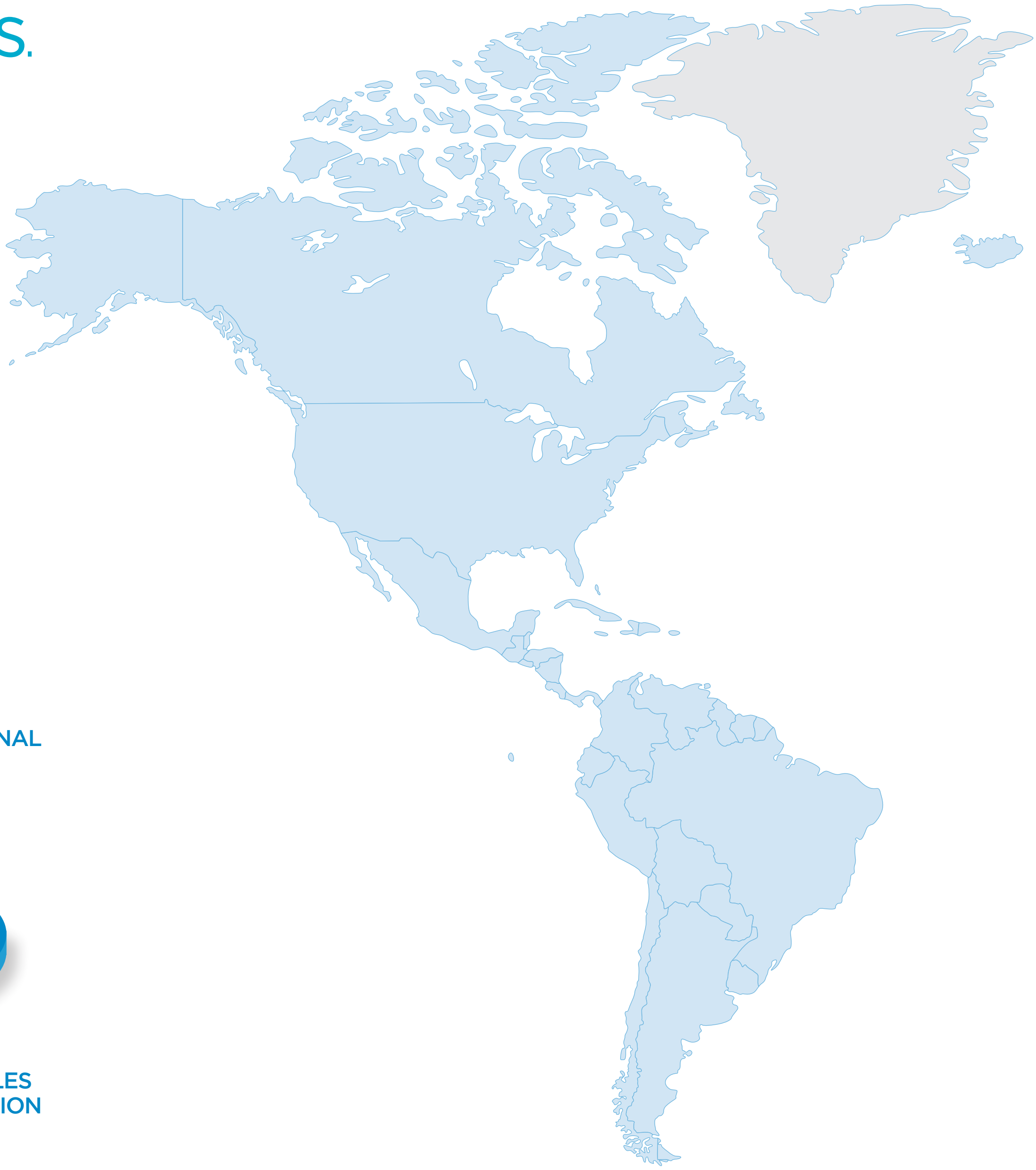
Summary of Statement of Financial Position	2013		2012	
	TL m	USD m	TL m	USD m
Current Assets	4.686	2.195	3.449	1.935
Non-Current Assets	6.797	3.185	5.273	2.958
Total Assets	11.483	5.380	8.722	4.893
Current Liabilities	1.840	862	1.908	1.070
Non-Current Liabilities	3.028	1.419	1.208	678
Equity	6.615	3.099	5.606	3.145
Equity Holders of the Parent	5.494	2.574	4.636	2.601
Non-Controlling Interests	1.121	525	970	544
Total Equity and Liabilities	11.483	5.380	8.722	4.893

Summary Statements of Income	2013		2012	
	TL m	USD m	TL m	USD m
Revenue	5.954	3.129	5.320	2.969
Cost of Sales	(4.460)	(2.344)	(3.916)	(2.185)
Gross Profit from Trading Activity	1.494	785	1.404	784
Operating Expenses	(973)	(511)	(955)	(533)
Operating Income	521	274	449	251
Income / (Loss) from Associates	114	60	0	0
Operating Profit before Financial Expenses	635	334	449	251
Financial Income / (Expense)(Net)	(155)	(82)	(72)	(40)
Profit before Tax from Continued Operations	480	252	377	211
Tax Income / (Expense)	(26)	(13)	(45)	(25)
Current Tax Income / (Expense)	(132)	(69)	(95)	(53)
Deferred Tax Income / (Expense)	106	56	50	28
Net Profit	454	239	332	186
Attributable to:				
-Non-Controlling Interests	22	12	27	15
-Equity Holders of the Parent	432	227	305	171
Earnings Before Interest and Taxes (EBIT)(*)	635	334	449	251
Depreciation	588	309	516	288
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(*)	1.223	643	965	539
Net Cash from Operations	547	288	727	406
Net Financial Liabilities	1.631	764	968	543

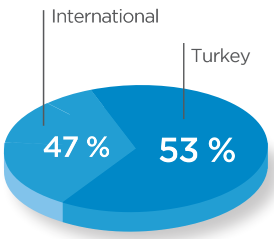
Financial Ratios (%)	2013	2012
Current Assets / Current Liabilities	2,5	1,8
Equity / Total Equity and Liabilities	57,6	64,3
Total Liabilities/ Equity	73,6	55,6
Net Financial Liabilities / Total Equity and Liabilities	14,2	11,1
Net Financial Liabilities / Equity	24,7	17,3
Gross Profit / Revenue	25,1	26,4
EBITDA (*) / Revenue	20,5	18,1
EBIT (*) / Revenue	10,7	8,4
Net Financial Liabilities/ EBITDA (*)	1,3	1,0

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

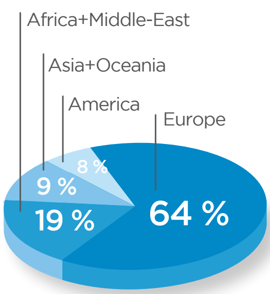
Şişecam, one of Turkey's most powerful industrial organizations, is a global player exporting to 150 countries and actively carrying out production activities in 13 countries.



SALES
TURKEY-INTERNATIONAL
DISTRIBUTION



INTERNATIONAL SALES
REGIONAL DISTRIBUTION



GLOBAL PRODUCTION, GLOBAL SALES

With its 78 years of experience in the glass and chemical industries, production activities spreading to 13 countries around the world and exports to 150 countries, Şişecam is among the valued national brands that successfully represent Turkey in the global market. Glass production abroad constitutes approximately 34% of the Group's total production volume, and international sales constitute approximately 47% of the total sales.

Sustaining its growth in the shrinking global market, Şişecam increased its international sales revenue by 21% to reach TL2.8 billion in 2012. In search of new markets, the Group further enhanced its sales network, which now reaches every corner of the world, from Latin America to Oceania, and from North Europe to South Africa. The international brand recognition and market share of Şişecam continues to grow consistently.

In line with its vision of taking its place among the top three glass producers in the world by 2020, the Group continues to make facility investments abroad in order to diversify its markets in production and attain the level of its market diversity in sales. In order to further strengthen its position in the global market by expanding its production activities to new regions, Şişecam is embracing investment opportunities in Asia, America, Africa, and East Europe, and is continuing its initiatives to acquire suitable production facilities.

20.241 employees
40,3 % recruited abroad

Export revenue of 837 million US Dollars

Turkish Production Plants

FLAT GLASS GROUP

Trakya Cam San. A.Ş.	
Trakya Plant	Lüleburgaz - Kırklareli
Otocam Plant	Lüleburgaz - Kırklareli
Mersin Plant	Mersin
Trakya Yenişehir Cam San. A.Ş.	Yenişehir - Bursa

GLASSWARE GROUP

Camiş Ambalaj Sanayii A.Ş.	
Tuzla Plant	Tuzla - İstanbul
Eskişehir Plant	Eskişehir
Denizli Cam San. ve Tic. A.Ş.	Denizli
Paşabahçe Cam San. ve Tic. A.Ş.	
Kırklareli Plant	Kırklareli
Mersin Plant	Mersin
Eskişehir Plant	Eskişehir

GLASS PACKAGING GROUP

Anadolu Cam San. A.Ş.	
Mersin Plant	Mersin
Anadolu Cam Yenişehir San. A.Ş.	Yenişehir - Bursa
OMCO-İstanbul Kalıp San. ve Tic. A.Ş.	Gebze - Kocaeli
Anadolu Eskişehir San. ve Tic. A.Ş.	Eskişehir

CHEMICALS GROUP

Asmaş Ağır Sanayi Makineleri A.Ş.	Kemalpaşa - İzmir
Cam Elyaf San. A.Ş.	Gebze - Kocaeli
Oxyvit Kimya San. ve Tic. A.Ş.	Mersin
Soda San. A.Ş.	
Soda Plant	Mersin
Kromsan Chromium Compounds Plant	Mersin

Production in 13 countries

Turkey, Russia, Georgia, Ukraine, Bulgaria, Bosnia-Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia, India

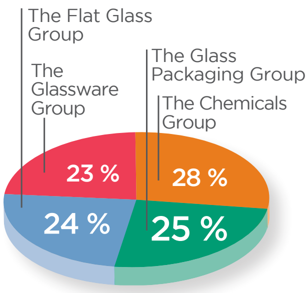
3,6 million tons of glass

2 million tons of soda ash

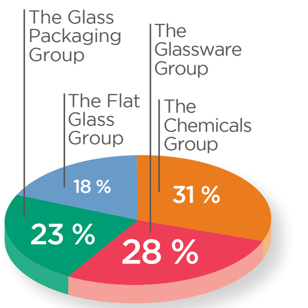
3,3 million tons of industrial raw materials

* Investment continues

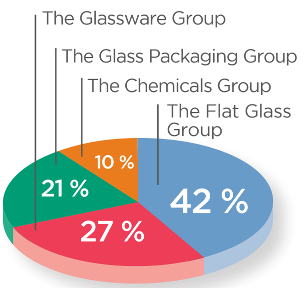
SALES REVENUE



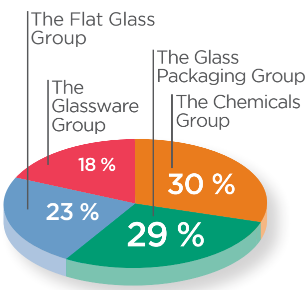
INTERNATIONAL SALES



INVESTMENTS



EBITDA



- The Flat Glass Group
- The Glassware Group
- The Glass Packaging Group
- The Chemicals Group

THE FLAT GLASS GROUP

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 4th in Europe. With the new plant inaugurated in 1981, Trakya Cam became the first company to use the modern float technology in production, within the region extending from the Eastern Europe and Balkans, to Middle-East and North Africa. 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 throughout a total of eight float lines in four main segments:

- Basic glass (flat glass, patterned glass, mirror, laminated glass and coated glass)
- Glass for automotive and other transportation vehicles,encapsulated glass
- Solar glass
- Home appliances glass

In the latter half of the 2000s, following a multi-focus approach to production in line with its vision of regional leadership, Trakya Cam 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 started operations of the mirror glass and the home appliance glass facilities and finally the Bulgaria Automotive Glass Plant in 2010. In 2009, the Company established a strategic partnership undertaking a joint venture with Saint-Gobain, one of the leading players in the global industry, to develop its flat glass activities in Egypt and Russia.

Trakya Cam continued to grow in domestic market as well by setting up two float lines and one coated glass line in Yenişehir, Bursa in 2007. The latest investments of Trakya Cam has been the acquisition of Richard Fritz in Europe and taking part in a joint venture in India. Today, the Company is a major supplier for the construction, automotive, energy and home appliance industries with its manufacturing activities in 8 different countries, its strong partnerships and expanding product range.

THE GLASSWARE GROUP

Paşabahçe Cam, the first company founded by the Şişecam Group, is currently among the largest companies in the global glassware industry.

The Company started its activities with the production of hand-made soda-ash glassware items at the plant established in Beykoz Paşabahçe 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. In addition to meeting domestic demand, the Company followed the strategy of export-led growth between 1980 and 2000 by adding new product lines to its portfolio and raising its production capacity with new facilities and plants. In order to penetrate highly competitive developed markets, Paşabahçe also attached great importance to technological advancements regarding quality and productivity enhancement, and realized its first investments abroad in the 2000s.

Paşabahçe Cam carries out its manufacturing activities in its domestic plants at 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 its wide product range for tabletop and kitchen. Camiş Ambalaj, which is amongst the leading companies in the paper-cardboard packaging business in Turkey, is another company operating under the body of the Glassware Group.

Focusing its design, manufacturing and marketing activities on three different market segments namely household, HORECA and industry sectors , Paşabahçe Cam offers its customers over 20.000 glassware items of handmade and automated production,

By evaluating opportunities for growth in new regions and making best use of its new capacities in Russia and Bulgaria, Paşabahçe aims to increase its impact in the global market and realize its vision of becoming the leading glassware company.

THE GLASS PACKAGING GROUP

The Glass Packaging Group, which produces designed glass packaging of different colors and sizes for the food, beverage, pharmaceutical and cosmetic sectors, has a history that dates back to the establishment of the first production facility in Beykoz-Paşabahçe in 1935. After operating at this facility for approximately 35 years, production activities were relocated to the Topkapı Bottle Plant in 1969 due to rapid growth in the soft drinks industry, the increased demand of the pharmaceutical industry, and the expansion of glassware production in the Paşabahçe Plant. After then, the Company entered a period of rapid and stable growth.

A significant step in the growth process was the acquisition of Anadolu Cam Sanayii A.Ş. in Mersin in 1976, and in 1988, the NNPB (light bottle) production technology, a milestone in glass packaging production, was utilized for the first time at this plant. All companies and plants operating within the Glass Packaging Business were reorganized under the body of Anadolu Cam in 2000. The Company's domestic production capacity increased in 2006 with the operations of the new Bursa-Yenişehir Plant. The Topkapı Plant was closed at the end of 2012, and at the beginning of 2013, production activities were relocated to the modern plant established in Eskişehir, with a production capacity of 180.000 tons/year.

In line with its goal of becoming a regional leader and as 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. In order to embrace the opportunities of the dynamic Russian market, the Company continued its investments by acquiring the Gorokhovets Plant in 2002, the Pokrovsky Plant in 2004, the Ufa Plant in 2005, the Kuban Plant in 2009 and the Kirishi Plant in Leningrad in 2008. In 2011, Anadolu Cam acquired another glass packaging facility in Merefa, Ukraine; 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 Mersin, Bursa-Yenişehir, and Eskişehir in Turkey and in Georgia, Russia and Ukraine abroad.

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 A.Ş., 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 Sanayi 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.

Achieving a production volume of almost two million tons of soda 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 3rd largest producer of chromic acid.

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

Soda Sanayi A.Ş. 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 1.8 billion kWh per year.

Dear Shareholders,

I offer my respectful greetings as we celebrate a quarter century of activity for our Group.

The history of the Group clearly demonstrates that we have had a global significance for a long time. The Group is active in production in the international arena and serves a worldwide clientele. The consolidations in our main fields of activity, which increasingly provide fewer chances for industries to survive, demands a global vision. Also, the great recession which has affected the world as a whole, has deepened the competition in every area. Under these circumstances, more effective global management skills are required in order to maintain the profitability of our activities.

For these reasons, developments in the global economy are especially crucial for our Group as we aim to become a global player in the sector.

It is commonly known that because of mutual dependence and close international relationships, the financial woes of the United States have flowed over onto the global level and the demand for all kinds of goods and services has suffered from contraction and, in fact, reached a crisis point. The fundamental challenge for the world during these past five years has been to find out how to construct an economic policy that is able to meet expectations and stimulate demand. However, as the crisis has been fed by the different sensitivities of various economies, no common approach has yet been achieved. As a result, in 2013 global growth slowed down with regard to the previous period.

The most significant revival among the economies of the developed countries was experienced in the U.S., with its relatively high rate of growth. The European Union continued to remain stagnant in 2013 despite the positive signals of the recent period. The slowdown observed in developing countries such as Russia, China and India, as well as emerging economies that have embraced the locomotive mission, have pulled global growth rate down to below 3%.

From the perspective of the coming period, in light of the positive data from the U.S., the global economy appears to be headed towards a process of partial recovery. There has been a weak improvement in the Euro zone and developed economies such as Japan, although the threat remains significant for developing countries reliant on the flow of external resources.

As for the Turkish economy, following the contraction in 2009 we witnessed a strong performance in 2010 and 2011. However, well-known "structural characteristics" caused a weakening of the pace after mid-2012. This situation remained applicable for the whole of 2013 and growth was realized at half its potential, standing at 3%. The reliance of the economic program on internal demand, plus public spending sustained by overseas credit with low levels of internal savings, created the risk of higher inflation due to devaluation, the increased perception of risk and interest and the more rapid development of imports over exports. It also affected the quality of foreign debt financing, as well as increasing private sector debt.

Apart from the slow but constant growth of the global economy, new laws and regulations, along with a rapid increase in demand for high value-added products, have supported the industry in a positive direction. The growth trend in the glass sector continues, even though it remains below the average growth rate of past 20 years.

Under these circumstances, increase in domestic demand, in particular, has positively affected the sectors in which we are actively involved. The year 2013 can be described for us as one characterized by an increase in our sales income, constant investment and perpetual growth. In the future, Şişecam will continue to focus on “growth”, “decreasing costs” and “the most profitable fields of activity”. These three strategic pillars can only be properly appreciated through a very successful and effective application. Because of this conviction, our Group, which maintains partnerships with international corporations and is active in a broad region, places great importance upon financial power as well as corporate governance.

Thanks to our ability in establishing international partnerships and consistently increasing the value of our shares over the last three years, as well as our sound corporate infrastructure to which we give the utmost priority, the market value of Şişecam has increased 12.3 times since 2000. Compliance with corporate governance principles enhances our Group’s ability to maintain a global sustainability and respond in a rapid and solution-oriented approach in many fields, such as the environment and social development. In this regard, the Sustainability Coordinatorship has been founded. We will continue to develop systems for long-term sustainability. Waste heat recovery projects, increasing the recycling ratio in glass packaging and the activities we perform to increase efficiency while reducing our carbon footprint as an energy-friendly company prove our commitment to a sustainable future.

Dear Shareholders,

Although we faced difficult times in 2013, we nonetheless triumphed. Now is the time to plan for a bright future. In that regard, we would like to share our vision for the years to come:

“Şişecam aims to be the leader in its fields of activity with its high-valued and innovative products. Towards this end, we collaborate with our partners to develop creative solutions. Şişecam benefits from distinctive technologies and owns unique brands. Şişecam pays due respect to human beings and is an environmentally-friendly company. We owe our strength to the competence of our highly skilled employees, into whose lives we continuously invest. Şişecam is, in every way, a global player.”

I would like to take the opportunity to express my deepest thanks to you, our esteemed shareholders, who share our beliefs and values and give us strength. Finally, I would like to express my appreciation to all employees, partners and stakeholders, whose wholehearted support propels us towards a promising future.

Best Regards,

H. Ersin Özince
Chairman of the Board of Directors

Dear Shareholders,

2013 was a challenging year in terms of the fact that the anticipated robust growth performance after the global crises was never fully realized, however, despite all adverse conditions we still managed to increase our revenues and continued growing. We followed through with our present activities in the most efficient manner regardless of the challenging conditions and in line with our vision of ranking among the top three companies in the global glass league, we continued on with our determined efforts in getting ready for this ambitious goal.

Last year, our group continued its existing investments and initiated new investments within the framework of previously established long term strategies as the combined volume of investment expenditures realized was at 1.674 million TL at the end of 2013.

Our flat glass group continued its investments of three float lines in Turkey, Bulgaria, and Russia as well as the ongoing auto glass plant investments in Romania and Russia. The new production line for coated glass, which provides energy savings through heating insulation of buildings and a laminated glass production line, to be used in safety glass production, were commissioned in Bulgaria.We acquired 50% share in HNG Float Glass Limited, a subsidiary of Hindusthan National Glass & Industries Limited, one of the largest glass manufacturers in India, one of the fastest growing markets in flat glass. In Germany, at the heart of the automotive industry, we acquired 100% shares of Richard Fritz GmbH Holding, the top segment encapsulated glass manufacturer that is most preferred by the main industry. Consequently the number of countries in which our group has production facilities increased to 13 including Turkey.

Our flat glass production lines in Polatlı, Bulgaria, and Tatarstan as well as our auto glass facilities in Romania and Tatarstan will be operational in 2014.

Our glassware group also initiated the $61 million investment for the second furnace to increase the production capacity of the plant in Bulgaria. The plant in Russia will initiate the necessary investment for the third furnace during the first half of 2014. The primary aims of other investments initiated last year included reducing costs while increasing efficiency and product quality.

Our glass packaging group not only continued on with expansion investments in Turkey, Russia, Ukraine, and Georgia but also forged ahead with modernization and improvement investments as well. The Eskişehir plant, which began production at the start of 2013, currently reached a production capacity of 180.000 tons per year with two furnaces.

As a result of the expansion efforts our chemicals group increased its refined sodium bicarbonate production to 150.000 tons per year. Kromsan completed its third furnace expansion project and achieved 30% to 100% capacity increases in various products. The production capacity of the Bosna Soda Lukavac plant meanwhile reached 420.000 tons per year.

In line with the priority we give to R&D efforts, we completed construction of our Glass Research Center, which is the first of its kind in Turkey and one of only a few in Europe, during 2013. Starting from 2014, our R&D efforts will be carried out at the new 9.400 m^2 facility established in Çayırova. We strive to increase our competitive strength by enriching our portfolio with value added advanced technology products while investing in cost reducing and efficiency increasing products.

Dear shareholders;

During 2013 our group successfully managed; to increase revenues by 12% in terms of local currency, maintain primary strategies in line with sustainable growth targets, and increase revenues through market diversification, product and service quality. An impressive performance was also displayed last year with relation to international sales as our combined turnover rose by 12% to TL 5,9 billion. In 2013 our glass production reached 3,6 million tons, soda ash production topped 2 million tons, while industrial raw material production was at 3,3 million tons.

Despite the fact that numerous flat glass production lines and glassware plants suspended production last year, as a result of the sharp drop in demand from the European continent, the ensuing lowering of output from soda production plants also did not have a positive impact on demand. In contrast because demand never really recovered the desired price ranges on the supply side were by no means attained.

After the global economic crisis the Russian glass packaging market was subject to a sudden drop in demand as a result of the various initiatives and legal measures to reduce domestic alcohol consumption. The restrictions imposed on alcohol consumption forced some of the largest players to either downsize or completely withdraw from the market.

With 10 years of experience in the region and a 22% market share in the Russian glass packaging market, the expertise and risk management abilities of our Glass Packaging Group helped to minimize the impact of the crisis as a well balanced production - sales - stock plan, that is still in implementation, was established. Our activities in the area of Russia will be carried out with a long-term perspective of increasing efficiency in the markets.

2013 was also a unique year for our group in terms of the firsts we achieved financially. For the first time, T.Şişe ve Cam Fabrikaları A.Ş. obtained a credit rating of Ba1/BB+ from both Moody's and S&P. As another first, last year we made our debut Eurobond issue with a $500 million seven-year-bond in the international capital markets, receiving bids six fold of the issued amount. We were able to apply the lowest interest rate among the seven-year-bonds issued by developing markets with the same credit rating, which is a clear indication that Şişecam's strength and confidence are being acknowledged by investors.

Our group views the notion of sustainability not just in terms of finance but on a more holistic scale to protect the environment, natural resources, used inputs, consumption, customers, and values. During 2013, we also continued to bring online projects with systematic approaches to important topics including; energy efficiency, environmental protection, and supply chain.

We are one of the few groups in Turkey to consume 1.5 billion m^3 of natural gas and 830 million kWh of electricity and we achieved important gains in terms of 'energy efficiency' involving the reduction of carbon emissions to combat climate change. We set up a facility which manufactures electricity from the wasted heat of our plants and we have started setting up two more similar facilities. We reassessed our production activities in terms of energy efficiency and completed energy studies for a vast portion of our domestic plants. We also increased the range of our products which provide energy efficiency and therefore contribute to the environment.

We fulfilled the necessary requirements of the ISO 14001 Environmental Management System Certificates, currently held by every one of our facilities, as their production activities are managed within the framework of the precautions taken to ensure their efficient monitoring of their environmental dimensions. We also followed through with development activities that increased the range of our products, which provide energy efficiency, and therefore contribute to the environment.

With an approach designed to develop and internalize the principles of Corporate Governance our group has attempted to simplify its structure and bring out the true value of the company. During 2013 our company fulfilled all the necessities of an "all out change" maneuver as we questioned our traditional structure in the areas of Management Information Systems, Corporate Resource Planning, and Human Resources and made the necessary adjustments not only in terms of our vision but also in accordance with the present day requirements.

In order to become more preferred employer , we continued to move forward with the transition phase to more accurately measure performance and provide a clearer pathway in terms of career planning. By including our employees in internationally renowned education programs in their own fields, we continued to invest in not only our human resources but also the future of Şişecam.

In line with our principles of Corporate Social Responsibility we continued to follow through with projects which contribute to society . As a part of our mission to protect Turkey's cultural heritage and pass it on to future generations we introduced a new series to the 'History - Culture - Glass Collections' that reflect the historical and cultural richness of the Anatolia. As one of the most comprehensive sustainability / social responsibility projects our "Glass is again glass" project, which has been ongoing since 2011, has helped to educate more than 113.000 elementary school kids about recycling and resulted in recycling of more than 300.000 tons of glass packaging. Our Çayırova Sports Club, which was established back in 1982, continues to cater to young sports enthusiasts in three areas including sailing, rowing, and canoe. We were quite proud of our athletes' achievements last year.

As a result of our strong financial structure we will continue through with investments that make a difference in all areas of activity during 2014. In line with our sustainable and profitable growth based investment policies we will continue to; grow organically and inorganically, achieve improvements in costs and efficiency, introduce high value added innovative products, and create value for all our stakeholders. I would like to express my gratitude and respect to all our stakeholders who have accompanied us on this journey.

Prof. Dr. Ahmet Kırman
Vice Chairman and CEO

H.Ersin Özince
Chairman
(60) 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 Kırman
Vice Chairman and CEO
(55) Prof. Dr. Ahmet Kırman 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. Kırman 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 Işbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kırman 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. Kırman is the author of a large number of publications, including 12 books and numerous articles.

Alev Yaraman
Member[1]
(66) 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.

Dr. Tevfik Ateş Kut
Member[4]
(64) 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]
(42) 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 Specialist in Investments at the Department of Subsidiaries of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Uçar has been serving as the Unit Manager of the Subsidiaries Department since 2007.

İlhami KOÇ
Member[2,8]
(51)Having graduated from Ankara University Faculty of Political Science in 1986, Koç started his career was in the Office of the Board of Inspection of Türkiye İş Bankası A.Ş. Subsequent to his inspection and investigation works in İşbank, he was assigned in April 1994 for the temporary management of a private bank that was transferred to the Central Bank.
He was appointed on October 1994 as the vice General Manager to İşbank Securities Directorate. In 1997, he was assigned to İş Yatırım Menkul Değerler A.Ş as the Unit Director Responsible for the Capital Market and Portfolio Management and was promoted to the position of vice General Manager in the same institution in 1999. İlhami Koç who was appointed to be the Director General of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. in 2001 and was assigned as the General Director of İş Yatırım Menkul Değerler A.Ş. in 2002. Koç is currently a member of the board of directors Istanbul Stock Exchange and Futures Exchange. Being at the same time chairman of the board of directors of Camiş Menkul Değerler, Maxis Securities, and Efes Varlık companies, İlhami Koç is also a member of the board of directors of İş Girişim Sermayesi and İş Portföy Yönetimi companies.

Prof. Dr. Turgay Berksoy
Independent Member[5]
(62) Prof. Dr. Turgay Berksoy is a graduate of the Istanbul University, Faculty of Economics. He holds a master's degree from Boğaziçi University and a doctorate degree from Marmara University. He lectured at the University of East Anglia School of Development Studies as a visiting professor and has served as a faculty member and administrative staff member in various universities in Turkey. Berksoy is a faculty member and Chairman of the Marmara University School of Finance. The author of several books, articles, research papers, and other publications, Berksoy is a Certified Public Accountant and has served as a Board Member at various companies and organizations, including İşbank Board (auditing member), the Tax Reform Commission, TOBB Special Commission, Güneş Hayat Sigorta A.Ş., Petkim A.Ş., Ataköy Otelcilik A.Ş., Türkiye Denizcilik İşletmeleri A.Ş., and the Tax Council of the Turkish Ministry of Finance. In line with the criteria set forth in the CMB Corporate Governance Guidelines, Berksoy was appointed as an independent member at the Ordinary General Assembly Meeting held on May 25, 2012.

Prof. Dr. Atilla Murat Demircioğlu
Independent Member[6]
(66) Prof. Atilla Murat Demircioğlu is a graduate of the Istanbul University Faculty of Law and obtained his second bachelor's degree from the Bern University Faculty of Law. He became Associate Professor and subsequently Professor in Labor and Social Security Law. Having served as a faculty member and director at various universities, he continues to serve as a member of the Yıldız Technical University Senate and Board. 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 Japan Research Association, in addition to his services as Consultant to the Ministry of Labor and Social Security, Honorary Consultant to TRNC Government, Member of the THY Audit Committee, Board Member of THY, Legal Advisor to ICC and Advisor to Istanbul 2010 European Capital of Culture Agency. He currently serves as Consultant in Antalya Chamber of Commerce and Industry. In line with the criteria set forth in the CMB Corporate Governance Guidelines, Demircioğlu was appointed as an independent member at the Ordinary General Assembly Meeting held on May 25, 2012.

Prof. Dr. Orhan Sezgin
Independent Member[7]
(68) Prof. Dr. Orhan Sezgin obtained his bachelor's, master's and doctorate degrees from the Istanbul 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 has 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. The author of several books, articles, research papers, and other publications, Sezgin is a Certified Public Accountant and has also served as a Board Member of Ataköy Marina from 1993 to 1994 and at Emlak Konut A.Ş. from 1995 to 1999. From 2000 to 2012, he was Vice President of the Ataköy Marina Yacht Club. In line with the criteria set forth in the CMB Corporate Governance Guidelines, Sezgin was appointed as an independent member at the Ordinary General Assembly Meeting held on May 25, 2012.

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[1] Member of Corporate Governance Committee
[2] Member of Risk Committee
[3] Member of Corporate Governance Committee and Member of Risk Committee
[4] Member of Corporate Governance Committee
[5] Chairman of Audit Committee and Chairman of Risk Committee
[6] Chairman of Corporate Governance Committee, Member of Audit Committee and Member of Risk Committee
[7] Member of Audit Committee and Member of Risk Committee
[8] Appointed as a member as of 19.04.2013; as the successor to Rıza İhsan Kutlusoy.

Members of the Board of Directors were appointed on May 25, 2012 for a period of three years. Their responsibilities are defined by the terms of the Turkish Trade Act and Articles of Association.

Prof. Dr. Ahmet Kırman
Vice Chairman and CEO
(55) Prof. Dr. Ahmet Kırman 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. Kırman 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 Işbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kırman 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, 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. Kırman is the author of a large number of publications, including 12 books and numerous articles.

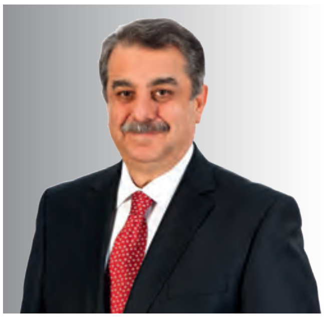
Teoman Yenigün
Executive Vice President Flat Glass Business
(61) Teoman Yenigün is a graduate of the Boğaziçi University, Department of Mechanical Engineering. He started his career in the Şişecam Group in 1975. He served the Group at a variety of managerial levels. Yenigün was Executive Vice President of Glass Packaging Business between September 1998 and February 2011. He was appointed as Executive Vice President of Flat Glass Business on February 15, 2011.

Azmi Taner Uz
Executive Vice President Glassware Business
(60) A. Taner Uz is a graduate of the Middle East Technical University, Department of Mechanical Engineering. He holds a master's degree from the Department of Engineering Sciences. Uz started his professional life at Ankara Erg Construction in 1976. After joining the Şişecam Group in 1980, Uz took office at a variety of managerial levels. Since September 2007, he has been serving as Executive Vice President of Glassware Business.

M. Ekrem Barlas
Executive Vice President Glass Packaging Business
(60) Ekrem Barlas is a graduate of the Middle East Technical University Department of Business Administration from where he also holds a master's degree. He joined the Şişecam Group in 1979. He has served in a variety of managerial positions and became Marketing and Sales Director of Glass Packaging Business in 1995. Barlas was appointed as Executive Vice President – Glass Packaging Business in February 2011.

Sabahattin Günceler
Executive Vice President Chemicals Business
(62) Sabahattin Günceler is a graduate of the Middle East Technical University, Department of Chemical Engineering. He started his career in Azot Sanayii T.A.Ş. After joining the Şişecam Group in 1982, Günceler served at a variety of managerial positions both in research and production. In 1997, he became General Manager to Camiş Elektrik Üretim A.Ş. He was appointed as Executive Vice President of Chemicals Business in February 2011.

İbrahim Babayiğit
Chief Financial Officer
(54) İbrahim Babayiğit is a graduate of the Middle East Technical University, Department of Business Administration. He served as Inspector at İşbank between 1984 and 1991, and took office as Assistant Director and Group Director between 1992 and 2000. He served İşbank as Accounting Manager from 2001 to 2005. Babayiğit worked as Sultanhamam Branch Manager between 2005 and 2007. He joined the Şişecam Group in July 2007. Currently he serves the Group as Chief Financial Officer.



Prof. Dr. Şener Oktik
President of Research & Technological Development
(59) Prof. Dr. Şener Oktik is a graduate of Ankara University and obtained his PhD from the Department of Applied Physics and Electronics of Durham University, UK. He has served as a faculty member and administrator in various universities and was the Rector of Muğla University from 2002 to 2010 and a Vice Rector between 1998 and 2002. Oktik worked as researcher and director at several institutions and companies, including BP Solar, Imperial Chemical Industries PLC, Durham University Industrial Research Laboratories (UK), Anel Group, and Arıkanlı Holding. He also served as a member of the TÜBITAK Marmara Research Center Advisory Board and the "Higher Education Qualification Framework" Committee. Prof. Oktik has published over 100 scientific and technical articles. In 2012, Oktik was appointed as Board Member of the International Commission on Glass and the Chairman of Turkish Photovoltaic Industry Association, and joined the Şişecam Group as the President of Research & Technological Development in 2012.

Gizep Sayın
Vice President Strategic Planning
(51) Gizep Sayın is a graduate of the Boğaziçi University, Department of Industrial Engineering and received his 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.

Dr. Atilla Gültekin
Vice President Information Technologies
(48) Atila 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.

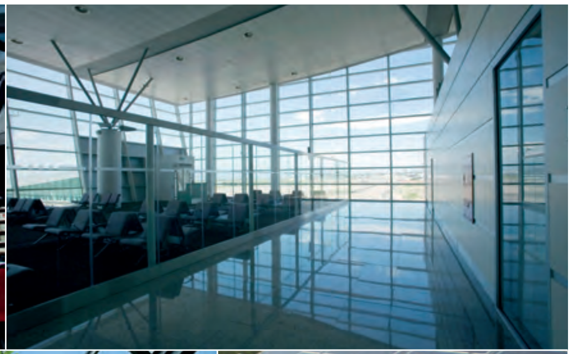
Özgün Çınar
Chief Risk and Internal Audit Officer
(44) Özgün Çınar is a graduate of the Ankara University, Faculty of Political Sciences Department of Business Administration. He holds a master's degree in International Banking and Finance from the University of Southampton. He began his career in the Equity Department of İşbank in 1990 as Investment Specialist, subsequently taking up various management positions. He served as Unit Manager of İşbank's Participations Division and served as a member of the Board of Directors of T. Şişe ve Cam Fab. A.Ş. between 2006 and July 2010. Çınar has been serving as Chief Risk and Internal Audit Officer since July 2010.

Air gives life to our spirit and makes us feel alive. It breathes life into science, technology, innovation, hope and the future.

By employing manufacturing technologies and products developed through an energy-saving approach in all its processes, Trakya Cam works towards a sustainable future for the noble aim of environmental protection. It is taking major steps towards sustainable success on a global scale through a strong financial performance, high-quality products developed through R&D activities and an innovative, customer-centric approach.

THE FLAT GLASS GROUP

ŞİŞECAM


Trakya Cam continues its **global expansion** and strengthens its presence with **organic and inorganic investments** in existing markets as well as new regions.

TRAKYA CAM

AN OVERVIEW OF 2013

Due to the impact of uncertainties in the global economy, the growth of the construction industry and consumption of flat glass both slowed down in developing countries; while recession, or demand contraction was observed in developed countries. Due to the ongoing economic recession in Europe, market recovery was only partial. Consequently, the construction industry did not grow at the expected levels in many markets.

As flat glass consumption in Europe failed to grow at the anticipated level, some manufacturers even reduced their flat glass production in 2013, similar to what they had done in 2012. However, the anticipated supply-demand equilibrium has not developed adequately. Throughout the year in general, price increases remained limited due to the inability of the market to display the anticipated level of activity.

However, currently, the industry is in the process of slowly recovering in some countries in the Central and Eastern European markets which were less affected by the crisis in the Eurozone. In the Balkans, growth in infrastructure construction supported by EU funding will continue over the medium term and this will have a positive impact on housing construction.

Due to its rich energy resources, strong economy and geographical position, Russia, one of the largest markets for the flat glass industry, is expected to become one of the most important construction centers in the region in the near future. However, despite the positive economic and industrial indicators in the first half of the year, economic growth remained far below expected levels. The projected acceleration in the industry did not occur and recession dominated the market.

Because of continuing political instability in the Middle East and North Africa, growth in many markets and in the construction industry slowed down, and the increase in flat glass consumption was less than anticipated.

Despite the recession in surrounding markets, the flat glass market in Turkey continued to grow, which at the same time, was the case in all industries where flat glass is used. Accounting for a significant percentage of the total flat glass consumption, the construction industry grew 1,5 times more than the general economy in 2013.

In the automotive industry, the depression in the European market began to subside slightly as the shrinkage in vehicle manufacturing remained at -1,2% with a total of 16.1 million vehicles. On the other hand, a growth of 9% was experienced in the Turkish automotive market along with an increase of 14% in exports. As a result, automotive manufacturing grew by 5%.

The European home appliance (white goods) industry ended the year at a better level than the previous year, though recovery remained limited. In the Turkish home appliance

4th **largest** flat glass manufacturer **in Europe** and 6th **in the world**

Manufacturing operations in 8 countries

6 new products and a **40%** increase in sales in the coated glass segment

(white goods) industry, refrigerator manufacturing, one of the segments served by The Flat Glass Group of Şişecam, declined by 5%, whereas oven manufacturing grew by 6%.

THE FLAT GLASS GROUP IN 2013

In 2013, when various developments occurred and uncertainty prevailed in the world markets, Trakya Cam, as a result of its flexible and dynamic structure, increased its sales and profitability in all product groups and achieved significant levels of success against turbulent economic conditions. The fundamental reason for this success lies in the company's market and customer-focused activities, its studies aimed at reducing energy-based costs, its efficient use of working capital, product range that is rapidly growing towards value-added products, continuous development efforts and an innovative approach to business.

Beyond the success it has achieved in its business operations, Trakya Cam has slowly but steadily advanced along the path of becoming a global corporation, in accordance with its vision, despite uncertainty in the economic environment. In this context, the Group has continued its commitments to the investments initiated to achieve growth in the current regions. Furthermore, it has positioned itself in new regions, while taking significant concrete steps through partnership and acquisitions in various other regions, in line with its inorganic growth targets.

Throughout the years, Trakya Cam has continuously supported its growth with a range of value-added products, a strong, customer-focused organizational structure, productivity increases in all its processes, work procedures simplified through integrated information technologies and efficient decision making mechanisms.

DEVELOPMENTS IN THE RELEVANT SECTORS

In 2013, Trakya Cam increased its total basic glass sales in the construction sector by 18%. Value-added products contributed significantly to this growth.

Overall, in 2013, sales in international markets were made by achieving a balance between price levels, profitability and capacity. Despite unfavorable market conditions, Trakya Cam boosted its basic international glass sales by 16%, in a Turkish lira basis, over the previous year.

Sales to the European region were conducted with a focus on profitability. The Company's activities centered on strengthening and enlarging existing sales channels in Bulgaria and Romania, while opening sales offices in the city of Sofia and in the countries of Poland, Croatia, Serbia and Hungary.

Moreover, Trakya Cam carried on its groundwork activities in 2013 to establish a strong position in Russia with its float line investment which will start operations in 2014 in partnership with Saint Gobain.

Outside of these regions, Trakya Cam managed to increase its sales to international markets in 2013.

Along with the growth of the Turkish flat glass market, The

As a solution partner for its customers and stakeholders, Trakya Cam is moving forward by taking steady steps with its strong brands and ever-expanding high-quality product portfolio.

Company's basic glass sales in Turkey grew by 18%. As the awareness and importance of heat insulation in buildings has increased, sales have grown at record-high levels, particularly for coated glass.

Through the non-governmental organizations (NGOs) in which we hold memberships, Trakya Cam took on an active role in the revision of the TS 825 Thermal Insulation Standard for Buildings. In the process, our Company contributed to the reduction of the thermal insulation value for windows (U window value), which plays an important role in the efficient use of energy, from 2,4 W/m^{2}K to 1,8 W/m^{2}K. After the publication of the revised standard on December 18th, 2013, it is now compulsory to use coated glass in windows. Thus, a significant development has been achieved in the process of contributing to energy saving in windows, which account for 30% of the heat loss in buildings. Consequently, we are expecting the rapid rise in the use of coated glass in building construction to continue over the next period.

Trakya Cam continued its strong growth in the automotive glass sector throughout 2013. Due to its increasing share in new vehicle projects launched in both the Turkish and the European markets, the Company increased its total sales by 12% over 2012 figures. Trakya Cam began a number of operations as part of new projects with Toyota, Hyundai and Ford in Turkey and Spain, and also completed infrastructural preparations to initiate new ventures in this field in 2014. The Group is enlarging its customer and product portfolio through new plants to be commissioned in Romania and Russia in the coming period. It is also accomplishing this through synergy with Fritz Holding GmbH, with whom it is continuing its negotiations concerning future new projects. Trakya Cam also continued to grow rapidly in the European home appliance market, with 2013 sales manifesting a significant increase of 41% over the previous year.

Energy efficiency continues to be a prime consideration for all products in the home appliance (white goods) industry. The use of smart products, which offer solutions that make the lives of consumers easier, as well as provide energy efficiency, is expected to become more widespread. In this regard, Trakya Cam is continuing to work on satisfying customer needs in this important sector.

In the solar glass market, the Group has been unable to attain its targeted sales levels, especially since 2012 because the production of solar panels and glass units is still dominated by China and Far Eastern countries. However, after the anti-dumping tax was levied by the European Union on glass units imported from China, and as the production of solar panels in Turkey has grown significantly, Trakya Cam aims to raise its sales of solar glass. This goal will be supported by the recently developed highly-permeable anti-reflective coated glass.

NEW INVESTMENTS

In 2013, Trakya Cam maintained its growth in Turkey and also continued to carry out its investments and ventures in existing and new markets in line with its strategy of strong positioning and spreading regionally into foreign markets.

TRAKYA CAM CONSOLIDATED INDICATORS*

TL m	2013	2012
Revenue	1.488	1.034
International Sales	512	195
Gross Profit	422	265
Operating Profit before Financial Expenses	159	94
Equity Holders of the Parent	117	76
EBITDA	268	193
Net Financial Debts	307	(98)
Equity	2.332	2.010
Total Assets	3.885	2.463
Investments	613	245
Number of Employees	5.395	2.978

*This refers to the financial indicators submitted to the Public Disclosure Platform (KAP). It 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 Limited, Trakya Glass Kuban OOO, Glass Corp.S.A, Automotive Glass Alliance Rus ZAO, TRSG Autoglass Holding B.V, TRSG Glass Holding B.V, Trakya Glass Rus ZAO, Trakya Glass Rus Trading OOO, Automotive Glass Alliance Rus Trading OOO, Saint Gobain Egypt, Fritz Holding GmbH, RF spol,s.r.o, Richard Fritz,Inc., Fritz Beteiligungs GmbH, Richard Fritz GmbH&Co.KG, Richard Fritz Prototype+Spare Parts GmbH and Richard Fritz Kft.

As part of its growth-targeted investments, Trakya Cam opened a coated glass manufacturing plant and a laminated glass line in Bulgaria within the second half of 2013. The Group achieved a significant progress in the diversification of quality coated glass products through the new products it started to produce. Bulgaria has become an important production base for Trakya Cam in all segments, from flat glass to a wide range of products such as mirror, laminated glass, coated glass, home appliance glass and automotive glass.

In line with its goal of expanding to markets that display a high growth potential for flat glass, Trakya Cam has acquired 50% share in HNG Flat Glass Limited in India, one of the most rapidly emergent markets for flat glass. With this investment, Trakya Cam has strategically positioned itself on another continent.

Continuing its investment in three float lines in the flat glass segment, Trakya Cam aims to achieve a strong position in the Russian market thanks to its float line investment in the Tatarstan Region accomplished through the joint venture established with Saint Gobain. In that venture Trakya Cam holds a 70% stake, while Saint Gobain holds the remaining 30%. Simultaneously, Trakya Cam continues its second float investment in Bulgaria and is currently installing its seventh float line in Polatlı Organized Industrial Zone in Ankara to fully satisfy customer needs in the Turkish market.

In line with its target of becoming a major supplier of auto glass, Trakya Cam is continuing its investments in automotive glass manufacturing plants in Russia and Romania, both of which will become operational in 2014.

Meanwhile, Trakya Cam has acquired 100% share of Fritz Holding GmbH, one of the major suppliers of encapsulated glass units to automotive manufacturers in Europe.

In 2014, Trakya Cam plans to launch all of its investments in four different countries.

PRODUCTION RELATED DEVELOPMENTS

In order to satisfy the demand of its customers for a wide range of high quality products, Trakya Cam has been manufacturing at full capacity. One of the float lines that was under cold repair at Lüleburgaz Plant has been re-opened in 2013. Furthermore, the Group has achieved significant savings in 2013 by focusing on efficient total cost management activities.

Maintaining its sensitivity towards issues such as protection of the environment, energy efficiency and its awareness of responsibility for sustainability, Trakya Cam has focused on the reduction of energy consumption in all of its manufacturing processes. Towards this end, the Group made improvements in the existing manufacturing plants and also worked on developing designs and practices that minimize energy use in its new investments. Having carried out studies in alternative energy resources, Trakya Cam aims to extend the waste heat recovery system at the Yenişehir Plant, to all of its manufacturing facilities.

Trakya Cam achieves cost savings, not only in the manufacturing process, but also by reducing its total expenses by improving processes and business methods. By focusing on working capital management, the Company

Trakya Cam contributes to **energy saving and environmental protection** both with its **manufacturing technologies** as well as the **products developed.**

is initiating projects ensuring the efficient management of the entire supply chain.

NEW PRODUCTS

In line with its vision, Trakya Cam aims to extend its value-added product range and contribute to energy efficiency and environmental protection, both with its manufacturing technologies as well as the products it develops. As a customer solutions partner, Trakya Cam achieved a major breakthrough with seven new products it introduced to the market in 2013, all with the aim of contributing to society.

In this context, in 2013, the Group accelerated R&D activities with regard to high performance coated glass units that provide energy efficiency thanks to their heat and solar control capability. These projects were completed successfully and six new high performance products were introduced to the architectural glass units market. Along with the new coated glass units, the sales revenues from this product group increased by 40%. Three of the new products involve Low-E and Solar Low-E coated glass units for homes, while the other three are temperable Solar Low-E coated glass units especially intended for use in commercial buildings. It is expected that the Solar Low-E coated glass units will replace products currently being imported.

In the field of solar glass, the Group has completed the infrastructural work of anti-reflective coated glass units that provides further increase in transmission of the glass pane along with supplying high transmission glass units for photovoltaic module (solar panel) and thermal collector systems.

In line with the growing importance of issues such as the reduction of CO2 emissions, reducing the weight of vehicles for this purpose, the decrease of the energy used for cooling, increasing fuel savings and use of lead free materials in the European automotive industry, Trakya Cam has been furthering its studies in the development of automotive glass units.

In the home appliance glass segment, work on the development of coated glass units with different functional properties is ongoing.

MARKETING COMMUNICATION ACTIVITIES

In 2013, continuous communication with distribution channels, decision makers, professionals, the public and consumers was maintained across the entire Trakya Cam value chain. The Group continued to carry out projects aimed at raising awareness of glass in architecture and increasing the share of value-added products in overall sales through brand awareness. Through advertising campaigns for insulated glass, attention was drawn to the savings that can be achieved by choosing the correct glass on windows and efforts were made to promote "efficient use of energy" understanding in society.

Under "Isıcam Konfor Saving Academy" project, events especially targeting children that will be next generation adults were sponsored at shopping malls with the theme of energy saving and importance of glass in energy efficiency.

Under the scope of "Public and Private Hand in Hand for Energy Saving" project, which aims to turn public buildings more energy efficient, the Ahi Evran Hospital in Trabzon was


Trakya Cam maintains its **leading position in R&D activities, adding 6 new products** to its portfolio of high performance coated glasses that **provide energy savings** through thermal insulation.

equipped with "Isıcam Konfor" glass, as the result of a joint initiative between the Ministry of Health and the Ministry of Environment and Urbanization.

By increasing communication with professionals, product and brand awareness was raised through direct visits to 1,700 window manufacturers subsequent to the advertising campaign and they were informed about our products.

Trakya Cam participated in numerous fairs and exhibitions both in Turkey and abroad, including the Construction Fair, the events of the Freelance Architects Society, Solarex, the IMSAD Quality Summit, "Yeşil Rapido" event organized by Erke Tasarım, the National Energy Efficiency Exhibition and Forum, SEBBE, MIR Stekla and Intersolar.

Our new temperable Solar Low-E coated glass product was launched during the "Reflections from Glass" conference, held at the TRC Coolplus Construction Industry Center.

THE FLAT GLASS GROUP IN 2014

In 2014, with the launch of its ongoing investments following various acquisitions and joint ventures, Trakya Cam will be operating in nine countries with eleven float lines and eight manufacturing plants in the automotive segment, in addition to other operations.

Moving towards becoming a global company with an increasing customer focus, Trakya Cam plans on continuing its activities geared towards higher service quality and a wider range of value-added products. On top of this, the Company will maintain its going focus on energy and the environment, contributing to sustainability through maximizing the efficient use of its resources.

Moreover, Trakya Cam will take further steps to strengthen its progress towards its vision of "becoming a rapidly growing global flat glass company with its strong brands and innovative solutions" by reinforcing its commitment and approach to continuous improvement.

FLAT GLASS BRANDS

TRC Helio clear®
TRC Helio extra clear®
TRC Helio®
Isıcam®
Isıcam Sinerji®
Isıcam Konfor®
Isıcam Konfor® T
Isıcam Sinerji® 3+
Isıcam 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®

ŞİŞECAM

Fire is dynamism, movement and leadership. It generates heat and light. It is joyful and enthusiastic. It is the symbol of passion and creativity.

One of the world's leading glassware manufacturers, Paşabahçe Cam has been bringing comfort, elegance and warmth to our lives as well as joy and enthusiasm into our homes, since the day it was founded.

Paşabahçe Cam designs a sustainable lifestyle by capturing the spirit of the times and combining the strength of its pioneering and dynamic structure with its ability to move on the global level.

THE GLASSWARE GROUP

Paşabahçe Cam moves with confidence towards becoming the **world's leading glassware manufacturer.**

PAŞABAHÇE CAM

AN OVERVIEW OF 2013

In 2013, the economic concerns of consumers in developed economies caused the global glassware market to manifest a tendency towards stagnation and shrinkage.

Although the European economy showed some recovery during the second half of 2013, continuing vulnerabilities caused by the economic crisis and the weakness of the recovery negatively affected the global glassware market. The US economy, on the other hand, demonstrated a growth performance well above expectations during the 3rd quarter of 2013 although this did not sufficiently stimulate glassware consumption. Meanwhile, because of the negative conjuncture in the Middle East emanating from Iran, Syria and Iraq, demand for glassware is still not at the anticipated levels. The economic concerns and the measures taken by governments caused consumer demand to remain stagnant in Russia and other developing markets.

By contrast, developments in Turkey in consumer spending and the catering industry had a positive effect on the glassware market.

The general economic recession in Russia, which is Paşabahçe's second most important market, adversely influenced the retail sector, which had been growing over the previous 10 years, and dramatically affected glassware consumption.

Exchange rate fluctuations and the shortage of cash markedly impinged on the volume of trade in the glassware market. Thus, the promotion and industrial sectors also remained below their potential due to the unfavorable economic environment.

The intensely competitive environment resulting from declining market conditions had a negative effect on many glassware companies and some European firms fell into financial trouble, cutting production and taking structural measures.

THE GLASSWARE BUSINESS IN 2013

Paşabahçe Cam, one of the world's leading glassware companies, was the only major company which increased its sales despite the shrinkage in markets caused by economic concerns, and succeeded in raising its global market share to above 10%. In particular, the Group increased sales revenues from the dwindling European market by 8%, achieving an important competitive advantage.

In Turkey, Paşabahçe Cam maintained its market share, largely due to the increase in sales to HORECA segment, supermarkets and retail stores.

Throughout 2013, a significant improvement was accomplished in premium sales as compared to 2012, thanks to projects developed with design and marketing

2nd largest glassware manufacturer in Europe and 3rd in the world

6 glassware manufacturing plants, 2 paper-cardboard manufacturing plants, 42 retail stores

Over 20.000 hand and machine-made products

support, strategic collaborations and new customer acquisitions.

Promotion sales were negatively affected in Turkey as firms serving the non-alcoholic drinks industry cut their promotional projects and reduced the prices of their own products. Globally, despite the reductions in the global promotion projects of several large overseas firms, gains were made from the locomotive brands in the alcoholic beverages industry.

INVESTMENTS

In 2013, aiming to grow through new investments in line with its vision of “Becoming the leading glassware company in the world,” Paşabahçe Cam made investments of two large furnaces. The Company’s $61 million investment project on a second furnace at the factory in Bulgaria was completed and operations there commenced at the end of the year. The ongoing $84 million investment of the 3rd furnace in Russia will be completed and operational during the second quarter of 2014. Other investment projects apart from these focused on raising manufacturing productivity, reducing costs and improving product quality.

In order to providing better service to customers and business partners, as well as supporting the manufacture of value-added products, investments were carried out employing an automatic shuttle system and advanced technology enabling addressing opportunities in warehouses of 14.000 m^2 at the Mersin Factory and 16.000 m^2 at the Kırklareli Factory. Once the new investments are completed the factories will have approximately 20% more storage volume per unit area than under the conventional racking system.

At the Factory in Kırklareli, Turkey, the furnace where automatic crystalline glassware is manufactured has been converted to an oxy-fuel combustion system and renovated. This conversion will enable to reduce glass defects by 10 to 15% and save energy by 15% compared to the previous period. At Denizli Glass Factory in Denizli, which is one of the best in terms of hand-made glassware quality, the repair on furnace No.2 was carried out as planned.

WORKS ON COST REDUCTION AND PRODUCTIVITY INCREASE

Working on the basis of the principles of continuous development and improvement, in 2013 Paşabahçe Cam continued its projects to reduce cost and increase productivity with the objective of achieving sustainable growth. In line with this vision, special inspection machines were commissioned to enhance quality control efficiency in tea glasses, stemmed glasses, large industrial containers and heat resistant “Borcam” branded products. Since the launch of the packaging automation projects at Paşabahçe’s Mersin and Kırklareli factories, the product automatic boxing rate has been increased by approximately 20%.

The hydrogen plant commissioned as part of the energy saving initiatives at Paşabahçe’s Kırklareli factory achieved a cost savings of approximately 70% vis-à-vis the previous facility.





Paşabahçe Cam achieves a number of global "firsts" with its **original technological innovations.**

Significant contributions were made in terms of energy saving by expanding the use of energy-efficient lighting in the plants, installing high ceiling fixtures and polycarbonate panels and providing air-conditioning for panel rooms using a waste heat boiler and absorption chiller.

In line with the principle of achieving better management processes, Paşabahçe Cam initiated the following projects under its process improvement (SAP-ERP) activities in 2013:

- Enterprise Content Management Project, which enables the management of new product development processes integrated with SAP-ERP,
- Demand Planning Project, which allows for delivery of the best product supply service quality with minimum stock levels by enabling high consistency in demand estimation,
- Supply Chain Operation Planning Project which provides planning optimization to respond rapidly to customer expectations and corporate dynamics,
- Budget Planning Project.

R&D ACTIVITIES AND TECHNOLOGIES DEVELOPED

Under the aegis of the Company's R&D activities, the operation of a hydraulic press blowing machine has commenced. The mechanical and electronic control systems of this device were designed by the Paşabahçe Eskişehir Factory and under this system, products which require a 5" or 11" press blow articles, can be manufactured by the same machine, an accomplishment hitherto unknown in the world. Along with this, a burn off machine for sear-off the bigger diameter of the rim was commissioned. This system has reduced time-loss caused by changing machines for the manufacturing of different-sized products by two times over a year, each for seven days (a total of 14 days), thereby significantly raising manufacturing efficiency.

As part of its approach in supporting its leadership in glassware with technological developments, Paşabahçe Cam produced Turkey's first locally designed and manufactured indexed type big table press machine driven by torque motor instead of mechanical type Geneva wheel. The electronic torque motor eliminates production shutdowns caused by wear and backlash of the index drive mechanism. This accomplishment increased production efficiency by approximately 5%. With this torque motor press production line, Paşabahçe Cam entered the 11th Technology Development Foundation of Turkey's Technology Awards and was short-listed for the finals.

Tempering line and cold cutting modernizations were also among the projects completed in 2013.

BRAND, CONCEPT AND NEW PRODUCT DEVELOPMENT ACTIVITIES

With the creation of "Nude" in 2013, a new brand that appeals to upper-segment consumers and professionals; the brand architecture of the company was completed. Targeted to become a global brand, Nude's launch

GLASSWARE COMBINED INDICATORS*

TL m	2013	2012
Revenue	1.446	1.348
International Sales	790	732
Gross Profit	434	441
Operating Profit before Financial Expenses	94	70
Profit per Period	64	64
EBITDA	206	171
Net financial liabilities	182	188
Equity	1.316	1.134
Total assets	2.005	1.788
Investments	386	208
Number of Employees	6.404	6.169

*Covering Denizli Cam and Camiş Ambalaj as well as Paşabahçe Cam.

PAŞABAHÇE CAM CONSOLIDATED INDICATORS*

TL m	2013	2012
Revenue	1.235	1.132
International Sales	757	702
Gross Profit	361	383
Operating Profit before Financial Expenses	87	52
Equity Holders of the Parent	57	33
EBITDA	177	137
Net financial liabilities	167	194
Equity	1.080	1.045
Total assets	1.575	1.594
Investments	304	138
Number of Employees	4.650	4.436

*Covering Paşabahçe Cam, Paşabahçe Cam Investment B.V, Paşabahçe Bulgaria, Posuda Limited, Paşabahçe Retail Stores, Trakya Glass Logistics EAD, and Trakya Cam Investment B.V.

activities will be carried out simultaneously in Turkey and Europe during the first quarter of 2014.

The Borcam Premium series is one of the innovations launched in 2013 as part of the new product development activities. The series feature a modern and minimalist design showcasing perpendicular edges and sharp contours which have never before been produced in the "heat resistant ovenware" category in the world. Another important innovation is StoreMax food containers, designed by Paşabahçe in line with its philosophy of constantly creating high-quality and original new products.

The year 2013 was one in which innovations were introduced to the market via different marketing instruments. Collaborations were undertaken with professionals under the Gourmet Concept, new designs were developed, and the synergy created was used on the product packaging and for communication activities with end users. The most comprehensive of these projects was the "Turkish Wines are Looking for Their Wine Glasses" project for designing and producing wineglasses that are appropriate to the taste of wines produced from Anatolian grapes. This project was carried out in collaboration with the wine producers, sommeliers, bloggers and wine specialists.

MARKETING COMMUNICATION ACTIVITIES

Paşabahçe and Borcam

Throughout May and June, a communications campaign under the slogan of "Paşabahçe Reflects You" was conducted to strengthen the Paşabahçe brand image and to emphasize the concept that Paşabahçe is present at every moment of life. The publicity campaign which was carried out via TV, radio, magazine and internet commercials and advertisements, received very positive responses from the social media. The advertising clip was recognized with a Success Award in the "Creativity Category-Corporate Image, Strategy and Communication" category at the MediaCat Felis Awards.

For the Borcam brand, a comprehensive communications campaign was carried out via TV, open air billboards and magazines during Ramadan season last year.

The first image campaign in Russia, one of Paşabahçe's largest markets, was carried out in 2011, and significantly raised brand awareness. To build on the success of the first campaign, a second one was launched during the final months of 2013.

Publicity Activities

Digital marketing activities, which are gaining importance in today's world, were continued throughout 2013. The internet sites of "glass4you.com", were prepared and opened for access. Construction of the internet site for Nude, the new Premium brand, has been completed.

With "Trends" magazine, published in both English and Turkish to strengthen communications with customers and end users, a new communications platform has been built. The first issue of the magazine, which was published in order to reinforce prestigious brand perception and to enhance the position of Paşabahçe as a "specialist/consultant brand" in such fields as trends, fashion, and food and beverage, was distributed in November.

In 2013, Paşabahçe Cam maintained its presence at

Paşabahçe Stores maintains its leadership and distinctive structure with 42 stores in 11 provinces in Turkey.

international fairs and in the global glassware brands arena. Product sponsorships were continued as part of its ongoing communication activities. The Group provided support for events organized and attended by industry professionals in Turkey, through product sponsorships, enhancing brand recognition for Paşabahçe Professional, the renewed brand for the catering industry.

Trade Marketing Activities

Trade marketing strategies started in 2013 focused on in-store shopping activities with the aim of getting a share of retail and increasing the average sales in parallel with brand marketing strategies.

In this context, the projects have started such as positioning Paşabahçe brand as a category leader in shelf and display, gaining incremental sales volume at maximum profit margin and increasing sales volume at the moment of customer purchasing decision.

In Russia, trade marketing activities were executed for both shelf and display in order to increase the sales and develop brand perception at the moment of customer purchasing decision.

RETAIL STORE ACTIVITIES

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

In the survey of "Number 1 Brands Selected by Consumers in Shopping Malls" carried out by the Foundation of Shopping Mall Investors (AYD) and the research company, GFK, Paşabahçe Stores was found to be the brand most favored by consumers in the home decoration category.

In 2013, new stores were opened in Samsun, Bodrum Avenue and Park Antalya along with those in Brandium, Vialand, Maltepe Park and Zorlu in Istanbul, thus raising the number of provinces served to 11 and the number of stores to 42. In order to provide better and more personalized services to customers, improvements were made in the infrastructure and technology of the stores.

This year the Paşabahçe E-Store won 3rd prize in the retailing/retail store category at the 11th Altın Örümcek Web Awards. The 12th of the History-Culture-Glass Collections, the "Zevk-i Selim Collection", has been launched.

Paşabahçe Stores aims to open new stores in order to widen its retail network both at home and abroad and to reinforce and maintain its position as the leading retailer in the field in Turkey with its high service quality.

PAPER-CARDBOARD PACKAGING ACTIVITIES

Camiş Ambalaj, one of Turkey's leading paper-cardboard packaging manufacturers, increased its total manufacturing and sales volume by 2% and its packaging sales to non-Group member companies by 15% in 2013.

Camiş Ambalaj aims to maintain its competitive strength

Camiş Ambalaj, the only Turkish packaging manufacturer holding a World Packaging Organization award, adds value to Paşabahçe's life-enhancing products.

in the paper-cardboard packaging industry and through value-adding, to become a solutions partner for its customers.

Aiming to maintain its position in the market through modernization investments, Camiş Ambalaj manufactures offset printed cardboard and laminated consumer packaging, high quality flexo printed consumer and carriage packages, tray and multiple packaging types for automatic filling lines and display units.

In 2013, Camiş Ambalaj was awarded the Bronze Prize for its packaging of the Paşabahçe bedside carafe in "The Crescent and Stars of Packaging" competition organized by the Packaging Manufacturers Association. It also received the Competency Award for the four-bottle Efes Pilsen Beer Bottle carry pack with carrying handle. In the competition organized by the World Packaging Organization (WPO), Camiş Ambalaj was the only paper-cardboard packaging manufacturer from Turkey to receive an award.

THE GLASSWARE BUSINESS IN 2014

The glassware industry, which has reached saturation in the USA and Europe, is anticipated to grow predominantly in the developing markets. Regarding the world economy, which is not expected to perceivably recover in 2014; it is estimated that consumer demand will progress cautiously and that there will not be a marked increase in the demand for glassware.

The ongoing intensive and competitive environment with in the industry is expected to continue over the next period. In the midst of this situation Paşabahçe Cam aims to increase its sales of innovative, original-designed and high added value products, use its distribution channels efficiently, distinguish itself from competitors by providing the most efficient service from an operational point of view, and maintain the competitive advantage it achieved in 2013.

The Group is progressing with steady steps towards increasing its impact in the global market and achieving its vision of "becoming the leading glassware company in the world" by benefiting from the capacity increases at its plants in Russia and Bulgaria, as well as making use of the opportunities for growth in new geographical regions.

Water is life, transparency and health. It heals and nourishes humanity. It reflects purity, creativity and the living energy of nature.

Utilizing state-of-the-art technologies, Anadolu Cam adds freshness and vitality to life by manufacturing packaging for glass, the only material that can be recycled 100%. Anadolu Cam works towards a sustainable balance with nature and a healthy future through its health and nature-friendly glass packaging, innovative designs and manufacturing processes.

THE GLASS PACKAGING GROUP

Anadolu Cam maintains its **leadership position** in Turkey through the **strength of its design skills and diverse product portfolio.**

ANADOLU CAM

AN OVERVIEW OF 2013

Achieving a confident level of growth in 2013, the global glass packaging market grew by 5% over the previous year and reached a volume of $36.8 billion. The food and beverage industries, with a trade volume of $26 billion, account for the greatest volume of the total market. As health and personal care are the fastest growing industries, these will continue to increase the potential of the market as the catalyst for growth. China, India and Brazil, where the brewing industry has rapidly grown, have expanded growth potential with their developing economies and increasing income levels. In addition to this, the importance given in these countries to the cosmetics industry translates into their significant contribution to the development of the glass packaging market.

Consumption habits indicate that product diversity stands out in saturated markets for glass packaging and that, in developing markets, the consumption of products in glass packaging is increasingly seen as a reflection of growing economic wealth.

Political tensions, especially those between Georgia and Russia, have been replaced with positive developments, thereby creating an opportunity for Georgia to regain its former attraction as a glass packaging market. The rapid increase in exports from Georgia to Russia has created a sudden boom in the demand for glass packaging in the region. Meanwhile, the Russian glass packaging market has experienced a sudden decrease in demand due to initiatives and legal regulations undertaken by the government to curb the consumption of alcoholic beverages following the global economic crisis. Restrictions imposed on the consumption of alcoholic beverages have affected many bottling firms and forced the larger players in the region to downsize or withdraw completely from the market.

Meanwhile, the demand for glass packaging in Turkey has increased, especially in the mineral water, water, milk, beer and wine industries. Apart from an increase in demand, the tendency towards product diversification has also contributed to the development of glass packaging.

THE GLASS PACKAGING GROUP IN 2013

The Glass Packaging Group continued its profitable growth in 2013. In light of macro-level influences, along with the changing dynamics in the domestic market, the new competitive environment, the effect of constantly rising health-awareness in the substitute packaging market, plus rapidly advancing technology (and the savings in costs which has enabled), The Group strongly identified itself with innovative designs and an attitude of exceeding customer expectations in 2013. Following a successful financial year, during which increased importance was given to sustainable profitable growth and intangible values, the emphasis on innovative and globalization-oriented strategies, the Group retained its leading position in Turkey.

4th largest glass packaging manufacturer in Europe and 5th in the world

A production capacity of 2.2 million tons per year in 4 countries

Manufacturing of glass packaging in various volumes from 6 cc to 15.000 cc

The annual net turnover of Anadolu Cam reached 1.523 million TL in 2013, reflecting a growth of 4.4% over the previous year. About 42% of the net sales revenues came from overseas operations.

Breakdown of Activities per Production Plants

In the performance of its operations in four countries, the Glass Packaging Group has a production capacity of ...

- 920.000 tons/year at three plants in Turkey,
- 1.2 million tons/year at five plants in the Russian Federation,
- 28.000 tons/year at its single plant in Georgia,
- 85.000 tons/year at its single plant in Ukraine,

...amounting to a total of 2.2 million tons/year.

Turkey

The Glass Packaging Group has been operating in Turkey under the name of "Anadolu Cam" at three plants with a total of nine furnaces in the provinces of Eskişehir, Mersin and Bursa Yenişehir. The plant that has been operating in the Topkapı district of Istanbul since 1969 was closed down on December 31, 2013, as the area is no longer zoned as an industrial area. This plant has subsequently been moved to Eskişehir. The facility in Eskişehir began operations in early 2013 with two furnaces, with a total capacity of 180.000 tons/year. The Company is planning to make expansion investments in this factory in the coming period.

Work towards enhancing competitive strength was also one of the issues receiving top priority in 2013. Concerns such as increasing the resistance of glass packaging, making the products lighter, the reduction of manufacturing inputs and waste, the use of renewable energy and increased glass recycling continued to be emphasized and new projects were started throughout the year. Various development and cost reduction projects, mainly energy saving, were implemented at all factories.

Russian Federation

Having expressed its strategy for operation throughout the decade of the 2000s as "constantly increasing its scale and becoming the leading manufacturer in the surrounding region", Anadolu Cam has been operating according to this growth strategy in the Russian Federation since 2002 under the name of "Ruscam". In carefully monitoring the opportunities in the area, the Group believes the Siberian Region, with its broad potential covering a large section of the Russian Federation, is among its investment options.

With the aim of increasing its share in the Russian market from 22% to 25%, Anadolu Cam has plans to expand its manufacturing capacity through direct investments and acquisitions in developing markets. Currently, it is steadfastly working toward this target.

The first investment of the Group in Russia was the Ruscam Gorokhovets Plant in the Vladimir region. This was followed by other plants in various locations around the country, and since then Ruscam has become one of the largest glass packaging suppliers in the country. With the construction of the second furnace at the Ruscam Kirishi plant as part of its capacity-boosting activities, the presence of the Group in Russia has been strengthened. In response to the restrictions imposed on the alcoholic beverages industry, the operation of Ruscam's Pokrovsky

In accelerating the speed of **various development and cost reduction projects**, mainly in the area of energy economy, Anadolu Cam achieves greater **energy savings** by the year.

Plant, with an annual capacity of 200.000 tons, was suspended in the middle of 2013. The aim here is to establishing a stronger manufacturing/sales/stock balance.

The increase in the manufacturing capacity of the Glass Packaging Group in the Russian Federation has prioritized the supply of high-quality and economical sand. In keeping with its principle that the procurement of basic raw materials from a safe source is a strategic priority, the Group has acquired a 50% interest in a sand production facility in Russia. The plant has a capacity of 800.000 tons per year, of which 350.000 tons are used in glass packaging.

Georgia

The Mina manufacturing plant, which was acquired by Anadolu Cam during the privatization process in Georgia in 1997 as the first overseas investment of the Group, has been carrying out its operations since 1998, the year of its commissioning, with a 28.000 tons per annum capacity furnace. The Company launched a new investment there in November of 2013 to build a second furnace, which will strengthen the presence of Anadolu Cam in Georgia. The new furnace will meet the increasing demand in the market. Furthermore, depending on the anticipated growth figures, expansion projects will continue at full speed.

Ukraine

In line with the Company's goals of enhancing its international operations and becoming a leading manufacturer in the surrounding region, Anadolu Cam acquired a glass packaging manufacturing plant in Ukraine during the first quarter of 2011. Located in the city of Merefa in the north-eastern part of the country, the Merefa Glass Packaging Factory has a single furnace equipped with modern technology and a manufacturing capacity of 85.000 tons per year. The plant is ISO 9000, 1400 and 1800 certified. High gas costs in the region require modernization upgrades to the production machinery. In order to make the existing furnace more productive and obtain the maximum benefit, the Group has plans to carry out the needed renovations in the coming days.

OMCO-Istanbul

Having started its operations in 2001 as a 50%-50% joint venture between Anadolu Cam and OMCO International NV, based in Belgium, OMCO-Istanbul manufactures moulds for glass packaging and glassware. The Company achieved 61.4 million TL in sales in 2013 with a performance exceeding budget targets. Constantly growing owing to its product and service quality and to the international demand for its products, OMCO-Istanbul will continue its work on increasing exports.

INVESTMENTS

Continuing investments for growth, as well as investing in modernization and enhancements in Turkey, Russia, Ukraine and Georgia, Anadolu Cam's total investment expenditure in 2013 amounted to 313 million TL.

Issues such as the reduction of costs, increasing manufacturing productivity, the production of lighter bottles and raising product quality were the priorities for 2013. New investment projects in these areas were launched during the year.

ANADOLU CAM CONSOLIDATED INDICATORS*

TL m	2013	2012
Revenue	1.523	1.459
International Sales	646	662
Gross Profit	242	323
Operating Profit before Financial Expenses	132	134
Equity Holders of the Parent	111	74
EBITDA	341	312
Net Financial Liabilities	934	867
Equity	1.321	1.110
Total Assets	3.164	2.406
Investments	313	308
Number of Employees	4.959	5.145

* These refer to the indicators submitted to the Public Disclosure Platform (KAP), and cover Anadolu Cam, JSC Mina, Ruscam, Ruscam Holding, Ruscam Glass Packaging Holding, Anadolu Cam Investment B.V, the Ruscam Management Company, Ruscam Kuban, Merefa, Ruscam Sibir, Brewery Pivdenna, Balsand B.V, Ruscam Pokrovsky, Anadolu Cam Yenişehir, Anadolu Cam Eskişehir, Omco Istanbul, 000 Balkum, Form Mat, and AC Glass Invest BV.

Works on various redevelopment and cost reduction projects, mainly in the area of energy savings, was accelerated in all factories and savings amounting to 11.1 million TL were achieved in Turkey.

Turkey

- Work on the cold repair of the Mersin Plant's No. 10 furnace began in December 2013 in order to increase the existing manufacturing productivity.
- Manufacturing operations were terminated in early 2013 at the Topkapı Plant, which had been operating with two furnaces at a total capacity of 180.000 tons per year and supplying glass packaging products to the Istanbul region.
- The Eskişehir Plant began operations with two furnaces at a capacity of 180.000 tons per year in early 2013. The plant has a special “clean room” for the manufacturing of pharmaceutical bottles and a “trial line” expected to pioneer new developments in glass packaging manufacturing.
- The innovative Decorating Plant, reinforced with three new machines, started operations in Eskişehir in 2013. Equipped with machines capable of organic painting and multi-color and precision printing, the facility has been fortified through the adoption of automation practices.

Russia

- Glass packaging manufacturing operations at the Pokrov Plant were halted in mid 2013.

Georgia

- Cold repair of the furnace at the Mina Plant in Georgia took place in February of 2013.
- Investment activities for the second furnace, with a capacity of 30.000 tons per year, which will be put into operation in Mina, started in November of 2013

Ukraine

- The Merefa plant focused its investments on maintenance and succeeded in maintaining its current condition throughout 2013.

PROJECTS ON NEW PRODUCTS

The Anadolu Cam Product Design Center provides support to customers who want to offer distinct and innovative designs to the consumer. The designs developed at the Center are based on industrial design, advanced engineering knowledge and a tradition of experience, coupled with high technology, and bring an innovative and creative approach to glass packaging products.

In 2013, the Product Design Center worked on a total of 990 projects, of which 745 were developed for manufacturing plants in Turkey and 245 for production facilities in Russia, Ukraine and Georgia. Of these projects, 268 are new product designs.

The production of 15 Liter-Glass Bottles

In 2013, Anadolu Cam continued its work aimed at the constantly growing bottled water market. Since 2010, the provision of standard and branded bottles with a volume of one liter or less to the bottled water industry has had a great impact on the growing popularity of water in glass bottles, especially in locations such as hotels, restaurants and cafés.

Anadolu Cam offers its customers innovative designs in products of varying volumes, ranging from 6 cc to 15000 cc.

In order to meet the increasing demand of customers preferring to drink water from glass bottles at home, as well as in locations such as offices and restaurants, Anadolu Cam has been carrying out its "large size glass bottle" project since 2011. In 2013, the Company added a 15-liter glass bottle to the existing bottle line of 3, 5 and 8 liters, in keeping with customer and consumer demand. The 15 liter-glass bottle, manufactured by large volume special machines at the Eskişehir Factory, has proven popular with firms in the industry.

IMPORTANT CAMPAIGNS AND EVENTS

Anadolu Cam shares news on glass packaging, sustainability, recycling and the environment with end users via its web site; www.hayatacamkat.com, which is attracting a steadily increasing number of visitors. The number of followers of its Facebook page, entitled "Hayata Cam Kat" (meaning "Add Glass to Life") doubled in 2013.

Anadolu Cam attended the 19th International Packaging Industry Exhibition organized in 2013, under the theme of "We Add Glass to Life". The Company's stand, highlighting the environmentally-friendly and sustainable nature of glass packaging, was visited by many local and foreign visitors.

Poster Design Competition

In 2013, Anadolu Cam organized a poster design competition across Turkey with the aim of raising recycling awareness. A total of 226 works on the theme of "Glass Bottles and a Sustainable Future", developed by students of the graphic designing and visual communication departments of 17 universities were submitted to the competition. Of these, 50 were exhibited at the Rahmi M. Koç Museum between April 26 and May 13, 2013.

Environmental Practices

The importance of energy is growing in today's world. In 2013, the Group was awarded the TS EN 50001 Energy Management System Certificate, pertaining to the efficient use of energy, for its factories in Mersin and Yenişehir. The application for the certification of the factory in Eskişehir, which began operations in early 2013, will be made during 2014.

Work on Reducing the Weight of Glass Packaging Products

As a manufacturer of the world's most sustainable and environmentally-friendly packaging products, Anadolu Cam aims to reduce its energy consumption and carbon emissions. Thus far, a reduction in glass consumption at the point of manufacture in the amount of 37.000 tons plus a lowering of carbon gas emissions totaling 27.000 tons has been achieved over the last three years due to the work undertaken to reduce the amount of material used in manufacturing.

The "Glass and Glass Again" Project

The project "Cam Yeniden Cam" " (meaning "Glass and Glass Again"), initiated in 2011 by Anadolu Cam in collaboration with municipal authorities as well as ÇEVKO, the Foundation for the Protection of the Environment, is one of the most comprehensive sustainability and social responsibility projects in Turkey. The venture is being carried out with the basic aims of creating behavioral change in people and supporting a transition to a recycling society. In this regard, the Company is committed to the following three goals:

Awards

In 2013, Anadolu Cam was recognized with a total of six awards in the 4th annual Crescent and Stars of Packaging competition organized by the Packaging Manufacturers Association. In all, Anadolu Cam won two Silver, one Bronze and three Competency Awards.

FOOD CATEGORY

Competency Awards:
Kristal Oil Bottle
Suzan & Haluk Dinçer Olive Oil Bottle

BEVERAGE CATEGORY

Silver Awards:
Freşa Natural Mineral Water Bottle
Cappy&Fuse Tea Glass Bottle Series

Bronze Award:
Dimes Premium Fruit Juice Bottle

Competency Award:
Ceysu Water Bottle

Anadolu Cam creates a **glass recycling infrastructure** in Turkey in line with its **sustainable growth** targets.

- Creating and raising public awareness of recycling glass packaging materials
- Development of infrastructure for the collection of glass packaging wastes
- Modernization of plants treating glass packaging waste and separation of glass waste from domestic garbage

Since 2011, under the scope of this project, education concerning about recycling has been given to 113,000 primary school students, a total of 5,150 collection containers have been distributed, and 300,000 tons of glass packaging waste have been collected. In this manner, a reduction in carbon emissions equal to that of 108,000 cars, and an energy saving equivalent to meet the heating and hot water needs of 12,600 homes, has been realized. In collaboration with the municipalities of 55 districts (in Mersin, Ankara, Izmir, Muğla, Manisa, Istanbul, Edirne, Kocaeli and Tekirdağ), support was given to the creation of public awareness, the development of a collection infrastructure and the modernization of glass recycling facilities.

Working to Improve the Quality of Cullet

In order for the glass waste collected to be used as raw materials,it must be processed by automatic separation machines at recycling plants. The Group provided consultancy to recycling firms concerning the acquisition of such equipment and encouraged them to invest in automatic separation machines in order to benefit from the corresponding advantages. In addition, recycling firms were encouraged to invest in automated machines by means of bonuses offered for quality and quantity. Owing to such incentives, some suppliers decided to invest in automatic separation machines, for which. Anadolu Cam provided financial support amounting to a total of 2.820.000 TL.

Thanks to automatic control lines, the compliance of the cullet delivered to the factory is checked more efficiently with regard to the purchasing specifications., and any materials not meeting the specifications are purchased at reduced prices so that the suppliers do not incur any loss. The Automated Control Line installed at the Factory in Eskişehir at a cost of 549,000 Euros, in addition to the one at the plant in Yenişehir, will become operational by early 2014. The separation machine ordered for the facility in Eskişehir has been equipped with the capability of separating any non-magnetic metals, such as aluminum, in the cullet, as well as separating glass shards of different colors. As a result of all this work, a total of 124,480 tons of recycled glass materials were used in the production of glass packaging products in 2013. Thus, the anticipated target was reached.

ANADOLU CAM IN 2014

With the aim of becoming one of the three largest glass packaging manufacturers in the world, Anadolu Cam will continue to take advantage of investment and merger opportunities in the neighboring regions, with a focus on areas where glass packaging consumption has been increasing, all this in line with the Company's expansion targets based on its vision.

The Glass Packaging Group aims to increase its sales during the next period with a lighter and more resistant, value-added product structure, through customer-focused strategies, innovative and original designs, and by continuously improving its technology in the increasingly competitive domestic and international markets.

Earth brings us together. It is the essence of material existence. It symbolizes production, fertility, durability and concrete success.

The Şişecam Chemicals Group is one of the world's foremost reliable suppliers with its manufacturing capacity, product quality and global marketing network. Providing raw materials to many segments of the industry, the Group confidently carries its success into the future accompanied by its employees, customers, suppliers and stakeholders.

THE CHEMICALS GROUP

Having **increased its sales revenues by 19%** despite the global recession, Soda Sanayii has continued to perform successfully, **penetrating well into its target markets.**

SODA SANAYİİ

AN OVERVIEW OF 2013

The economic recession that deepened throughout 2012 continued into the early months of 2013, however, the second half of 2013 saw the beginnings of a recovery phase, which was reflected in the global soda industry. As was the case in 2012, growth in the industry varied from region to region. The demand for soda ash increased in Asia, the Middle East and Africa, throughout the year while remaining stagnant in the United States and Europe. The soda ash demand in China and India grew above the world average. Despite the regional differences, the world soda ash industry grew by 3% in 2013.

In 2013, the progress in demand from industries where soda products are used as raw material indicates that the vulnerability, decelareated growth and shrinkage, especially in developing countries, have been negatively affecting the glass industry. Recession prevailed in Europe, while the demand in the glass and detergent industries in India and China, which grew above the world average, increased slightly. The economic recovery commencing in Europe during the second half of the year was not felt to the same degree in the construction industry where flat glass is used, while the automotive industry recovered slightly. The relatively positive state of the European detergent industry stood out considerably.

Although the global recession experienced throughout 2013 was especially felt by the domestic textile industry, the use of soda ash in this industry also increased during the last quarter of the year. In Turkey demand in the glass industry for soda ash remained flat throughout the year, but increased slightly during the last quarter. On the other hand, demand for soda in the detergent industry grew, owing to increasing exports to the Middle East.

Due to the effects of the global instability in economy and ongoing recession particularly in Europe, the demand for chromium compounds decreased across the world in 2013 in industries where they are used. Leather and metal plating industries, to which the Group supplies chromium compounds, were negatively affected by the economic climate. In particular, the recession in the United States and Europe caused the decrease of production in China, which is an important supplier for these regions.

The glass fiber industry, another business segment of the Chemicals Group, continued to grow despite the economic recession in Europe. With an average 5% annual growth rate of the global glass fiber market, the industry in Turkey followed a parallel path to that of the European industry. The global, Turkish and European trends with regard to progress in the industries using

4th largest soda ash producer **in Europe** and 10th **in the world**

The world's number 1 sodium dichromate and basic chromium sulfate producer

The world's number 3 chromic acid producer

Producing in 4 countries, **exporting to** 90 **countries**

glass fiber products, indicate that the highest growth has been in the automotive and wind energy industries.

THE CHEMICALS GROUP IN 2013

Despite the unfavorable economic climate, the Chemicals Group continued to grow throughout 2013 with investments in its existing facilities. The Group increased its sales revenues and exhibited a successful performance in international arena, thanks to its market diversification and penetration into target sectors. The annual turnover of the Group rose to 1.769 billion TL in 2013, an increase of 9,4% over the previous year. The Group's international sales reached 865 million TL, a growth of 14% over 2012 figures. In total, the Group generated 49% of its revenues from international sales.

Despite the global recession, Soda Sanayii A.Ş., the flagship of the Chemicals Group, increased its activities in developing markets and presented a stable and successful performance in 2013, owing to its product and service quality, market diversification and successful penetration into target markets.

Soda Products

Soda Business achieved a successful performance in 2013 with an increase of 15% in sales revenues despite the stagnation felt in Turkey as a result of the global economic conditions. The Group produced approximately 2 million tons of soda at its plants in Mersin, Bosnia and in the Solvay Sodi Plant, which is a production joint venture in Bulgaria. Being the 4th largest soda producer in Europe and the 10th in the world, Soda Sanayii realized 64% of the sales from these three facilities to the international markets.

With the objective of business to expand the share of the value-added products within the product portfolio, the Group invested in Mersin Soda Plant in 2013 to increase the production capacity of refined sodium bicarbonate. Marketing activities and brand-building projects continue as planned. In addition, the Group continued investments aimed at strengthening the operational performance, reducing energy costs and increasing productivity in order to enhance the competitive power. Soda Sanayii A.Ş. is self-sufficient in production of its steam required for the process thanks to its integrated Cogeneration Plant. The Cogeneration Plant, with an electricity generation capacity of 252 MW, produced 4.1 million tons of steam and realized production and sales of 1.8 billion kWh of electricity in 2013.

In parallel with investments completed for capacity expansion and production increase, the Bosnia Factory which has developed its market penetration and achieved leadership in soda production within its own hinterland, continued to rise in the Southeastern European market. As one of the largest exporters in Bosnia-Herzegovina, the Company received, for the second time the "Best Foreign Investor" award by the Bosnia-Herzegovina Foreign Investment Encouragement Agency in 2013.

Our **Bosnia Factory,** winner of the **"Best Foreign Investor"** award for the second time, continues to grow.

In 2014, in line with its aim to grow in the soda industry, the Group plans to enhance its dominance in strategically important markets that display high potential and profitability by utilizing its production capacity at optimum levels. The Group continues in projects for increasing geographical expansion and widening the product portfolio that would contribute to profitable growth. The focus in 2014 will be the completion of the branding process for value-added products which will help to increase the contribution in an environment of rising production costs and intense competition.

Chromium Compounds

In 2013, a shrinkage was observed in industries consuming chromium chemicals due to globally instable economic circumstances. The leather and metal plating industries, to which the Group supplies chromium compounds, were adversely affected by the economic climate. The instability and the economic recession, especially in the USA and Europe, caused a decline in production in China, which is an important supplier of these regions.

The impact of the global stagnancy over domestic chromium chemicals industry in 2013 was especially felt in the metal plating industry while the leather industry maintained flat in economic terms. Despite these developments, the Group exhibited a successful performance in chromium chemicals in 2013 and increased the sales revenues above its targets. The Group generated 81% of its sales revenues in chromium chemicals from international markets. As of 2013, in terms of the sales from all facilities, the number of export countries and customers has increased.

Kromsan Chromium Compounds Plant, one of the leading factories in the world in terms of production technology and environmental standards, is the leader in the production of sodium dichromate and basic chromium sulfate and the 3rd largest producer of chromic acid in the world.

After the acquisition of Cromital SpA in Italy by Soda Sanayii A.Ş. in 2011, the Group has become one of the major players in the production and sale of chromium chemicals in Europe. Following the path of becoming a center that covers the liquid basic chromium sulfate demand of the European market, Cromital SpA also occupies an important position in the value-added chromium III chemicals market. Being the only facility licensed for treatment and recovery of chromium-containing effluent of the Italian coating industry, Cromital SpA is capable of reusing recovered chromium in its own production. As a new business segment, Cromital SpA started the sales of sodium bicarbonate to leather and flue gas treatment industries in 2013 and aims to continue the same with increasing performance.

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) registration process, which has a major importance for the sales of the chemical products in the European Union, has been completed also for our chromium nitrate which was the last product pending. In 2013, The Chromium Chemicals Business continued investments to provide uninterrupted enhancement of operational performance, reduction of energy costs and

COMBINED INDICATORS OF THE CHEMICALS GROUP *

TL m	2013	2012
Revenue	1.769	1.617
International Sales	865	759
Gross Profit	337	281
Operating Profit before Financial Expenses	238	138
Profit in the Period	219	128
EBITDA	354	240
Net financial liabilities	(82)	17
Equity	1.595	1.290
Total assets	2.215	1.826
Investments	144	105
Number of Employees	2.943	3.017

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

CONSOLIDATED INDICATORS OF SODA SANAYİİ*

TL m	2013	2012
Revenue	1.404	1.182
International Sales	789	680
Gross Profit	288	243
Operating Profit before Financial Expenses	237	155
Equity Holders of the Parent	206	132
EBITDA	326	224
Net financial liabilities	(34)	44
Equity	1.236	998
Total assets	1.780	1.409
Investments	109	91
Number of Employees	1.680	1.706

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

increasing productivity in line with its aim of profitable growth.

In the field of chromium chemicals, the Group participated the All China Leather Fair in Shanghai, China and the FIMEC Leather Fair in Novo Hamburgo, Brasil in 2013.

In accordance with its vision to grow in the chromium industry, the Group plans to expand its markets through geographic penetrations and grow in developing markets through strategic cooperations, and aims to increase sales revenues by optimum utilization of the capacities in its existing plants.

In the export markets, that were diversified in recent years, the priority will be intensifying the Group's activities in emerging markets. The Chromium Chemicals Business will be resolute to maintain its customer-focused approach in all marketing and sales activities in accordance with the role and responsibilities it posseses as a global player. In addition, the production and sales of new products supporting environment-friendly technologies are among the priorities of the Group.

INVESTMENTS

Mersin Soda Factory: A capacity increase investment for refined sodium bicarbonate was accomplished in order to benefit from the increasing market demand and new end use industries. In addition, the fourth steam turbine investment was completed and energy efficiency was increased.

Kromsan Factory: A capacity augmentation was realized in line with the expansion investment plan. In addition, within the context of the goal of the profitable growth of our companies, modernization projects aimed at enhancing operational performance, reducing energy costs and increasing productivity are in progress.

Şişecam Soda Lukavac Factory: Through the capacity increase studies which was continued in 2013, a capacity of 420.000 tons per year was accomplished by the end of the year. The production capacity for refined sodium bicarbonate was also increased according to the market demand.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group's R&D activities are carried out with the aim of improving the processes used in the production of soda and chromium compounds with environmentally-friendly and low-cost technologies, as well as the enrichment of the product portfolio with high value-added new products, increasing competitiveness by focusing on the reduction of costs and raising productivity.

In 2013, for Soda Business, implementation of projects for refined sodium bicarbonate for different end use segments were continued while studies were conducted for the production of new value-added products and enhancing productivity.

In the Chromium Chemicals Business, researches aimed at increasing the efficiency of the new tanning agent



The market share of Camiş Madencilik in the industrial raw materials sector is growing.

was carried out, also operations involving the chromium III product range and laboratory and pilot-scale studies for manufacturing high value-added products were continued.

Glass Fiber

Cam Elyaf Sanayii A.Ş., a member of the Chemicals Group, produces and sells glass fiber products, which are the basic raw materials used in the composite industry. The Company supplies mats, single and multi-end rovings and chopped strands to various sectors such as construction, automotive, transportation, marine, infrastructure, pipe, consumer goods and wind energy.

In 2013 Cam Elyaf Sanayii A.Ş. ranked the 6th largest glass fiber manufacturer in Europe and 12th in the world. With its main export market being Europe, 37% of Cam Elyaf's sales were exports, while 63% for the domestic market in 2013. The Company continues its projects on cost reduction and productivity increase in accordance with its aim of achieving sustainable profitability. Throughout 2013, R&D activities, one of the most important elements for the success of competition among the industry, continued uninterruptedly aiming at the improvement of existing processes and technologies, the reduction of costs, the enhancement of product quality and the development of new products. Within the scope of product development, new products were developed and introduced to the market, primarily for the automotive, construction and infrastructure industries.

Cam Elyaf attended two important international composite industry events: the JEC Show in Paris and Composites Europe Fair in Germany in 2013. The Company participated in the Turkish Composite 2013/ Istanbul Composite Summit, the first of which was organized in Turkey this year, and presented a technical paper in the seminar section of the event. Also Cam Elyaf was awarded with the 2013 Turkish Standards Institution Quality Award for having maintained its ISO 9001 Certificate in perfect condition since 1994 with no interruption.

Camiş Madencilik

Operating within the Chemicals Group, the Mining Companies, in accordance with their medium and long term development strategies, have continued their activities in planning and meeting the raw material requirements of the Şişecam Group's glass, glass fiber and soda factories, both at home and abroad. The Mining Companies, with their incessantly growing range of product portfolio through new processes and value-added products, continue to produce raw materials used by the ceramic, cement, silicate and solar glass industries. With over 600 employees working at its mine sites and raw material processing and concentrating plants in various parts of Turkey, as well as in Egypt and Bosnia, the companies of the Group achieved production and sales amounting to 3.3 million tons in 2013. The construction in the Karabük Quartz Sand Processing Plant began during the first quarter of 2013 and the plant has been commissioned in December.

The Mining Companies will continue supplying raw materials in accordance with the growth strategies of

The Chemicals Group generated **49%** of its **sales** from **international markets.**

the Şişecam Group, aiming to increase their sales to non-group companies in 2014 via the new markets and additional capacities.

Oxyvit

The share of Oxyvit in the world Vitamin K3 market, which is growing at an average rate of 2% per annum, is 15%. Vitamin K3 sales in 2013 increased above the targets. In 2013, Oxyvit generated 90% of its sales from international markets. The Company is planning to continue its operations aiming at increasing market diversification in 2014.

Considering the intensive demand for the Sodium Metabisulphite product, another activity area of the company, the production capacity was increased by 30% through new investments during 2013. Europe and North Africa, the largest markets in 2012, maintained their leadership position in 2013. The number of export customers was increased during the year and sales were made to new markets in accordance with the Company's geographic expansion strategy. Committed to attending promotional exhibitions in the industry on a regular basis, Oxyvit's representatives attended the IPE (Atlanta, USA) and CPhI (Germany) fairs in 2013.

Asmaş

Manufacturing heavy industrial machines and equipment, Asmaş is an enterprise with major regional importance in the industry due to its knowledge of the field, expert technical staff and understanding of quality. Serving both the domestic and international markets, Asmaş has been building complete plants, developing projects and technologies, as well as manufacturing machines and equipment which are widely used in the industry. The major industries which Asmaş serves include the iron and steel, cement, chemicals, energy, transportation equipment and defense sectors.

In 2013, Asmaş took part in the business development projects of the Şişecam Group and supplied equipment for expansion investments in Turkey, Russia, Bulgaria and Bosnia-Herzegovina. Ever expanding its portfolio of overseas customers, the Company has manufactured machines for various projects at home as well as in Germany, Argentina, Peru, China and the United States, mainly in the hydroelectric power plant, iron and steel industry.

Having built **the first and only** "Glass Research Center" in **Turkey**, and one of the few in Europe, the Şişecam Group is gathering its R&TD activities under the roof of the **"Şişecam Science and Technology Center".**

Research and Technological Development

R&TD as a Determinant of Future

In its Strategic Plans for 2020, Şişecam has set itself the target of becoming one of the top three groups in the glass world. In working towards this aim, the Group offers its end-users the best, and most affordable products manufactured with the latest, cutting-edge technologies. Şişecam owes its current competitive power and its position in the race for possessing the products and production technologies of the future, to its activities in research and technological development. In 2013, the Şişecam Group allocated more than 1% of its total workforce and 1% of its total sales revenues to the corporate R&TD activities.

From Ideas to Products and Production Technologies

The Corporate R&TD activities of the Şişecam Group are carried out along two main axes; those carried out at the Head Office and those carried out under the production groups.

In the R&TD activities which are carried out on a corporate scale from a broad perspective; besides the adoption of common approach, common memory and common methodologies, by rendering common benefits from deploying the collective knowledge, skills, competencies, infrastructure and equipment; the productivity, efficiency and the added-value are increased.

R&TD activities are carried out under three inter-coordinated shells. The first shell comprises cost and technology optimization relative to Şişecam's existing products and production technologies. The second shell consists of research carried out in those areas close to Şişecam's own products and production technologies. Finally, the third shell encompasses R&TD research into products and production technologies falling within the scope of Şişecam's future "transformation areas" in line with the road map of the international glass industry.

Process Productivity and Cost Optimization

In the race for research and technological development, Şişecam is competing on par with its international rivals in line with its strategies and vision of transforming resources into value. Group conducts research and development activities aiming at the reduction of batch costs and development of glass compositions ensuring lower fuel consumption in melting furnaces during glass production; increasing glass quality, extending the functional lifetimes of furnaces, increasing the amount of glass pulled, reduction of energy consumption in the design and operation of glass furnaces where the melting and refinement stages take place and remaining within established emission limits with regard to environmental impacts. In addition to these, projects dealing with the reduction of glass defects and shortening the duration of color changing processes, which are important parameters for the increase of production performance and for the cost reduction goals of all business units, have been developed.

Şişecam has also actively participated in research consortiums hosted by respected international research institutions. Along with our competitors, and in the interests of pre-competition open innovation, Şişecam has focused on areas such as energy recovery (EC Life EcoHeatOX), alternative energy resources, new combustion technologies (EU-7 CraftM) and pollution reduction at source. In this period, two new "oxygen firing" furnaces for different glass compositions were designed and made operational. Under the scope of the international "IPGR-Glass 3J Project" which was launched with the aim of bringing melting energy close to the theoretical value, one of our glass packaging furnaces built according to the design criteria established using Şişecam's own mathematical model was selected as one of the reference furnaces in terms of energy consumption.

As a result of such research and technological development activities, measurable cost reductions have been achieved concerning a total of 31 subjects grouped under the above-mentioned areas.

Development of Knowledge, Skill, Ability and Competencies of their Dynamic Combination

In line with our aim to strengthen our research infrastructure, the dynamic simulation of actual furnace conditions were rendered possible by observation of the kinetics of melting raw materials, foam and melt formation and their refining mechanisms, Şişecam's mathematical modeling programs have been made compatible with developments in computer operating systems by means of cooperation carried out jointly with local academic institutions. As a consequence, working periods have been shortened and the number of models that can be developed for alternative situations in unit time has been increased.

In order to comply with international production technologies in the area of coating, for acquiring a new coating machine in modular structure, necessary order actions have been completed. A Fourier Transform Infrared Spectrophotometer (FTIR) was purchased through the project support of TEYDEB (TÜBİTAK Technology and Innovation Grant Programs Directorate),

in order to better understand the glass and the secondary treatments and coatings applied to it.

In order to be competent in all of the three shells described above, attempts were made to recruit highly skilled personnel from domestic and international sources. As a result, we were joined by seven full time researchers; one with a post-doctorate training, another with a PhD and three with Master's degrees.

Congresses, conferences and summer schools were attended and seminars and training courses were organized. Şişecam was well represented at the Conference of the International Commission on Glass (ICG), held in Prague, by 11 researchers, three of whom delivered papers. International congresses and symposiums were also hosted and the 'Glass Trend' was convened in İstanbul. On behalf of Şişecam, 26 persons attended and 2 papers were delivered. A total of 11 staff members attended the ICG summer school in Montpellier, France. The "Glass Science and Technology" training organized by Celsian every year was held in İstanbul and a total of 24 persons attended on behalf of Şişecam.

The Glass Symposium, which has been organized for 28 years for the purpose of sharing the R&TD activities carried out across the Company, was held at Istanbul University for first time ever this year, with the aim of reaching external participants. 300 employees of Şişecam and 43 lecturers and students from 19 universities attended the Symposium.

New Value-Adding Products / Technologies

Şişecam's first temperable Solar Low-e product was developed by the Research and Tecnological Development Group and transferred to the coating line at the Yenişehir Factory. In addition, the original Low-e and Solar Low-e products, as well as new products comprising Solar Low-e with single silver layer and temperable Solar Low-e with 50/32 performance, were developed in our labs and transferred to the production line in Bulgaria.

Antireflective coatings were developed, especially to meet the needs of the photovoltaic industry, and transferred to the production line.

Promotional products hold a major place in the Glass Tableware range. Three new colors have been added to the colored promotional products line using the forehearth coloring and a color catalogue has been prepared, consisting of 80 colors of which the experimental studies have been completed.

In 2013, the number of new products and technologies developed amounted to 21.

Local and International Collaborations and Joint R&D Projects

A total of 18 projects are currently being carried out under the framework of support programs. This year seven new applications were made for grants from TÜBİTAK (the Scientific and Technological Research Council of Turkey) and other ministries.

Projects for the development of "electrochromic" and "thermochromic" coating systems from active coatings have been initiated. The electrochromic project, supported by TÜBİTAK, is being carried out in conjunction with Hacettepe University and the thermochromic project, supported by the US National Science Foundation, is proceeding in collaboration with Washington University.

The weak points in the conventional tempering methods used today for thin glasses and the increasing demand for them, make it important to develop alternative methods. By taking part in a consortium formed by institutions from five countries for SOLAR ERA.NET, a Seventh EU framework support programs, Şişecam has assumed responsibility for the task package concerning the tempering of thin glass.

Glassware and glass packaging products achieve functional properties via coatings applied, especially using the sol-gel method. Through projects carried out with the support of TÜBİTAK and SANTEZ (Industrial Thesis Program) in the field of sol-gel, the dipping, spraying and characterization capabilities of our labs have been enhanced.

The R&TD activities of Şişecam have become more widely known, and TÜBİTAK is using Şişecam's expertise in the relevant areas for its future grant programs. Moreover, Şişecam is participating in the preparation stages of the calls for such programs.

Intellectual Capital

Four new patent applications were made to the Turkish Patent Institute. In addition, necessary applications were made to validate these applications by the European Patent Office.

Awards

This year, Şişecam once again received the "W.E.S. Turner Award", established by ICG in 2002 in memory of Professor W.E.S. Turner. This award is conferred annually upon persons who stand out for their contribution to the ICG Technical Committees. This is the second time Şişecam has won this prestigious award.

New Campus: The "Şişecam Science and Technology Center"

In April of 2013 the foundation of the "Şişecam Science and Technology Center" was laid in Çayırova. The construction of the Center was completed within the same year. Since the design stage, work on obtaining LEED Certification has been in progress. By the first quarter of 2014, all the activities currently carried out at the Topkapı Glass Research Center, Şişecam Headquarters and the R&D activities of the Çayırova Glass Fiber Group will be gathered under one roof at the LEED Gold certified " Şişecam Science and Technology Center".

Şişecam continued to protect the environment with an investment of **40 million TL** in 2013 and is constantly enhancing its **performance** in accordance with the **principles of sustainability.**

Environment and Energy

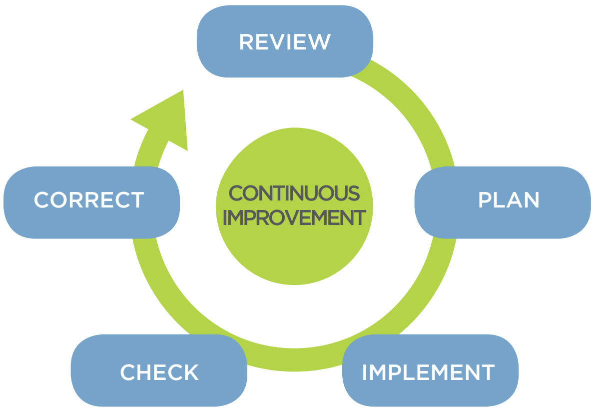
Environmental Policy

The "Environmental Policy" describing Şişecam's principal view on environmental issues, was published in 2013. The Policy lays the foundation for restructuring in line with the requirements of the Environmental Management System. As a first step under this Policy, each of the Şişecam Group companies has established its own environmental policies and internal systems.

The Environmental Management System

In each manufacturing company of the Group there is one Environmental Officer and one Environmental Management Representative reporting to the Factory Manager. In each glass manufacturing group, an Environment, Quality and Technical Standards Manager has been assigned to coordinate the relevant projects centrally. Under this framework, each of the companies has accorded environmental issues primary importance and continued to address the environmental impact of their manufacturing operations. These include emissions, waste water, solid wastes, energy efficiency, recovery, and efficient use of resources with clear targets. Thus, the factories carried out their action plans in line with the procedures established under their own Environmental Management System. They also made internal audits as well as sub-contractor audits, carried out corrective & preventive actions for problematic areas, reviewed the status at the end of each year and evaluated opportunities for improvement. Today, 93% of the companies in the Şişecam Group hold the ISO 14001 Environmental Management System certificate. The auditing of all companies due for periodic control or renewal has been concluded successfully.

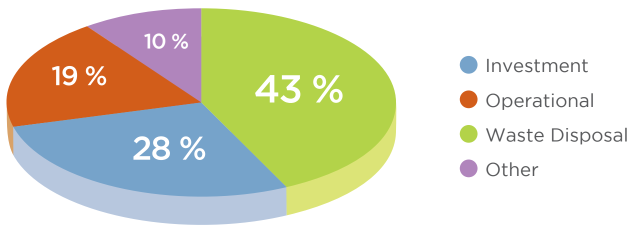
Basic Elements of the Environmental Management System



Environmental Performance and Environmental Investments

As well as fulfilling the requirements of the environmental regulations in force in the countries where it is active, the Group has continued to carry out projects aimed at minimizing the environmental damage arised from its activities and reducing the consumption of natural resources. Thus far, significant advancements were achieved in this regard. Including investments in environmental protection, a total of 40 million TL was spent in areas such as consultancy, measurement analysis, treatment plant operation and waste disposal, with a view towards ensuring sustainability and improvement of the system.

The General Distribution of Environmental Expenditures by the Şişecam Group Manufacturing Companies



National/International Environmental Committees

Şişecam has continued to play an active role within the environmental commissions of NGOs involved with the industry at both the national and international levels. Throughout this process, developments in EU environmental legislation, as well as national environmental regulations, were monitored continuously to fulfill the obligations. At the same time, the Group played an active role in shaping the statutes by participating in consultations concerning the problems encountered in implementation of regulations.

Sustainability-Based Structuring

Our organizational structure was reviewed from the perspective of sustainability. In light of this, the Sustainability Coordination Unit was established and projects were initiated, primarily focusing on issues energy efficiency, environmental protection and the supply chain.

ENVIRONMENTAL POLICY OF ŞİŞECAM

Şişecam, as an organization strongly aware of its responsibility towards the protection of environment, believes in the need to maintain the world as a livable place for coming generations. This approach is considered as the cornerstone of Şişecam's strategic management and is integrated in every phase of its work processes. Our aim is to carry out all environmental protection activities in Şişecam within a framework of an Environmental Management System, by taking account the sustainability principles and continuously improve the system with the support of all our employees and stakeholders.

Climate Change

In all our areas of activity, along with the glass industry, where energy is used intensively, our fight with climate change is being carried out in parallel with intensive projects undertaken for the purpose of increasing energy efficiency. In addition, we continue to take actions aimed at continuous development for the sake of better performance values. Under this framework, our total carbon emissions from energy consumption were reduced by 3% with regard to the previous year, amounting to 4 million tons of CO_2 equivalent.

Furthermore, in addition to our products in the insulation glass segment that ensure heat and solar control, the energy savings afforded by our flat glass products, used in hot water generating solar collectors and electricity generating photovoltaic modules, have made a significant contribution to the implementation of our country's energy and climate change policies.

CDP Turkey

Since 2011, Şişecam has been providing information to the CDP, one of the world's most respected initiatives for combating climate change. Under this framework, the Group has disclosed its strategies regarding the issues of energy, carbon emission and climate change, as well as risk/benefit analyses and carbon emission quantities, in accordance with the principle of transparency, and on an ever-widening scale.

According to the score released by the CDP for 2013, reporting in such a manner as to include the glass and non-glass manufacturing plants in Turkey and also the glass manufacturing plants in Bulgaria, Şişecam was rated at the highest level, expressing an excellent understanding and management of the issues related to climate change.

The Award for Approach to the Environment and Energy

The Şişecam Group's manufacturing plants in Turkey are evaluated and awarded each year for their performance on energy and water consumption, recovery/recycling rates, reduction of waste/emission and CO_2 emissions.

Energy Efficiency Projects

The Şişecam Group operates in energy-intensive industries. At our factories and plants, areas that can be improved in terms of energy utilization are constantly reviewed and actions are taken quickly where improvement is considered possible. With the aim of reducing the energy burden on production costs, strategic plans are being implemented at our factories and plants. In this regard the Group has continued coordination projects aimed at extending the use of such improvements.

Energy efficiency studies were completed at seven domestic factories in collaboration with an independent audit firm possessing a service license from the Ministry of Energy and Natural Resources. In all, eight efficiency enhancement projects developed were accepted by the Ministry. In 2014, an additional five domestic factories will be included in these studies, thus concluding all our domestic factory studies. The ISO 50001 certificate, which is at the base of energy studies, has been obtained by 10 factories. Nine factories will reach the level required to obtain the certificate in 2014. The flue gas from the glass manufacturing process bears potential for energy recovery in substantial quantities. Through the recovery of this energy, there is the potential to generate electricity of 17.70 MW. Our factories in Mersin, Yenişehir and Bulgaria have initiated projects for waste heat recovery. Our Trakya Cam factory in Yenişehir, which has been generating electricity from waste heat, received the "Most Successful Industrial Enterprise" award.

Investments in the energy efficiency monitoring system have also commenced under our approach to supervising the energy efficiency status of our factories and plants and making improvements through actions taken as a result of this monitoring.

Of all the energy consumption of the Şişecam Group manufacturing companies, which amounted to approximately 2 million TEP in 2013, 93% was generated from natural gas, while 7% came from electricity.

We expand our **innovative corporate culture** and work with **highly qualified people** who create value on a global scale for the **sustainable success** of Şişecam Group

Human Resources

Şişecam Group is one of the world's leading industrial corporations with 20,241 employees and operations in 13 countries and exports to 150 countries.

Developing the human resources policies and strategies that support Şişecam Group's global vision, the Group's Directorate of Human Resource Systems continues to create solutions that promote the innovative and collectively-learning corporate culture. Şişecam Group recruits and retains talent who create value on global scale to ensure sustainable success.

Recruitment Systems

Our recruitment department, working with the aim of becoming one of the most preferred enterprises for employment, is conducting various projects aimed at reaching new graduates and professionals, all while increasing employer brand recognition by preserving the strong image of the Şişecam trademark. In today's world, where competition has increased and recruitment systems have been transformed into a hunt for talent, Şişecam works to introduce methods suitable for a rapidly changing generational structure. Working to attract new graduates and other professionals by actively using all existing recruitment methods and techniques, the Recruitment Department is supporting this objective through various communication activities at universities and other institutions. Our Group aims to fulfill its qualified manpower needs for the future by adopting an approach reflective of our global perspective on selection and recruitment.

Performance Management

Responsible for expanding the success-base performance culture, supporting organizational success through personal success, increasing organizational readiness, the Performance Management System works hand in hand with the Vision, Mission and Strategies of the Group. By cascading the Balance Score Card system, started by the Group in 2010, to the level of personal targets, the success-base performance culture is being converted into a success-base 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.

Career Development

Şişecam Group offers opportunities for all employees to develop their careers and to rise and to be promoted through the pre-planning of organizational and personal needs. Expectations of the individual 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 held regularly each year. Moreover, strategic career maps, as well as the Group-based career and succession plans, are developed in light of data from the Performance Management System.
In addition, competencies are assessed by external Assessment Centers where blue and white collared employees participate before they can be candidates for promotion. If any development areas are identified then development plans are prepared for the needs of the individual.

Our Values

The Group Values have been re-analyzed according to our aim of becoming one of the largest glass manufacturers in the world by 2020.
Our Values have been established as follows:

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

Drafted for the purpose of disseminating the Group's corporate values, Şişecam Constitution was shared through "Disseminating the Values Project" in which all employees in Turkey participated. All projects and systems developed in connection with Human Resources are checked thoroughly for their compatibility with corporate values.

Employee Motivation, Recognition, Appreciation and Rewards

The current practices and systems that evaluate and reward the projects, ideas and working styles of employees were kept in place. In addition, a new recommendation system was introduced in order to better encourage and reward creative and original ideas. Through the Seniority Incentive Awards, held on an annual basis, we come together with and reward our employees who have rendered long and faithful service to our Group.

Under the aegis of our Corporate Sustainability and Ethical Practices initiative, the Human Resources Systems has been reviewed and aligned with our responsibilities towards society and all employees.

Compensation Management System

Adopting a competitive compensation policy, 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 consists of variables such as the wage market, the existing compensation structure and payment power, individual performance and job levels.

All employees of Şişecam are offered:

- An up-to-date, success-rewarding and competitive salary package
- A flexible and sustainable benefits package based on needs and expectations
- A social structure attentive to the balance between work and private life
- A productive, collectively fostered working environment open to communication
- Well-established and innovative development and career opportunities aiming at Global Leadership

Leadership and Development Programs

At Şişecam, individual-centered leadership and personal development programs are implemented in line with the sustainability policies of the Group. In 2013, in order to promote an innovative and learning corporate culture, training and development activities were continued based on the corporate competencies and professional development needs of the employees. In addition to competency development and professional / technical training courses, long term certification programs, such as the Şişecam Leadership Academy and Sales Academy, were maintained. Employees were encouraged to attend summits, symposiums and congresses held at home and abroad. Programs supporting employee foreign language and computer skills were likewise continued. Şişecam has started an Instructor Certificate Program inside the Group to make use of the intellectual resources within the Company. The number of persons benefiting from training doubled in 2013, compared to the previous year, and training activities amounting to 175.641 hours were carried out.

Our executives continued to attend the Advanced Management and General Management programs of Harvard Business School in 2013.

The Şişecam Group continues its work towards ensuring an environment of **dialogue in workplaces, preserving labor peace, and increasing employee productivity and competitive power.**

Industrial Relations

At the Şişecam Group, industrial relations are conducted with seven trade unions in four branch of industries under the coordination of the Group's Industrial Relations Directorate.

Our Vision for Industrial Relations is:

- To increase competitiveness and productivity by developing industrial relations in a balanced and sound manner, in accordance with the Group's policies
- To preserve labor peace in workplaces, along with the trade unions, in a relationship based on trust and dialogue
- 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, eight collective bargaining agreements have been carried on domestically. These include one group collective bargaining agreement covering nine factories, two manufacturing plants and five workplaces. Internationally, agreements are in place covering four workplaces in Bulgaria and the Posuda Factory in Russia. 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 the interests of The Şişecam Group without interrupting work flow.

Within this framework, in 2013:

- Negotiations on the first Term Workplace Collective Bargaining Agreement covering the period of 01.01.2013-31.12.2015 with the Kristal-İş Trade Union for Anadolu Cam Eskişehir San. A.Ş. were concluded with mutual agreement and the collective bargaining agreement was signed on March 25, 2013.
- Negotiations on the third Term Workplace Collective Bargaining Agreement covering the period of 01.01.2013-31.12.2013 with the Kristal-İş Trade Union for Trakya Yenişehir Cam San. A.Ş. were concluded with an agreement signed on May 6, 2013.
- Negotiations on the workplace Collective Bargaining Agreement covering the period of 01.01.2013-31.12.2014 with the Selüloz-İş Trade Union for Camiş Ambalaj San. A.Ş. were concluded with agreement, and the Collective Bargaining Agreement was signed on July 18, 2013.

Expired collective bargaining agreements for the workplaces of the Group located abroad have been renewed as a result of negotiations held, taking into account the characteristics of the countries where the work is located, as well as the interests of The Şişecam Group. As such, in 2013:

- Negotiations on the Collective Bargaining Agreement covering the period of 01.07.2013-30.06.2014 with the Podkrepa Trade Union for Trakya Glass Bulgaria were concluded with agreement on June 29, 2013.
- Negotiations on the Collective Bargaining Agreement covering the period of 01.01.2013-31.12.2013 with the Proofkom Trade Union for Posuda Ltd. were concluded with agreement on September 3, 2013.

The enforcement date of the 15th Term Collective Bargaining Agreement in effect at Denizli Cam San. A.Ş. ended on 31.12.2013. Negotiations for the collective bargaining agreement for the new term began with a meeting with the T. Çimse-İş Trade Union held on December 16, 2013 and are currently underway.

The enforcement date of the 23rd Term Glass Group Collective Bargaining Agreement ended on 31.12.2013 and negotiations for the 24th Period Glass Group Collective

Bargaining Agreement started with a meeting held with the Kristal-İş Trade Union on January 15, 2013 and talks are currently underway.

Work on Legislation and Coordination

Through the meetings held under the coordination of the Industrial Relations Directorate in 2013, the relevant units were informed about the amendments to the labor law and the legislation on occupational health and safety. In the coordination meetings, developments in the field of industrial relations and problems encountered in their implementation were addressed and information was exchanged, thereby ensuring the unity of practices across the Group.

Work on offering explanations and expressing comments concerning the implementation of the laws, regulations and collective bargaining agreements at workplaces was pursued intensively throughout 2013.

Executive and white-collar employees of the Anadolu Cam Eskişehir San. A.Ş., Paşabahçe Cam San. A.Ş., Anadolu Cam Yenişehir San. A.Ş. and Trakya Yenişehir Cam San. A.Ş. factories were given training by the Industrial Relations Directorate about the implementation of the collective bargaining agreements. The problems encountered at these workplaces and their solutions were discussed.

Training on Labor Law No. 4857 and Occupational Health and Safety Law No. 6331 was given to the executive and white-collar employees of the Trakya Polatlı Cam San. A.Ş. and is currently in the process of being established.

Activities for the provision of information concerning Trade Unions and Collective Bargaining Agreement Law No. 6356 and Occupational Health and Safety Law No. 6331 were continued with the attendance of the human resources executives at meetings and seminars throughout 2013.

Work on Dialogue for the Preservation of Labor Peace

With the objective of preserving labor peace at all times through trust and dialogue, along with the organized trade unions at the workplaces of the Şişecam Group, dialogue and coordination projects were carried out in 2013 by the Industrial Relations Directorate.

Coordination meetings were held at our workplaces with the representatives of the Kristal-İş, T. Çimse-İş, Selüloz-İş and Petrol-İş Trade Unions on the subjects of implementing collective bargaining agreements, industrial relations and increasing productivity.

In line with the Şişecam Group targets for 2020, information meetings concerning our “We Are Members of Şişecam Training Courses” were held with representatives from the Head and Branch Offices of the Kristal-İş and Petrol-İş Trade Unions, as well as with the chief representatives and representatives of these Trade Unions in the workplaces.

Working environments and conditions are continuously improved and **a conscious health and safety** culture is being developed through projects carried out under the coordination of the Group's Industrial Relations Directorate.

Occupational Health and Safety

THE OCCUPATIONAL HEALTH AND SAFETY POLICY

As a sign of the importance and respect accorded to the right to work and live humanely, Şişecam, with its established tradition and corporate structure, believes that all activities can be carried out in a healthy and safe working environment. The Group affirms that such a working atmosphere will contribute to the creation of a mentally and physically healthy society and labor force, which is the guarantee of the future.

Based on this conviction, which is a fundamental and indispensable element of its management approach, Şişecam aims to continuously improve the working environment and conditions by adopting and implementing the statutory regulations, standards and contemporary management systems on occupational health and safety. Furthermore, the Group is committed to monitoring technological changes and developments, to keep employees and relevant persons and entities informed, and in this manner, to contribute to the creation and establishment of a conscious "health and safety culture" in all sections of society, primarily among employees.

Occupational Health and Safety Practices

In 2013, Occupational Health and Safety (OHS) measurement and monitoring activities were carried out as part of work on OHS observation and assessment projects at Türkiye Şişe ve Cam Fabrikaları A.Ş. factories and plants. Specifically, the following facilities were involved, the Camiş Sanayi A.Ş. Eskişehir Factory under the Glassware Group, the Anadolu Cam Eskişehir San. A.Ş. Eskişehir Factory of the Glass Packaging Group, the Trakya Yenişehir Cam San. A.Ş. Yenişehir Factory of the Flat Glass Group and the Bilecik Mining Plant under the Chemicals Group.

Semi-annual and annual Workplace Accident Evaluation Reports for 2013 were issued and distributed to the relevant units. Acknowledgements according to the results of the Workplace Accident Evaluation Reports 2012, issued in 2013, along with the Group Recognition and Appreciation Awards, were distributed during the Şişecam Day award ceremony.

For the purpose of making the current Workplace Accidents Analysis Tracking program more detailed and efficient in Şişecam's ever evolving and changing structure, a project team was formed under the coordination of the Group's Industrial Relations Directorate. Subsequently, the OHSAS 18001 Corrective & Preventive Actions (CAPA) process, which must be carried out in tandem with the Workplace Accident Analyses, was incorporated into the system. The Workplace Accidents Analysis and CAPA Tracking System Project have been completed and put into practice as of January 2014. The system, which will cover all workplaces and units, including the management and sales centers, will ensure 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 will ensure proper rectification of all failures to conform which present a risk of workplace accidents, arising from OHSAS 18001, managerial, internal and external inspections in a systematic manner, so as to also cover the financial dimension.

Statistical data from the periodic health checks carried out at our workplaces are continuously examined. These health assessments were carried out continuously throughout 2013.

Occupational Health and Safety Training and Coordination Meetings

In 2013, under the coordination of the Directorate, all OHS specialists within the organization of the Group were given training concerning the “Document on Explosion-Prone Environments” and “Preparations for Protection from Explosions”. In addition, training in “Accident Investigation and Root Cause Analysis”, which started on February 28, 2013 and covered two days, was given to all OHS engineers at all workplaces within the Group.

Four Occupational Health and Safety Coordination meetings, attended by all OHS executives within the Group, were held under the coordination of the Industrial Relations Directorate. In the meetings common issues concerning all workplaces were discussed and evaluated.

In 2013, preliminary evaluations were carried out for fire risk at the factories within the Group. A Fire Safety Workshop was conducted with the OHS specialists of the 14 factories with the highest fire risk. Regarding work on fire safety, each factory identified its own risks and manuals on the subject were prepared and sent to the factories.

For the purpose of reducing workplace accidents, a Workplace Accidents Evaluation Commission has been formed based on the accident investigation root cause analysis. The Commission evaluated workplace accidents caused by “Being Crushed between Two Objects” and “Glass Punctures” one by one. The Commission report containing case studies and recommendations was shared with our factories.

For the purpose of the effective establishment of a culture of Occupational Health and Safety in all workplaces, events were organized at our factories during the National OHS Week, which is the first week of May. In this manner, the OHS rules and practices were communicated to employees in entertaining ways. The dissemination of the OHS culture was ensured by raising the awareness of employees through drama performances on the theme of Occupational Health and Safety at factories, as well as by drawing employee attention to the issue through the OHS surveys. In addition, our OHS objective was furthered by raising employee motivation through giving small rewards after the survey, plus organizing a painting competition among the children of employees in order to show that the OHS culture affects not only the workplace, but also life in general.

Şişecam creates **value-added, creative and innovative solutions** which give the Group a competitive advantage on the global market.

Information and Communication Technologies

The Information Technologies Department, which contributes effectively to the profitable and rapid growth of the Şişecam Group with quality, innovative, sustainable and economical services and solutions, continued to provide competitive advantage to the Group in the global market with value-added and innovative projects throughout the 2013 fiscal period.

Under this framework, the aim is to ensure rapid returns on investments achieved in the information technologies infrastructure, to create cost advantages and to contribute to sustainable growth by acting in line with the following principles:

- Establishing structures that will support the decision-making and control processes of top management in the area of computer and communication systems within the Group,
- Bringing information technologies services and solutions into complied with corporate and international standards and ensuring the continuity, consistency and sustainability of this environment,
- Providing services based on customer expectations with customer and process-focused approaches, as well as emphasizing operational areas and technological growth which meet expectations of flexible business processes that can be measured and continuously improved in terms of service levels,
- Monitoring technological developments and providing high-quality, rapid and cost-effective solutions to the requirements of the business units,
- Offering processes running on the B2B/B2C platforms collaborated with customers and suppliers
- Developing talents and potentials as an investment increasing human capital or improving productivity and back up planning of the human resources in the information technologies area

Major projects completed in 2013 are as follows:

The Şişecam E-Invoice, E-Book, E-Seal Project

The use of the Electronic Invoice (E-Invoice) has been made compulsory between parties registered with the system by the General Communiqué on the Tax Procedural Code, in force as of September 1, 2013. As a result of projects implemented in 2013, the integration of the E-Invoice Platform with the Enterprise Resource Planning systems of the Group has been finalized. In conjunction with the completion of parallel projects, preparations for transition to the E-Book application have been completed as well. Also, the Financial Seal Electronic Certificate (E-Seal) system, to be used for certification of the E-invoice, has been implemented under the scope of the project. The infrastructure, containing the electronic seals obtained for 17 companies from the Public Certification Center, stored in the network platforms for the purposes of guaranteeing the confidentiality, integrity, codes and content of the data, has been developed and launched.

The Şişecam Corporate Performance Management Project

Şişecam has completed a project implementing a web and mobile-based platform helps strategic alignment providing the management of Corporate Performance Scorecards via the system, with a view of increasing the corporate performance and achieving the strategic targets of the Group, gaining visibility into departmental performance and each department's contribution to organizational goals of individual companies within the Group. The solution helps to create and prioritize, and manage initiatives and meet task and subtask, milestones with a range of activities to meet strategic objectives to be achieved by the Group companies and their units, plus enabling managers to administrate these activities and track their initiatives.

The project covers all the companies and affiliates of the Şişecam Group, both in Turkey and internationally, namely Russia, Bulgaria, Georgia, Italy, Romania, Ukraine, Bosnia-Herzegovina and Egypt.

The ERP Project at the Glass Packaging Group's Anadolu Cam Eskişehir San A.Ş.

The Eskişehir glass packaging plant of the Glass Packaging Group was originally established with two

furnaces, to run at a capacity of 180,000 tons per year, on November 22, 2011. These furnaces were not put into use until their opening last year, the first becoming operational in February of 2013 and the second one a month later, in March. In order to ensure the uniformity of operations throughout the Glass Packaging Group's Ruscam Companies, the Enterprise Resource Planning (ERP) project has been positioned and finalized successfully in 2013, concurrently with the investment operations.

The ERP, and Wireless Network Infrastructure Project at the Glassware Group's Paşabahçe Stores

The project has been finalized for the renovation of the software and infrastructure technology in the Retail Business of the Glassware Group connecting with critical point-of-sales (POS) of Stores and headquarters processes with enterprise resource planning (ERP) and financials for a comprehensive solution that delivers value in every area of the organization including all retail business areas , together with 42 Stores, plus the new ones to be opened. Paşabahçe Mağazaları A.Ş. can now manage stores centrally and optimize supply chain with integrated purpose-built retail components that work together. In parallel with this project, the wireless network infrastructure at Paşabahçe Stores has been upgraded. The newly implemented wireless network infrastructure has been implemented in connection with the current Network Management System established at İş Tower 3. Thus, quality and high accessibility has been ensured alongside a technologically safe and uninterruptible service.

The ERP Project for the Flat Glass Group Trakya Automotive Glass, Home Appliance and Energy Glass

The Turkish and Bulgarian companies of the Flat Glass Group that operate in the automotive glass, home appliance glass and energy glass segments have completed the transition to the Şişecam standard in the area of Enterprise Resource Planning (ERP) developing customer collaboration in a single EDI platform and automatizing manufacturing processes to create BOMs, routing, work center, plan orders, production order and confirmation. This transformation ensures uniformity of the operations with other business segments of the Flat Glass Group and traceability of the business processes from end to end and centrally.

The EAD HCM PA Project at the Flat Glass Group's Trakya Glass Bulgaria

The centrally-operated Human Resources Management System Platforms, designed and managed centrally for the companies of the Group operating abroad, has been launched for our Trakya Glass Bulgaria EAD company and all of its affiliated operations regarding local legislations and The Group wide HR operation standards.

The Group's HR IDEA PLACE System

The "IDEA PLACE" has been established as a place for submitting innovative solutions for The Group, as well as a platform for suggestions and feedback. The vision of Idea Place in which employees of the Group, as well as workers of sub-contractors and trainees participate, ensures the collection and evaluation of suggestions and ideas they offer which should comply with the strategies and targets of the Group and that generates added value and innovation. Within this scope, suggestions and ideas made are approved and evaluated by the Corporate Idea Management Team and while the entire process is tracked the activities over an electronic platform. By means of Idea Place Project, process optimization and cost savings are targeted through the collection of suggestions that will provide added value, evaluation of such ideas in a sound manner, individual and unıque contribution to the Group and the ultimate implementation of feasible proposals.

The Şişecam Group continues to work on projects contributing to society in the fields of **culture & the arts, education, environment** and **sports.**

Corporate Social Responsibility

CONTRIBUTION TO CULTURAL VALUES

The Collection of Antique Glass Works

Şişecam's collection of 527 antique glass works, assembled as a result of a long and diligent project to preserve cultural values, is registered with the Archeology Museum of Istanbul. The collection is on exhibition in a special hall in the Şişecam head office building. 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 History-Culture-Glass Collections

The first of the History-Culture-Glass collections, reflecting the historical and cultural background of Anatolia through glass art works, was presented in 1999. This project was initiated in line with the mission of the Şişecam Group to preserve and pass on our cultural heritage to the coming generations. In all, 414 glass items with artistic value have been produced so far under the 12 series of the glass collections, so far Each of these works has been produced in limited numbers. In 2013, the Zevk-i Selim Collection was added to the series. The prior 11 collections wereOttoman Collection, Islamic Glass Collection, Çeşm-i Bülbül Collection, Mosaic Collection, Beykoz, Collection,Anatolian Civilizations Collection, Blue and White on Glass Collection, Calligraphy on Glass Collection, Patience and Reconciliation Collection, Alliance of Civilizations Collection, Mystery of 7 Collection, Aşure Collection, Istanbul Collction and the Talking Banknotes-Coins collections.

CONTRIBUTION TO EDUCATION AND TEACHING

Şişecam grants the Education Incentive Scholarship to employees of the Group and their children for purposes of education. In 2013, scholarships amounting to 2.182.751 TL were granted.

At the primary school located within the lodging site of the Trakya Factory, 81 students in six classrooms received education during the 2012-2013 academic year thanks to the sponsorship of The Şişecam Group. The transportation and food requirements of the students are also provided by the Group.

The Manual Glass Production Plant in Denizli has been providing three years of apprenticeship training programs since 1990, in accordance with the Vocational Education Law. Youth between the ages of 16 to 21 receive theoretical and practical training from qualified workmen, masters and master instructors, in accordance with the master-apprentice tradition. Currently, there are 126 students receiving training.

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. Located in the Organized Industrial Zone in Tarsus, Mersin, it has 24 classrooms and one workshop. This building, which will be handed over to the government in 2014, has been built with a view towards supportingmore young people in attaining an occupation.

CONTRIBUTION TO ENVIRONMENTAL VALUES

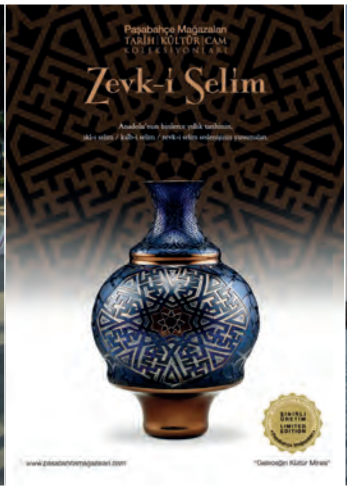
The "Glass and Glass Again" Project, one of the most comprehensive sustainability and social responsibility projects in Turkey

Launched by Anadolu Cam in collaboration with the ÇEVKO Foundation and local administrations in 2011, the "Cam Yeniden Cam" ("Glass and Glass Again") Project is one of the most comprehensive sustainability and social responsibility projects in Turkey. Aiming at supporting the transition to a recycling society by creating a societal behavioral change, the project is being carried out with three basic aims:

- Creating and raising public awareness of recycling glass packaging materials
- Developing infrastructure for the collection of glass packaging wastes
- Modernizing plants that treat glass packaging waste and separation of glass waste from domestic garbage

Under this project, training on recycling has been given to a total of 113.000 primary school students, plus 5.510 containers have been donated. In all, 300.000 tons of glass packaging waste have been recycled since 2011. Because of this project, carbon emissions were reduced by a magnitude equal to a reduction obtainable by the withdrawal of 108.000 cars from circulation. Altogether, the amount of energy saved through recycling reached a level which would meet the heating and hot water needs of 12.600 homes. In collaboration with 55 sub-provincial municipalities in the provinces of Mersin, Ankara, Izmir, 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.

In 2013, a total of 2.750 containers, consisting of 2.000 units for 900 liters and 750 units for 1.200 liters, were donated to the selected sub-province municipalities in



the provinces of Istanbul, Ankara, Izmir, Mersin, Muğla, Kocaeli, Manisa and Tekirdağ. In addition, one glass collection truck each was donated to the Şişli and Marmaris Municipalities, where the potential generation of glass waste is high. On top of this, glass breaking machines were provided to the municipalities for use at restaurants and hotels where glass consumption is intensive.

The Project for the Preservation of the Kazanlı Sea Turtle Population

It is well-known that endangered sea turtles have been using the beach in a district of the province of Mersin as an egg-laying site for hundreds of years.

The objective of "Kazanlı Sea Turtles Project", carried out by Soda Sanayi A.Ş. since 2007, is to preserve the endangered "Caretta Caretta" and "Chelonia Mydas" species of sea turtle and their nesting areas while raising the awareness of the local population on this important issue. Thus, the presence of the endangered sea turtles in the region can provide benefits to eco-tourism as well as the socio-cultural and socio-economic life of the area. The most important contribution to the "Kazanlı Sea Turtles Project" comes from local 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, the active participation of new volunteers in the venture is encouraged through meetings. In 2013, the number of turtle nests within the coastline of the Kazanlı District was highest ever on record.

Forestation

An area of 5.000 to 10.000 square meters within the sites of all Şişecam plants is allocated to forestation. In addition, Şişecam Memorial Forests are brought to life in all regions where Şişecam have operations.

In the Yalıköy region, where Camiş Madencilik A.Ş. has quarries and plants, a Şişecam Memorial Forest covering an area of 368.000 square meters is located, a direct consequence of the forestation projects started in 2000. Tree planting activities initiated by Soda Sanayi A.Ş. in the Mersin region in 2006 are traditionally organized each year for the forestation of new areas. As a result of sapling planting ventures started by Denizli Cam Sanayi ve Ticaret A.Ş. in the Cankurtaran region, a mini forest with grown trees covering an area of 3.000 square meters has been developed.

CONTRIBUTION TO SPORTS

The Şişecam Çayırova Sports Club

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

A staff of 100 athletes, ranging from managers, young athletes and trainees in the sports of sailing, rowing and canoeing, serve to help our Club train young athlete for Turkey's national teams, which have achieved widespread success in many sports.

Rowing

Our rowing teams won first prize in the TMOK Sea Rowing Races. The Club's rowers won the team championship in the Youth and Junior Girl's category, second place in the Star Girls category and third place in the Youth Star and Junior Men's category in the Turkish Youth Championships. Our four rowers won third place in the Balkan Youth Championship held in Belgrade, Serbia.

Sailing

The Club's Optimist 5 and Laser 2 sailors obtained Ranking Scores in the Federation Cup Sailing Races and qualified to participate in the Turkish Championship Finals. Our sportspeople achieved great success in winning third place in their categories in the 75th annual Pirat League Cup and second place in Turkey in the Pirat Turkey Championship. In the Pirat League, our two sailors won the right to represent Turkey in the Pirat World Cup Races to be held in 2014 as a result of their success in the National Team Selection Races.

Canoeing

In canoeing, our athletes achieved great success, winning 28 first place, 24 second place and 16 third place awards in national competitions and garnering one first place, four second place and four third place awards in international races. In the 17th Mediterranean Games, held in Mersin in 2013, one of our sportswomen placed sixth in the finals and one sportsman won the third place in the finals, which was the first medal ever won by the Turkish National Team in canoeing at these Games.

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.

Risk Management and Internal Audit

Alongside the uncertainty caused by the global crisis since 2008, intense competitive conditions, rising customer expectations, tightening legal regulations and higher corporate governance awareness have caused all the stakeholders, particularly shareholders, to demand higher risk assurance. As a result of these developments, companies have begun to continuously question the adequacy of their risk management and internal audit processes. The Şişecam Group has been undertaking this process of inquiring on an ongoing basis, addressing potential risks with a proactive approach and carrying out its audit activities from a risk-based perspective. In addition to these activities, which are an important indicator that the Group has adopted corporate governance principles as the guide for all of its activities, projects on "compliance management" were conducted in 2013. Through this work, the goal of ensuring the adoption and internalization of the internal regulations of the Group in a more expansive manner has been set.

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 2013 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 T.Şişe ve Cam Fabrikaları A.Ş.

1. We have audited the accompanying consolidated statement of financial position of T.Şişe ve Cam Fabrikaları A.Ş. ("the Company") and its Subsidiaries (collectively referred to as the ''Group") as at 31 December 2013 and the related 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 year then ended and a summary of significant accounting policies and 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 the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

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. 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 audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessment; the Group's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Group and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of T.Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries as at 31 December 2013 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

Reports on independent auditor's responsibilities arising from other regulatory requirements

5. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, 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 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

6. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet, therefore no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 25 May 2012 and it is comprised of 5 members.

The committee has met 6 times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

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

Haluk Yalçın, SMMM
Partner

Istanbul, 6 March 2014

Consolidated Statement of Financial Position at 31 December 2013 and 31 December 2012

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

ASSETS	Notes	31 December 2013	Restated (Note 2) 31 December 2012
Current Assets		**4.686.223.346**	**3.448.660.633**
Cash and cash equivalents	6	1.953.138.390	1.160.025.125
Financial assets	7	880.265	-
Trade receivables	10,37	1.154.730.742	972.510.825
- Due from related parties	*37*	*15.992.500*	*6.244.450*
- Other trade receivables	*10*	*1.138.738.242*	*966.266.375*
Other receivables	11,37	85.137.088	29.611.113
- Due from related parties	*37*	*22.458.811*	*11.802.676*
- Other receivables	*11*	*62.678.277*	*17.808.437*
Inventories	13	1.243.774.349	1.094.801.504
Prepaid expenses	14	76.383.449	45.006.726
Current income tax assets	35	5.392.177	15.230.543
Other current assets	15,26	149.786.077	131.474.797
Subtotal		**4.669.222.537**	**3.448.660.633**
Assets held for sale	34	17.000.809	-
Non-current Assets		**6.796.405.650**	**5.272.946.893**
Financial assets	7	82.665.765	82.657.939
Other receivables	11	2.536.937	8.502.040
Investments accounted for under equity accounting	16	449.299.322	243.333.548
Investment properties	17	426.298.791	426.298.791
Property, plant and equipment	8,18	5.446.561.260	4.142.705.392
Intangible assets	19,20	110.398.766	71.324.130
- Goodwill	*20*	*31.534.049*	*22.222.492*
- Other intangible assets	*19*	*78.864.717*	*49.101.638*
Prepaid expenses	14	60.002.528	191.578.151
Deferred tax assets	35	188.961.418	94.424.648
Other non-current assets	26	29.680.863	12.122.254
TOTAL ASSETS		**11.482.628.996**	**8.721.607.526**

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

Consolidated Statement of Financial Position at 31 December 2013 and 31 December 2012

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

LIABILITIES	Notes	31 December 2013	Restated (Note 2) 31 December 2012
Current Liabilities		**1.839.569.688**	**1.907.532.114**
Short term borrowings	8	365.531.721	368.976.492
Short term portion of long term borrowings	8	484.865.721	827.489.271
Trade payables	10,37	677.579.772	523.313.050
- Due to related parties	*37*	*52.111.545*	*29.572.594*
- Other trade payables	*10*	*625.468.227*	*493.740.456*
Liabilities for employee benefits	24	20.722.243	17.195.616
Other payables	11,37	17.466.061	24.589.523
- Due to related parties	*37*	*2.328.277*	*10.274.173*
- Other payables	*11*	*15.137.784*	*14.315.350*
Derivative instruments	12	4.154.651	-
Deferred income	14	69.461.852	52.858.223
Current income tax liabilities	35	58.987.843	20.127.834
Short term provisions	22,24	62.790.535	24.303.218
- Provisions for employee benefits	*24*	*11.397.142*	*9.686.527*
- Other short term provisions	*22*	*51.393.393*	*14.616.691*
Other current liabilities	15,26	78.009.289	48.678.887
Non-current Liabilities		**3.027.758.041**	**1.208.135.020**
Long term borrowings	8	2.733.799.270	931.296.559
Other payables	11	1.486.305	368.170
Deferred income	14	4.158.780	1.789.456
Provisions for employement benefits	24	255.604.541	234.869.417
Deferred tax liabilities	35	32.709.145	39.811.418
EQUITY	**27**	**6.615.301.267**	**5.605.940.392**
Equity holders of the parent	**27**	**5.494.471.013**	**4.635.745.595**
Paid-in share capital		1.571.000.000	1.500.000.000
Adjustments to share capital		241.425.784	241.425.784
Treasury shares (-)		-	(58.966.447)
Share premium		527.051	527.051
Other comprehensive income/expense not to be reclassified to profit or loss			343.658.329
- Gain/loss on revaluation and remeasurement		*365.751.130*	*365.676.206*
- Funds for actuarial gain/(loss) on employee termination benefits		*(22.092.801)*	*(22.092.801)*
Other comprehensive income/expense to bereclassified to profit or loss		302.849.554	102.829.615
- Currency translation differences		*303.249.106*	*102.775.159*
- Hedging reserves		*(461.440)*	*-*
- Financial asset revaluation fund		*61.888*	*54.456*
Restricted reserves		60.897.508	48.895.020
Retained earnings		2.542.250.282	2.152.273.912
Net profit for the year		431.862.505	305.177.255
Non-controlling Interests	**27**	**1.120.830.254**	**970.194.797**
TOTAL LIABILITIES AND EQUITY		**11.482.628.996**	**8.721.607.526**

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

Consolidated Statements of Income for the Years Ended 31 December 2013 and 2012

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

	Notes	1 January-31 December 2013	Restated (Note 2) 1 January-31 December 2012
Revenue	28	5.954.193.854	5.319.881.130
Cost of sales (-)	28	(4.460.494.581)	(3.915.735.697)
Gross Profit from trading activity		**1.493.699.273**	**1.404.145.433**
General administrative expenses (-)	29,30	(570.672.636)	(482.616.404)
Marketing expenses (-)	29,30	(531.640.986)	(470.011.545)
Research and development expenses (-)	29,30	(39.419.287)	(28.238.959)
Other operating income	31	351.427.826	138.791.186
Other operating expenses (-)	31	(218.921.173)	(141.002.722)
Income from investments in associates and joint ventures	16	36.891.498	27.728.988
Operating Profit		**521.364.515**	**448.795.977**
Income from investing activities	32	123.590.966	15.925.094
Expenses from investing activities (-)	32	(9.721.636)	(15.498.178)
Operating profit before financial income and expense		**635.233.845**	**449.222.893**
Financial income	33	1.179.306.922	751.294.932
Financial expenses (-)	33	(1.334.570.442)	(823.494.273)
Profit/loss before tax from continued operations		**479.970.325**	**377.023.552**
Tax income/expense from continued operations		**(25.954.881)**	**(44.901.234)**
- Taxes on income	35	(132.389.564)	(94.854.762)
- Deferred tax income	35	106.434.683	49.953.528
Profit for the year		**454.015.444**	**332.122.318**
Attributable to:			
- Non-controlling interest	27	22.152.939	26.945.063
- Equity holders of the parent	**27**	**431.862.505**	**305.177.255**
Earnings per share	**36**	**0,2749**	**0,1943**

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

Consolidated Statements of Comprehensive Income for the Years Ended 31 December 2013 and 2012

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

	Notes	1 January-31 December 2013	Restated (Note 2) 1 January-31 December 2012
Profit for the Period	**27**	**454.015.444**	**332.122.318**
Other Comprehensive Income			
Items not to be reclassified to profit or loss	**27**	**167.107.590**	**178.617.573**
Revaluation of investment properties		175.902.727	201.975.404
Funds for actuarial gain/(loss) on employee termination benefits		-	(16.547.517)
Deferred tax loss		(8.795.137)	(6.810.314)
Items to be reclassified to profit or loss	**27**	**225.151.869**	**(24.462.113)**
Currency translation differences		226.287.952	(24.430.542)
Fair value gain/ (loss) on financial assets		7.826	(33.231)
Gains/(losses) on cash flow hedging		(1.429.397)	-
Deferred tax gain/ (loss)		285.488	1.660
Other Comprehensive Income/ (Loss)		**392.259.459**	**154.155.460**
Total Comprehensive Income		**846.274.903**	**486.277.778**
Attributable to			
- Non-controlling interest		79.246.072	25.646.804
- Equity holders of the parent		**767.028.831**	**460.630.974**
Earnings per share	**36**	**0,4882**	**0,2932**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Changes In Equity for the Years Ended 31 December 2013 and 2012

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

					Other Comprehensive Income not to be reclassified to profit or loss		Other Comprehensive Income to be reclassified to profit or loss			Retained Earnings				
	Paid-in Capital	Adjustment to Share Capital	Treasury Shares (-)	Share Premium	Revaluation Funds	Other Income/ Losses	Currency Translation Differences	Other Income/ Losses	Restricted Reserves	Retained Earnings	Net Profit for the Year	Equity Attributable to Equity Holders the Parent	Non Controlling Interest	Total Equity
Balance at 1 January 2012	1.300.000.000	241.425.784	-	527.051	181.406.172	-	120.457.445	86.027	42.815.953	1.683.880.239	631.505.111	4.202.103.782	954.217.109	5.156.320.891
Impact of amendment in TAS 19 "Employee Benefits" (Note 2)	-	-	-	-	-	(10.990.343)	-	-	-	7.938.193	3.052.150	-	-	-
Restated at 1 January	1.300.000.000	241.425.784	-	527.051	181.406.172	(10.990.343)	120.457.445	86.027	42.815.953	1.691.818.432	634.557.261	4.202.103.782	954.217.109	5.156.320.891
Transfers to reserves	-	-	-	-	-	-	-	-	6.079.067	628.478.194	(634.557.261)	-	-	-
Total comprehensive income	-	-	-	-	184.270.034	(11.102.458)	(17.682.286)	(31.571)	-	-	305.177.255	460.630.974	25.646.804	486.277.778
Capital increase	146.804.583	-	(5.771.030)	-	-	-	-	-	-	(141.033.553)	-	-	47.563.341	47.563.341
Dividends	-	-	-	-	-	-	-	-	-	(52.000.000)	-	(52.000.000)	(5.026.325)	(57.026.325)
Impact of acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(639.611)	(639.611)
Increases/(decreases) due to changes in ownership rate of subsidiaries that do not result of the loss of control)	-	-	-	-	-	-	-	-	-	25.010.839	-	25.010.839	(51.566.521)	(26.555.682)
Merger by partial disposal	53.195.417	-	(53.195.417)	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2012	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

					Other Comprehensive Income not to be reclassified to profit or loss		Other Comprehensive Income to be reclassified to profit or loss			Retained Earnings				
	Paid-in Capital	Adjustment to Share Capital	Treasury Shares (-)	Share Premium	Revaluation Funds	Other Income/ Losses	Currency Translation Differences	Other Income/ Losses	Restricted Reserves	Retained Earnings ı	Net Profit for the Year	Equity Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
Balance at 1 January 2013	1.500.000.000	241.425.784	(58.966.447)	527.051	365.676.206	-	102.775.159	54.456	48.895.020	2.141.283.569	294.074.797	4.635.745.595	970.194.797	5.605.940.392
Impact of amendment in TAS 19 "Employee Benefits" (Note 2)	-	-	-	-	-	(22.092.801)	-	-	-	10.990.343	11.102.458	-	-	-
Restated at 1 January	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 of the loss of control)		-	-	-	-	-	-	-	-	(20.669.495)	-	(20.669.495)	20.669.495	-
Transactions with non controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(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 equi

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

Consolidated Cash Flows Statements for the Years Ended 31 December 2013 and 2012

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

	Notes	1 January-31 December 2013	Restated (Note 2) 1 January-31 December 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES		**546.814.691**	**726.765.730**
Net profit for the year	**27**	**454.015.444**	**332.122.318**
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		**572.570.958**	**678.140.139**
- Depreciation and amortization	18,19	588.037.880	516.322.165
- Adjustments for impairments/reversals	10,11,13	13.959.463	8.304.583
- Changes in provisions	3,22,24	55.157.392	57.122.827
- Interest income and expenses	8,18,31,33	86.029.050	65.067.751
- Unrealized exchange loss/ (gain) on cash and cash equivalents	31,33	(45.549.751)	15.113.636
- Income from associates (net)	16	(36.891.498)	(27.728.988)
- Adjustments for tax income/ losses	35	25.954.881	44.901.234
- Gain/ losses from sales of tangible assets	32	(113.822.199)	(386.499)
- Dividend income	32	(45.952)	(14)
- Changes in other income accruals	26	(258.308)	(538.420)
- Other adjustments related to profit/loss reconciliation	7	-	(38.136)
Changes in net working capital		**(209.300.624)**	**(14.523.394)**
- Increases/decreases in inventories	3,13	(127.599.607)	(113.634.092)
- Increases/decreases in trade receivables	3,10	(110.358.295)	1.536.968
- Increases/decreases in other receivables	3,11,37	(56.450.619)	11.400.009
- Increases/decreases in trade payables	3,10	131.870.750	111.981.939
- Increases/decreases in other payables	3,11,14,26,37	(49.259.508)	(34.400.009)
- Other increases/decreases in net working capital	3,14,26	13.472.755	6.211.537
- Proceeds related to contracts of marketable securities	12,33	(10.976.100)	2.380.254
Cash flows from operating activities		**817.285.778**	**995.739.063**
- Interest paid	8,31,33,37	(176.703.979)	(111.642.844)
- Interest received	31,33,37	40.201.931	172.088
- Current income tax paid	35	(100.628.779)	(123.963.338)
- Employment termination benefits paid	24	(33.340.260)	(33.539.239)

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

Consolidated Cash Flows Statements for the Years Ended 31 December 2013 and 2012

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

	Notes	1 January- 31 December 2013	Restated (Note 2) 1 January- 31 December 2012
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(1.139.442.519)**	**(1.024.468.812)**
- Proceeds from acquisition of subsidiaries	3	9.773.254	(5.325.210)
- Cash inflows from the sale of shares in other entitiesor funds or debt instruments	7,16,32	-	3.826.942
- Cash outflows from the sale of shares in other entitiesor funds or debt instruments	7,16	(142.112.543)	(20.986.014)
- Proceeds from sale of tangible and intangible assets	18,19,32	145.180.904	48.963.313
- Purchases of tangible and intangible assets	18,19	(1.665.007.715)	(1.008.344.935)
- Proceeds from sale of investment properties	17	309.144.567	-
- Advances given	14	(228.452.620)	(105.216.570)
- Proceeds from advances given	14	367.815.359	13.620.929
- Dividend income	16,32	31.418.111	11.011.788
- Interest received	6,33	43.273.535	62.356.299
- Other cash inflows/outflows	3,10,11,26	(10.475.371)	(24.375.354)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**1.024.787.452**	**(45.081.875)**
- Proceeds from the issues of shares and other equity instruments	27	190.848.676	-
- Capital contribution of non-controlling interests	27	76.618.130	47.563.341
- Share transaction with non-controlling interests	27	(17.103.000)	(26.555.682)
- Proceeds from borrowings	8	2.805.406.704	974.373.215
- Repayments of borrowings	8	(1.931.549.544)	(983.000.062)
- Financial leases paid	8	(12.155.680)	(436.362)
- Dividends paid	27	(87.277.834)	(57.026.325)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**432.159.624**	**(342.784.957)**
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN)			
ON CASH AND CASH EQUIVALENTS		**360.461.209**	**(83.966.745)**
- Foreign exchange gain/ (loss) on cash and cash equivalents	31,33	285.477.086	(69.929.191)
- Effect of currency translation differences	27	74.984.123	(14.037.554)
NET (INCREASE)/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**792.620.833**	**(426.751.702)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	**1.158.326.783**	**1.585.078.485**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)	6	**1.950.947.616**	**1.158.326.783**

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

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

1. Group's Organization 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"), 57 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 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 78 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 Istanbul A.Ş. ("BIAŞ"), formerly named as Istanbul Stock Exchange ("ISE"), 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 / Türkiye

Telephone : + 90 (212) 350 50 50

Facsimile :+ 90 (212) 350 57 87

http://www.sisecam.com

Trade Register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu

Registery no : 21599

Central Legal Entity Information System: 0–8150–0344–7300016

Personnel structure of the Group:

	31 December 2013	31 December 2012
Personnel paid by monthly	6.406	5.679
Personnel paid by hourly	13.835	12.159
Total	**20.241**	**17.838**

1. Group's Organization 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 Yenişehir 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 Glassware, auto glass, white goods, and mirror	Bulgaria
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 Kuban OOO	Production and sales of flat glass	Russia
Trakya Glass Rus ZAO	Production and sales of flat glass	Russia
Automotive Glass Alliance Rus ZAO	Production and sales of automative glass	Russia
Automotive Glass Alliance Rus Trading OOO(3) Importing and sales services	Russia	
Trakya Glass Rus Trading OOO (3)	Importing and sales services	Russia
Glasscorp S.A.	Production and sales of flat glass	Romania
Fritz Holding GmbH (6)	Holding services	Germany
Richard Fritz Inc. (6)	Glass encapsulation production and sales services	America
Fritz Beteiligungsgesellschaft GmbH (6)	Glass encapsulation production and sales services	Germany
Richard Fritz Spol S.R.O. (6)	Glass encapsulation production and sales services	Slovakia
Richard Fritz GmbH+Co. KG (6)	Glass encapsulation production and sales services	Germany
Richard Fritz Prototype+Spare Parts GmbH (6)	Glass encapsulation production and sales services	Germany
Richard Fritz Kft (6)	Glass encapsulation production and sales services	Hungary

Joint ventures	Nature of business	Country of registration
HNG Float Glass Limited (6)	Production and sales of flat 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. (4)	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

1. Group's Organization 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 (3)	Finance and investment company	Russia
OOO Ruscam Glass Packaging Holding (7)	Production and sales of glass packaging	Russia
OOO Ruscam	Production and sales of glass packaging	Russia
OOO Ruscam Kuban	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. (5)	Production and sales of moulds	Turkey
OOO Balkum (5)	Sand mining and sales	Russia

Joint ventures	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
Asmaş Ağır Sanayi Makinaları A.Ş.	Manufacturing of heavy industrial machinery	Turkey
Dost Gaz Depolama A.Ş.	Storage and sales of natural gas	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. (3)	Finance and investment company	Netherlands

Joint Ventures	Nature of business	Country of registration
Oxyvit Kimya Sanayii ve Tic. A.Ş. (5)	Vitamin-K manufacturer	Turkey
Rudnik Krecnjaka Vijenac D.O.O. (5)	Production and sales of lime stone	Bosnia-Herzegovina

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

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

1. Group's Organization and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

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

(1) These subsidiaries are listed on the Borsa İstanbul AŞ ("BIST").
(2) This company has a production line operating under glassware segment. Including the logistic activities, all the operations of Trakya Glass Logistics EAD, which is a subsidiary of Trakya Glass Bulgaria EAD by 100%, were given an end and the procedures relating to its merger with its only shareholders, Trakya Glass Bulgaria EAD was completed as of 12 September 2013.
(3) These companies were founded in 2013.
(4) Paşabahçe Cam Sanayii and Tic. A.Ş. and Paşabahçe Eskişehir Cam Sanayii ve Tic. A.Ş., subsidiaries of the Group, merged on 31 January 2013.
(5) These companies are accounted for as equity accounting method by the amendment in IFRS 11"Joint Arrangements" , which is effective from 1 January 2013, whereas they were accounted for by way of proportionate consolidation through the direct and indirect ownership rate of 50% for 2012 and prior periods.
(6) These companies were acquired in 2013.
(7) The name of OOO Ruscam Kirishi was changed to OOO Ruscam Glass Packaging on 1 July 2013 and OOO Ruscam Ufa merged with OOO Ruscam Glass Packaging on 1 October 2013.

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

Subsidiaries of Flat Glass Group

	31 December 2013		31 December 2012	
Company's name	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 Yenişehir 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	77,58	100,00	77,49
Trakya Cam Investment B.V.	100,00	77,58	100,00	77,49
TRSG Autoglass Holding B.V.	100,00	69,79	70,00	48,85
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	100,00	69,79
Trakya Glass Rus ZAO	100,00	48,85	100,00	48,85
Automotive Glass Alliance Rus ZAO	100,00	69,79	100,00	48,85
Automotive Glass Alliance Rus Trading OOO	100,00	69,79	-	-
Trakya Glass Rus Trading OOO	100,00	48,85	-	-
Glasscorp S.A.	90,00	62,81	90,00	62,81
Fritz Holding GmbH	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	-	-
Richard Fritz GmbH+Co. KG	100,00	69,79	-	-
Richard Fritz Prototype+Spare Parts GmbH	100,00	69,79	-	-
Richard Fritz Kft	100,00	69,79	-	-

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

1. Group's Organization and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

Joint Ventures of Flat Glass Group

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

Associates of Flat Glass Group

	31 December 2013		31 December 2013	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Saint Gobain Glass Egypt S.A.E.	30,82	21,50	20,00	13,96

Subsidiaries of Glassware Group

	31 December 2013		31 December 2013	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99,45	95,77	99,41	95,45
Paşabahçe Mağazaları A.Ş.	100,00	86,18	100,00	89,11
Camiş Ambalaj Sanayii A.Ş.	100,00	100,00	100,00	100,00
Denizli Cam Sanayii ve Tic. A.Ş.	51,00	47,83	51,00	47,80
Paşabahçe Investment B.V.	100,00	95,77	100,00	95,45
OOO Posuda	100,00	95,77	100,00	95,45

Subsidiaries of Glass Packaging Group

	31 December 2013		31 December 2013	
Company's name	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
AC Glass Invest B.V. (*)	-	-	100,00	40,35
Balsand B.V.	51,00	40,35	51,00	40,35
OOO Ruscam Management Company	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 Kuban	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

(*) The shares were purchased by Balsand B.V. on 15 November 2013 in accordance with put option agreement at a rate of 40%, made with European Bank for Reconstruction and Development ("EBRD"). AC Glass Invest B.V. merged with Balsand B.V, its shareholder by 100% on 31 December 2013.

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

1. Group's Organization and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

Joint Ventures of Glass packaging

	31 December 2013		31 December 2012	
Company's Name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	50,00	39,57	50,00	39,57
OOO Balkum	50,00	20,18	50,00	20,18

Associates of Glass Packaging

	31 December 2013		31 December 2012	
Company's Name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
OAO FormMat	48,46	19,55	48,46	19,55

Subsidiaries of Chemicals Group

	31 December 2013		31 December 2012	
Company's Name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Soda Sanayii A.Ş.	89,70	82,70	89,70	82,70
Cam Elyaf Sanayii A.Ş.	99,01	95,63	99,01	91,05
Camiş Elektrik Üretim A.Ş.	100,00	84,09	100,00	84,09
Camiş Madencilik A.Ş.	100,00	100,00	100,00	100,00
Madencilik Sanayii ve Tic. A.Ş.	100,00	99,52	100,00	99,06
Asmaş Ağır Sanayi Makinaları A.Ş.	99,98	85,28	99,98	85,28
Dost Gaz Depolama A.Ş.	100,00	85,31	100,00	85,31
Şişecam Bulgaria EOOD	100,00	82,80	100,00	82,70
Cromital S.p.A	100,00	82,88	100,00	82,70
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Şişecam Soda Lukavac D.O.O.	89,30	73,94	89,30	73,85
Şişecam Chem Investment B.V.	100,00	82,80	-	-
Camiş Rus ZAO (*)	-	-	100,00	100,00

(*) Camiş Rus Zao, which is an inactive company operating under chemicals segment was closed on13 September 2013.

Joint Ventures of Chemicals Group

	31 December 2013		31 December 2012	
Company's Name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Oxyvit Kimya Sanayii ve Tic. A.Ş.	50,00	42,35	50,00	42,30
Rudnik Krecnjaka Vijenac D.O.O.	50,00	50,00	50,00	50,00

Associates of Chemicals Group

	31 December 2013		31 December 2012	
Company's Name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Solvay Şişecam Holding AG	25,00	20,70	25,00	20,68

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

1. Group's Organization and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

Other Subsidiaries of the Group

	31 December 2013		31 December 2012	
Company's Name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Camiş Limited	100,00	98,73	100,00	98,64
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	99,96	100,00	99,97
Şişecam Dış Ticaret A.Ş.	100,00	100,00	100,00	99,99

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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

The financial statements of the consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

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.

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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.

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.

In accordance with the decision taken in the CMB meeting numbered 20/670 held on 7 June 2013, and in compliant with the announcement related to the format of financial statements and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period.

The Group restated its prior periods' consolidated financial statements in accordance with the amendments in IAS 19 "Employee Benefits" and IFRS 11 "Joint Arrangements", which are effective from 1 January 2013. The amendment provides transition relief in IFRS 10,11and 12 limiting the requirement to provide adjusted comparative period.

The Impact of Amendment in TAS 19 "Employee Benefits"

In accordance with the amendment in the standard, which is effective from 1 January 2013, the actuarial gains/(losses) related to employee benefits are required to be accounted for under other comprehensive income. The group accounted the actuarial gains/(losses) related to employee benefits for under the consolidated income statement until 31 December 2012. The Group applied the amendment in the standard retrospectively in accordance with the related changes in the accounting policies and the actuarial gains/(losses) disclosed in the related disclosures have been reversed from the consolidated income statement and accounted for under other comprehensive income.

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The Impact of IFRS 11 "Joint Arrangements"

Effective from 1 January 2013, this standard invalidated the application of TAS 31 "Interest in Joint Ventures" The standard splits the joint arrangements into two categories as joint ventures and joint operations and it requires joint ventures to be accounted for as equity accounting method.

The Group's interests in Joint Ventures were accounted for by way of 50% proportionate consolidation as of 31 December 2012. The Group's Joint Ventures are Omco Istanbul Kalip Sanayii and Tic. A.Ş., OOO Balkum, Oxyvit Kimya Sanayii and Tic. A.Ş. and Rudnik Krecnjaka Vijenac D.O.O. In accordance with the amendment in the standard, the consolidated financial statements were restated retrospectively.

In accordance with the amendment in this standard, the disclosures of "Related Party Disclosures", "Financial Instruments and Financial Risk Management" and "Financial Instruments (Fair Value and Hedge Accounting)" were restated retrospectively.

As of 31 December 2012, some reclassifications in the statement of cash flows were made with the purpose of compliance with the TAS 1 "Presentation of Financial Statements" and TAS 7 "Statements of Cash Flows".

The reconciliations of the consolidated statement of financial position as of 31 December 2012 and consolidated statement of income for the period ended 31 December 2012, which were restated as of 31 December 2013, are as follows:

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Comparatives and restatement of prior periods' financial statements

Statement of Financial Position

ASSETS	Previously Reported 31 December 2012	Impact of Change in the CMB Format of financial statement	The Impact of Amendment in TFRS-11	The Impact of Amendment in TAS-19	Restated 31 December 2012
Current Assets	**3.461.000.196**	**-**	**(12.339.563)**	**-**	**3.448.660.633**
Cash and cash equivalents	1.164.323.277	-	(4.298.152)	-	1.160.025.125
Trade receivables	971.557.120	-	953.705	-	972.510.825
- Due from related parties.	*3.996.175*	-	*2.248.275*	-	*6.244.450*
- Other trade receivables	*967.560.945*	-	*(1.294.570)*	-	*966.266.375*
Other receivables	32.007.600	-	(2.396.487)	-	29.611.113
- Due from related parties	*13.760.445*	-	*(1.957.769)*	-	*11.802.676*
- Other receivables	*18.247.155*	-	*(438.718)*	-	*17.808.437*
Inventories	1.100.524.358	-	(5.722.854)	-	1.094.801.504
Prepaid expenses	-	45.694.666	(687.940)	-	45.006.726
Current income tax asset	-	15.230.543	-	-	15.230.543
Other current assets	192.587.841	(60.925.209)	(187.835)	-	131.474.797
Non-current Assets	**5.261.924.466**	**-**	**11.022.427**	**-**	**5.272.946.893**
Financial Investments	82.657.939	-	-	-	82.657.939
Other receivables	8.502.140	-	(100)	-	8.502.040
Investments accounted for under equity accounting	203.074.615	-	40.258.933	-	243.333.548
Investment properties	426.298.791	-	-	-	426.298.791
Property, plant and equipment	4.170.794.288	-	(28.088.896)	-	4.142.705.392
- Financial leasing.	*7.780.185*	-	-	-	*7.780.185*
- Other tangible assets.	*4.163.014.103*	-	*(28.088.896)*	-	*4.134.925.207*
Intangible assets	72.279.692	-	(955.562)	-	71.324.130
- Goodwill	*23.094.005*	-	*(871.513)*	-	*22.222.492*
- Other intangible assets	*49.185.687*	-	*(84.049)*	-	*49.101.638*
Prepaid expenses	-	191.613.403	(35.252)	-	191.578.151
Deferred tax assets	94.581.344	-	(156.696)	-	94.424.648
Other non-current assets	203.735.657	(191.613.403)	-	-	12.122.254
TOTAL ASSETS	**8.722.924.662**	**-**	**(1.317.136)**	**-**	**8.721.607.526**

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Comparatives and restatement of prior periods' financial statements

LIABILITIES	Previously Reported 31 December 2012	Impact of Change in the CMB Format of financial statement	The Impact of Amendment in TFRS-11	The Impact of Amendment in TAS-19	Restated 31 December 2012
Current Liabilities	**1.904.873.689**	**-**	**2.658.425**	**-**	**1.907.532.114**
Short term financial liabilities	1.199.567.957	(827.498.243)	(3.093.222)	-	368.976.492
Short term portion of long term financial liabilities	-	827.498.243	(8.972)	-	827.489.271
Trade payables	507.155.761	-	16.157.289	-	523.313.050
- Due to related parties	*9.262.324*	-	*20.310.270*	-	*29.572.594*
- Other trade payables	*497.893.437*	-	*(4.152.981)*	-	*493.740.456*
Employee benefit obligations	-	17.372.803	(177.187)	-	17.195.616
Other payables	71.961.078	(38.527.146)	(8.844.409)	-	24.589.523
- Due to related parties	*17.647.146*	-	*(7.372.973)*	-	*10.274.173*
- Other payables	*54.313.932*	*(38.527.146)*	*(1.471.436)*	-	*14.315.350*
Deferred income		52.982.406	(124.183)	-	52.858.223
Current income tax liabilities	20.599.113	-	(471.279)	-	20.127.834
Short term provisions	24.464.641	-	(161.423)	-	24.303.218
- Provisions for employee benefits.	*9.748.605*	-	*(62.078)*	-	*9.686.527*
- Other short term provisions	*14.716.036*	-	*(99.345)*	-	*14.616.691*
Other current liabilities	81.125.139	(31.828.063)	(618.189)	-	48.678.887
Non-current Liabilities	**1.212.110.581**	**-**	**(3.975.561)**	**-**	**1.208.135.020**
Long term financial liabilities	932.777.329	-	(1.480.770)	-	931.296.559
Other payables	1.011.750	-	(643.580)	-	368.170
Deferred income	-	1.888.206	(98.750)	-	1.789.456
Provisions for employee benefits	236.342.087	-	(1.472.670)	-	234.869.417
Deferred tax liabilities	40.091.209	-	(279.791)	-	39.811.418
Other non-current liabilities	1.888.206	(1.888.206)	-	-	-
EQUITY	**5.605.940.392**	**-**	**-**	**-**	**5.605.940.392**
Shareholders' Equity	**4.635.745.595**	**-**	**-**	**-**	**4.635.745.595**
Paid-in capital	1.500.000.000	-	-	-	1.500.000.000
Adjustments to share capital	241.425.784	-	-	-	241.425.784
Treasury shares (-)	(58.966.447)	-	-	-	(58.966.447)
Share premium	527.051	-	-	-	527.051
Revaluation funds	365.730.662	(365.730.662)	-	-	-
Currency translation differences	102.775.159	(102.775.159)	-	-	-
Other comprehensive income/expense not to be reclassified to profit or loss.	-	365.676.206	-	(22.092.801)	343.583.405
- Gain/loss on revaluation and remeasurement	-	*365.676.206*	-	-	*365.676.206*
- Funds for actuarial gain/(loss) on employee termination benefits	-	-	-	*(22.092.801)*	*(22.092.801)*
Other comprehensive income/expense to be reclassified to profit or loss	-	102.829.615	-	-	102.829.615
- Currency translation differences	-	*102.775.159*	-	-	*102.775.159*
- Financial asset revaluation fund	-	*54.456*	-	-	*54.456*
Restricted reserves.	48.895.020	-	-	-	48.895.020
Retained earnings	2.141.283.569	-	-	10.990.343	2.152.273.912
Net profit for the year	294.074.797	-	-	11.102.458	305.177.255
Non-controlling Interests	**970.194.797**	**-**	**-**	**-**	**970.194.797**
TOTAL LIABILITIES AND EQUITY	**8.722.924.662**	**-**	**(1.317.136)**	**-**	**8.721.607.526**

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Comparatives and restatement of prior periods' financial statements

Statement of Income

	Previously Reported 1 January - 31 December 2012	Impact of Change in the CMB Format of financial statement	The Impact of Amendment in TFRS-11	The Impact of Amendment in TAS-19	Restated 1 January - 31 December 2012
Revenue	5.342.091.704	-	(22.210.574)	-	5.319.881.130
Cost of sales (-)	(3.918.205.368)	-	2.469.671	-	(3.915.735.697)
Gross Profit	**1.423.886.336**	**-**	**(19.740.903)**	**-**	**1.404.145.433**
General administrative expenses (-)	(502.211.358)	-	3.047.437	16.547.517	(482.616.404)
Marketing expenses (-)	(473.030.501)	-	3.018.956	-	(470.011.545)
Research and development expenses (-)	(28.238.959)	-	-	-	(28.238.959)
Other operating income	61.149.361	77.963.916	(322.091)	-	138.791.186
Other operating expenses (-)	(51.502.653)	(90.452.992)	952.923	-	(141.002.722)
Income from investments in associates and joint ventures	-	17.823.933	9.905.055	-	27.728.988
Operating Profit	**430.052.226**	**5.334.857**	**(3.138.623)**	**16.547.517**	**448.795.977**
Income from investments in associates and joint ventures	17.823.933	(17.823.933)	-	-	-
Income from investing activities	-	16.010.067	(84.973)	-	15.925.094
Expenses from investing activities (-)	-	(16.360.792)	862.614	-	(15.498.178)
Operating profit before financial income and expense	**447.876.159**	**(12.839.801)**	**(2.360.982)**	**16.547.517**	**449.222.893**
Financial income	845.809.231	(93.973.983)	(540.316)	-	751.294.932
Financial expenses (-)	(930.954.038)	106.813.784	645.981	-	(823.494.273)
Profit/loss before tax from continued operations	**362.731.352**	**-**	**(2.255.317)**	**16.547.517**	**377.023.552**
Tax income/expense from continued operations	**(43.868.096)**	**-**	**2.255.317**	**(3.288.455)**	**(44.901.234)**
- Taxes on income	*(97.248.973)*	-	*2.394.211*	-	*(94.854.762)*
- Deferred tax income	*53.380.877*	-	*(138.894)*	*(3.288.455)*	*49.953.528*
Profit for the year	**318.863.256**	**-**	**-**	**13.259.062**	**332.122.318**
Attributable to:					
- Non-controlling interest	24.788.459	-	-	2.156.604	26.945.063
- Equity holders of the parent	**294.074.797**	**-**	**-**	**11.102.458**	**305.177.255**

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Comparatives and restatement of prior periods' financial statements

Statement of Income

	Previously Reported 1 January - 31 December 2012	Impact of Change in the CMB Format of financial statement	The Impact of Amendment in TFRS-11	The Impact of Amendment in TAS-19	Restated 1 January - 31 December 2012
Profit for the Year	**318.863.256**	**-**	**-**	**13.259.062**	**332.122.318**
Other Comprehensive Income					
Other comprehensive income/expense not to be reclassified to profit or loss	**191.876.635**	**-**	**-**	**(13.259.062)**	**178.617.573**
Revaluation of investment properties	201.975.404	-	-	-	201.975.404
Funds for actuarial gain/(loss)					
on employee termination benefits	-	-	-	(16.547.517)	(16.547.517)
Deferred tax income/(loss)	(10.098.769)	-	-	3.288.455	(6.810.314)
Other comprehensive income/expense to be reclassified to profit or loss	**(24.462.113)**	**-**	**-**	**-**	**(24.462.113)**
Currency translation differences	(24.430.542)	-	-	-	(24.430.542)
Fair value gain/(loss) on financial assets	(33.231)	-	-	-	(33.231)
Deferred tax income / (expense)	1.660	-	-	-	1.660
Other comprehensive income	**167.414.522**	**-**	**-**	**(13.259.062)**	**154.155.460**
Total comprehensive income	**486.277.778**	**-**	**-**	**-**	**486.277.778**
Attributable to					
- Non-controlling interest	25.646.804	-	-	-	25.646.804
- **Equity holders of the parent**	**460.630.974**	**-**	**-**	**-**	**460.630.974**

Statement of Cash Flows

	Previously Reported 1 January - 31 December 2012	Impact of Change in the CMB Format of financial statement	The Impact of Amendment in TFRS-11	The Impact of Amendment in TAS-19	Restated 1 January - 31 December 2012
Cash flows from operating activities	719.303.358	-	7.462.372	-	726.765.730
Cash flows from investing activities	(1.034.325.861)	15.176.840	(5.319.791)	-	(1.024.468.812)
Cash flows from financing activities	(44.036.785)	409.536	(1.454.626)	-	(45.081.875)
Effects of currency translation difference on					
cash and cash equivalents	(69.953.542)	(15.586.376)	1.573.173	-	(83.966.745)
Net (increase)/(decrease) in cash and Cash equivalents	**(429.012.830)**	**-**	**2.261.128**	**-**	**(426.751.702)**

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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:

	31 December 2013		31 December 2012		31 December 2011	
Currency	Period End	Period Average	Period End	Period Average	Period End	Period Average
US Dollars	2,13430	1,90334	1,78260	1,79219	1,88890	1,67075
Euros	2,93650	2,52904	2,35170	2,30433	2,44380	2,32437
Bulgarian Lev	1,50141	1,29308	1,20241	1,17819	1,24950	1,18843
Egyptian Pounds	0,30915	0,27721	0,28047	0,29654	0,31294	0,28270
Russian Rubles	0,06478	0,05935	0,05808	0,05724	0,05815	0,05635
Georgian Lari	1,22922	1,14423	1,07599	1,08535	1,13087	0,99093
Ukranian Hryvnia	0,26702	0,23813	0,22302	0,22427	0,23641	0,20969
Convertible Mark	1,50141	1,29308	1,20241	1,17819	1,24950	1,18843
New Romanian Leu	0,65397	0,56879	0,52599	0,51296	0,56086	0,54372
Hungarian Forint	0,00989	0,00852	0,00808	0,00797	0,00785	0,00832
Indian Rupee	0,03448	0,03249	0,03254	0,03354	0,03546	0,03581

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.

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Consolidation Principles

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 2013 and 31 December 2012.

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 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 2013, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

2. Basis of Presentation of Consolidated Financial Statements

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 2013 and 31 December 2012. 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.

Available-for-sale investments

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

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

2. Basis of Presentation of Consolidated Financial Statements

2.2 Statement of Compliance to IAS/TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2013 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 2013 are consistent with those used in the preparation of financial statements for the year ended 31 December 2012.

The Group restated its prior periods' consolidated financial statements in accordance with the amendments in IAS 19 "Employee Benefits" in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". The impact of the restatements were stated in Note 2.5

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 2013 are consistent with those used in the preparation of financial statements for the year ended 31 December 2012.

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 standards published by IASB and TASC/IFRIC that are effective as at 1 January 2013 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 2013 and in interim periods to 31 December 2013.

2. Basis of Presentation of Consolidated Financial Statements

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

a. Standards, amendments and TASC/IFRICs effective for annual periods beginning on after 1 January 2013:

- Amendment to TAS/IAS 1, 'Financial statement presentation', regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- Amendment to TAS/IAS 19, 'Employee benefits'; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.
- Amendment to TFRS/IFRS 1, 'First time adoption', on government loans; ; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of TFRS/IFRS, which provides the same relief to first-time adopters granted to existing preparers of TFRS/IFRS financial statements when the requirement was incorporated into TAS/IAS 20 in 2008.
- Amendment to TFRS/IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting¸; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare TFRS/IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- Amendment to TFRS/IFRSs 10, 11 and 12 on transition guidance¸; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before TFRS/IFRS 12 is first applied.
- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013.

These annual improvements, address five issues in the 2009-2011 reporting cycle.

It includes changes to:

- TFRS/IFRS 1, 'First time adoption'
- TAS/IAS 1, 'Financial statement presentation'
- TAS/IAS 16, 'Property plant and equipment'
- TAS/IAS 32, 'Financial instruments; Presentation'
- TAS/IAS 34, 'Interim financial reporting'

2. Basis of Presentation of Consolidated Financial Statements

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

a. Standards, amendments and IFRICs effective for annual periods beginning on after 1 January 2013:

- TFRS/IFRS 10,'Consolidated financial statements'; is effective for annual periods beginning on or after 1 January 2013. The objective of TFRS/IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.
- TFRS/IFRS 11, 'Joint arrangements'; is effective for annual periods beginning on or after 1 January 2013. TFRS/IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- TFRS/IFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013. TFRS/IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- TFRS/IFRS 13, 'Fair value measurement'; is effective for annual periods beginning on or after 1 January 2013. TFRS/IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRS/IFRSs. The requirements, which are largely aligned between TFRS/IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within TFRS/IFRSs or US GAAP.
- TAS/IAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. TAS/IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new TFRS/IFRS 10.
- TAS/IAS 28 (revised 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013. TAS/IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

2. Basis of Presentation of Consolidated Financial Statements

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

a. Standards, amendments and TFRIC/IFRICs effective for annual periods beginning on after 1 January 2013:

- TFRIC/IFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

b. New TFRS/IFRS standards, amendments and TFRIC/IFRICs effective after 1 January 2014

- Amendment to TAS/IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014.These amendments are to the application guidance in TAS/IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to TFRS/IFRS 10,12 and TAS/IAS 27 on consolidation for investment entities is effective for 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 TFRS/IFRS 12 to introduce disclosures that an investment entity needs to make.
- Amendment to TAS/IAS 36, 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses 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 TAS/IAS 39 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
- TFRIC/ IFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS/IAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS/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.

2. Basis of Presentation of Consolidated Financial Statements

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

b. New TFRS/IFRS standards, amendments and TFRIC/IFRICs effective after 1 January 2014

- TFRS/IFRS 9 'Financial instruments' – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace TAS/IAS 39, 'Financial instruments: Recognition and measurement'. TFRS/IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS/IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.
- Amendments to TFRS/IFRS 9'Financial instruments', regarding general hedge. These amendments to TFRS/IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.
- Amendment to TAS/IAS 19 regarding defined benefit plans; ; is effective for 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 2012; is effective for 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 6 standards:
  - TFRS/IFRS 2, 'Share-based payment'
  - TFRS/IFRS 3, 'Business Combinations'
  - TFRS/IFRS 8, 'Operating segments'
  - TAS/IAS 16, 'Property, plant and equipment' and TAS/IAS 38'Intangible assets'
  - Consequential amendments to TFRS/IFRS 9, 'Financial instruments', TAS/IAS 37, 'Provisions, contingent liabilities and contingent assets', and
  - TAS/IAS 39, Financial instruments – Recognition and measurement'
- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
  - TFRS/IFRS 1, 'First time adoption'
  - TFRS/IFRS 3, 'Business combinations'
  - TFRS/IFRS 13, 'Fair value measurement' and
  - TAS/IAS 40, 'Investment property'

2. Basis of Presentation of Consolidated Financial Statements

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

b. New TFRS/IFRS standards, amendments and TFRIC/IFRICs effective after 1 January 2014

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.

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 (Notes 28 and 31).

Sales of Goods

The Group's sales consist of flat glass, glass ware, glass fiber and glass packaging that covers 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.

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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.

Inventories

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

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	8–50 years
Machinery and equipment	3–25 years
Motor vehicles	3–15 years
Furniture and fixtures	2–20 years
Other tangible assets	4–15 years

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

Costs of property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred.

Gain or losses on disposal of property, plant and equipment are included in the related operating income or expense line item 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).

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Intangible assets

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).

Customer Relationships

The customer relationships and contracts acquired in a business combination are accounted for at fair value at the date of transaction. The customer relationships are reviewed at each balance sheet date to determine whether there is any indication of impairment and they are not subject to amortisation. 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.

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Intangible assets

Mining assets

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.

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 ton (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 30).

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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.

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 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.

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:

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Derivative Financial Instruments

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.

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.

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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

Operating leases

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

b) The Group as the lessor

Operating leases

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

Borrowing costs

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Related Parties

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

Offsetting

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

Financial assets

Classification

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

Receivables

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Leases

Recognition and measurement

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

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

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

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.

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 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 (Note7).

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.

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 IFRS 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.

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.

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 economical conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with IFRS (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.

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.

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

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

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).

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.

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.

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 94.107.150 (31 December 2012: TRY 67.470.342) results from temporary differences as of 31 December 2013 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 2013, 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 144.227.737 (31 December 2012: TRY 70.124.496) (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 2013. 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 netoff deferred tax amounting to TRY 10.103.075 (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 2013, 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 2012 and 2013 and no significant fair value change was identified as a result of those analyses.

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

3. Business Combinations

The Group acquired 100% of shares of Fritz Holding GmbH. and all of its subsidiaries, for a consideration of EUR 3.000.000 on 31 May 2013. The goodwill calculation is based on the temporary amounts and will be finalized within 12 months following the acquisition date. If necessary, revision on the calculation will be reflected in the financial statements as of the acquisition date. 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**

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.

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

3. Business Combinations

Business combinations in the year 2012:

The Group acquired 90% of shares of Glass Corp. S.A., for a purchase consideration of EUR 3.098.613 on 11 July 2012. EUR 2.575.493 of the total amount was paid in cash whereas the remaining amount of EUR 523.120 was accounted for under current payables related to acquisitions. Goodwill arising from the acquisition through which the Group aimed at gaining a large share of market in Romania and support its target of growing in emerging markets, is represented below;

	Net Book Value	Fair Value
Current Assets	**1.307.252**	**1.216.947**
Cash and cash equivalents	1.023	1.023
Trade receivables	741.498	651.193
- Due from related parties	*732*	*732*
- Other trade receivables	*740.766*	*650.461*
Other receivables	785	785
Inventories	563.946	563.946
Non-current Assets	**7.133.182**	**6.409.545**
Tangible assets	7.088.490	6.364.853
Prepaid expenses	44.692	44.692
Total Assets	**8.440.434**	**7.626.492**
Current Liabilities	**3.592.568**	**4.609.021**
Short term financial liabilities	179.529	179.529
Trade payables	1.066.500	2.082.953
Deferred income	2.310	2.310
Other current liabilities	2.344.229	2.344.229
Non-current Liabilities	**9.413.582**	**9.413.582**
Long term financial liabilities	9.063.508	9.063.508
Other liabilities	350.074	350.074
Total Liabilities	**13.006.150**	**14.022.603**
Total Net Assets	**(4.565.716)**	**(6.396.111)**
The Group's share in net assets (90%)		**(5.756.500)**
Total cash paid		6.062.689
Current payables related to the acquisition		1.536.141
Total purchase consideration		**7.598.830**
The fair value of the consideration to be transferred at the date of transaction		**6.845.017**
Goodwill at the date of transaction		12.601.517
Currency translation differences		4.274.395
Goodwill as of 31 December 2013		**16.875.912**

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

3. Business Combinations

Business combinations in the year 2012:

Net cash paid for acquisition of subsidiary in the year 2013	1.415.147
Net cash paid for acquisition of subsidiary in the year 2012	4.530.425
Cash and cash equivalents acquired	(1.023)
Net cash outflow	**5.944.549**

Glass Corp. SA contributed TRY 2.463.176 in revenues after the acquisition (11 July 2012), as included in the consolidated statement of income in the year 2012. In the same period, its contribution to the profit attributable to equity holders of the parent is TRY 2.404.238. Had Glass Corp S.A. been included in the consolidation as of 1 January 2012, additional net revenue of TRY 3.847.207 and a decrease in the consolidated income statement by TRY 994.433 would have been recognized.

Business combinations achieved in stages in the year 2011:

The Group acquired 50% shares of Cromital S.p.A, with a purchase consideration of EUR 2.442.800 on 20 December 2011. The total consideration is amounting to EUR 2.774.087,95 with an additional consideration amounting to EUR 351.287,95 (in return of TRY 795.808) that was paid on 21 June 2012 for the same 50% of shares. The additional amount paid on 21 June 2012 was included in the goodwill calculated in 2012.

4. Interests in Other Entities

The Group accounted for its interests in Joint Ventures for by way of 50% proportionate consolidation until 31 December 2012, based on TAS 31 "Interests in Joint Ventures".

Effective from 1 January 2013, TFRS 11 "Joint Arrangements" invalidated the application of TAS 31 "Interests in Joint Ventures". The standard splits the joint arrangements into two categories as joint operations and joint ventures and it requires joint ventures to be accounted for as associates.

The Group's Joint Ventures of Omco Istanbul Kalıp Sanayii and Tic. A.Ş., OOO Balkum, Oxiyvit Kimya Sanayii and Tic. A.Ş. and Rudnik Krecnjaka Vijenac D.O.O. were restated by being accounted for as associate in accordance with IAS 28 "Investments in Associates". The disclosures related to these companies are presented in Note 16.

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.

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

(Amounts 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 San. A.Ş. Consolidated	Denizli Cam Solo
Current Assets	1.482.943.622	1.261.932.645	800.251.931	36.388.705
Non-current Assets	2.402.129.066	1.902.401.135	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 year 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 year	**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 interest	22.125.438	(27.092.057)	4.982.785	-

Cash Flow Position for the year 1 January-31 December 2013

Cash flows from operating activities	296.164.970	145.342.754	18.562.273	2.097.334
Cash flows from investing activities	(651.248.774)	51.214.783	(56.125.454)	(1.186.103)
Cash flows from financing activities	705.516.237	240.590.037	52.798.969	(8.999.699)
Before currency translation	**352.436.134**	**437.147.574**	**15.235.788**	**(8.088.468)**
Currency translation differences	154.211.863	17.816.273	41.603.219	221.970
Net increase/(decrease) 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 year	297.923.324	147.472.471	166.895.914	8.196.966
Cash and cash equivalents at the end of the year	**804.571.321**	**602.436.318**	**223.734.921**	**330.468**

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

4. Interests in other entities

The statement of the financial position as of 31 December 2012

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda San. A.Ş. Consolidated	Denizli Cam Solo
Current Assets	884.166.213	696.016.641	529.862.859	43.731.691
Non-current Assets	1.578.741.934	1.709.593.376	879.073.053	19.645.052
Total Assets	**2.462.908.147**	**2.405.610.017**	**1.408.935.912**	**63.376.743**
Current Liabilities	198.507.154	805.342.123	303.555.236	27.649.968
Non-current Liabilities	254.230.635	489.862.522	107.538.404	8.107.046
Total Liabilities	**452.737.789**	**1.295.204.645**	**411.093.640**	**35.757.014**
Non-controlling interest	103.689.184	87.393.973	8.789.655	-
Net asset	**1.906.481.174**	**1.023.011.399**	**989.052.617**	**27.619.729**
Dividend paid to non-controlling interests	18.150.000	11.611.137	-	-

Profit/ (loss) for the year 1 January-31 December 2012

Revenue	1.034.085.608	1.459.349.809	1.182.484.827	49.317.767
Net profit/(loss) for the year	**84.285.922**	**53.696.483**	**133.000.119**	**(422.436)**
Other comprehensive income/ (loss)	110.946.056	36.172.726	(7.534.358)	(1.044.705)
Total comprehensive income/ (loss)	**195.231.978**	**89.869.209**	**125.465.761**	**(1.467.141)**
Non-controlling interests	9.437.429	(22.563.031)	642.914	-

Cash Flow Position for the year 1 January-31 December 2012

Cash flows from operating activities	153.354.949	310.627.285	103.807.822	4.322.632
Cash flows from investing activities	(303.486.742)	(320.318.077)	(75.964.845)	(2.499.336)
Cash flows from financing activities	(28.104.725)	(60.585.146)	(45.841.286)	(1.945.108)
Before currency translation	**(178.236.518)**	**(70.275.938)**	**(17.998.309)**	**(121.812)**
Currency translation differences	(29.513.353)	(6.892.802)	(11.780.399)	53.787
Net increase/(decrease) in cash and cash equivalents	**(207.749.871)**	**(77.168.739)**	**(29.778.708)**	**(68.025)**
Cash and cash equivalents at the beginning of the year	505.673.195	224.641.211	196.674.622	8.264.991
Cash and cash equivalents at the end of the year	**297.923.324**	**147.472.471**	**166.895.914**	**8.196.966**

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

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**
Income tax expense for the year	(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
- 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

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

5. Segment Reporting

a) Operational segments

1 January – 31 December 2012 (restated – Note 2)	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation adjustments	Consolidated
Net external revenue	1.241.963.305	1.318.655.510	1.465.489.944	1.283.399.646	10.372.725	-	5.319.881.130
Inter group revenue	7.267.121	29.759.227	115.074	334.035.197	13.506.849	(384.683.468)	-
Revenue	**1.249.230.426**	**1.348.414.737**	**1.465.605.018**	**1.617.434.843**	**23.879.574**	**(384.683.468)**	**5.319.881.130**
Total costs	(917.696.196)	(907.443.983)	(1.136.050.944)	(1.336.062.899)	(9.309.108)	390.827.433	(3.915.735.697)
Gross profit	**331.534.230**	**440.970.754**	**329.554.074**	**281.371.944**	**14.570.466**	**6.143.965**	**1.404.145.433**
Operating expenses	(256.425.314)	(366.741.938)	(225.716.563)	(154.468.482)	(987.022)	23.472.411	(980.866.908)
Other operating income	34.922.946	15.323.389	67.568.160	38.937.797	5.115.314	(23.076.420)	138.791.186
Other operating expenses (-)	(21.452.071)	(19.059.878)	(61.926.496)	(41.152.846)	(706.206)	3.294.775	(141.002.722)
Income from investments in associates and joint ventures	1.549.115	-	8.081.807	17.881.313	216.753	-	27.728.988
Operating profit	**90.128.906**	**70.492.327**	**117.560.982**	**142.569.726**	**18.209.305**	**9.834.731**	**448.795.977**
Income from investing activities	8.204.957	413.658	6.592.924	675.419	38.136	-	15.925.094
Expenses from investing activities (-)	(4.371.313)	(597.376)	(5.598.233)	(4.931.242)	(14)	-	(15.498.178)
Operating profit before financial income and expense	**93.962.550**	**70.308.609**	**118.555.673**	**138.313.903**	**18.247.427**	**9.834.731**	**449.222.893**
Financial income	165.693.025	409.076.563	105.032.554	59.028.906	86.332.533	(73.868.649)	751.294.932
Financial expenses	(160.115.527)	(407.555.358)	(156.621.457)	(61.727.251)	(83.195.188)	45.720.508	(823.494.273)
Profit before tax from continued operations	**99.540.048**	**71.829.814**	**66.966.770**	**135.615.558**	**21.384.772**	**(18.313.410)**	**377.023.552**
Income tax expense for the year	(10.812.437)	(7.411.129)	(14.833.513)	(7.364.681)	(2.872.684)	(1.606.790)	(44.901.234)
Profit for the period from continued operations	**88.727.611**	**64.418.685**	**52.133.257**	**128.250.877**	**18.512.088**	**(19.920.200)**	**332.122.318**
Purchases of tangible and intangible assets	365.627.481	207.818.581	308.416.030	105.432.339	21.820.583	-	1.009.115.014
Depreciation and amortization charges	(126.864.261)	(100.906.160)	(178.088.767)	(102.233.793)	(8.229.184)	-	(516.322.165)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**220.826.811**	**171.214.769**	**296.644.440**	**240.547.696**	**26.476.611**	**9.834.731**	**965.545.058**
Statement of Financial position (31 December 2012)							
Total assets	2.461.173.870	1.788.290.019	2.247.880.735	1.825.667.171	2.866.930.510	(2.468.334.779)	8.721.607.526
- *Associates*	*49.354.382*	-	*32.293.774*	*161.024.164*	*661.228*	-	*243.333.548*
Total liabilities	602.431.858	654.721.068	1.287.995.448	535.226.135	702.394.920	(667.102.295)	3.115.667.134

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

5. Segment Reporting

b)Geographical segments

1 January – 31 December 2013	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net external revenue	4.421.848.287	711.513.368	820.832.199	-	5.954.193.854	-	5.954.193.854
Inter group sales	102.832.271	74.314.183	51.702.764	11.549.167	240.398.385	(240.398.385)	-
Total net sales (*)	**4.524.680.558**	**785.827.551**	**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)	(681.821.511)	(6.069.147)	(4.690.733.441)	230.238.860	(4.460.494.581)
Gross profit	**1.217.355.080**	**90.310.246**	**190.713.452**	**5.480.020**	**1.503.858.798**	**(10.159.525)**	**1.493.699.273**
Operating expenses	(879.023.553)	(135.438.001)	(149.974.048)	(4.913.233)	(1.169.348.835)	27.615.926	(1.141.732.909)
Other operating income	294.609.772	49.800.915	24.394.547	-	368.805.234	(17.377.408)	351.427.826
Other operating expenses (-)	(137.011.273)	(69.205.778)	(13.008.378)	-	(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**	**(64.532.618)**	**83.316.267**	**566.787**	**520.981.266**	**383.249**	**521.364.515**
Income from investing activities	124.160.186	6.887.448	20.460.629	-	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)**	**103.776.896**	**566.787**	**662.767.893**	**(27.534.048)**	**635.233.845**
Financial income	1.160.664.564	16.229.245	5.308.185	218.208	1.182.420.202	(3.113.280)	1.179.306.922
Financial expenses	(1.196.935.204)	(121.648.650)	(18.882.821)	-	(1.337.466.675)	2.896.233	(1.334.570.442)
Profit before tax from continued operations	**585.067.366**	**(168.333.201)**	**90.202.260**	**784.995**	**507.721.420**	**(27.751.095)**	**479.970.325**
Income tax expense for the period	(30.095.255)	11.977.009	(7.622.181)	(214.454)	(25.954.881)	-	(25.954.881)
Profit for the period from continued operations	**554.972.111**	**(156.356.192)**	**82.580.079**	**570.541**	**481.766.539**	**(27.751.095)**	**454.015.444**
Purchases of tangible and intangible assets	868.898.698	510.594.704	294.488.147	107.445	1.674.088.994	-	1.674.088.994
Depreciation and amortization charges	(386.083.810)	(130.745.434)	(71.162.919)	(45.717)	(588.037.880)	-	(588.037.880)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**1.007.421.816**	**67.831.638**	**174.939.815**	**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	3.153.381.623	2.817.728	14.259.816.016	(2.777.187.020)	11.482.628.996
- Associates	*159.580.675*	-	*289.718.647*	-	*449.299.322*	-	*449.299.322*
Total liabilities	2.532.387.737	1.854.164.455	1.182.545.754	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.

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

5. Segment Reporting

b) Geographical segments

1 January – 31 December 2012 – restated	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net external revenue	4.094.875.621	733.660.798	491.344.711	-	5.319.881.130	-	5.319.881.130
Inter group sales	87.384.662	9.229.256	33.050.635	10.260.010	139.924.563	(139.924.563)	-
Total net sales (*)	**4.182.260.283**	**742.890.054**	**524.395.346**	**10.260.010**	**5.459.805.693**	**(139.924.563)**	**5.319.881.130**
Cost of sales	(2.995.925.591)	(605.416.743)	(434.784.722)	(5.614.753)	(4.041.741.809)	126.006.112	(3.915.735.697)
Gross profit	**1.186.334.692**	**137.473.311**	**89.610.624**	**4.645.257**	**1.418.063.884**	**(13.918.451)**	**1.404.145.433**
Operating expenses	(798.607.229)	(127.508.653)	(85.566.035)	(4.549.266)	(1.016.231.183)	35.364.275	(980.866.908)
Other operating income	82.875.028	55.865.251	11.867.897	33.495	150.641.671	(11.850.485)	138.791.186
Other operating expenses (-)	(79.947.513)	(52.214.500)	(14.120.559)	-	(146.282.572)	5.279.850	(141.002.722)
Income from investments in associates and joint ventures	25.129.561	-	2.599.427	-	27.728.988	-	27.728.988
Operating profit	**415.784.539**	**13.615.409**	**4.391.354**	**129.486**	**433.920.788**	**14.875.189**	**448.795.977**
Income from investing activities	9.855.921	5.656.547	412.626	-	15.925.094	-	15.925.094
Expenses from investing activities (-)	(9.397.307)	(5.489.500)	(611.371)	-	(15.498.178)	-	(15.498.178)
Operating profit before financial income and expense	**416.243.153**	**13.782.456**	**4.192.609**	**129.486**	**434.347.704**	**14.875.189**	**449.222.893**
Financial income	704.767.196	53.259.255	13.047.170	65.734	771.139.355	(19.844.423)	751.294.932
Financial expenses	(693.554.309)	(114.665.425)	(17.454.945)	-	(825.674.679)	2.180.406	(823.494.273)
Profit before tax from continued operations	**427.456.040**	**(47.623.714)**	**(215.166)**	**195.220**	**379.812.380**	**(2.788.828)**	**377.023.552**
Income tax expense for the period	(43.349.210)	1.682.347	(1.591.415)	(45.567)	(43.303.845)	(1.597.389)	(44.901.234)
Profit for the period from continued operations	**384.106.830**	**(45.941.367)**	**(1.806.581)**	**149.653**	**336.508.535**	**(4.386.217)**	**332.122.318**
Purchases of tangible and intangible assets	592.224.552	199.292.335	217.597.863	264	1.009.115.014	-	1.009.115.014
Depreciation and amortization charges	(337.736.486)	(121.362.364)	(57.063.676)	(159.639)	(516.322.165)	-	(516.322.165)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**753.979.639**	**135.144.820**	**61.256.285**	**289.125**	**950.669.869**	**14.875.189**	**965.545.058**
Statement of Financial position (31 December 2012)							
Total assets	7.085.621.846	1.407.782.641	1.711.115.629	1.769.766	10.206.289.882	(1.484.682.356)	8.721.607.526
- Associates	*177.482.629*	-	*65.850.919*	-	*243.333.548*	-	*243.333.548*
Total liabilities	1.604.207.095	1.155.435.864	615.368.289	507.065	3.375.518.313	(259.851.179)	3.115.667.134

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

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

6. Cash and Cash Equivalents

	31 December 2013	31 December 2012
Cash on hand	468.531	443.038
Cash at banks	1.948.361.726	1.159.262.043
- demand deposits	*174.154.563*	*86.893.056*
- time deposits (with maturities of three months or less)	*1.774.207.163*	*1.072.368.987*
Mutual funds	14.740	5.847
Other liquid assets	4.293.393	314.197
	1.953.138.390	**1.160.025.125**

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2013	31 December 2012
EUR	%0,50-%3,60	January-February 2014	161.340.514	240.612.305
USD	%0,50-%3,40	January-February 2014	1.298.641.275	826.357.161
TRY	%5,80-%9,80	January-February 2014	310.579.224	4.172.767
Others (TRY equivalents)			3.646.150	1.226.754
			1.774.207.163	**1.072.368.987**

Cash and cash equivalents as of 31 December 2013 and 31 December 2012 presented in the consolidated statement of cash flows are as follows:

	31 December 2013	31 December 2012
Cash and cash equivalents	1.953.138.390	1.160.025.125
Less: Interest accrual	(2.190.774)	(1.698.342)
	1.950.947.616	1.158.326.783

7. Financial Assets

a) Current Financial Asset

	31 December 2013	31 December 2012
Time deposits with a maturity longer than three months and shorter than one year	750.705	-
Other short term financial asset	129.560	-
	880.265	**-**

b) Non current financial asset

Available for sale financial assets	31 December 2013	31 December 2012
Financial investments not traded in an active market	81.694.826	81.694.826
Unconsolidated subsidiaries	663.451	663.451
Financial investments carried at market price	307.488	299.662
	82.665.765	**82.657.939**

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

7. Financial Assets

b) Non current financial asset

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

	31 December 2013	31 December 2012
Previously reported - 1 January	82.657.939	114.961.893
Transfers to investments accounted for under equity accounting	-	(50.417.968)
Loss compensation fund	-	7.714.417
Cash capital increase	-	19.182.399
Non-cash capital increase	-	38.136
Fair value differences	7.826	(33.231)
Currency translation differences	-	(1.073.290)
Disposals	-	(7.714.417)
	82.665.765	**82.657.939**

Financial assets carried at market price	Share (%)	31 December 2013	Share (%)	31 December 2012
İş Finansal Kiralama A.Ş.	<1	307.488	<1	299.662

Financial assets not traded in an active market	Share (%)	31 December 2 013	Share (%)	31 December 2012
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.	<1	188.233	<1	188.233
Other	-	13.356	-	13.356
		81.694.826		**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,
- Material transactions between the investor and the investee,
- Interchange of managerial personnel or providing technical information required for the enterprise.

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

7. Financial Assets

b) Non current financial asset

Unconsolidated subsidiaries	Share (%)	31 December 2013	Share (%)	31 December 2012
Paşabahçe Mağazaları B.V.	100,00	1.451.583	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 (-)		(2.319.115)		(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 whole carring amounts of Mepa Merkezi Pazarlama A.Ş., Paşabahçe Mağazaları B.V. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

8. Borrowings

Current financial liabilities	31 December 2013	31 December 2012
Short term borrowings	365.531.721	368.976.492

Short term portion of long term borrowings	31 December 2013	31 December 2012
Short term portion of long term borrowings and interests	479.178.471	825.378.653
Bonds issued (*)	6.563.466	-
Discount on issuance of bonds	(1.361.365)	-
Financial leases	534.649	2.208.111
Deferred financial lease liabilities costs (-)	(49.500)	(97.493)
Total short term portion of long term borrowings	**484.865.721**	**827.489.271**
Total current financial liabilities	**850.397.442**	**1.196.465.763**

(*) 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.

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

8. Borrowings

Non-current financial liabilities	31 December 2013	31 December 2012
Long term portion of long term borrowings	1.668.674.311	923.117.601
Bonds issued	1.067.150.000	-
Discount on issuance of bonds	(7.324.234)	-
Financial leases	5.303.657	8.232.921
Deferred financial lease liabilities costs (-)	(4.464)	(53.963)
Total non-current financial liabilities	**2.733.799.270**	**931.296.559**
Total financial liabilities	**3.584.196.712**	**2.127.762.322**

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

Repricing periods for loans	31 December 2013	31 December 2012
3 months and shorter	722.239.245	1.131.178.324
3 – 12 months	1.150.790.810	858.142.612
1 – 5 years	545.258.989	128.151.810
More than 5 years	95.095.459	-
	2.513.384.503	**2.117.472.746**

The interest rate for the issued bonds amounting to TRY 1.065.027.867 is 4,25% and the coupon interest payments would be paid semi-annually in equal instalments The financial leases amounting to TRY 5.784.342 is paid up in equal monthly instalments (2012: TRY 10.289.576).

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

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

<u>Bank Borrowings</u>

	Capital	Interest	Commission	Total
1 January 2013	2.094.718.098	22.754.648	-	2.117.472.746
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 year	1.922.452.965	134.258.640	(4.461.440)	2.052.250.165
Payments-reversed provision for the year	(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**

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

8. Borrowings

Financial liabilities movements in 2013 are summarized as below:

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 year	896.900.000	28.138.590	(6.592.215)	(2.892.606)	915.553.769
Payments-reversed provision for the year	-	(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**

Financial leases

	Principal	Interest	Total
1 January 2013	11.616.692	(1.327.116)	10.289.576
Acquisition of subsidiary	5.687.152	-	5.687.152
Currency translation differences	1.789.253	-	1.789.253
Additions-provisions for the year	174.041	-	174.041
Payment in the year	(13.428.832)	1.273.152	(12.155.680)
31 December 2013	**5.838.306**	**(53.964)**	**5.784.342**

Financial liabilities movements in 2012 are summarized as below:

Bank Borrowings

	Principal	Interest	Commission	Total
1 January 2012	2.172.780.814	19.307.646	-	2.192.088.460
Currency translation differences	(8.210.667)	(9.781.907)	-	(17.992.574)
Foreign exchange gain/(loss)	(61.225.202)	-	-	(61.225.202)
Additions-provisions for the year	974.373.215	124.486.108	-	1.098.859.323
Payments-reversed provision for the year	(983.000.062)	(111.257.199)	-	(1.094.257.261)
31 December 2012	**2.094.718.098**	**22.754.648**	**-**	**2.117.472.746**

Financial leases

	Principal	Interest	Total
1 January 2012	-	-	-
Acquisition of subsidiary	10.418.697	(1.175.660)	9.243.037
Currency translation differences	712.822	-	712.822
Additions-provisions for the year	1.179.615	(409.536)	770.079
Payment for the year	(694.442)	258.080	(436.362)
31 December 2012	**11.616.692**	**(1.327.116)**	**10.289.576**

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

8. Borrowings

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

31 December 2013

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
US dollars	2014–2019	Libor+1,50–4,50	85.520.465	1.288.520.815
EUR	2014–2022	Euribor+0,819–6,00	432.778.153	844.699.500
Russian rubles	2014–2020	8,65–10,50	247.186.379	515.541.781
Ukranian Hryvnia	2014–2021	8,00–26,00	73.001.865	78.180.648
TRY and other	2014–2016	10,04	11.910.580	6.856.526
			850.397.442	**2.733.799.270**

(*) The weighted average interest rate for EUR is Euribor + 2,80% for USD is Libor + 2,46% for RUR is Mosprime+2,41%, for 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 is 10,04%).

31 December 2012

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
US dollars	2013–2019	Libor+1,50–4,50	324.730.095	122.447.159
EUR	2013–2021	Euribor+0,82–6,00	418.148.765	518.245.987
Russian rubles	2013–2017	8,25–10,70	376.519.820	198.116.212
Ukranian Hryvnia	2013–2021	17,00–36,00	29.770.475	74.183.446
TRY and other	2013–2016	-	47.296.608	18.303.755
			1.196.465.763	**931.296.559**

(*) The weighted average interest rate for EUR is Euribor + 2,57% for USD is Libor + 2,31% for RUR is Mosprime+2,23% , UAH is 20,68% and for TRY 7,38%. (Average effective annual interest rate for EUR is 3,22%, for USD is 2,86%,and for UAH is 20,68%,for RUR is 9,51% and for TRY 7,38).

The redemption schedule of the financial liabilities is as follows:

	31 December 2013	31 December 2012
Within 1 year	850.397.442	1.196.465.763
Within 1- 2 years	449.934.362	340.801.064
Within 2- 3 years	644.549.661	268.266.639
Within 3- 4 years	162.411.779	157.972.376
Within 4- 5 years	144.250.664	60.437.078
More than 5 years	1.332.652.804	103.819.402
	3.584.196.712	**2.127.762.322**

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

9. Other Financial Liabilities

None. (2012: None).

10. Trade Receivables and Payables

Trade Receivables

Current trade receivables	31 December 2013	31 December 2012
Trade receivables	1.144.508.793	972.738.953
Notes receivables	31.529.506	22.147.214
Rediscount of notes receivable (-)	(5.467.269)	(3.940.789)
Due to related parties (Note 37)	15.992.500	6.244.450
Other trade receivables	2.292.405	10.817
Provision for doubtful receivables	(34.125.193)	(24.689.820)
	1.154.730.742	**972.510.825**

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

The average sales term for basic glasses is 90 days (2012: 90 days) and 1,5% overdue interest rate is applied for the payments made after the due date (2012: 1,5%)

The average sales term for auto glass and processed glass items is 45 days (2012: 45 days).

A portion of foreign sales are made in cash and the remaining portion receivable has average 60 days (2012: 60 days) maturity

The average sales term for automatic glass items is 75 days (2012:75 days) and a monthly overdue interest rate of 2% is applied for the payments made after the due date (2012: 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 cash based. The applied average term of domestic external sales related to soda products is 43 days (2012: 38 days). Monthly 2% overdue interest is applied for the payments made after due dates (2012: 2%).

The average sales term for domestic sales of chromium products in foreign currency is 25 days (2012: 26 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (2012: 1%). Average sales term for export sales is 60 days (2012: average 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.

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

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 2013	31 December 2012
1 January – Previously reported	(25.721.149)	(26.636.715)
Impact of amendment in IFRS-11 (Note 2)	1.031.329	1.063.910
Restated – 1 January	**(24.689.820)**	**(25.572.805)**
Acquisition of subsidiary	-	(94.337)
Charge for the year	(11.692.754)	(3.377.491)
Collections	3.240.174	4.090.498
Currency translation differences	(982.793)	264.315
	(34.125.193)	**(24.689.820)**

The Group holds the following collaterals for trade receivables:

	31 December 2013	31 December 2012
Letters of guarantees	219.305.795	263.223.704
Promissory notes and bills	126.809.378	69.526.428
Mortgages	20.625.113	18.951.361
Cash	8.282.750	7.758.006
	375.023.036	**359.459.499**

As of 31 December 2013, TRY 179.637.304 (31 December 2012: TRY 210.549.918) 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 2013	31 December 2012
1- 30 days overdue	107.651.607	116.136.380
1-3 months overdue	38.785.306	59.255.237
3-12 months overdue	21.656.132	32.608.935
1- 5 years overdue	11.544.259	2.549.366
Total overdue receivables	**179.637.304**	**210.549.918**
The part under guarantee with collateral, etc.	**13.147.960**	**44.841.610**

Trade Payable

Short term trade payables	31 December 2013	31 December 2012
Trade payables	627.129.287	494.809.574
Due from related parties (Note 37)	52.111.545	29.572.594
Other trade payables	7.447	226.042
Rediscount on notes payable	(1.668.507)	(1.295.160)
	677.579.772	**523.313.050**

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

11. Other Receivables and Payables

Other current receivable	31 December 2013	31 December 2012
Other receivables	60.205.760	19.600.036
Due from related parties (Note 37)	22.458.811	11.802.676
Investment for power transmission line (*)	3.991.260	-
Due from personnel	3.690.724	2.160.230
Deposits and guarantees given	2.075.496	2.644.204
Allowance for other doubtful receivables (-)	(7.284.963)	(6.596.033)
	85.137.088	**29.611.113**

The movement of other doubtful receivables is as follows:

	31 December 2013	31 December 2012
1 January – Previously reported	(6.602.131)	(6.744.360)
Impact of amendment in IFRS-11 (Note 2)	6.098	8.491
Restated – 1 January	**(6.596.033)**	**(6.735.869)**
Currency translation differences	(869.559)	139.178
Charge for the period	(55.085)	(37.745)
Collections	235.714	38.403
	(7.284.963)	**(6.596.033)**

Other non-current receivables	31 December 2013	31 December 2012
Deposits and guarantees given	2.536.937	2.333.811
Investment for power transmission line (*)	-	6.168.229
	2.536.937	**8.502.040**

(*) As of 31 December 2013 the whole 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.

Other current payables	31 December 2013	31 December 2012
Due to related parties (Note 37)	2.328.277	10.274.173
Deposits and guarantees received	6.970.216	7.514.816
Other payables	8.240.983	6.800.534
Rediscount on other notes payables	(73.415)	-
	17.466.061	**24.589.523**

Other non-current payables	31 December 2013	31 December 2012
Deposits and guarantees taken	1.312.534	243.190
Other payables	173.771	124.980
	1.486.305	**368.170**

12. Derivative Instruments

The Group entered into a loan agreement with HSBC London in 2013and 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.

In addition, Group agreed on forward contracts with various banks to hedge its currency risk during the year. The Group realised purchase of Turkish Liras against sale of USD Dollars at the maturity date based on the aforementioned contracts.

The Group entered into a foreign currency forward exchange contact in 2012 in order to sell Ruble in exchange for EUR and USD and to sell USD in exchange for TRY. Changes in fair value of such foreign currency forward exchange contracts amounting to TRY 2.380.254 have been accounted under consolidated statement of income.

The transactions related to derivative instruments are as follows:

	31 December 2013	31 December 2012
1 January	-	-
Realized foreign exchange losses/(gain)	10.976.100	(2.380.254)
Foreign exchange (gain)/loss charged to statement of income	(12.654.518)	2.380.254
Foreign exchange gain charged to equity	(1.429.397)	-
Interest income/(loss) charged to statement of income	(793.248)	-
Currency translation differences	(253.588)	-
Net Asset / (Liability)	**(4.154.651)**	**-**

13. Inventories

	31 December 2013	31 December 2012
Finished goods	730.761.514	676.335.245
Raw materials	361.545.503	298.761.957
Trade goods	71.788.247	50.833.394
Work in process	39.180.426	34.610.429
Supplies	18.508.515	25.559.086
Other inventories	39.004.935	26.161.658
Provision for impairment (-)	(17.014.791)	(17.460.265)
	1.243.774.349	**1.094.801.504**

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

13. Inventories

The movement of provision for impairment of inventory is as follows:

	31 December 2013	31 December 2012
1 January	(17.460.266)	(15.282.356)
Provision for the year	(2.211.624)	(4.889.347)
Provision released	3.350.440	2.629.467
Currency translation differences	(693.341)	81.970
	(17.014.791)	**(17.460.266)**

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

Prepaid Expenses in current assets	**31 December 2013**	**31 December 2012**
Order advances given for inventories	65.101.228	36.468.396
Prepaid expenses	11.282.221	36.468.396
	76.383.449	**45.006.726**

Prepaid expenses in non-current assets	**31 December 2013**	**31 December 2012**
Advances given for tangible and intangible assets	51.277.742	176.671.882
Prepaid expenses	8.724.786	14.906.269
	60.002.528	**191.578.151**

Deferred income

Short term deferred income	**31 December 2013**	**31 December 2012**
Deferred income	36.612.576	31.828.063
Order advances received	30.854.335	19.052.330
Other advances received	1.994.941	1.977.830
	69.461.852	**52.858.223**

Non-current deferred income	**31 December 2013**	**31 December 2012**
Deferred income	4.158.780	1.789.456

15. Construction Contracts

	31 December 2013	31 December 2012
Contract costs incurred for work performed	34.419.350	35.202.666
Revenue recognized less costs recognized (net)	-	-
Less: Progress payments received (-)	(24.341.695)	(23.439.888)
	10.077.655	**11.762.778**

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

15. Construction Contracts

Progress payments and costs realized in financial statements are as follows:

	31 December 2013	31 December 2012
Receivables from construction contracts (Note 26)	10.077.655	11.762.778
Allowance for projects in loss (Note 26)	-	-
	10.077.655	**11.762.778**

As of 31 December 2013, the amounts of the guarantees given for progress payments is TRY 3.489.803 and the amount of the advance received is TRY 3.391.903 (31 December 2012: TRY 5.293.477 and TRY 5.867.961). 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 have increased by TRY 169.607 (31 December 2012: TRY 236.047), decreased by TRY 169.607 (31 December 2012: TRY 236.047).

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:

	31 December 2013	31 December 2012
Solvay Şişecam Holding AG	190.997.441	142.366.910
HNG Float Glass Limited	120.384.040	-
Saint Gobain Glass Egypt S.A.E.	80.056.213	49.354.382
Rudnik Krecnjaka Vijenac D.O.O.	16.288.619	12.775.264
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	15.859.283	15.809.494
OAO FormMat	12.750.449	11.353.323
Oxyvit Kimya Sanayii ve Tic. A.Ş.	7.048.733	6.530.962
OOO Balkum	5.914.544	5.143.213
	449.299.322	**243.333.548**

Movements of the investments accounted for under equity accounting method during the year are as below:

	31 December 2013	31 December 2012
1 January – Previously reported	203.074.615	146.012.364
Impact of amendment in IFRS-11 "Joint Arrangements" (note 2)	40.258.933	36.434.224
Restated 1 January	**243.333.548**	**182.446.588**
Transfers from available for sale financial assets	-	50.417.968
Acquisition	142.112.543	-
Paid in share capital	-	1.803.615
Profit / (loss) for the period (net)	36.891.498	27.728.988
Dividend income from associates	(31.372.159)	(11.011.774)
Currency translation differences	58.333.892	(8.051.837)
	449.299.322	**243.333.548**

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

16. Joint Ventures and Associates

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

Solvay Şişecam Holding AG

	31 December 2013	31 December 2012
Current assets	379.846.164	213.702.071
Non-current assets	627.288.840	523.286.967
Total Assets	**1.007.135.004**	**736.989.038**
Current liabilities	182.273.965	113.556.343
Non-current liabilities	45.082.796	42.429.270
Total Liabilities	**227.356.761**	**155.985.613**
Non-controlling interest	15.788.480	11.535.787
Net asset	**763.989.763**	**569.467.638**
Group share (%)		
- Direct and indirect ownership rate (%)	*25,00*	*25,00*
- Effective ownership rate (%)	*20,70*	*20,68*
Group share in net assets	**190.997.441**	**142.366.910**

	1 January- 31 December 2013	1 January- 31 December 2012
Revenue	523.951.172	507.636.419
Profit / (loss) from continuing operations	**120.175.704**	**49.674.778**
Dividends paid in advance from currentyear profit	18.490.317	14.925.422
Profit / (loss) from continuing operations	**138.666.021**	**64.600.200**
Other comprehensive income/ (loss)	148.952.090	(19.295.578)
Total comprehensive income/ (loss)	**287.618.111**	**45.304.622**
The Group's share in profit/(loss) from continuing operations	**34.666.505**	**16.150.050**
Dividend distribution from retained earnings	**74.605.669**	**-**
The Group's share in dividend distributed	**23.222.923**	**3.560.473**

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.

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

16. Joint Ventures and Associates

HNG Float Glass Limited

	31 December 2013	31 December 2012
Current assets	54.123.256	-
Non-current assets	358.332.502	-
Total Assets	**412.455.758**	**-**
Current liabilities	154.463.504	-
Non-current liabilities	17.224.174	-
Total Liabilities	**171.687.678**	**-**
Net asset (including goodwill)	**240.768.080**	**-**
Group share (%)		
- Direct and indirect ownership rate (%)	*50,00*	-
- Effective rate (%)	*34,89*	-
Group share in net assets	**120.384.040**	**-**

	1 January-31 December 2013	1 January-31 December 2012
Revenue	73.386.950	-
Profit /(loss) from continuing operations	**(6.611.715)**	**-**
Other comprehensive income/ (loss)	16.698.507	-
Total comprehensive income/ (loss)	**10.086.792**	**-**
The Group's share in profit/ (loss) from continuing operations	**(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.

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

16. Joint Ventures and Associates

Saint Gobain Glass Egypt S.A.E

	31 December 2013	31 December 2012
Current assets	66.521.780	47.182.897
Non-current asset	412.921.798	374.026.409
Total Assets	**479.443.578**	**421.209.306**
Current liabilities	102.251.430	77.853.823
Non-current liabilities	117.399.917	96.583.572
Total Liabilities	**219.651.347**	**174.437.395**
Net Assets (including goodwill)	**259.792.231**	**246.771.911**
Group share (%)		
- Direct and indirect ownership ratio (%)	*30,82*	*20,00*
- Effective ownership ratio (%)	*21,50*	*13,96*
Group share in net assets (including goodwill)	**80.056.213**	**49.354.382**

	1 January- 31 December 2013	1 January- 31 December 2012
Revenue	110.403.855	90.153.733
Profit / (loss) from continuing operations	**(12.066.315)**	**7.745.578**
Other comprehensive income	25.086.635	(7.866.198)
Total comprehensive income	**13.020.320**	**(120.620)**
The Group's share in loss from continuing operations	**(3.718.292)**	**1.549.116**

On 4 October 2012, the Group gained significant influence over the financial asset through the acquisition of additional shares from that date on it has reclassified this asset as an associate and accounted for it using the equity method.

Additional, 5% of the capital of the company was acquired on 12 February 2013 for a purchase price of EUR 5.138.056. With this acquisition, the ownership rate in the associate increased to 25% from 20%.

Additional, 5,82% of the capital of the company was acquired on 21 June 2013 for a purchase price of EUR 5.358.910 with this acquitision, the ownership rate in the associate increased to 30,82% from 25%.

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

16. Joint Ventures and Associates

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	31 December 2013	31 December 2012
Current Assets	1.209.378	900.240
Non-current Asset	26.953.190	24.394.281
Total Assets	**28.162.568**	**25.294.521**
Current Liabilities	1.762.210	1.784.798
Current Liabilities	89.073	81.487
Total Liabilities	**1.851.283**	**1.866.285**
Net Assets (including goodwill)	**26.311.285**	**23.428.236**
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)	**12.750.449**	**11.353.323**

	1 January-31 December 2013	1 January-31 December 2012
Revenue	5.288.857	4.307.596
Profit from continuing operations	**165.290**	**257.466**
Other comprehensive income/(loss)	2.717.759	1.745
Total comprehensive income/(loss)	**2.883.049**	**259.211**
The Group's share in profit/(loss) from continuing operations	**80.100**	**124.768**

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

16. Joint Ventures and Associates

Rudnik Krecnjaka Vijenac D.O.O.

	31 December 2013	31 December 2012
Current Assets	3.135.393	3.441.753
Non-current Assets	39.727.873	32.292.714
Total Assets	**42.863.266**	**35.734.467**
Current Liabilities	9.669.786	8.547.041
Non-current Liabilities	616.242	1.636.899
Total Liabilities	**10.286.028**	**10.183.940**
Net Assets (including goodwill)	**32.577.238**	**25.550.527**
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)	**16.288.619**	**12.775.264**

	1 January-31 December 2013	1 January-31 December 2012
Revenue	12.286.890	10.773.642
Profit from continuing operations	**579.729**	**(377.450)**
Other comprehensive income/ (loss)	6.446.982	(882.212)
Total comprehensive income/ (loss)	**7.026.711**	**(1.259.662)**
The Group's share in profit/ (loss) from continuing operations	**289.865**	**(188.725)**
Capital increases in the period	**-**	**3.607.230**

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

16. Joint Ventures and Associates

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.

	31 December 2013	31 December 2012
Current Assets	33.591.207	32.686.068
Non-current Asset	9.557.130	8.965.084
Total Assets	**43.148.337**	**41.651.152**
Current Liabilities	8.556.245	7.679.104
Non-current Liabilities	2.873.527	2.353.060
Total Liabilities	**11.429.772**	**10.032.164**
Net Assets	**31.718.565**	**31.618.988**
Group share (%)		
- Direct and indirect ownership ratio (%)	*50,00*	*50,00*
- Effective ownership ratio (%)	*39,57*	*39,57*
Group share in net assets	**15.859.283**	**15.809.494**

	1 January-31 December 2013	1 January-31 December 2012
Revenue	61.413.769	64.616.620
Profit from continuing operations	**13.149.832**	**14.073.902**
Other comprehensive income	-	-
Total comprehensive income	**13.149.832**	**14.073.902**
The Group's share in profit from continuing operations	**6.574.916**	**7.036.951**
Dividend distribution from retained earnings	**13.050.255**	**14.902.601**
Dividend distributed to company's share	**6.525.127**	**7.451.301**

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

16. Joint Ventures and Associates

Oxyvit Kimya Sanayii ve Tic. A.Ş.

	31 December 2013	31 December 2012
Current Assets	12.862.015	12.180.054
Non-current Asset	10.895.049	9.037.146
Total Assets	**23.757.064**	**21.217.200**
Current Liabilities	5.769.910	4.990.858
Non-current Liabilities	3.889.688	3.164.418
Total Liabilities	**9.659.598**	**8.155.276**
Net Assets	**14.097.466**	**13.061.924**
Group share (%)		
- Direct and indirect ownership rate (%)	*50,00*	*50,00*
- Effective ownership rate (%)	*42,35*	*42,30*
Group share in net assets	**7.048.733**	**6.530.962**

	1 January- 31 December 2013	1 January- 31 December 2012
Revenue	27.775.289	29.253.940
Profit from continuing operations	**4.283.760**	**4.262.570**
Other comprehensive income	-	-
Total comprehensive income	**4.283.760**	**4.262.570**
The Group's share in profit from continuing operations	**2.141.880**	**2.131.285**
Dividend distribution from retained earnings	**3.248.218**	**-**
Dividend distributed to company's share	**1.624.109**	**-**

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

16. Joint Ventures and Associates

OOO Balkum

	31 December 2013	31 December 2012
Current Assets	3.201.786	4.433.190
Non-current Asset	10.533.746	8.178.070
Total Assets	**13.735.532**	**12.611.260**
Current Liabilities	1.906.445	1.528.092
Non-current Liabilities	-	796.742
Total Liabilities	**1.906.445**	**2.324.834**
Net Assets	**11.829.087**	**10.286.426**
Group share (%)		
- Direct and indirect ownership rate (%)	*50,00*	*50,00*
- Effective ownership rate (%)	*20,18*	*20,18*
Group share in net assets	**5.914.544**	**5.143.213**

	1 January-31 December 2013	1 January-31 December 2012
Revenue	16.524.583	14.928.822
Profit from continuing operations	**324.763**	**1.851.086**
Other comprehensive income/ (loss)	1.217.898	16.888
Total comprehensive income	**1.542.661**	**1.867.974**
The Group's share in profit from continuing operations	**162.382**	**925.543**

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

17. Investment Properties

	31 December 2013	31 December 2012
Cost	56.442.450	56.895.548
Accumulated depreciation (-)	(32.319.769)	(32.686.778)
Net book value	**24.122.681**	**24.208.770**
Revaluation reserve	402.176.110	402.090.021
Fair value	**426.298.791**	**426.298.791**

The Group has classified Topkapı property located in Zeytinburnu, Istanbul, as investment property due to the termination of operational use as of 31 March 2013. The fair value of the property is determined as TRY 201.000.000, as of 31 March 2013. Revaluation gain amounting to TRY 175.816.638 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Gain/loss on revaluation and remeasurement" under equity netoff deferred tax effect amounting to TRY 8.790.832. The fair value of the investment property of Topkapı is determined based on the valuations made by valuation firms holding licenses and are authorized by CMB. The valuation firm 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 was determined based on benchmark method.

The promotion, marketing and sales process for the effectively evaluation and liquidation of aforementioned real investment property sales, revenue sharing and flat for land methods are considered by DTZ Pamir & Soyuer Gayrimenkul Danışmanlık A.Ş. (DTZ), and in accordance with that DTZ communicated to all leading real estate development companies and obtained offers from most of them by sealed tender. As a result of evaluation of offers by the companies in short list and direct negotiation; in the Board meeting held on 9 October 2013, Board of Directors of the Company and the subsidiary, Anadolu Cam Sanayii A.Ş decided to sell the property to the "İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İŞGYO) and Timur Gayrimenkul Geliştirme Yapı ve Yatırım A.Ş. (NEF)" joint venture for cash which bid a fair price, with a value of TRY 320.000.000 excluding value added tax. The profit arising from this sales transaction will be evaluated within the context of article 5/1 of Corporate Tax Law. 75% of TRY 320.000.000 is collected from İş Gayrimenkul Yatırım Ortaklığı and 25 % is collected from Timur Gayrimenkul Geliştirme Yapı ve Yatırım AŞ.. The expenses related to the sales transaction amounted to TRY 10.855.433.

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 "Gain/loss on revaluation and remeasurement" 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.

17. Investment Properties

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 "Gain/loss on revaluation and remeasurement" 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. As of 31 December 2013, there is no a significant change in the fair value of investment property considering the updated revaluation report date.

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

18. Property, Plant and Equipments

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January 2013	90.598.481	292.548.476	1.546.349.735	6.650.783.671	43.953.016	283.478.475	409.097.862	544.090.346	9.860.900.062
Impact of amendment in IFRS-11	(11.452.987)	(407.062)	(6.106.199)	(25.938.434)	(1.325.123)	(524.420)	(541.749)	(370.227)	(46.666.201)
Restated – 1 January 2013	**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 (*)	(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
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 (**)	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									
Previously reported- 1 January 2013	-	(147.435.025)	(411.605.270)	(4.589.076.133)	(32.664.082)	(224.371.547)	(284.953.717)	-	(5.690.105.774)
Impact of amendment in IFRS-11	-	81.896	1.585.121	15.248.643	765.646	361.441	534.558	-	18.577.305
Restated – 1 January 2013	**-**	**(147.353.129)**	**(410.020.149)**	**(4.573.827.490)**	**(31.898.436)**	**(224.010.106)**	**(284.419.159)**	**-**	**(5.671.528.469)**
Classification (*)	-	(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)
Acquisition of subsidiary	-	-	(38.963.246)	(73.418.424)	(414.126)	(21.881.790)	(2.043.005)	-	(136.720.591)
Charge for the pyear (***)	-	(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 from construction in progress	-	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**
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**

(*) 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) (2012: None).

(**) Financial cost capitalized in purchases is amounting to TRY 8.907.238 TL. TRY 174.041 of the purchases represents finance lease. Purchases within the period, financial leasing debt is TRY 174.041

No mortgage over lands and buildings due to bank borrowings exist (2012: None)

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

18. Property, Plant and Equipments

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January2012	90.197.681	278.142.124	1.470.787.619	6.229.338.404	53.363.285	263.132.756	371.494.734	330.931.981	9.087.388.584
Impact of amendment in IFRS-11	(16.305.225)	6.955.142	(8.978.776)	(24.837.585)	(1.030.399)	(423.650)	(538.699)	(232.396)	(45.391.588)
Restated – 1 January 2012	**73.892.456**	**285.097.266**	**1.461.808.843**	**6.204.500.819**	**52.332.886**	**262.709.106**	**370.956.035**	**330.699.585**	**9.041.996.996**
Currency translation differences	(608.242)	(982.210)	(6.490.408)	(21.632.870)	(1.170.872)	(1.083.700)	(267.420)	535.821	(31.699.901)
Acquisition of subsidiary	277.371	-	1.060.232	7.048.932	311.515	44.726	11.499	-	8.754.275
Additions (****)	3.019.946	369.161	15.193.118	55.848.648	5.129.990	20.717.572	31.251.285	858.817.653	990.347.373
Disposals	(179.044)	(39.760)	(693.140)	(63.478.074)	(16.353.481)	(8.535.550)	(50.481.178)	(16.090.346)	(155.850.573)
Transfers from construction in progress	(3.684.964)	(3.043.811)	(32.585.534)	-	-	-	-	-	(39.314.309)
Transfers from construction in progress	6.427.971	10.740.768	101.950.425	442.557.782	2.377.855	9.101.901	57.085.892	(630.242.594)	-
Balance at 31 December 2012	**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**

Accumulated depreciation and i mpairment	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January 2012	-	(138.988.599)	(389.832.810)	(4.296.540.810)	(38.817.670)	(210.387.112)	(253.862.562)	-	(5.328.429.563)
Impact of amendment in IFRS-11	-	(31.125)	1.422.138	22.788.581	663.600	328.089	(7.683.679)	-	17.487.604
Restated – 1 January 2012	**-**	**(139.019.724)**	**(388.410.672)**	**(4.273.752.229)**	**(38.154.070)**	**(210.059.023)**	**(261.546.241)**	**-**	**(5.310.941.959)**
Currency translation differences	-	161.933	1.022.680	9.283.273	710.113	779.189	96.583	-	12.053.771
Acquisition of subsidiary	-	-	(83.024)	(2.118.480)	(177.230)	-	(10.688)	-	(2.389.422)
Charge for the year (***)	-	(9.952.723)	(44.948.281)	(361.870.267)	(3.964.311)	(21.372.304)	(63.136.320)	-	(505.244.206)
Transfers from construction in progress	-	1.441.311	22.140.827	-	-	-	-	-	23.582.138
Disposals	-	16.074	258.321	54.630.213	9.687.062	6.642.032	40.177.507	-	111.411.209
Balance at 31 December 2012	**-**	**(147.353.129)**	**(410.020.149)**	**(4.573.827.490)**	**(31.898.436)**	**(224.010.106)**	**(284.419.159)**	**-**	**(5.671.528.469)**
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**
Net book value as of 31 December 2011	**73.892.456**	**146.077.542**	**1.073.398.171**	**1.930.748.590**	**14.178.816**	**52.650.083**	**109.409.794**	**330.699.585**	**3.731.055.037**

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

(****)TRY 770.079 of the purchases represents finance leases.

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

19. Intangible Assets

Cost	Rights	Mine fields	Development Expenses	Other	Total
Previously reported- 1 January 2013	58.188.463	13.135.203	20.430.652	8.754.817	100.509.135
Impact of amendment in IFRS-11	(241.570)	-	-	(49.688)	(291.258)
Restated 1 January 2013	**57.946.893**	**13.135.203**	**20.430.652**	**8.705.129**	**100.217.877**
Classification of economic life expired assets	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 2013	(36.263.470)	(5.052.461)	(5.648.318)	(4.359.199)	(51.323.448)
Impact of amendment in IFRS-11	180.830	-	-	26.379	207.209
Restated 1 January 2013	**(36.082.640)**	**(5.052.461)**	**(5.648.318)**	**(4.332.820)**	**(51.116.239)**
Classification of economic life expired assets	(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 (*)	(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**

Cost	Rights	Mine fields	Development Expenses	Other	Total
Previously reported- 1 January2012	47.483.301	13.135.203	13.045.210	8.634.765	82.298.479
Impact of amendment in IFRS-11	(241.570)	-	-	(51.545)	(293.115)
Restated 1 January 2012	**47.241.731**	**13.135.203**	**13.045.210**	**8.583.220**	**82.005.364**
Currency translation differences	(49.993)	-	-	(100.305)	(150.298)
Acquisition of subsidiary	201	-	-	2.186	2.387
Additions	11.092.194	-	7.385.442	290.005	18.767.641
Disposals	(337.240)	-	-	(69.977)	(407.217)
Balance at 31 December 2013	**57.946.893**	**13.135.203**	**20.430.652**	**8.705.129**	**100.217.877**
Accumulated depreciation					
Previously reported- 1 January2012	(29.827.662)	(4.233.389)	(2.407.038)	(3.992.758)	(40.460.847)
Impact of amendment in IFRS-11	158.848	-	-	22.946	181.794
Restated 1 January 2012	**(29.668.814)**	**(4.233.389)**	**(2.407.038)**	**(3.969.812)**	**(40.279.053)**
Currency translation differences	34.603	-	-	51.315	85.918
Acquisition of subsidiary	(201)	-	-	(2.186)	(2.387)
Charge for the period (*)	(6.535.493)	(819.072)	(3.241.280)	(482.114)	(11.077.959)
Disposals	87.265	-	-	69.977	157.242
Balance at 31 December 2012	**(36.082.640)**	**(5.052.461)**	**(5.648.318)**	**(4.332.820)**	**(51.116.239)**
Net book value as of 31 December 2012	**21.864.253**	**8.082.742**	**14.782.334**	**4.372.309**	**49.101.638**
Net book value as of 31 December 2011	**17.572.917**	**8.901.814**	**10.638.172**	**4.613.408**	**41.726.311**

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

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

20. Goodwill

	31 December 2013	31 December 2012
Previously reported- 1 January	23.094.005	8.950.786
Impact of amendment in IFRS-11 "Joint Arrangements" (Note 2)	(871.513)	(905.644)
Restated – 1 January	**22.222.492**	**8.045.142**
Currency translation differences	5.789.295	780.025
Acquisition impact for the period	3.522.262	13.397.325
	31.534.049	**22.222.492**

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.

22. Provisions, Contingent Assets and Liabilities

Short term provision

	31 December 2013	31 December 2012
Accrued expenses	49.815.833	13.430.173
Provisions for employee benefits	11.397.142	9.686.527
Other short term provision	1.577.560	1.186.518
	62.790.535	**24.303.218**

The Group is involved in a lawsuit as a defendant in which USD 21.158.667 (31 December 2012: USD 21.158.667) of compensation is claimed, relating to the construction status of properties transferred during the sale of its subsidiary in 2007. The Group Management has not made any provisions since it believes that an unfavourable outcome is remote..

Including the lawsuit stated above, the total amount of the law suits as of 31 December 2013 filed and continuing against is approximately TRY 81.321.603 (31 December 2013: TRY 67.636.152)

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 81.321.603 from the cases as remote as of 31 December 2013.

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

22. Provisions, Contingent Assets and Liabilities

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013				
The CPMs given by the Company	**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	10.032.674.552	10.032.674.552	10.717.098
C. CPM's given on behalf of third partiesfor 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 behalfof the majority shareholder (*)	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.

(*)The amounts represent the CPMs that are given to the Company by the subsidiaries included in the consolidation.

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

22. Provisions, Contingent Assets and Liabilities

	31 December 2012				
The CPMs given by the Company	**TRY Amounts**	**USD**	**EUR**	**RUR**	**TRY**
A. CPM's given in the name of own legal personality	1.243.586	-	-	-	1.243.586
B. CPM's given on behalf of the fully consolidated companies	890.913.768	101.959.432	192.082.155	4.189.897.552	14.092.031
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	613.091.786	145.809.524	150.177.203	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	613.091.786	145.809.524	150.177.203	-	-
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	**1.505.249.140**	**247.768.956**	**342.259.358**	**4.189.897.552**	**15.335.617**

Percentage of other CPM's given by the Company to the Company's equities is 10,94% as of 31 December 2012.

23. Commitments

According to the agreements made among Trakya Cam Sanayii A.Ş., a subsidiary of the Company, Türkiye Petrolleri Anonim Ortaklığı. A.Ş., Shell Enerji A.Ş. and Mersin O.S.B., the Group has a commitment to purchase 246.658.000 sm^3 of natural gas between 1 January 2014 and 31 December 2014 (31 December 2012: 278.189.459 sm^3)

According to the agreements made among Anadolu Cam Sanayii A.Ş., a subsidiary of the Company, Shell Enerji A.Ş., Boru Hatları ve Petrol Taşıma A.Ş. (BOTAŞ) and Eskişehir Organize Sanayii Bölge Müdürlüğü, the Group has a commitment to purchase 164.735.000 sm^3 of natural gas between 1 January 2014 and 31 December 2014 (31 December 2012: 168.230.000 sm^3).

According to the agreements made among Soda Sanayi A.Ş., a subsidiary of the Company, Botaş - Boru Hatları ile Petrol Taşıma A.Ş. and Shell Enerji A.Ş., the Group has a commitment to purchase 762.557.163 sm^3 of natural gas between 1 January 2014 and 31 December 2014 (31 December 2012: 723.701.525 sm^3).

The group has a commitment to purchase total of 1.173.950.163 sm^3 natural gas between 1 January 2014 and 31 December 2014

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

24. Employee Benefits

<u>Short term liabilities for employee benefits</u>

	31 December 2013	31 December 2012
Due to personnel	20.722.243	17.195.616

Short term provisions for employee benefits	31 December 2013	31 December 2012
Unused vacation provision	11.397.142	9.686.527

<u>Long term provisions for employement benefits</u>

Provision for employee termination benefits

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: 2242 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

The amount payable consists of one month's salary limited to a maximum of TRY 3.254,44 for each period of service as of 31 December 2013 (31 December 2012: TRY 3.129,25). The retirement pay provision ceiling is revised semi-annually, and TRY 3.438,22 which is effective from 1 January 2014, is taken into consideration in the calculation of provision for employment termination benefits (invalided between 31 December 2012 and 1 January 2013: TRY 3.129.25). 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 2013 and 31 December 2012 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 2012: 5,00%) and a discount rate of 8,37% (31 December 2012: 8,37%), the real discount rate is approximately 3,21% (31 December 2012: 3,21%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

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

24. Employee Benefits

The movement of the employment termination benefits is as follows:

	31 December 2013	31 December 2012
Previously reported - 1 January	236.342.087	193.357.430
Impact of amendment in IFRS-11 "Joint Arrangements" (Note 2)	(1.472.670)	(1.118.135)
Restated – 1 January	**234.869.417**	**192.239.295**
Actuarial gain/ (loss)	-	16.547.517
Service costs	44.375.486	50.542.455
Interest costs	7.531.763	9.129.008
Acquisition of subsidiary	1.454.403	-
Currency translation differences	713.732	(49.619)
Payments made during the period	(33.340.260)	(33.539.239)
	255.604.541	**234.869.417**

25. Impairment of Assets

Impairment of assets	31 December 2013	31 December 2012
Provision for doubtful receivables	34.125.193	24.689.820
Provision for other doubtful receivables	7.284.963	6.596.033
Provision for inventory write down	17.014.791	17.460.265
Impairment of available-for-sale financial assets	158.930.940	158.930.940
	217.355.887	**207.677.058**

The details of impairment of available-for-sale financial assets	31 December 2013	31 December 2012
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.	1.451.583	1.451.583
Şişecam Shangai Trade Co. Ltd.	655.449	655.449
Mepa Merkezi pazarlama A.Ş.	212.083	212.083
	158.930.940	**158.930.940**

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

26. Other Assets and Liabilities

Other current assets	**31 December 2013**	**31 December 2012**
VAT receivables	79.350.001	59.785.508
Deductible VAT on exports	54.422.176	55.936.676
Receivables related to construction contracts (Note 15)	10.077.655	11.762.778
Work advances	1.071.997	603.493
Income accruals	258.308	538.420
Other	4.605.940	2.847.922
	149.786.077	**131.474.797**

Other non-current assets	**31 December 2013**	**31 December 2012**
Vat deductible	25.848.182	-
Advances given for the inventories	3.803.309	12.098.730
Other non-current assets	29.372	23.524
	29.680.863	**12.122.254**

Other current liabilities	**31 December 2013**	**31 December 2012**
Taxes and funds payables	35.121.295	25.986.205
Social security premiums payable	19.952.411	16.323.716
Expense accruals	17.389.127	2.233.153
VAT and other payables	2.591.569	618.596
Other (*)	2.954.887	3.517.217
	78.009.289	**48.678.887**

(*)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 1.536.141) is accounted for as a current liability.

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".

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

27. Capital, Reserves and Other Equity Items

a) Capital/Treasury Shares

The approved and paid-in share capital of the Company consists of 157.100.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each

	31 December 2013	31 December 2012
Registered capital ceiling (*)	2.500.000.000	2.000.000.000
Approved and paid-in capital	1.571.000.000	1.500.000.000

(*)The registered capital ceiling of the Company was increased to TRY 2.500.000.000 in the shareholders' extraordinary general meeting held on 22 January 2013.

	31 December 2013		31 December 2012	
Shareholders	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
T. İş Bankası A.Ş.	1.028.563.430	65,47	982.078.999	65,47
T. İş Bankası Mensupları Sos. Güv.Vakfı	70.017.413	4,46	-	-
Efes Holding A.Ş.	58.393.405	3,72	55.754.365	3,72
Anadolu Hayat Emeklilik A.Ş.	754.996	0,05	720.875	0,05
Paşabahçe Cam San. ve Tic. A.Ş.	-	-	58.966.447	3,93
Other (*)	413.270.756	26,30	402.479.314	26,83
Paid-in share capital (**)	**1.571.000.000**	**100,00**	**1.500.000.000**	**100,00**
Adjustment to share capital	241.425.784		241.425.784	
Treasury shares (-)	-		(58.966.447)	
Total share capital	**1.812.425.784**		**1.682.459.337**	

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

(**) The Company's paid in capital amounting to TRY 1.500.000.000 was increased to TRY 1.571.000.000 by non-cash capital increase and the capital increase was registered on 3 July 2013.

Ultimate shareholders of the Company, indirectly, are as follows:

	31 December 2013		31 December 2012	
Shareholders	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	541.595.672	34,47	481.826.387	32,12
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	289.094.431	18,40	286.792.440	19,12
Other (*)	740.309.897	47,13	731.381.173	48,76
Paid-in share capital	**1.571.000.000**	**100,00**	**1.500.000.000**	**100,00**

(*) Other includes various shareholders and the publicly traded portion of İşbank shares.

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

	31 December 2013	31 December 2012
Investment property fair value difference	365.751.130	365.676.206
Actuarial gain/ (loss) fund	(22.092.801)	(22.092.801)
	343.658.329	**343.583.405**

The movement of revaluation funds was presented comprehensively in the period income statement and equity financial statement.

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

27. Capital, Reserves and Other Equity Items

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

Provision for employement 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 funds for actuarial gains/ (losses) in the employee termination benefits is not in a position to be reclassified under profit and loss.

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

	31 December 2013	31 December 2012
Currency translation differences	303.249.106	102.775.159
Hedging reserve	(461.440)	-
Financial asset revaluation fund	61.888	54.456
	302.849.554	**102.829.615**

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.

d) 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.

Restricted reserves attributable to equity holders of the Parent	31 December 2013	31 December 2012
Legal reserves	60.897.508	48.895.020

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

27. Capital, Reserves and Other Equity Items

e) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 2.542.250.282 (31 December 2012: TRY 2.152.273.912) is TRY 200.017.599 (31 December 2012: TRY 113.970.331).

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..

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 2013	31 December 2012
Net profit for the year	190.898.061	240.049.756
I. Legal reserves	(9.544.903)	(12.002.488)
Districbutable profir for the year (*)	**181.353.158**	**228.047.268**
Extraordinary reserves	200.017.599	113.970.331
	381.370.757	**342.017.599**

(*)In accordance with Article 5/1-e of Corporate Tax Law, amount of special funds not available for distribution as cash dividends in the net profit for the period is TRY 38.494.126.

f) 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.

The transactions made with the purpose of restructuring of Group companies between 1 January and 31 December 2013:

27. Capital, Reserves and Other Equity Items

f) Non-controlling interest

• 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 TRY 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 Spa, 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

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 in return for paying EUR 6,01 million, including EUR 0,1 million premium 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 (equalling to 3,93% of the total shares) which was held by Paşabahçe Cam Sanayii ve Ticaret A.Ş., one of out 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.

27. Capital, Reserves and Other Equity Items

f) 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, was sold to the Company on 28 March 2013 at a total amount by (17.701.351 x 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 Bağımsiz 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 3.849.93 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 x 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 Bağımsiz 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 transactions made with the purpose of restructuring of our group companies between 1 January and 31 December 2012:

- In 21 December 2012, the Group purchased the 24,075% of shares of Mosimmobillia with a nominal value of EUR 8.705.280, which is one of the shareholders of Anadolu Cam Investment BV that is an investment company of OOO Ruscam and located in Netherlands. The purchase of value of the shares is USD 14.950.000 (=TRY 26.555.682).

- The shares amounting to TRY 53.195.417 have been transferred to Paşabahçe Cam Sanayii ve Ticaret AŞ as of 29 March 2012, resulting from transfer of Beykoz property from Paşabahçe Cam Sanayii ve Ticaret A.Ş to Türkiye Şişe ve Cam Fabrikaları A.Ş., according to rulings of related legislation, in exchange for Beykoz properties.

- Soda Sanayii A.Ş., one of the subsidiaries, has purchased cogeneration plant of Camiş Elektrik Üretim A.Ş. by the merger by partial disposal in compliance with related regulations and in return for the acquired assets, the shares nominal value of which is amounting to TRY 114.696.022 was transferred to shareholders of Camiş Elektrik Üretim A.Ş. on 28 March 2012.

- Since out of Group shareholders did not participate in capital increase of Şişecam Soda Lukavac D.O.O. by Kovertibl Mark 9.779.150 (=EUR 5.000.000) made in February, April and May 2012, the Group's share in the subsidiary increased from 88.37% to 89.30%.

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

27. Capital, Reserves and Other Equity Items

f) Non-controlling Interest

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 2013	31 December 2012
Equity attributable to the Parent	(20.669.495)	25.010.839
Non-controlling interests	3.566.495	(51.566.521)
Collected / (paid) amounts	**(17.103.000)**	**(26.555.682)**

Capital contributions of non-controlling shares in 2013:

- The subsidiaries, Balsand B.V. and TRSG Glass Holding B.V. increased their capitals by EUR 2.064.591 and EUR 83.600.000, respectively and the non-controlling parties participated in the capital increases by their rate of shares

Capital contributions of non-controlling shares in 2012:

- The subsidiaries, Balsand B.V., TRSG Glass Holding B.V., TRSG Autoglass Holding B.V. and Glass Corp S.A. increased their capitals by EUR 8.732.990, EUR 30.400.000, EUR 20.000.000, and RON 36.927.038 respectively and the non-controlling parties participated in the capital increases by their rate of shares.

28. Revenue and Cost of Sales

Revenue	1 January- 31 December 2013	1 January- 31 December 2012
Revenue	6.303.103.366	5.670.152.073
Other income	11.612.083	2.351.954
Sales discount	(261.272.738)	(285.328.164)
Sales returns	(26.360.660)	(25.851.477)
Other sales discounts	(72.888.197)	(41.443.256)
	5.954.193.854	**5.319.881.130**
Cost of sales		
Direct materials	(1.984.363.179)	(1.765.404.350)
Direct labor	(371.420.834)	(310.283.756)
Production overheads	(1.237.307.001)	(1.125.048.283)
Depreciation and amortization	(526.127.714)	(462.024.146)
Change in work-in-progress inventories	4.452.808	4.502.893
Change in finished goods inventories	46.783.264	69.524.825
Cost of goods sold	**(4.067.982.656)**	**(3.588.732.817)**
Cost of merchandises sold	(282.483.558)	(282.483.558)
Cost of services given (*)	(17.852.207)	(17.852.207)
Other costs	(26.667.115)	(26.667.115)
	(4.460.494.581)	**(3.915.735.697)**

(*)Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January and 31 Decemberr 2013 amounts to TRY 3.845.106 (1 January - 31 December 2012: TRY 5.225.552).

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

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

	1 January-31 December 2013	1 January-31 December 2012
General Administrative expenses	(570.672.636)	(482.616.404)
Marketing expenses	(531.640.986)	(470.011.545)
Research and development expenses	(39.419.287)	(28.238.959)
	(1.141.732.909)	**(980.866.908)**

30. Other Operating Income/ (Expenses)

	1 January-31 December 2013	1 January-31 December 2012
Indirect material costs	(16.310.902)	(16.935.439)
Employee benefit expenses	(326.290.094)	(283.894.663)
Outsourced services	(383.459.409)	(286.004.059)
Miscellaneous expenses	(357.607.444)	(344.960.280)
Depreciation and amortization	(58.065.060)	(49.072.467)
	(1.141.732.909)	**(980.866.908)**

31. Other Operating Income/ (Expenses)

Other operating income	1 January-31 December 2013	1 January-31 December 2012
Foreign exchange gain on trade receivables and payables	269.513.456	90.935.082
Rediscount interest income	5.600.205	2.434.516
Income from sales of raw materials	8.782.509	5.202.103
Provisions no longer required	3.475.888	4.128.898
Brand incentive (Turquality) income	3.459.399	758.482
Insurance claims	1.819.428	1.538.379
Commission expenses	779.830	687.731
Other	57.997.111	33.105.995
	351.427.826	**138.791.186**

Other operating expenses	1 January-31 December 2013	1 January-31 December 2012
Foreign exchange losses on trade receivables and payables	(151.471.378)	(99.724.983)
Rediscount interest expense on operating activities	(6.659.184)	(1.626.661)
Provision expenses	(11.747.839)	(3.415.237)
Commission expenses	(583.167)	(397.081)
Other	(48.459.605)	(35.838.760)
	(218.921.173)	**(141.002.722)**

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

32. Income and Expense from Investing Activities

Income from Investing Activities	1 January-31 December 2013	1 January-31 December 2012
Gain on sales of investment properties	108.144.566	-
Gain on sales of tangible assets	15.399.269	15.884.677
Dividend Income	45.952	38.150
Gain on sale of marketable securities	1.179	2.267
	123.590.966	**15.925.094**

Expenses from Investing Activities	1 January-31 December 2013	1 January-31 December 2012
Loss on sales of tangible assets	(9.721.636)	(11.610.703)
Loss on sales of marketable securities	-	(3.887.475)
	(9.721.636)	**(15.498.178)**

33. Financial Income and Expenses

Financial Income	31 December 2013	31 December 2012
Foreign exchange income	1.135.280.827	692.298.785
- Foreign exchange gain on cash and cash equivalents	*1.101.992.549*	*553.511.286*
- Foreign exchange gain on borrowings	*26.373.278*	*136.407.245*
- Foreign exchange gain on bonds issued	*6.915.000*	-
- Realized exchange gain on derivative instrument	-	*2.380.254*
Interest income	44.026.095	58.996.147
- *Interest income accruals on time deposits*	*43.765.967*	*58.824.059*
- *Other*	*260.128*	*172.088*
	1.179.306.922	**751.294.932**

Financial Expenses	1 January-31 December 2013	1 January-31 December 2012
Foreign exchange expense	(1.176.307.489)	(698.622.520)
- Foreign exchange losses on cash and cash equivalents	*(816.515.463)*	*(623.440.477)*
- Foreign exchange losses on borrowings	*(169.972.508)*	*(75.182.043)*
- Foreign exchange losses on bonds issued	*(177.165.000)*	-
- Realized exchange losses on derivative instrument	*(10.976.100)*	-
- Unrealized exchange losses on derivative instrument	*(1.678.418)*	-
Interest expense	(158.262.953)	(124.871.753)
- Bank loan interest accrual	*(125.691.458)*	*(124.486.108)*
- Interest accrual of bonds issued	*(28.138.590)*	-
- Financial leasing interest expense	*(1.273.152)*	*(258.080)*
- Interest effect of derivative instrument	*(793.248)*	-
- Other	*(2.366.505)*	*(127.565)*
	(1.334.570.442)	**(823.494.273)**

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

34. Assets Held for Sale

Cost	31 December 2013	31 December 2012
Land	5.379.668	-
Buildings	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	-
	134.869.298	**-**
Accumulated Depreciation		
Land	2.055.550	-
Buildings	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	-
	117.868.489	**-**
Net Book Value	**17.000.809**	**-**

TRY 10.074.122 ofthe net book value is related to the properties located in Topkapı, Zeytinburnu District, İstanbul. The remaining net book value of TRY 6.926.687 is realted to assets of Fritz Holding GmbH that aree planned to be sold. 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.

(Amounts 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 2013	31 December 2012
Deferred tax assets	188.961.418	94.424.648
Deferred tax liabilities (-)	(32.709.145)	(39.811.418)
Deferred tax assets (net)	**156.252.273**	**54.613.230**

Temporary Differences subject to deferred taxation	31 December 2013	31 December 2012
Useful life and valuation differences on		
tangible and intangible assets	680.327.257	600.198.065
Valuation of investment property	402.176.110	402.090.021
Corporate tax allowance	(721.138.685)	(350.622.479)
Carry forward tax losses	(506.840.065)	(359.861.511)
Employment termination benefits	(255.604.541)	(234.869.417)
Investment allowance utilized during the year	(47.573.232)	(135.261.243)
Provision for inventory write down	(19.090.587)	(18.059.370)
Foreign currency hedges	(4.154.651)	-
Other	(63.923.603)	(14.826.271)
	(535.821.997)	**(111.212.205)**

Deferred Tax Assets and Liabilities	31 December 2013	31 December 2012
Useful life and valuation differences on		
tangible and intangible assets	(131.817.188)	(118.676.835)
Valuation of investment property	(20.108.806)	(20.104.501)
Corporate tax allowance	144.227.737	70.124.496
Carry forward tax losses	94.107.150	67.470.342
Employment termination benefits	51.085.186	46.957.318
Investment allowance utilized during the year	953.596	2.264.312
Provision for inventory write down	3.713.267	3.479.248
Foreign currency hedges	825.440	-
Other	13.265.891	3.098.850
	156.252.273	**54.613.230**

(Amounts 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 2013	31 December 2012
Within 1 year	31.498.233	33.971.658
Within 2 year	2.616.913	60.740.801
Within 3 year	15.994.588	5.038.308
Within 4 year	28.232.041	6.361.539
Within 5 year	104.302.700	23.870.185
Within 6 year	26.526.028	7.757.256
Within 7 year	20.492.407	34.459.257
Within 8 year	31.218.341	29.019.954
Within 9 year	109.005.542	99.272.415
Within 10 year	136.953.272	59.370.138
	506.840.065	**359.861.511**

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 145.935.562 (31 December 2012: TRY 40.591.110).

Movements of deferred tax assets and liabilities are as follows:

	31 December 2013	31 December 2012
Previously reported - 1 January	54.490.135	11.166.206
Impact of amendment in IFRS-11 "Joint Arrangements" (Note 2)	123.095	258.516
Restated – 1 January	**54.613.230**	**11.424.722**
Effect of acquisition of subsidiaries	(4.021.556)	-
Charged to the statement of income	106.434.683	49.953.528
Charged to the equity	(8.509.649)	(6.808.654)
Currency translation differences	7.735.565	43.634
	156.252.273	**54.613.230**

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 centre incentive) are deducted.

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

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

Corporate Tax

Turkey, corporate tax rate applied in 2013 is 20% (2012: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2013 are as follows:

Country	Tax Rate (%)
Bosnia-Herzegovina	10,0
Bulgaria	10,0
Georgia	15,0
Italy	31,4
Egypt	25,0
Romania	16,0
Russia (*)	2,0–20,0
Ukraine	19,0
Germany	15,0

(*)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 (2012: 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.

<u>Income Withholding Tax</u>

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.

<u>Investment Allowancees</u>

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.

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

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 5.392.177 (31 December 2012 TRY 15.230.543).

	31 December 2013	31 December 2012
Current tax provision	134.096.611	95.075.841
Prepaid taxes and funds (-)	(75.108.768)	(74.948.007)
Tax provision in the statement of the financial position	**58.987.843**	**20.127.834**

	1 January-31 December 2013	1 January-31 December 2012
Provision for Corporate Tax for current period	(134.096.611)	(95.075.841)
Currency translation differences	1.707.047	221.079
Deferred tax income	106.434.683	49.953.528
Tax provision in the statement of income	**(25.954.881)**	**(44.901.234)**
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	479.970.325	377.023.552
Effective tax rate	%20	%20
Calculated tax	**(95.994.065)**	**(75.404.710)**
Tax reconciliation		
- Dividends and other non-taxable income	215.435.906	100.718.320
- Corporate tax allowance	80.299.356	34.457.767
- Consolidation adjustments	(172.104.040)	(76.795.044)
- Non-deductable expenses	(34.399.140)	(19.035.593)
- Carry forward tax looses	(15.512.993)	(1.428.375)
- Profit share of investments accounted through equity method	(7.378.300)	(5.545.798)
- The effect of foreign companies that have different tax rates	(4.680.752)	(2.025.107)
- Currency translation differences	(7.759.531)	(61.210)
- Investment incentives	(1.145.806)	1.012.345
- Foreign currency hedges	563.523	-
- Other	16.720.961	(793.829)
Tax provision in the statement of income	**(25.954.881)**	**(44.901.234)**

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

36. Earnings per Share

Earnings per share	1 January- 31 December 2013	1 January- 31 December 2012
Average number of shares existing during the period (total value)	1.571.000.000	1.571.000.000
Net profit for the period attributable to equity holders of the parent	431.862.505	305.177.255
Earnings per share	**0,2749**	**0,1943**
Total comprehensive income attributable to equity holders of the parent	767.028.831	460.630.974
Earnings per share obtained from total comprehensive income	**0,4882**	**0,2932**

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	31 December 2013	31 December 2012
T. İş Bankası A.Ş.		
- Time deposits	1.653.071.034	975.058.710
- Demand deposit	63.258.934	29.886.443
	1.716.329.968	**1.004.945.153**
İşbank AG		
- Demand deposit	6.788.476	5.293.839
	1.723.118.444	**1.010.238.992**

Borrowings received from related parties	31 December 2013	31 December 2012
T. İş Bankası A.Ş.	335.412.389	246.126.313
İşbank AG	35.238.000	7.760.610
T. Sınai ve Kalkınma Bankası A.Ş.	2.681.223	6.661.812
	373.331.612	**260.548.735**

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

37. Related Party Disclosures

Trade receivables due from related parties	31 December 2013	31 December 2012
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	4.546.814	-
Oxyvit Kimya San. ve Tic. A.Ş.	3.798.398	85.618
Omco İstanbul Kalıp San. ve Tic. A.Ş.	1.795.397	334.184
Şişecam Shangai Trade Co. Ltd.	1.767.200	1.016.528
İş Merkezleri Yönetim ve İşletim A.Ş.	1.181.810	1.297.682
Rudnik Krecnjaka Vijenac D.O.O.	891.005	845.646
Solvay Şişecam Holding AG	581.853	1.447.427
T. İş Bankası A.Ş.	438.907	331.267
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	338.653	367.051
Paşabahçe Glass GmbH	276.049	150.523
OOO Balkum	161.171	137.516
Paşabahçe USA Inc.	125.675	107.955
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	33.911	31.574
Anadolu Anonim Türk Sigorta Şirketi	32.375	87.400
Omco International N.V.	23.282	-
Camiş Menkul Değerler A.Ş.	-	4.079
	15.992.500	**6.244.450**

(*) TRY 4.463.446 of the total amount consists of VAT receivable due to sale of Topkapı investment property

Other receivables due from related parties	31 December 2013	31 December 2012
Saint Gobain Glass Egypt S.A.E (*)	20.233.423	9.319.138
Paşabahçe Yatırım ve Pazarlama A.Ş.	2.182.888	1.381.529
Yatırım Finansman Menkul Değerler A.Ş.	21.439	18.719
Paşabahçe Mağazaları B.V.	15.813	11.940
Sudel Invest S.A.R.L.	5.248	3.649
Arc Paşabahçe Food Service LLC.	-	1.067.701
	22.458.811	**11.802.676**

(*) TRY 19.984.777 of the total amount is consisted of the capital advance given to Saint Gobain Glass Egypt S.A.E.

Other receivables due from related parties	31 December 2013	31 December 2012
Omco İstanbul Kalıp San. ve Tic. A.Ş.	20.367.629	18.539.802
Solvay Şişecam Holding AG	18.065.336	4.402.981
Oxyvit Kimya San. ve Tic. A.Ş.	6.223.070	-
Anadolu Anonim Türk Sigorta Şirketi	5.139.215	4.459.494
Rudnik Krecnjaka Vijenac D.O.O.	854.503	533.900
OOO Balkum	779.354	901.594
İş Merkezleri Yönetim ve İşletim A.Ş.	363.822	251.520
Paşabahçe USA Inc.	241.675	389.228
Avea İletişim Hizmetleri A.Ş.	52.733	67.112
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	13.946	12.595
T. İş Bankası A.Ş. ve İşbank AG	8.488	-
Kanyon Yönetim İşletim ve Pazarlama Ltd.	1.774	-
Other	-	14.368
	52.111.545	**29.572.594**

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

37. Related Party Disclosures

Other payables due to related parties	31 December 2013	31 December 2012
Paşabahçe Glass GmbH	759.947	368.146
Paşabahçe Spain SL	137.932	113.762
Denizli Cam San. Vakfı	44.974	33.713
Mepa Merkezi Pazarlama A.Ş.	11.863	53.857
Saint Gobain Glass Egypt S.A.E	-	446.823
Oxyvit Kimya San. ve Tic. A.Ş.	-	6.776.582
İş Factoring Finansman Hizmetleri A.Ş.	-	1.018.554
Paşabahçe Yatırım ve Pazarlama A.Ş.	-	32.075
Other	1.373.561	1.430.661
	2.328.277	**10.274.173**

Transactions with related parties:

Interest income from related parties	1 January- 31 December 2013	1 January- 31 December 2012
T. İş Bankası A.Ş. ve İşbank AG	37.354.316	32.171.473
Saint Gobain Glass Egypt S.A.E	118.926	-
Oxyvit Kimya San. ve Tic. A.Ş.	57.865	40.870
Rudnik Krecnjaka Vijenac D.O.O.	56.952	72.878
Paşabahçe Yatırım ve Pazarlama A.Ş.	20.310	53.948
Paşabahçe Mağazaları B.V.	4.567	-
İş Net Elektronik Bilgi Üret. Dağ. Tic .İlet. Hiz. A.Ş.	829	210
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	679	-
	37.614.444	**32.339.379**

Interest expenses to related parties	1 January- 31 December 2013	1 January- 31 December 2012
T. İş Bankası A.Ş. ve İşbank AG	16.034.381	17.763.962
T. Sınai ve Kalkınma Bankası A.Ş.	938.602	479.175
Omco İstanbul Kalıp San. ve Tic. A.Ş.	127.894	45.443
İş Finansal Kiralama A.Ş.	97.493	75.736
Oxyvit Kimya San. ve Tic. A.Ş.	35.313	77.948
Mepa Merkezi Pazarlama A.Ş.	2.662	4.174
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.758	-
	17.238.103	**18.446.438**

Dividend income from related parties	1 January- 31 December 2013	1 January- 31 December 2012
Nemtaş Nemrut Liman İşletmeleri A.Ş.	45.952	-
İş Finansal Kiralama A.Ş.	-	38.136
	45.952	**38.136**

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

37. Related Party Disclosures

Transaction with related parties :

Other income from related parties	1 January- 31 December 2013	1 January- 31 December 2012
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (1)	81.150.785	111.451
İş Merkezleri Yönetim ve İşletim A.Ş. (2)	12.125.222	12.347.907
Anadolu Anonim Türk Sigorta Şirketi (3)	8.239.183	7.657.684
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. (2)	3.265.847	3.260.175
Solvay Şişecam Holding AG	1.913.923	1.765.052
Oxyvit Kimya San. ve Tic. A.Ş.	1.843.120	2.980.692
Omco İstanbul Kalıp San. ve Tic. A.Ş.	1.757.828	768.010
Bosen Enerji Elektrik Üret. Otopro.Grubu A.Ş.	771.910	-
Rudnik Krecnjaka Vijenac D.O.O.	393.618	377.982
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	300.577	262.396
Saint Gobain Glass S.A.E	259.174	104.054
T. İş Bankası A.Ş.	103.798	125.102
Paşabahçe Mağazaları B.V.	13.621	28.940
Anadolu Hayat Emeklilik Sigorta A.Ş.	9.523	5.842
Mepa Merkezi Pazarlama A.Ş.	6.000	-
İş Yatırım Menkul Değerler A.Ş.	4.013	12.203
İş Portföy Yönetimi A.Ş.	1.247	3.342
İş Finansal Kiralama A.Ş.	207	-
Avea İletişim Hizmetleri A.Ş.	-	25.896
Milli Reasürans T.A.Ş.	-	7.236
Nemtaş Nemrut Liman İşletmeleri A.Ş.	-	6.059
OOO Balkum	-	2.425
İş Factoring Finansman Hizmetleri A.Ş.	-	436
	112.159.596	**29.852.884**

(1) TRY 81.108.425 of the amount consists of the gain from sale of Topkapı investment property.

(2) Consists of revenues generated from sales of electricity.

(3) TRY 7.353.671 of the total amount consist of insurance agency income that Şişecam Aracılık Hizmetleri A.Ş. generated between 1 January and 31 December 2013 (1 January – 31 December 2012: TRY 6.914.223).

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

37. Related Party Disclosures

Transaction with related parties :

Other expenses to related parties	1 January- 31 December 2013	1 January- 31 December 2012
Solvay Şişecam Holding AG (1)	109.794.057	106.878.918
Omco İstanbul Kalıp San. ve Tic. A.Ş. (2)	28.321.178	59.431.705
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (3)	15.601.532	15.022.863
İş Merkezleri Yönetim ve İşletim A.Ş. (4)	6.524.121	6.420.899
Rudnik Krecnjaka Vijenac D.O.O. (5)	6.499.647	6.503.729
OOO Balkum (5)	3.484.199	5.900.123
İş Yatırım Menkul Değerler A.Ş.	2.407.225	-
T. İş Bankası A.Ş. ve İşbank AG	1.317.357	1.170.827
Oxyvit Kimya San. ve Tic. A.Ş.	982.697	771.771
Şişecam Shangai Trade Co. Ltd.	965.921	1.335.871
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	801.585	738.263
Anadolu Anonim Türk Sigorta Şirketi	614.530	3.279.474
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	263.999	242.258
Anadolu Hayat Emeklilik Sigorta A.Ş.	134.346	124.175
Saint Gobain Glass Egypt S.A.E.	104.054	-
Camiş Menkul Değerler A.Ş.	57.603	28.676
Kültür Yayınları İş-Türk Ltd. Şti.	53.945	106.042
Avea İletişim Hizmetleri A.Ş.	840	7.201
Paşabahçe Glass GmbH	-	1.434.094
Paşabahçe USA Inc.	-	422.390
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	11.742
Paşabahçe Spain SL.	-	149.168
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	114
	177.928.836	**209.980.303**

(1) Amount consists of the purchases of soda from Solvay Sodi AD.

(2) Amount consists of glass mould expenses.

(3) TRY 15.314.707 of the total amount consists of rent expenses for İş Kuleleri, Kule 3 for the period of 1 January – 31 December 2013 (1 January – 31 December 2012: TRY 14.817.858).

(4) Amount comprises from the administrative and management expenses related with İş Kuleleri Kule 3,

where the Group is located.

(5) Amount comprises from the expenses related with purchase of glass raw-materials

Short-term benefits provided to key management	1 January- 31 December 2013	1 January- 31 December 2012
Parent (Holding)	10.723.624	10.876.132
Consolidated entities	28.654.072	18.565.416
	39.377.696	**29.441.548**

Key management personel is 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 the periods 1 January- 31 December 2013 and 1 January - 31 December 2012.

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

38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

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

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

As of 31 December 2013 and 31 December 2012 the Group's net debt / total equity ratios are as follows:

	31 December 2013	31 December 2012
Financial liabilities and trade payables	4.261.776.484	2.651.075.372
Less: Cash and cash equivalents	(1.953.138.390)	(1.160.025.125)
Net debt	**2.308.638.094**	**1.491.050.247**
Total Equity	**6.615.301.267**	**5.605.940.392**
Net debt / total equity ratio	35%	27%

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 Financial Transactions 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.

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 periodically.

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

38. Financial Instruments and Financial Risk Management

b)Financial Risk Factors

b.1) Credit Risk Management

	Receivables					
	Trade Receivables		Other Receivables			
Credit risks exposed through types of financial instruments	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	Financial Derivatives
Maximum credit risk exposed as of balance sheet date 31 December 2013 (*) (A+B+C+D+E)	**15.992.500**	**1.138.738.242**	**22.458.811**	**65.215.214**	**1.948.376.466**	**-**
- The part of maximum risk under guarantee with collaterals, etc	**-**	**(375.023.036)**	**(9.542.751)**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	15.992.500	959.100.939	12.181.388	65.215.214	1.948.376.466	-
- The part under guarantee with collaterals, etc.	-	(361.875.076)	-	-	-	-
B. Net book value 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	-	179.637.303	10.277.423	-	-	-
- The part under guarantee with collaterals, etc.	-	(13.147.960)	(9.542.751)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	33.469.687	-	7.280.172	-	-
- Impairment (-)	-	(33.469.687)	-	(7.280.172)	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	655.506	-	4.791	-	-
- Impairment (-)	-	(655.506)	-	(4.791)	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*)Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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

38. Financial Instruments and Financial Risk Management

b)Financial Risk Factors

b.1) Credit Risk Management

	Receivables					
	Trade Receivables		Other Receivables			
Credit risks exposed through types of financial instruments	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	Financial Derivatives
Maximum credit risk exposed as of balance sheet date 31 December 2012 (*) (A+B+C+D+E)	**6.244.450**	**966.266.375**	**11.802.676**	**26.310.477**	**1.159.267.890**	**-**
- The part of maximum risk under guarantee with collaterals, etc	**-**	**(359.459.499)**	**(10.215.866)**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	6.244.450	755.716.457	24.364	26.310.477	1.159.267.890	-
- The part under guarantee with collaterals, etc.	-	(314.617.889)	-	-	-	-
B. Net book value 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	-	210.549.918	11.778.312	-	-	-
- The part under guarantee with collaterals, etc.	-	(44.841.610)	(10.215.866)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	24.034.314	-	6.596.033	-	-
- Impairment (-)	-	(24.034.314)	-	(6.596.033)	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	655.506	-	-	-	-
- Impairment (-)	-	(655.506)	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*)Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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

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 2013	31 December 2012
Letters of guarantee	219.305.795	263.223.704
Security cheques and bonds	126.809.378	69.526.428
Mortgages	20.625.113	18.951.361
Cash	8.282.750	7.758.006
	375.023.036	**359.459.499**

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

	31 December 2013	31 December 2012
1-30 days overdue	107.651.607	116.136.380
1-3 months overdue	38.785.306	59.255.237
3-12 months overdue	21.656.132	32.608.935
1-5 years overdue	11.544.258	2.549.366
Total overdue receivables	**179.637.303**	**210.549.918**
The part secured with guarantee, etc (-)	**(13.147.960)**	**(44.841.610)**

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.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.

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

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 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**

	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)
Cash inflows	-	-	-	-	-	-
Cash outflows	(4.154.641)	(4.154.641)	-	-	(4.154.641)	-
	(4.154.641)	**(4.154.641)**	**-**	**-**	**(4.154.641)**	**-**

	31 December 2012					
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	2.117.472.746	2.345.054.534	323.069.770	966.268.224	939.022.555	116.693.985
Financial leases	10.289.576	10.441.033	296.310	1.911.802	8.232.921	-
Trade payables	493.740.456	495.035.616	484.457.312	10.578.304	-	-
Due to related parties	39.846.767	39.846.767	39.846.767	-	-	-
Other financial liabilities	14.683.520	14.683.520	14.315.350	-	368.170	-
Total liabilities	**2.676.033.065**	**2.905.061.470**	**861.985.509**	**978.758.330**	**947.623.646**	**116.693.985**

There are no derivative financial assets and financial liabilities (2012: None).

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.

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

38. Financial Instruments and Financial Risk Management

b.3) Market risk management

b.3.1) Foreign currency risk management

The transactions denominated in foreign currencies are subject to foreign currency risk. The Group considers the currencies not included in the functional currencies of the countries, in which its subsidiaries and associates operate, as foreign currency.

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 2013			
		TRY Equivalent	USD	EUR	Other
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

(Amounts 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.3.1) Foreign currency risk management

		Foreign Currency Position as of 31 December 2012			
		TRY Equivalent	USD	EUR	Other
1.	Trade receivables	344.776.182	90.990.885	70.228.492	17.419.485
2a.	Monetary financial assets, (cash and banks account included)	1.042.187.333	469.686.769	86.500.022	1.501.597
2b.	Non monetary financial assets	-	-	-	-
3.	Other	6.416.885	1.880.112	1.288.669	34.834
4.	**Current assets (1+2+3)**	**1.393.380.400**	**562.557.766**	**158.017.183**	**18.955.916**
5.	Trade Receivables	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-
6b.	Non monetary Financial Assets	-	-	-	-
7.	Other	38.968	20.541	1.000	-
8.	**Non-current assets (5+6+7)**	**38.968**	**20.541**	**1.000**	**-**
9.	**Total assets (4+8)**	**1.393.419.368**	**562.578.307**	**158.018.183**	**18.955.916**
10.	Trade payables	61.473.545	9.605.928	17.846.466	2.380.484
11.	Financial liabilities	660.993.750	182.166.552	142.987.479	-
12a.	Other monetary liabilities	18.968.700	3.617.425	5.014.543	727.577
12b.	Other non monetary liabilities	-	-	-	-
13.	**Current liabilities (10+11+12)**	**741.435.995**	**195.389.905**	**165.848.488**	**3.108.061**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	263.817.596	68.690.205	60.114.146	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non monetary liabilities	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**263.817.596**	**68.690.205**	**60.114.146**	**-**
18.	**Total liabilities (13+17)**	**1.005.253.591**	**264.080.110**	**225.962.634**	**3.108.061**
19.	Net assets of off balance sheet derivative items (liability) position (19a-19b)	-	-	-	-
19a.	Total amount of assets hedge	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	**Net foreign assets / (liability) position (9–18+19)**	**388.165.777**	**298.498.197**	**(67.944.451)**	**15.847.855**
21.	**Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a–10–11-12a–14–15-16a)**	**381.709.924**	**296.597.544**	**(69.234.120)**	**15.813.021**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	1.436.756.326	421.036.329	250.745.712	104.378.361
24.	Import	483.766.890	135.538.235	96.297.169	18.956.166

(Amounts 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.3.1) 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 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)**

(Amounts 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.3.1) Foreign currency risk management

Foreign currency sensitivity

		31 December 2012			
		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	52.871.478	(52.871.478)	-	-
2-	USD hedged from risks (-)	-	-	-	-
3-	**USD net effect (1+2)**	**52.871.478**	**(52.871.478)**	**-**	**-**
	Change of EUR against TRY by 10%				
4-	EUR net assets / liabilities	(16.281.788)	16.281.788	146.942.830	(146.942.830)
5-	EUR hedged from risks (-)	-	-	-	-
6-	**EUR net effect (4+5)**	**(16.281.788)**	**16.281.788**	**146.942.830**	**(146.942.830)**
	Change of other currencies against TRY by 10%				
7-	Other currencies net assets / liabilities	1.581.302	(1.581.302)	34.338.727	(34.338.727)
8-	Other currencies hedged from risks (-)	-	-	-	-
9-	**Other currencies net effect (7+8)**	**1.581.302**	**(1.581.302)**	**34.338.727**	**(34.338.727)**
	Total (3+6+9)	**38.170.992**	**(38.170.992)**	**181.281.557**	**(181.281.557)**

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 3.978.894.as of 31 December 2013 (31 December 2012: TRY 3.658.035).

(Amounts 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.3.2) Foreign currency risk management

Interest rate sensitivity

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

	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
Derivative financial instruments	-	-	-	-
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

	31 December 2012			
	Floating Interest	Fixed Interest	Non-interest Bearing	Total
Financial assets	**-**	**2.082.998.812**	**170.308.230**	**2.253.307.042**
Cash and cash equivalents	-	1.072.374.834	87.650.291	1.160.025.125
Financial assets	-	-	-	-
Derivative financial instruments	-	-	-	-
Available for sale financial assets	-	-	82.657.939	82.657.939
Trade receivables	-	966.266.375	-	966.266.375
Due from related parties	-	18.047.126	-	18.047.126
Other receivables	-	26.310.477	-	26.310.477
Financial liabilities	**1.748.510.260**	**916.356.841**	**11.165.964**	**2.676.033.065**
Bank borrowings	1.748.510.260	357.796.522	11.165.964	2.117.472.746
Financial leases	-	10.289.576	-	10.289.576
Trade payables	-	493.740.456	-	493.740.456
Due to related parties	-	39.846.767	-	39.846.767
Other payables	-	14.683.520	-	14.683.520

(Amounts 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

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 2013 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 30.748 (2012: TRY 28.186 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 2013	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	**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

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

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

31 December 2012	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	**1.160.019.278**	**984.313.501**	**82.657.939**	**5.847**	**2.226.996.565**	
Cash and cash equivalents	1.160.019.278	-	-	5.847	1.160.025.125	6
Trade receivables	-	966.266.375	-	-	966.266.375	10
Due from related parties	-	18.047.126	-	-	18.047.126	37
Financial investments	-	-	82.657.939	-	82.657.939	7
Financial liabilities	**2.661.349.545**	**-**	**-**	**-**	**2.661.349.545**	
Financial liabilities	2.127.762.322	-	-	-	2.127.762.322	8
Trade payables	493.740.456	-	-	-	493.740.456	10
Due to related parties	39.846.767	-	-	-	39.846.767	37

Fair Value of Financial Instruments

	31 December 2013			
Financial assets	**Total**	**Level 1**	**Level 2**	**Level 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**

	31 December 2012			
Financial assets	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets available for sale	82.657.939	299.662	-	82.358.277
Derivative financial assets	-	-	-	-
Financial assets held to maturity	-	-	-	-
Total	**82.657.939**	**299.662**	**-**	**82.358.277**

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 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);
- Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

40. Events after the Reporting Date

- In the Board of Directors' meeting held on 17 January 2014, it has been decided that the Company and one of its subsidiaries, Paşabahçe Cam Sanayii ve Tic. AŞ would be jointly guarantor for the loans with a maturity of 7 years and obtained from HSBC Bank PLC amounting to Ruble 1.625.000.000 by the sum of Ruble 422.500.000 and Ruble 1.202.500.000 for OOO Posuda that is operating in Russian Federation.
- The perpetual statute of Group Collective Labor Agreement, which was signed between the Company and Kristal İş Union, expired on 31 December 2013 and the negotiations for 24th term Group Collective Labor Agreement have started.
- As of December 31, 2013, the Soda and Kromsan Plants and Salt Facility Collective Labor Agreement signed between the Company and Petrol - İş Labor Union expired and negotiations for new term Collective Labor Agreement have started.
- In the Board of Directors meeting of the Company held on 31 January 2014, it was decided that the Company and Anadolu Cam Sanayii A.S., a subsidiary of the Group, will be joint and collateral guarantors for OOO Ruscam Kuban, OOO Ruscam Glass Packaging Holding and OOO Ruscam, subsidiaries of the Group operating in Russia, to obtain borrowing of USD 12,5 Million (equivalent of RUB 417,5 Million) with a 3-year maturity.
- As a result of the assessments made with the consultancy firm DTZ Pamir & Soyuer Gayrimenkul Danışmanlık AŞ, from which the Group purchases consultancy services regarding the sale of the land in Beykoz, a fixed asset of the Company, it was decided to renounce from the tender sale of the land at that time. Apart from that, DTZ continues their investigation on the sale of the land and other possible methods to benefit from the asset.
- Mr. İbrahim Babayiğit, the Chief Financial Officer of the Company has passed away after heart-attack on March 1, 2014.

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 2013 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 Holding Accounting Manager, Mükremin Şimşek and Accounting Manager Murat Yalçın and approved for the public announcement by the Board of Directors on 6 March 2014.

Profit Distribution of 2013

Dear Partners,

Our company has closed 2013 accounting period with 431.862.505 TL of profit.

We submit to your information and approval that our 431.862.505 TL of net period profit, which was stated in 2013 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**	431.862.505
2.	Primary Legal Reserve	(9.544.903)
3.	Special Fund to be Added to the Capital	(38.494.126)
4.	**Net Distributable Period Profit**	383.823.476
5.	Donations Made within the Year	7.310.183
6.	**Net Distributable Period Profit with the Addition of Donations, where the First Dividend will be Calculated**	
7.	**First Dividend to the Partners**	
	- Cash	71.000.000
	- Free	71.000.000
	Total Dividend	142.000.000
8.	**Excess Reserve**	241.823.475

That 71.000.000 TL of gross dividend, which accounts foe 4,51941% of current issued capital, to be distributed in cash,

That 71.000.000 TL of gross dividend, which accounts foe 4,51941% 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 30, 2014 and that the distribution of free shares following the completion of legal process considerations.

Best Regards,

H. Ersin Özince

Board Chairman

1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Within the frame of "Communiqué on Principles Regarding the Specification and Application of Corporate Governance" Serial: IV, No: 56 of CMB, which has entered into effect by publishing on the Official Gazette No: 28158 on December 30th 2011, and the Communiqué Serial: IV, No: 57, which has amended the aforementioned Communiqué, this statement reflects the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (the Company) regarding determination of duties, authorities and responsibilities of the Administrative Board and subordinate committees and managers and regarding shareholders, public disclosure and transparency and regulation of relations with stakeholders.

Şişecam Group is an industrial group, which operates internationally in flat glass, glassware, glass package and chemicals main business fields. Şişecam, which still manufactures in 13 countries, sells approximately half of its production to overseas and exports its products to 150 countries throughout the world. The Group is in leading position in Turkish market in all fields of glass, such as flat glass, glassware, glass package and fiber glass, and in business fields that cover soda and chrome composites.

Şişecam, which was established by Türkiye İş Bankası in 1935 by order of Atatürk, is one of the long-established industrial companies in Turkey with its 78 years of history. The Group is considered as one of the most prominent manufacturers in the world in its business field with its scale, degree of specialization and competitive activities.

Şişecam Group, which uses cutting-edge technology and innovations and continuously develops its product and production processes with R&D investments with its value creation strategy, continuously expands its international production fields, value-added products and market share and aims to become one of the top-three companies in its sector in 2020.

Combines its well-established experience with its challenging vision, Şişecam stays on the course to become a global brand, which shapes the future with products and services that adds value to its stakeholders, shares and enriches, and that make life easier, and which is human and environment-friendly.

By force of being a global company in its business, Şişecam has established its management insight on equality, transparency, accountability and responsibility principles. With its specialization and position among Europe's and world's most prominent manufacturers with its compatible activities are the by far the sharpest proof of its management insight.

Points, such as modern management and industrialism principles, high industrialization level and focusing on market and R&D that are the key points in Şişecam's success, are the basic foundations of Şişecam of future. Şişecam Group aims to reinforce its vision of being the leader manufacturer in surrounding countries on these principles by adopting Corporate Governance Principles. Our company shows utmost care to comply with Capital Market Legislation and Capital Market Board (CMB) regulations in corporate governance applications, and the principles, which took place in appendix of Corporate Governance Communique in activity period that ended in December 31, 2013, and which are not completely harmonized with yet, have not caused any conflicts of interest among the stakeholders as of the current status.

In the activity period, which ended in December 31, 2013, the explanations regarding principles that are non-compulsory for the company among the Corporate Governance Principles within Communiqué on Principles Regarding the Specification and Application of Corporate Governance appendix, are stated in related sections of the report.

On the other hand, the applications, which were implemented for compliance with Corporate Governance Principles and which are important are summarized below.

- The most important application regarding Corporate Governance in 2013 was the study of compliance with Turkish Trade Act ,and Capital Market Board no: 6362, which entered into force after being published in Official Gazette no: 28513 in 30.12.2012. Within this scope, all changes prescribed in TTA and CMB legislations are applied on Company's Articles of Association.
- All related party transactions and transaction essentials in 2013 are collectively submitted to the Administrative Board. There were no related party transactions or important transactions, which had to be submitted to the approval of General Assembly, due to disapproval of independent members in 2013.
- A "Manager Responsibility Insurance" has been made for compensation of damages to the company and the third persons that occur due to negligences of the managers.

The required harmonization studies will be performed in the following period by considering the provisions of "Corporate Governance Communique" no: II-17.1, which has entered into effect after being published in Official Gazette no: 28871 in January 3, 2014.

In this context, the Corporate Governance Principles Compliance Report for 2013 has been prepared in line with decision no: 2/35 published in weekly Newsletter no: 2014/2 in January 27, 2014 by CMB and in accordance with the format specified in Assembly Newsletter no: 2013/4 in February 1, 2013 and has been introduced in sections as follows.

SECTION I. STAKEHOLDERS

2. Shareholders Affairs Department

In order to perform the obligations resulting from Capital Market Board Legislation within the frame of the rules specified in this regulation and to continue the activities more effectively, a central understanding has been adapted and our Group has been structured accordingly. All obligations of Şişecam and other public companies, resulting from Turkish Trade Act and Capital Market Board Legislation have been performed under the supervision, orientation and coordination of the "Shareholders Affairs Department", which has been constituted within the body of Financial Affairs Group Presidency of our Company, in line with the Corporate Governance Principles of CMB.

"Shareholders Affairs Department", which has been constituted to follow all affairs between the stakeholders and the Company and to ensure that the stakeholders' right to information is fulfilled, plays an active role in right to information and review, and also in protection and facilitation of the rights of the shareholders.

The information and explanations that may affect the shareholders while using their rights, are regularly submitted to the information of the shareholders in the Corporate Web Site of the Company.

The main activities conducted within this scope are summarized as follows.

a) Except for the confidential, undeclared information and trade secrets about the company, the verbal and written information requests of the shareholders have been satisfied.

b) The General Assembly Meetings were conducted in accordance with the regulation in effect, the articles of association and the in-house regulations.

c) The documents that the shareholders can benefit were prepared in the General Assembly meetings and declared on the Corporate Web Site of the Company.

d) The results of the ballots were recorded and the reports regarding these results were sent to the requesting shareholders.

e) All kinds of matters regarding public disclosure, including Regulation and Company Information Policy, were protected and monitored.

f) The investors were informed by participating in the meetings held in the head office of the company and in the conferences and meetings held by various national and international institutions.

g) The Analysts evaluating the company were informed.

h) The Corporate Web Site of the Company was updated and thus, the shareholders were enabled to reach quickly and easily to the information regarding the Company.

i) The information and explanations that may affect the shareholders while using their rights, are regularly submitted to the information of the shareholders in the Corporate Web Site of the Company.

j) Considering the provisions of "Special Cases Communique" of CMB, the required Material Disclosures were disclosed to the public through KAP (Public Disclosure Platform).

k) The amendments in Capital Market Board and the related regulation were followed and the related units in the company have made the necessary regulations.

In Investor Affairs Department, investor affairs and financial affairs personnel that are dependent to Group Presidency of Financial Transactions were commissioned and Mükremin Şimşek and Murat Yalçın, who are commissioned in this department, have "Corporate Governance Rating License" and "Advance License for Capital Market Activities".

Name and Surname	Position Title	Telephone	e-mail
İbrahim Babayiğit	Chief Financial Officer	0212 350 38 85	ibabayigit@sisecam.com
Aytaç Mutlugüller	Deputy CFO	0212 350 34 80	amutluguller@sisecam.com
Mükremin Şimşek	Deputy CFO	0212 350 39 51	msimsek@sisecam.com
Murat Yalçın	Central Accounting Manager	0212 350 39 53	muyalcin@sisecam.com
Başak Öğe	Corporate Finances and Investor Relations Manager	0212 350 32 62	boge@sisecam.com

The operations, which were performed to provide detailed information to the investors regarding the activities of the Company in 2013 are summarized below.

• Total of five investor conferences, three of which were national and two of which were international, were participated in 2013.

• 178 one-to-one meetings were held with total investors, 130 of which were share and 48 of which were bond investors; 35 one-to-one meetings were held with equity analysts. In addition, with the roadshow, which was organized within the scope of Eurobond export, meeting with investors were held in USA and United Kingdom.

• The questions of the investors were answered through telephone or e-mail in accordance with Capital Market legislation, CMB regulations and Articles of Association.

In addition, the questions of the investors, who asked their questions through Investor Relations Communication Form under “Investor Relations – How Can We Help You?” section in the Corporate Web Site, were answered as soon as possible.

3. Shareholders’ Use of Information Rights

The shareholders are not discriminated while using their right of information and review. Each shareholder has the right to receive and review information. There are no regulations under the Articles of Association that limits the right of information

In 2013, written and verbal information requests of investors and shareholders were answered in accordance with Capital Market Legislation, CMB regulations and decisions, related information and documents were conveyed to investors and shareholders pursuing the equality principles except for the confidential information or trade secrets.

Within the frame of the regulation in effect, the Corporate Web Site of the Company is effectively used to make sure that the information rights of the shareholders are expanded and used efficiently. Within this scope, the Corporate Web Site of the Company www.sisecam.com.tr contains the information suggested by the Corporate Governance Principles and the regulative authorities in Turkish and English for shareholders.

For informing and public disclosure, the following information take place in the Corporate Web Site: activity groups, products, annual and interim activity reports, corporate governance compliance report, Articles of Association, trade registry information, material disclosures, partnership structure, General Assembly Meeting agendas, General Assembly meeting minutes, list of attendants of General Assembly meetings, ballot form by proxy, registration statement and public offering circular, codes of conduct, Information Policy, announcements regarding association and division. Utmost care is shown to keep the Corporate Web Site up-to-date at all times. In addition, for the purpose of expanding information rights of the shareholders, the interviews given by company authorities to the press, interviews and press releases regarding activity results at the end of each quarter are submitted to the information of the shareholders under “Investor Affairs” section within the Corporate Web Site of the Company.

The right of requesting special auditor of the minority shareholders from the General Assembly has been regulated by the legal regulation. The shareholders, who hold minimum 1/20 of the capital, may be entitled with minority rights. The shareholders may request special auditor from the General Assembly to analyze the conditions suggested by the law. Request for assignment of special auditor has not been regulated as an individual right in our articles of association yet. There were no requests regarding the assignment of a special auditor within this period.

4. General Assembly Meetings

The announcement of the General Assembly meeting is made to reach maximum number of shareholders, through Public Disclosure Platform (KAP), Electronic General Assembly System (EGKS), Corporate Web Site of the Company and Turkish Trade registry Gazette at least three weeks before the meeting. In addition, before the general assembly meeting, “information documents” regarding agenda items are prepared and announced to the public.

Turkish Trade Act (TTK), Capital Market Legislation, CMB regulations and decisions and Articles of Association in all announcements and notifications are complied.

Along with the notifications and explanations to be made in accordance with the legislation and together the announcement of the General Assembly meeting, on the Corporate Web Site of the Companywww.sisecam.com.tr the following matters are submitted to the information of the shareholders in “Information Documents” section under “General Assembly Announcement and Documents” under “Investor Relations” section.

a) Total number of shares and voting rights that reflect the partnership structure of the Company as from the announcement date,

b) The changes in management and activities of the company, which may significantly affect the activities of the affiliates and subsidiaries of the Company planned for the following accounting period, or that may have occurred in the previous accounting period,

c) If there are any Administrative Board Member dismissal, change or election in the agenda of the General Assembly meeting, the reasons for dismissal and change, and the information regarding the candidate for Administrative Board Membership,

d) The requests of the shareholders, Capital Market Board (CMB) and/or other public institutions and organizations related to the company regarding to add another subject to the agenda,

e) In case there are any changes for Articles of Association in the agenda, previous and new versions of the changes in Articles of Association and the Administrative Board Decision.

While preparing the agenda for the General Assembly, it is considered to give each request under a different title and the titles of the agenda are expressed as to prevent different interpretations. The phrases, such as “other” and “various” are not used in the agenda.

While preparing the agenda, the subjects, which the shareholders sent to the Shareholders Relations Unit of the Company in written, are considered by the Administrative Board. There were no requests regarding this subject within this period.

Utmost care is shown to hold General Assembly meetings without causing inequality among the shareholders and by organizing the meetings as to make sure the shareholders can participate with lowest possible expenditure. Within this context, the time of the General Assembly meeting is determined by considering traffic, transportation and similar environmental factors. Electronic general assembly application is also considered as an application, which increases the opportunity of shareholders to participate in these meetings.

In the General Assembly meeting, the subjects are openly, clearly and objectively explained in detail and the shareholders are given the opportunity to equally explain their thoughts and ask questions. The shareholders are allowed to explain their thoughts and ask questions under equal conditions. All kinds of questions asked by the shareholders, which are not included within the scope of trade secrets, are answered directly in the general assembly meeting. In case the question is not related to the agenda or it is so comprehensive that it cannot be answered immediately, the question is answered by Shareholders Affairs Department as soon as possible in writing.

In case the shareholders, who are in administrative positions, administratively responsible managers and their spouses and their second-degree kins and affinities by marriage, perform significant operations with partnerships or subsidiaries that may cause conflict of interest and/or perform any business that involves within the field of activity of the partnership or the subsidiaries on his/her or a third party’s behalf or if they enter into another partnership with unlimited liabilities, which operates in the same sector, these operations are discussed in another agenda topic to give detailed information in general assembly and are recorded into meeting minutes.

The Administrative Board Members, other related persons, the authorities responsible for the preparation of the financial statements and the auditors present at the general assembly meeting to inform the shareholders about the specific subjects on the agenda and to answer their questions.

On the day, when the Administrative Board makes a decision for the General Assembly, the public is informed through Public Disclosure Platform (KAP) and Electronic General Assembly System (EGKS). In addition, in order to inform national and international shareholders about the announcement texts and agenda of the General Assembly, the documents of the General Assembly are published on the Corporate Web Site of the Company.

Within this context, the Information Policy, Pricing Policy, Profit Distribution Policy, personal backgrounds of all Administrative Board candidates together with the independent members are open for review in company center and web site of the company 21 days before the General Assembly Meeting. In addition, detailed explanations for each agenda topic are made in information documents regarding agenda topics and other information prescribed for General Assembly meetings are presented to the investors.

In accordance with the regulations of CMB, it is required to disclose the financial statements to the public within 70 days following the end of the accounting period. In order to inform shareholders immediately, the company aims to complete the financial statements as soon as possible and disclose the statements to the public.

In case there is a significant change in the management and activity organization of the company, the public is informed within the frame of the regulation.

Within this context, "Sustainability Coordinator" is added to management organization of the company within this period. In addition, since their term of office ended in accordance with article 20 of Personnel Regulation of our Company, the following changes have been made in January 2, 2014;

- Flat Glass Group Automotive Glasses Vice President Reha Akçakaya has been elected as Flat Glass Group President as successor of Teoman Yenigün,
- Marketing and Sales Vice President of Glassware Group Cemil Tokel has been elected as Glassware Group President as successor of Azmi Taner Uz,
- Production Vice President of Glass Package Group Abdullah Kılınç has been elected as Glass Package President as successor of Mahmut Ekrem Barlas,
- Marketing and Sales Vice President of Chemicals Group Tahsin Burhan Ergene has been elected as Chemicals Group President as successor of Sabahattin Günceler.

These changes, which were made in administrative and activity organization of the Company, have been disclosed to the public in Public Disclosure Platform (KAP) within the scope of the legislation.

The Articles of Association of the Company has been amended regarding compliance with the Corporate Governance Principles in important transactions and related party transactions defined in Corporate Governance Principles of CMB and regarding giving guarantees, pledges and securities to the third parties.

Within this context, in this period;

- Merger of Paşabahçe Cam Sanayii ve Ticaret A.Ş. and Paşabahçe Eskişehir Cam Sanayii A.Ş. has been actualized as from 31.01.2013 and due to this merger, 14.970.000,20 TL of capital increase has been made and the shares issued in exchange for this capital increase have been distributed to the partners of Paşabahçe Eskişehir Cam Sanayii A.Ş., except for Paşabahçe Cam Sanayii ve Ticaret A.Ş., at the rate of their shares.
- In exchange for transfer of Beykoz real estate properties through partial division to Türkiye Şişe ve Cam Fabrikaları A.Ş. as from February 27, 2014, 53.2 million TL of Türkiye Şişe ve Cam Fabrikaları A.Ş. shares are granted to Paşabahçe Cam Sanayii ve Ticaret A.Ş. 53.2 million TL of shares, which are acquired as a result of partial division, together with 5.7 million TL of share acquired through bonus issue from internal resources of our company, the nominal amount of Türkiye Şişe ve Cam Fabrikaları A.Ş. in Paşabahçe's portfolio have increased to (53.2 + 5.7) = 58.9 million TL and have been sold to Members of Türkiye İş Bankası A.Ş. Supplemental Social Security and Benevolent Society in Exchange market in May 31, 2013 for 3.24 TL.
- The merger of Türkiye Şişe ve Cam Fabrikaları A.Ş. and Çayırova Cam Sanayii A.Ş., Trakya Cam Sanayii A.Ş. and Trakya Yenişehir Cam Sanayii A.Ş. and Trakya Polatlı Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Anadolu Cam Yenişehir Sanayii A.Ş. and Anadolu Cam Eskişehir Sanayii A.Ş., considering the uncertainties brought by article 24 "Right of Severance" of Capital Market Board Law, which has entered into force by publishing in Official Gazette no: 28513 and in 30.12.2012, have been renounced and this has been disclosed to the public in Public Disclosure Platform (KAP) in February 19, 2013.
- Total of 10.141.577 TL in PB portfolio and 7.559.774 TL in TL portfolio (10.141.577 + 7.559.774=) 17.701.351 TL nominal value of Cam Elyaf Sanayii A.Ş. shares have been purchased by Türkiye Şişe ve Cam Fabrikaları A.Ş. in March 28, 2013 against (17.701.351 x 3,32=) 58.768.485 TL over (199.471.924 / 60.000.000=) 3,32 of per share value, which is determined based on 199.471.924 TL of company value in evaluation report prepared by Engin Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş. (Grant Thornton).
- 3.849.938 TL within the portfolio of Türkiye Şişe ve Cam Fabrikaları A.Ş., total of (3.849.938 +62=) 3.850.000 TL nominal value of Paşabahçe Mağazalar A.Ş., respectively (52 + 10) = 62 TL in portfolios of our subsidiaries Camiş Madencilik A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. has been sold to Paşabahçe Cam Sanayii ve Ticaret A.Ş. in March 29, 2013 against (3.850.000 x10,27=) 39.539.500 over (56.492.689 / 5.500.000=) 10,27 per share value, which is determined based on 56.492.689 TL of company value in evaluation report prepared by Engin Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş. (Grant Thornton).
- Merger of our subsidiaries operating in Russia, OOO Ruscam Glass Packaging Holding (OOO Ruscam Kirishi) and OOO Ruscam Holding (Ruscam Ufa) has been actualized in October 3, 2013 under the name of OOO Ruscam Glass Packaging Holding.

- Considering the advantages of the regulations brought by Cash Repatriation Law no: 6486, the restructuring works for ensuring more effective financial and economic administration of international subsidiaries of Soda Sanayii A.Ş. under the body of a company established in the Netherlands have been initiated, and within this scope; 25% of share of Soda Sanayii A.Ş. in Solvay Şişecam Holding AG located in Austria, 100% of share in Şişecam Bulgaria Ltd located in Bulgaria, 99.5*% of share in Cromital S.p.A located in Italy and 89.30% of share in Şişecam Soda Lukavac D.O.O. located in Bosnia Herzegovina have been sold to Sisecam Chem Investment B.V., which is located in the Netherlands and wholly-owned by Türkiye Şişe ve Cam Fabrikaları A.Ş. in October 31, 2013 against 184.102.377 Euro, which is specified in evaluation report prepared by Engin Bağımsız Denetim ve Serbest Mali Müşavirlik A.Ş. in October 7, 2013 and share prices have been collected by Soda Sanayii A.Ş. as from November 8, 2013.
- Following the completion of share transfer, 1.000.000 Euro of Şisecam Chem Investment B.V. capital has been increased to 185.000.000 Euro with 184.000.000 Euro of increase and our company did not participate in this capital increase; all of the increased shares have been paid by Soda Sanayii A.Ş. in November 8, 2013.
- Within the scope of loan agreement signed in March 31, 2008 between LLC Ruscam Kuban, located in Russia, and European Bank of Reconstruction and Development (“EBRD”), and Put and Call Option Agreement, which constitute this agreement and which has been signed regarding Anadolu Cam Glass Invest B.V. shares in April 14, 2008 between Balsand B.V., located in the Netherlands, Türkiye Şişe ve Cam Fabrikaları A.Ş., Anadolu Cam Sanayii A.Ş. and European Bank for Reconstruction and Development (“EBRD”), EBRD’s 40% of share as from November 15, 2013 in Anadolu Cam Glass Invest B.V. has been purchased by Balsand B.V. against 10.654.287,13 Euro in November 14, 2013 in accordance with option agreement. Following the purchase transaction, and after the share of Balsand B.V. in AC Glass Invest B.V. increased to 100%, Anadolu Cam Glass Invest B.V.’s merger, initiated within the body of Balsand, has been completed.
- After the entire shares of Fritz Holding GmbH have been purchased by Trakya Investment B.V. in May 31, 2013 against 3 Million Euro, the subsidiaries of this company in Germany (Fritz Beteiligungsgesellschaft GmbH, Richard Fritz GmbH+Co. KG, Richard Fritz Prototype + Spare Parts GmbH), Slovakia (Richard Fritz Spol S.R.O.), Hungary (Richard Fritz Kft.) and USA (Richard Fritz Inc.) have been included within our Group.
- 50% of shares of HNG Float Glass Limited have been purchased by Trakya Cam Sanayii A.Ş. in June 11, 2013 against 61,1 million USD.
- For maintaining autoglass investment in Russia under the initiative and sole share ownership of Trakya Cam Sanayii A.Ş., the legal transactions for purchase of 30% of TRSG Autoglass Holding BV, located in the Netherlands and within the portfolio of Saint-Gobain Sekurit France SAS against 6.01 million Euro with 0.1 million Euro of premium, of which the nominal value is 6 Million Euro, has been concluded and the transfer of shares has been completed. 6.01 Million Euro has been paid in December 2013 in accordance with Share Purchase Agreement signed between the parties.
- Topkapı real estate properties, which are belong to one of our companies and subsidiaries Anadolu Cam Sanayii A.Ş., have been sold against 320.000.000 TL to İş Gayrimenkul Yatırım Ortaklığı A.Ş. and NEF joint venture in December 30, 2013 and the required disclosure to KAP has been made on the same day. Aforementioned transaction has been made unanimously with administrative board decision.

The General Assembly is informed with a separate agenda topic regarding the donations and supports made to foundations and charities for social aid.

The General Assembly meetings are open to public, including media. Our 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 present on the Corporate Web Site of the Company, are open for review of the shareholders in the Head Office of the Company and on the Corporate Web Site of the Company.

Within the period, the General Assembly is informed with a separate agenda topic regarding related party transactions and pledges, securities and mortgages on behalf of third parties.

Within this period, the Extraordinary General Assembly Meeting has been held in January 22, 2013 with 76.61% of quorum, and the Ordinary General Assembly Meeting for 2012 has been held in April 3, 2013 with 76.33% of quorum.

In the announcements and declarations regarding General Assemblymeetings, the following information are given;

- The agenda, place, date and time of the General Assembly, and the principles for arranging letter of attorney and letter of attorney form for the shareholders, who will be represented through their attorneys,
- Whether the general assembly meetings will be held in physical or electronic environment, and the information that assigning attorneys, making suggestions, expressing opinions and voting for the general assembly meetings in electronic environment will be made through Electronic General Assembly System (EGKS) provided by Central Registry Office (MKK) and that the shareholders, who would like to participate the general assembly in person or through their attorneys in electronic environment shall make their preferences in accordance with the principles of EGKS,
- The information regarding the necessity of the shareholders, who would like to participate in the General Assembly in

person, to present their identities or letters of attorney in case they want to use their rights regarding their shares registered in “Shareholders List” in Central Registry Office (MKK) system in person or through their attorneys,

- That including annual activity report, the financial statements, Independent External Audit Reports, profit distribution suggestion of the Administrative Board and previous and new versions of the amendment text, if there will be any amendments on the Articles of Association, will be available for examination of the partners on the Corporate Web Site of the Company.

5. Voting Rights and Minority Rights

There are not any privileges 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 mutual association relations bring a domination relation, the companies in mutual association cannot use the voting rights of their associated company in the General Assemblies of the aforementioned company, unless there are mandatory conditions, such as creating quorum.

Türkiye Şişe ve Cam Fabrikaları A.Ş. does not have mutual association relations.

Minority shares are not represented in the management. There were not any criticism or complaints about these matters in 2013 by our shareholders.

6. Profit Share Right

“Profit Distribution Policy”, which has been determined considering Turkish Trade Act, Capital Market Board Law, Tax Laws and other legislations that the company is subject to, and the provisions of the Articles of Association, and of which the full text is given below, has been submitted for the information of the partners with a separate agenda topic and has been disclosed to the public in corporate web site of the Company.

Profit Distribution Policy;

a) The profit distribution policy of our company has been determined considering Turkish Trade Act, Capital Market Board Law, Tax Laws and other legislations that the company is subject to, and the provisions of the Articles of Association.

b) Accordingly;

c) Our Company distributes profit shares in cash and/or as free shares as minimum 50% of the net distributable period profit calculated at the year-end within the frame of Capital Market Regulation and other related regulation. The Ordinary General Assembly of the Partners may decide on a different type of distribution considering the matters such as economic conditions, investment plans and cash position.

d) Profit distribution proposals of our Administrative Board, which also includes the details projected in Corporate Governance Principles and the regulations of Capital Market Board, are announced within the legal time period through Public Disclosure Platform, our company’s web site and through the activity report.

e) Cash profit shares, which will be distributed depending upon the decision of the General Assembly, are paid on the date decided in the General Assembly. The transactions regarding the profit shares that will be distributed as free shares are completed within the legal time period projected in the regulations of Capital Market Board.

f) Within the frame of profit distribution policy, the profit shares are distributed equally to all shares without considering the issue and acquisition dates of these shares.

g) In case the Administrative Board suggests to the General Assembly that the profit should not be distributed, the reasons and the information regarding the usage area of these undistributed profits are presented to the shareholders in the General Assembly meeting.

h) A balanced policy between the interests of the shareholders and the interests of the company is adapted in profit distribution.

i) There are not any privileged shares regarding profit distribution

j) In accordance with our Articles of Association, our Administrative Board members and employees do not receive profit share with founder dividend share.

k) In accordance with the Articles of Association, the Administrative Board can distribute advance profit share, provided that being authorized by the General Assembly and complying with the Capital Market Law and regulations of Capital Market Board regarding this subject. The advance profit share distribution authority, which is granted by the General Assembly to the Administrative Board is limited to the related year.

7. Transfer of the Shares

There are not any provisions in the Articles of Association that limits the transfer of the shares.

SECTION II. PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

With "Material Disclosure Communique" of CMB, the partners, whose shares are traded in the exchange market, are obliged to constitute an Information Policy for public disclosure and to disclose these information to the public through the web site of the Company.

The "Information Policy", which has been constituted within this context and approved in the Administrative Board Meeting no: 34 in April 2, 2012, has been announced to public under "Investor Relations" section of the Corporate Web Site of the Company and has been submitted for the information of the shareholders with a separate agenda topic in the general assembly.

The main purpose of information policy is to allow shareholders, investors, employees, customers and other related parties to reach necessary information and explanations except for trade secrets, on time, accurately, completely, perceptively, easily and with low costs and equally.

Our Company, which has an active approach regarding adaptation and implementation of corporate governance principles, also shows utmost effort to actualize the requirements of related legislation and best international practices.

The Administrative Board is authorized and responsible for tracking, monitoring and development of information policy. The managers, who are responsible for financial management and reporting, and investor affairs department have been commissioned for coordination of information function. The aforementioned responsible persons execute their responsibilities in close collaboration with Corporate Governance Committee and Administrative Board.

Names and titles of the persons, who are responsible for conducting Information Policy, are as follows

Name and Surname	Position Title	Telephone	e-mail
İbrahim Babayiğit	Chief Financial Officer	0212 350 38 85	ibabayigit@sisecam.com
Aytaç Mutlugüller	Deputy CFO	0212 350 34 80	amutluguller@sisecam.com
Mükremin Şimşek	Deputy CFO	0212 350 39 51	msimsek@sisecam.com
Murat Yalçın	Central Accounting Manager	0212 350 39 53	muyalcin@sisecam.com
Başak Öğe	Corporate Finances and Investor Relations Manager	0212 350 32 62	boge@sisecam.com

9. Company's Web Site and Its Contents

In order to maintain the Company's relations with its shareholders faster and more effectively and to be in continuous contact with the shareholders, Corporate Web Site is actively used as suggested by Corporate Governance Principles of CMB. The information in this web site is constantly updated under the responsibility of the Shareholders Affairs Department. The information in the Corporate Web Site of the Company have the same content with the explanations within the frame of the provisions, of the related regulation and there are not any conflicting or missing information.

In the Corporate Web Site of Company, www.sisecam.com.tr which is prepared in Turkish and English, the following information are provided along with the mandatory information as per the regulation: trade registry information, latest partnership and managerial structure, there are not any privileged stocks, final form of the Articles of Association along with the date and number of the trade registry gazettes, where the amendments were published, special condition disclosures, financial reports, activity reports, registration statements and public offering circulars, General Assembly documents, list of attendants and meeting minutes, ballot form by proxy, Profit Distribution Policy, Information Policy, Codes of Conduct, and the answers for frequently asked questions. Within this context, the information of minimum the last 5 years are available in the Corporate Web Site of the Company. The information, which have importance and significance on the web site, are also prepared in English for international investors.

10. Activity Report

The Activity Report of the Administrative Board is prepared in detail so that the public reach complete and accurate information about the activities of the Company. Annual Activity Report for 2013 Accounting Period has been prepared based on third clause of article 516 of Turkish Trade Act and article 518, and in accordance with minimum contents specified in article 8 of "Communique of Principles Regarding Financial Reporting in Capital Market" of Capital Market Board and the provisions of "Regulation Regarding Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs and Trade and has been independently audited.

SECTION III - STAKEHOLDERS

11. Informing the Stakeholders

The stakeholders are the persons, institutions and interest groups, such as employees, creditors, customers, suppliers, unions, various non-governmental organizations, which are related to the activities or the targets of the Company. The company protects the rights of the stakeholders in transactions and activities, which are regulated with legislation and mutual agreements. In cases, where the rights of the stakeholders are not protected by the regulation and mutual agreements, the interests of the stakeholders are protected within the frame of good will and within the opportunities of the Company.

The stakeholders are informed about the Company Policies and procedures. The stakeholders may inform Supervisory Committee about the unethical transactions and the transactions against the regulation of the Company. When there are conflicts of interest among the stakeholders or if one stakeholder is involved in more than one interest group, a policy, as balanced as possible, is followed and each right is tried to be protected independently in order to protect all rights.

In order to increase communication with the employees, two in-house periodicals, "Şişecam Group Periodical" and "Technical Bulletin" are published, in addition to the broadcast of "Corporate TV", which also contains matters that are followed by the public. In addition, through the portal, which is available for in-house employees, the instruction manuals and announcements regarding the policies, procedures, instructions and systems in effect are submitted for the information of the employees.

12. Participation of the Stakeholders to the Administration

The participation of the stakeholders, especially of the employees, to the administration of the company is supported provided that the activities of the company should not be hindered, and the decisions of the stakeholders are taken for the important decisions for the stakeholders. In broadly participated platforms, the employees are encouraged to communicate, and the message platforms, where the employees can directly communicate with the General Manager, can be used functionally. In addition, the ideas are mutually exchanged in detail in dealer meetings of our Group Companies in various regions and the ideas put forth in these meetings are evaluated by the administration and utmost care is shown to customer satisfaction.

13. Human Resources Policy

The "human resources policy" of our company is put in writing, and the regulations and procedures, which are prepared within this scope, are submitted for the information of the employees through the portal, which is accessible by the employees.

Within the scope of Human Resources Systems of the Company, the following principles have been constituted: employment, working conditions, rating systems, wage management, monetary and social rights, performance evaluation, career management, recognition/appreciation, suggestion development and the termination method and principles of labor contract. The relations with the employees are conducted under the responsibility of Human Resources Directorate of the Company.

The standards regarding personnel employment are specified in written in Human Resources Systems of the Company and these standards are followed.

While creating employment policies and planning careers, the principle of providing equal opportunities to the people under equal conditions has been adapted. No complaints were made to the managers of the Company regarding discrimination within this period.

The employees are treated equally and training programs are carried out in order to increase knowledge, skills and manners of the employees. The meetings are organized with the employees about the financial status of the company, wages, career, training and health.

The decisions about the employees or the developments regarding the employees are announced to the employees or their representatives. The opinions of the unions are taken for these types of decisions.

The job descriptions and distribution and performance and incentive criteria are announced to the employees and productivity is considered while determining the wages and other benefits of the employees.

The employees are not discriminated in terms of their races, religious views, language and gender and special precautions are taken in order to prevent physical, mental and emotional mistreatment.

14. Codes of Conduct and Social Responsibility

14.1 Social Responsibility

Being a company, which is aware of its responsibilities against the laws and environmental values, we believe in the necessity of leaving a habitable world to the next generations. Our company considers this approach, which is perceived as one of the main factors of strategic management, at each step of its activities. Our purpose is to conduct environmental protection works in our company with the environmental management system approach and provide continuous optimization with the support of our employees.

For this purpose, environmental-friendly production techniques are prioritized, and the company lays too much emphasis on solutions for efficient energy use, evaluating fuel and raw material alternatives, savings on natural resources, waste recovery and prevention of pollution.

14.2 Codes of Conduct

“Şişecam Group Code of Conduct”, which has been regulated within the frame of honesty, transparency, confidentiality, objectivity and compliance with the laws with the Board Decision no: 49 in 20.07.2010, has been put into effect and guideline regulations that will direct the relations of all Group employees with the customers, suppliers, shareholders and other stakeholders and these decisions are updated with Board Decision no: 33 in 28.03.2013 in accordance with the current requirements.

The general concept of the Codes of Conduct, which were also disclosed to the public under “Investor Affairs” section of the Corporate Web Site of the Company (www.sisecam.com.tr), is as follows.

14.2.1 General Principles

- In Şişecam Group, integrity and honesty are the key words in the relations with the employees, customers, suppliers, shareholders and all stakeholders.
- Şişecam Group is open and transparent to all of its stakeholders.
- In Şişecam Group, the stakeholders are not discriminated for their religious views, language, race, gender, medical condition, marital status and political views. Everyone is treated equally, biased behaviors are frowned upon.
- In Şişecam Group, the confidential information of the employees, customers and suppliers are protected with utmost care, these information are not shared with third parties.
- Şişecam Group conducts all of its activities in accordance with the laws. The Group closely follows the laws and regulations, takes necessary precautions for compliance with the laws.

14.2.2 Responsibilities

Top level Administrative Board and Supervisory Committee are responsible for effective implementation of the Codes of Conduct of Şişecam Group. All employees are obliged to behave in accordance with the Codes of Conduct.

14.2.3 Applications

- In Şişecam Group, resources of the Group are used effectively and productively and this savings principle is always considered in all activities. The employees of the Group use Group’s resources only for the benefit of the Group and protect them.

- In Şişecam Group, utmost care is shown to protect all kinds of confidential information that is closed to the public. The regulation and procedures regarding the security of the confidential information of the Group are applied precisely and the necessary precautions are taken to keep, archive and protect the information.
- The employees of Şişecam Group protect the interests of the Group within the frame of in-group and legal regulations and they keep away from conflict of interests.
- In Şişecam Group, the overpriced gifts that may be given by other institutions, customers or suppliers are not accepted. The monetary limits of this type of gifts are determined in monetary terms within the codes of conduct. However, the symbolic gifts, such as plaques or plates that are given in meetings or seminars can be accepted.
- In case Şişecam Group employees must inevitably enter into business relations with their family members, close relatives and friends, it is not allowed to create conflict of interests.
- In Şişecam Group, respect, equality, kindness and rules of justice are considered in the relations with customers and suppliers and ethical rules are followed. Deceptive and fallacious behaviors are avoided in relations with customers and consumers.
- In Şişecam Group, which holds on to honesty and truthfulness principles in competition, the competition rules and laws are strictly followed in other countries.
- Şişecam Group is always transparent and open in its relations with public institutions. All kinds of information and documents, which are required by the public institutions, are provided accurately, completely and on time; deceptive and fallacious behaviors are strictly prohibited before public institutions.

14.2.4 Compliance with Codes of Conduct of Şişecam Group

The employees of the Group show utmost care regarding compliance with Şişecam Group's Codes of Conduct. By using communication channels effectively, it is monitored that Codes of Conduct are strictly followed in the activities of the Group.

SECTION IV. ADMINISTRATIVE BOARD

15. Structure and Constitution of the Administrative Board

The Administrative Board is determined to allow the members to make productive and constructive works, to take quick and rational decisions and to effectively organize the operations and constitution of the committees.

There are members in Administrative Board, who are in charge of execution and who are not. The Administrative Board member, who is not in charge of execution, is a person, who does not have any other administrative duty in the Company and who does not involve in daily work flow and ordinary activities of the Company. The majority of the Administrative Board Members are not in charge of execution. General Manager Prof. Dr. Ahmet Kırman is in the Administrative Board as Executor. The Board Chairman and the General Manager cannot be the same person.

In accordance with the Articles of Association, the works of the Company are conducted by an Administrative Board of at least 5 (five) members by the general assembly of partners in accordance with the regulations of Capital Market Board and the provisions of Turkish Trade Act.

The Articles of Association has been amended in the Ordinary General Assembly Meeting held in May 25, 2012 and three independent members have been elected in the Administrative Board in accordance with the criteria suggested in Corporate Governance Principles of Capital Market Board.

Independent members have been determined in accordance with the processes prescribed in corporate governance principles in March 7, 2012 and submitted to the Administrative Board on the same day. Regarding the election of the independent members, who were also approved in Board meeting in March 14, 2012, no negative opinions were given with CMB's notifications no: B.02.6.SPK.0.13.00-199-1114 given in April 17, 2012.

The independent members and dependent administrative board members, who were determined within this context, were elected for 3 years in Ordinary General Assembly Meeting held in May 25, 2012 for 2011. The backgrounds of Administrative Board Members are given in related section of our activity report and in corporate web site of our Company, and there were not any situations that rule out the independences of independent members in this period and the statements of independent members regarding this matter are given below.

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 Administrative Board Membership" 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. Turgay Berksoy

February 28, 2014

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 Administrative Board Membership" 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

February 28,2014

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 Administrative Board Membership” 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

February 28, 2014

Following the General Assembly Meetings, where the Administrative Board Members were elected, the President and Vice President of the Administrative Board are elected by making a decision regarding division of tasks. In the current Administrative Board of the Company, there are 21executor and 8 non-executor members, whose names are given below.

The approval of the General Assembly is granted within the scope of articles 395 and 396 of Turkish Trade Act if the President and Members of the Administrative Board perform the activities of the Company in person or on behalf of other persons and regarding their partnership with the companies that perform same kind of works.

The Administrative Board Members can express their opinions without being influenced by all kinds of matters. Corporate In accordance with the Governance Principles, Alev Yaraman and Zeynep Hansu Uçar are the two female members in Administrative Board of the Company.

The Administrative Board administers and represents the company by looking out for the long-term interests of the Company with rational and cautious risk management by keeping risk, growth and gaining balance at optimum level with strategic decisions.

The Administrative Board defines strategic goals of the Company, determines the labor and financial resource needs of the Company, inspects the performance of the management, and the conformity of the activities of the company to the articles of association, internal regulations and policies.

The Company has affiliates and subsidiaries. The company believes that it will be beneficial for the Group if the Administrative Board Members of the Company take place in the management of these companies and thus, did not limit their assignments in these companies and the external duties of administrative board members are given below.

		External Duties	
Name Surname	**Title**	**Internal**	**External**
Hakkı Ersin Özince	Board Chairman	None	T.İş Bankası A.Ş. Board Chairman.
Prof.Dr. Ahmet Kırman	Vice President of the Board-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. Board Chairman	None
Alev Yaraman	Member, Corporate Governance Committee Member.	None	None
İlhami Koç	Member, Early Detection of Risk Committee Member.	None	T. İş Bankası A.Ş. Vice General Manager, İş Yatırım Menkul Değerler A.Ş. Board Chairman, İş Girişim Sermayesi A.Ş. Board Member, Maxis Securities Ltd. Board Chairman, İşbank AG Board Member.
Zeynep Hansu Uçar	Member, Corporate Governance Committee Member, Early Detection of Risk Committee Member	Anadolu Cam San. A.Ş., Soda San. A.Ş., Trakya Cam San. A.Ş. Corp. Gov. Com. And Early Detection of Risk Com. Member, Anadolu Cam Yenişehir San. A.Ş., Trakya Yenişehir Cam San. A.Ş., Trakya Polatlı Cam San. A.Ş., Camiş Maden. A.Ş., Anadolu Cam Eskişehir San. A.Ş., Camiş Yatırım Hold. A.Ş., Asmaş Ağır San. Mak. A.Ş., Çayırova Cam San. A.Ş., P. Bahçe Cam A.Ş., P. Bahçe Mağ. A.Ş., Kültür Yayınları İş Türk A.Ş., Camiş Yatırım Holding A.Ş., Avea İletişim Hizmetleri A.Ş., İş Finansal Kiralama A.Ş. board membership.	Tibas İşt. Department Manager, Kültür Yay. İş-Türk Ltd. Şti. Member, Cam Elyaf San. A.Ş. Vice President, AVEA İletişim Hiz. A.Ş. Member.
Dr. Tevfik Ateş Kut	Member, Corporate Governance Committee Member.		None
Prof.Dr. Turgay Berksoy	Member, President of Audit Committee, President of Early Detection of Risk Committee	Trakya Cam San. A.Ş. Independent Board Member, President of Audit Committee, President of Early Detection of Risk Committee, Corporate Governance Committee Member	Academic Member of Marmara University, Faculty of Economics and Administrative Sciences, Department of Finance
Prof.Dr. Atilla Murat Demircioğlu	Member, Audit Committee Member, President of Corporate Governance Committee, Early Detection of Risk Committee Member	Trakya Cam San. A.Ş. Independent Board Member, President of Corporate Governance Committee, Audit Committee Member Early Detection of Risk Committee Member	Yıldız Teknik University University Administrative Committee Member.
Prof.Dr. Orhan Sezgin	Member, Audit Committee Member, Early Detection of Risk Committee Member	None	

(*) Rıza İhsan Kutlusoy has resigned from Board Membership as from 19.04.2013 and İlhami Koç has been elected.

16. Activity Procedures of the Administrative Board

The Administrative Board elect a President and a Vice President following each General Assembly. However, if the President and/or the Vice President resign from his/her duty for any reason, the Administrative Board makes a new election for the vacant positions. When the President is not available, the Vice President moderates the Administrative Board. If the Vice President is also not available, a temporary president, who will be elected by the members among themselves, will moderate the meeting. Meeting date and agenda of the Administrative Board are determined by the President. If the President is not available, the Vice President determines date and agenda of the Administrative Board. However, the meeting date may also be determined by the decision of the Administrative Board. The Administrative Board meets as required by the business and transactions of the company. However, it is mandatory for them to meet at least once a month.

The number of decisions taken by the administrative board within this period is 127 and the decisions were taken unanimously. There were not any objections by the members regarding the decisions taken. Turkish Trade Act, Capital Market Law and the meeting and decision quorums in related legislation are considered by the Administrative Board while making decisions.

The information and documents regarding the subjects in the agenda of the Administrative Board meeting are submitted for the review of the Administrative Board Members prior to the meeting to provide equal information flow. Prior to the meeting, the Administrative Board Members may suggest a change in the agenda to the President of the Administrative Board. The opinions of the member, who could not attend the meeting but submits his/her opinions in written, are submitted to the information of the other members. Each member has one voting right in the Administrative Board.

Secretariat duty of the Administrative Board is performed by the Company personnel without any problems, who are assigned in accordance with the procedures in Corporate Governance Principles.

In Administrative Board Meetings, the subjects on the agenda are discussed clearly and in all aspects. President of the Administrative Board does his/her best in order to ensure active participation of the non-executor members in the Administrative Board meetings. Rational and detailed reasons of the negative votes regarding the subjects, where the Administrative Board Members dissented, are recorded to the decision record. Detailed reasons of the negative voters are disclosed to the public. However, since there were not any objections or negative votes in the Administrative Board Meetings in 2013, no public disclosures were made

The Administrative Board Meetings are held in the head office of the Company and important Administrative Board Decisions are disclosed to the public through KAP and the disclosed text is published in the Corporate Web Site of the Company.

Authorities and responsibilities of the Administrative Board Members are clearly explained in the Articles of Association. The authorities are explained in more detail in the signatory circular of the Company. These documents are registered and declared as suggested by the laws. The Administrative Board plays a major role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and for this purpose, the Administrative Board is in close collaboration with the Shareholders Affairs Department.

All related party transactions and transaction essentials in 2013 are collectively submitted to the Administrative Board. There were no related party transactions or important transactions, which had to be submitted to the approval of General Assembly, due to disapproval of independent members in 2013.

A “Manager Responsibility Insurance” has been made for compensation of damages to the company and the third persons that occur due to negligences of the managers.

17. The Number, Structure and Independence of the Committees Constituted in the Administrative Board

For effective duty and responsibility performance of the Administrative Board, the “Supervisory Committee”, “Corporate Governance Committee” and “Early Risk Determination Committee” have been constituted in accordance with the Corporate Governance Principles and disclosed to the public. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting held in May 25, 2012 and disclosed to the public on the same day.

The following decisions have been made in the Administrative Board meeting held in May 25, 2012;

- Independent Board Member Prof. Dr. Turgay Berksoy has been elected as the President of Audit Committee, independent members Prof. Dr. Atilla Murat Demircioğlu and Prof. Dr. Orhan Sezgin have been elected as members,
- Independent Board Member Prof. Dr. Atilla Murat Demircioğlu has been elected as the President of Corporate Governance Committee, Alev Yaraman, Tevfik Ateş Kut and Zeynep Hansu Uçar has been elected as members,
- Independent Board Member Prof. Dr. Turgay Berksoy has been elected as President of Early Detection of Risk Committee, independent members Prof. Dr. Atilla Murat Demircioğlu, Prof. Dr. Orhan Sezgin, Rıza İhsan Kutlusoy (following his resignation, Board Member İlhami Koç has been elected as committee member.) and Zeynep Hansu Uçar have been elected as members, and there are not any executor members in the committees.

Since each of the Members of Audit Committee and the presidents of the other committees are suggested to be independent members by the Corporate Governance Principles, and since there are three independent members in the Administrative Board, it became essential to assign an Administrative Board member for more than one committee.

Corporate Governance Committee, Audit Committee and Early Risk Determination Committee perform their activities regularly in accordance with the procedures suggested in Capital Market Regulation and Corporate Governance Principles. Corporate Governance Committee has gathered in December 2013 and the Committee members attended to this meeting. In Corporate Governance Committee meeting, the activities of Shareholders Affairs Department and Investors Affairs Department, works of committees within the body of Administrative Board and the progress regarding compliance with corporate governance have been discussed and the Administrative Board has been informed. Audit Committee has gathered three times in February, and once in March, May, June, August and November in 2013 and the Committee members have attended to these meetings. The topics regarding internal audits conducted in Audit Committee meetings and regarding independent audit process have been discussed in Audit Committee meetings and the Administrative Board has been informed. Early Detection of Risk Committee has gathered once in February, May, August, September and November and the Committee members have attended to this meeting. The topics regarding risk management activities, risk reports and revision of codes of conduct have been discussed in Early Risk Detection Committee meetings and the Administrative Board has been informed.

The Administrative Board is constituted by considering the internal control systems and the opinions of the related committees including the risk management and information systems and processes, which may minimize the effects of the risks that may affect the stakeholders of the Company, especially the shareholders. The Administrative Board reviews the effectiveness of the internal control systems and risk management systems at least once a year. Information is provided in the activity report regarding the internal controls, the existence, operation and efficiency of the internal audits.

18. Risk Management and Internal Control Mechanism

Şişecam, which operates in a competitive environment in national and international markets, applies effective risk management and internal audit processes to ensure sufficient risk assurance for the stakeholders.

Apart from the uncertainty created by global crisis that has been going on since 2008, fierce competition, increasing customer expectations, stricter legal regulations and the developments in corporate governance caused all stakeholders to require more risk assurance, and as a result of this, the companies are now questioning the competency of risk management and internal audit processes.

Şişecam Group continuously performs this questioning process and handles current and potential risks proactively and maintains its auditing activities with risk-oriented method. «Compliance governance» works has also been added to the aforementioned activities in 2013, and it has been aimed to get in-Group legislations more commonly adopted and internalized with these works.

Risk management and internal audit activities in Şişecam Group are structured within the body of the Parent Company. The activities are conducted in coordination with Group Presidencies that manage the main activity fields and subject to Parent Company Administrative Board, and the results of regular and planned meetings with “Early Determination of Risk Committee”, “Audit Committee” and “Corporate Governance Committee”, which were structured within the body of our public companies, are reported to Administrative Boards in accordance with the legislation.

During the operations that are made to institute a corporate structure, to give assurance to the stakeholders, to protect tangible and intangible assets of the company, to minimize losses resulting from uncertainties, and to make the best out of potential opportunities, the communication between internal audit and risk management function is maintained at the top level and it is aimed to support decision making process and to increase efficiency of management.

Risk anagement in Şişecam Group

Risk management activities in Şişecam Group are handled in a holistic and proactive approach and they are maintained based on corporate risk management applications. The interaction of risks and the characteristics of the countries that our group operates are considered within this process. Thanks to this point of view, geographical distribution and risk diversity are turned into a significant advantage; the risks encountered based on countries and/or business fields are integrated into risk processes before they are encountered in other countries and business fields, the interaction of risks are monitored and decision support processes are assisted and the resources are efficiently and productively utilized.

Operation field-based risk catalogs are periodically updated with contribution of the employees of the Company and the risks are ranked as per their importance.

Regarding the analyzed risks, the strategies are determined and necessary precautions are taken by considering risk appetite of the Administrative Board. These operations are not limited to financial and strategic risks, they also cover operational risks, such as production, sales, occupational health and safety, emergency management and information technologies.

Internal Audit in Şişecam Group

The purpose of Internal Audit operations of our company is to make sure that the affiliate companies of the Group grow sturdily, to help ensuring unity and solidarity in applications, and to ensure that the activities are conducted in accordance with internal and external legislation and that the corrective actions are performed on time. In line with the aforementioned purpose, continuous audits are performed in all national and international subsidiaries of the Group. The internal audit operations are conducted within the scope of periodical audit programs that are approved by the Administrative Board. While creating the audit programs, the results from risk management activities are also utilized, i.e., "risk-oriented auditing" applications are actualized.

19. Strategic Objectives of the Company

The process of creating strategic objectives and updating these strategic objectives by reviewing starts with the clarity of the Vision/Mission and Values set by the Administrative Board.

The company uses the Mission phrase to put forward which products or services are produced and presented for whom, how and where. The phrase Vision is the most general expression of the desired future position and status of the company.

The Administrative Board has put forward the objective of the Group for year 2020 as follows: "To become an international company, which produces creative solutions with its business partners, makes difference with its technology and brands and which is human en environmental-friendly, while planning to become the leading company in glass and other fields of activity". The corporate culture, which is required for actualizing the Mission and Vision, is determined by a set of values. The Group values are identified throughout Şişecam and bind the institution as a whole.

In the second phase, a series of analysis are performed to understand the conditions, under which the company will operate to fulfill its vision. Group-level Analysis, clarification of Strategic Themes and Priorities, Portfolio Optimization, Top Management Objective Validation and Approval and Determination of Group-Based Objective Owners, provide a framework that will guide the operations in lower levels.

In the next phase, strategic analysis are performed in lower level groups (activity fields), which feed the Strategic Plan of the Group. Strategic Analysis is series of analysis, which are performed to understand the conditions, under which the company will operate to fulfill its vision. The analysis for the in-house audits are called Internal Analysis; the analysis for the market, competitors, input and output sectors, different geographies, consumers and suppliers are called External Analysis. All of these are combined and put forward "Opportunities / Threats / Strengths / Weaknesses" set for each group and field of activity.

In the phase following the analysis, Strategic Maps are created and/or updated. Strategic Map determines the subjects to be focused on by the Group in Finance, Customers, Processes and Intangible Assets and become perfect in which differentiating (strategic) factors Strategic Map is diversified based on business fields. Thus, the route map of the activities are created. The implementation of these maps are performed through Balanced Scorecard. Each strategy, defined in the map, is associated with a performance indicator, the level of success, which this indicator is desired to be reached, required projects for this activity and an organizational structure.

The strategic plan, which has been clarified at business fields level, is detailed through two main functions (Marketing / Sales and Production) in order to make it more applicable. At this point, the shared services, such as Human Resources, Research and Development, Financial Transactions and Information Technologies, which are positioned within the body of the Parent Company, are associated with the process.

The Strategic Plan, which has been detailed starting from the Group, is tested through financial projections. The plan, which has been clarified for the last time with all of its factors, are shared with execution units in "Plan Meetings". The plan, which has grown mature and supported with projects, feeds the Budget document for the first year of execution.

At the end of the process, the plan is submitted for the approval of the Administrative Board. After the Administrative Board makes the required arrangements, the plan is put into practice under the leadership of the General Manager.

Corporate Performance Program is utilized to measure and monitor the implementation success of the strategy. The program gives a chance to evaluate performance with main monitoring meetings four times a year. In addition, the executive units monitor the progress of the plan monthly with Activity Report (Budget) systematic, quarterly with Group Meetings, and short and long term progress of the plan independently from the calendar through Decision Support Units, Management Information Systems, etc.; if required, they change the strategic priorities in the following plan period. All results of the monitoring process are submitted to the information of the Administrative Board within the period.

Within the restructured Strategic Planning systematic, the Vision is a long term concept. Internal and External Analysis is repeated each year with all aspects. Once the Strategic Map is created, it becomes a concept that renews each year with required updates. Balanced Scorecard application is a systematic, which is operated within an annual cycle. Vision is generally renewed in every five years; the mission is renewed in every ten years.

In order to degrade the performance from corporate level to employee-level, Individual Performance Management System is associated with the Strategic Plan.

Within this frame, the company financially adopts the following;

- Organic and inorganic growth,
- Cost and productivity optimization,
- Focusing on most profitable fields by optimizing the fields of activity;
- Within the context of customer relations;
- To be in bilateral value increase by providing solutions to the customer and business partners,
- Rapid transformation with high added-value products,
- Within the context of processes;
- To be structured as market and customer-oriented,
- To increase productivity with rapid, plain and flexible processes,
- To become an innovative company with R&D, P&D and Design works,
- To perform all of the above with an environmental-friendly conception and a sustainable manner,
- In terms of Organizational Development and Infrastructure;
- To become a company, which is preferred by the best customers, where the employee motivation constantly increases, which is in harmony with globalization, and where the competent employees are gathered,
- To manage knowledge with top level skills,
- To create a corporate culture, which constantly learns, adopts best practices and which does not disregard traditions at the same time,
- as the main factors of its plan.

20. Financial Rights

All kinds of rights, benefits and wages are determined by the General Assembly annually as it is specified in the Articles of Association In the Ordinary General Assembly Meeting for 2012, which was held in April 3, 2013, the monthly salaries of the Administrative Board members are determined and disclosed to the public.

The salary principles for the top management and the Administrative Board Members are written and submitted to the information of the shareholders as a separate agenda item on Ordinary General Assembly meeting in April 3 2013 and published in the Corporate Web Site of the Company.

General Manager, CFO and other Top Managers of the Company do not receive any payments, which can technically be considered as premium, and which are directly indexed to endorsement, profitability and other main indicators.

Along with cash payments to the General Manager, CFO and other Top Managers of the Company, such as salaries, premiums and social support, a payment named jest premium is made once a year by considering the indicators, such as inflation, general salary and Company's profitability increase, and which is determined by considering criteria, such as the activity volume of the Company, the quality of the activities and risk level of the Company, the size of the structure and the sector. In addition, an official car is allocated for the Top Managers. Within this context, the total payments made to the board members and top managers within the frame of wage policy, are disclosed to the public in our financial statement footnotes.

Debts and credits are not given to Administrative Board members, they also cannot receive loans through a third person under the name of personal loan or they are not given securities such as indemnities.

78. Agenda of Ordinary General Assembly of Partners

1. Granting the Chairmanship Council the power to sign the minutes of the General Meeting,
2. Reading of the Administrative Board Activity Report and the summary of Independent Auditor Report on the activities that have been performed by our Company in the year 2013,
3. Review, and Discussion and Approval of 2013 Balance Sheet and Income Statement Accounts,
4. Approval of the Election made for the vacant position of resigned Board Member,
5. Acquittal of the Board Members,
6. Determination of the Wages of Board Members,
7. Granting permissions to the Board Members as per the Articles 395 and 396 of the Turkish Trade Act,
8. Making a Decision Regarding Date and Method of Profit Distribution for 2013,
9. Making a Decision Regarding the Election of Independent Audit Institution In Accordance With Regulations of Turkish Trade Act and Capital Market Board,
10. Approval of “Donation Policy”, which is Prepared In Accordance With the Regulations of Capital Market Board,
11. Informing the Partners Regarding the Donations Made within the Year and Determination of the Limits of the Donations to be Made in 2014,
12. Informing the Partners Regarding the Pledges, Securities and Mortgages Granted to the Third Parties.

Date: April 04, 2014

Place: İş Kuleleri Kule 3, 4. Levent/ İstanbul

In-period Capital Increase, Amendments in the Articles of Association, Profit Distributions and Other Considerations

Regarding the increase of 2.000.000.000 TL of registered capital up to 2.500.000.000 TL within the scope of regulations of Capital Market Board regarding registered capital system, amendments in article 7 of Articles of Association regarding Capital and article 15 regarding General Assembly in accordance with the provisions of "Regulation Regarding General Assemblies to be Made in Electronic Environment in Corporations" of T.R. Ministry of Customs and Trade, have been approved by Extraordinary General Assembly in January 22, 2013 and registered January 25, 2013 following the required permissions from Capital Market Board and T.R. Ministry of Customs and Trade.

Amendments in Articles of Association, which have been prepared within the scope of harmonization studies for new Capital Market Law no: 6362 and new Turkish Trade Act no: 6102, have been approved by Ordinary General Assembly of Partners in April 3, 2013 and registered in April 5, 2013 following the permissions of Capital Market Board and T.R. Ministry of Customs and Trade.

In line with the decision of Ordinary General Assembly of Partners in April 3, 2013, which prescribed that 71.000.000 TL of gross dividend that is equal to 4.73% of current issued capital to be distributed in cash, and that 71.000.000 TL of gross dividend that is equal to 4.73% of current issued capital to be distributed as free shares, 71.000.000 TL of dividend, which was compensated from 2012 profit, has been distributed to the partners in cash in May 31, 2013.

It has been decided to increase 1.500.000.000 TL of issued capital within 2.500.000.000 of registered capital ceiling of our company to 1.571.000.000 TL, and in line with the decision of Ordinary General Assembly of Partners in April 3, 2013, to distribute 71.000.000 TL of primary dividend of increased 71.000.000 TL to our partners as free shares, it has been decided to compensate these payments from profit share of 2012 and required legal procedure regarding capital increase has been completed and registered in July 3, 2013. The free shares, which correspond to 4.73% of current issued capital are distributed to the partners as per their shares in July 4, 2013 and within the scope of aforementioned capital increase procedures, article 7 of Articles of Association, regarding Capital, has been amended and amendment draft has been registered in July 3, 2013.

Other Issues

Conclusion part of "Affiliation Report", which has been prepared in accordance with article 199 of Turkish Trade Act:

In 2013, our company has taken action in accordance with legislation provisions regarding hidden income distribution through transfer pricing in all transactions performed by our parent company and with its subsidiaries and there were not any circumstances that require offsetting in 2013 due to aforementioned transactions.

Legal Reference of the Activity Report

Annual Activity Report for 2013 Accounting Period has been prepared based on third clause of article 516 of Turkish Trade Act and article 518, and in accordance with provisions of "Principles Regarding Financial Reporting in Capital Market" of Capital Market Board and the provisions of "Regulation Regarding Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs.

Preparation Principles of Annual Activity Report

The annual activity report accurately, completely, realistically and honestly reflects the business and transaction flow and financial status in all aspects of the company for the related accounting period by protecting the rights and benefits of the company. There are no fallacious, exaggerated and unrealistic expressions in this annual activity report, which evoke false opinions. Utmost care is shown to prepare the annual activity report to ensure that the partners completely and accurately access all kinds of information regarding the activities of the company.

Approval of Annual Activity Report

Annual Activity Report of our company for year 2013 has been signed and approved by Board Members of our Company in March 11, 2014.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul Tel: (212) 350 50 50 Fax: (212) 350 40 40 www.sisecam.com.tr

The Flat Glass Group

Trakya Cam Sanayii A.Ş.

Management and Sales Center
İş Kuleleri Kule 3, 34330 4.Levent-İstanbul Tel: (0212) 350 50 50 Fax: (0212) 350 50 80
Trakya Lüleburgaz Plant
Büyükkarıştıran Mevkii, P.K. 98 39780, Lüleburgaz - Kırklareli Tel: (0288) 400 80 00 Fax: (0288) 400 77 99
Otocam Plant
Büyükkarıştıran Mevkii, P.K. 98 39780, Lüleburgaz - Kırklareli Tel: (0288) 400 85 31 Fax: (0288) 400 83 58
Mersin Plant
Mersin Tarsus Organize Sanayi Bölgesi, Atatürk Caddesi No:1 33400, Akdeniz Mersin
Tel: (0324) 676 40 70 Fax: (0288) 400 77 99

Trakya Yenişehir Cam Sanayii A.Ş.

Atatürk Organize Sanayii Bölgesi 16900, Yenişehir - Bursa Tel: (0224) 280 12 05 Fax: (0224) 773 27 55

Trakya Glass Bulgaria EAD

Flat Glass Plant
District “Vabel” Industrial Area, 7700 Targovishte - Bulgaria Tel: +359 601 4 78 01 Fax: +359 601 4 77 97
Processed Glass Plant
District “Vabel” Industrial Area, 7700 Targovishte - Bulgaria Tel: +359 601 4 79 25 Fax: +359 601 4 79 26
Automotive Glass Plant
District “Vabel” Industrial Area, 7700 Targovishte - Bulgaria Tel: +359 601 4 79 66 Fax: +359 601 4 79 72

Glass Corp S.A.

1BIS, Industriilor Alley, 120068 Buzau/Romania Tel: +407 480 6 87 66 Fax: +402 387 1 05 52

FRITZ HOLDING GmbH - RICHARD FRITZ GmbH + CO.KG

Gottlieb-Daimler-Str. 4 74354 Besigheim /Germany Tel: 212 350 35 34 Fax: 212 350 50 80

FRITZ HOLDING GmbH - RF SPOL, S.R.O.

Tovarenska 15, Malacky 901 14- Slovakia Tel: 212 350 35 34 Fax: 212 350 50 80

FRITZ HOLDING GmbH - RICHARD FRITZ PROTOTYPE + SPARE PARTS GmbH

Gottlieb-Daimler-Str. 474354 Besigheim /Germany Tel: 212 350 35 34 Fax: 212 350 50 80

FRITZ HOLDING GmbH - RICHARD FRITZ KFT

2170 Aszod, Pesti Ut 19/A - Hungary Tel: 212 350 35 34 Fax: 212 350 50 80

The Glassware Group

Paşabahçe Cam Sanayii ve Ticaret A.Ş.

Management and Sales Center

İş Kuleleri Kule 3, 34330 4.Levent-İstanbul Tel: (0212) 350 50 50 Fax: (0212) 350 40 40 / 350 53 22
Kırklareli Plant
Büyükkarıştıran Mevkii, Muratlı Yolu 39750 Lüleburgaz-Kırklareli Tel: (288) 400 80 00 Fax: (0288) 400 88 88
Mersin Plant
Toroslar Mah. Tekke Sokak No :1/B P.K.607, 33260 Akdeniz-Mersin Tel: (0324) 241 70 70 Fax: (0324) 454 02 16
Eskişehir Plant
Organize Sanayi Bölgesi, Şehitler Bulvarı 15.Cadde, P.K.26110 Eskişehir Tel: (0222) 211 45 45 Fax: (0222) 236 12 04
Russia Representative Office
ul. Argunovskaya, dom 3, k. 1, Moscow - Russia Tel: +7 495 956 36 35 Faks No: +7 495 956 36 35 (116)
Spain Sales Office
Torpedero Tucumán 27BIS – 28016 Madrid - İspanya Tel: +34 91 383 54 20 Fax: +34 91 383 59 30
Hungary Sales Office
Jablonka ut 44 1037, Budapest - Hungary Tel: +36 1 240 15 55

Denizli Cam Sanayii ve Ticaret A.Ş.

Bahçelievler Mah. 4013 Sok. No: 10 20040 Denizli Tel: (0258) 295 40 00 Fax: (0258) 377 24 79

Camiş Ambalaj Sanayi A.Ş.

İstasyon Mahallesi, Şehitler Caddesi, No:139 34940 Tuzla-İstanbul Tel: (0216) 581 27 27 Fax: (0216) 395 27 94
Tuzla Plant
İstasyon Mahallesi, Şehitler Caddesi, No:139 34940 Tuzla-İstanbul Tel: (0216) 581 27 27 Fax: (0216) 395 27 94
Eskişehir Plant
Organize San. Bölgesi, Mümtaz Zeytinoğlu Bulvarı 26110 Eskişehir Tel: (0222) 211 46 46 Fax: (0222) 236 09 48

Paşabahçe Mağazaları A.Ş.

Yayla Mahallesi D 100 Karayolu Caddesi No:42/D, 34949 Tuzla-İstanbul
Tel: 216 - 560 25 25 Fax: 216 - 395 54 30 / 395 65 52

Paşabahçe Yatırım ve Pazarlama A.Ş.

İş Kuleleri, Kule-3 34330 4.Levent-İstanbul Tel: (0212) 350 50 50 Fax: (0212) 350 40 40 / 350 53 22

Trakya Glass Bulgaria EAD-Glassware Plant

“Vabel” District Industrial Zone, Targovishte 7700 Bulgaria Tel: +359 601 4 76 11 Fax: +359 601 4 77 12

Paşabahçe Posuda Limited

N.Novogorod Region Bor Steklozavodskoe Shosse 16 a 606443 Russia Tel: +7 831 597 64 08 Fax: +7 831 597 65 81

Paşabahçe Glass GMBH

Rhein Str. 2A,D - 56068 Koblenz - Germany Tel: +49 261 303 740 Fax: +49 261 303 74 74

Paşabahçe Mağazaları B.V.

Strawinskylaan 1265, World Trade Center Amsterdam, D Tower Level 12, 1077XX, Amsterdam - Netherlands
Tel: +31 0 20 820 11 20 Fax: +31 0 20 890 86 45

Paşabahçe USA INC.

41 Madison Avenue, 7th floor, New York, NY 10010 - U.S.A. Tel: +1 212 683 1600 Fax: +1 212 725 1300

ARC Paşabahçe Food Service

Cardinal (APFS)/ ARC International 30 Corporate Drive Wayne New Jersey, 07470 - U.S.A. Tel: +1 973 628 0 900

The Glass Packaging Group

Anadolu Cam Eskişehir Sanayi A.Ş
Organize Sanayi Bölgesi 1203 Sokak 15.Cadde No:6 Odunpazarı Eskişehir
Tel: (0850) 206 52 00 PBX Fax: (0850) 206 52 02

Anadolu Cam Sanayii A.Ş.

Mersin Plant:
Yeni Taşkent Kasabası Toroslar Mah. Tekke Cad. No:1 33100 Yenitaşkent Mersin Tel: 0 324 241 70 70 Fax: 0 324 454 28 29

Anadolu Cam Yenişehir Sanayi A.Ş.

Organize Sanayi Bölgesi Yenişehir-Bursa Tel:0 224 280 10 00 Fax:0 224 280 10 22

OOO Ruscam

84, Gagarin Str. Gorokhovets, 601481 Vladimir Region, Russia Tel: (00 7 492) 382 40 52 Fax: (00 7 492) 382 39 81

OOO Ruscam UFA

450028, Bashkortostan Ufa, Proizvodstvennaya 10/1 Ufa Bashkortostan Republic Russia
Tel: (00 7 347) 292 40 53 Fax: (007 347) 292 40 52

OAO Ruscam Pokrovsky

Sovetskaya Street, 96, 162430 Vologda Oblast Chagodashensky Region, Sazanova, Russia
Tel :(00 7 817) 413 11 40 Fax: (00 7 817) 413 14 63

OOO Ruscam Kuban

Krasnodar 13 Sineva Str Krymsk City Krasnodar Region - Russia Tel:(00 7 492) 382 40 03

OOO Ruscam Kirishi

Kirishi, Leningradskaya Region 1878110 Russia Tel : (00 7 813) 689 69 03 Fax: (00 7 813) 685 35 34

OOO Ruscam Sibir

630100, Russia, Novosibirsk Stanislavskogo str., 3/1, 4 fl. - Russia

CJSC Brewery Pivdenna

65496, Odessa region, Ovidiopol Dist., Tairove, 5 Pyvovarna str. Ukraine Tel: (00 8048) 716 79 79 Fax: (00 8048) 716 79 79

Merefa Glass Company

84-A Leonivska Str.Merefa, 62472, Kharkiv region, Ukraine Tel:(00 7 495) 662 70 00

JSC Mina

Ksani Village Mtskheta Region, 3312 Georgia Tel: 0099532449981

OOO Balkum

1 Administrativnaya St. Gidrotorf, Balakhna District, Nijegorodskij Region Russia Tel: +78314423151 Fax:+78314423650

Omco İstanbul Kalıp Sanayii ve Ticaret A.Ş.

Ankara Asfaltı üzeri, P.K. 12, 41401 Çayırova Gebze - KOCAELİ Tel : 262 - 744 44 25 Fax: 262 - 744 44 56

Balsand BV & Anadolu Cam Investment BV

Strawinskylaan 1265, 1077XX Amsterdam, Netherlands Tel: +31(0)20 8201120 Fax: +31(0)20 8908645

The Chemicals Group

Soda Sanayii A.Ş.
Management and Sales Center
İş Kuleleri Kule-3 34330 4. Levent, İstanbul Tel: (0212) 350 50 50 PBX Fax: (0212) 350 58 88
Soda Plant
Soda Fabrikası PK 654 33004 Kazanlı, Mersin Tel: (0324) 241 66 00 PBX Fax: (0324) 451 28 50
Kromsan Plant
Kromsan Fabrikası PK 654 33004 Kazanlı, Mersin Tel: (0324) 241 66 00 PBX Fax: (0324) 451 28 50

Cam Elyaf Sanayii A.Ş.
Cumhuriyet Mah. Şişecam Yolu Sokak No:7 41400 Gebze, Kocaeli Tel: (0262) 678 17 17 Fax: (0262) 678 18 18 / 678 15 95

Camiş Elektrik Üretim A.ş.
Administrative Office
İş Kuleleri Kule-3 34330 4. Levent, İstanbul Tel: (0212) 350 50 50 PBX Fax: (0212) 350 58 60
Trakya Regional Station
Büyükkarıştıran Mevkii, Muratlı, Lüleburgaz, 39750 Kırklareli Tel: (0288) 400 79 10 Fax: (0288) 400 79 19

Oxyvıt Kimya Sanayi Ve Ticaret A.Ş.
Mersin - Tarsus Organize Sanayi Bölgesi 1.Cadde No:6 P.K. 13 33400 Mersin
Tel: (0324) 676 43 25 (5 Hat) Fax: (0324) 676 43 34

Camiş Madencilik A.Ş.
İş Kuleleri Kule-3 34330 4. Levent, İstanbul Tel: (0212) 350 50 50 PBX Fax: (0212) 350 58 77

Madencilik Sanayii Ve Ticaret A.Ş.
İş Kuleleri Kule-3 34330 4. Levent, İstanbul Tel: (0212) 350 50 50 PBX Fax: (0212) 350 58 77

Sisecam Soda Lucavac d.o.o.
Prva ulica 1, 75300 Lucavac Tel: +387 35 55 23 23 Fax: +387 35 55 27 05

Rudnik Krecnjaka Vijenac d.o.o.
Prva ulica br. 1 75300, Lukavac, Tuzla Kantonu / Bosnia-Herzegovina
Tel: +387 35 554 789 / +387 35 554 380 Fax: +387 35 550 381

Asmaş Ağır Sanayi Makinaları A.Ş.
Kemalpaşa O.S.B Mah. İzmir Ankara Asfaltı No:68 (25.km) 35171 Kemalpaşa/İzmir
Tel: (0232) 870 42 00 Fax: (0232) 877 00 85

Şişecam Bulgaria Ltd.
27 Bratya Miladinovi str. FL.4 Apt. 14, 9002 Varna / Bulgaria Tel: +359 52 608 963 Fax: +359 52 608 964

Şişecam (Shanghai) Trading Co. Ltd.
Shanghai
93 Huaihai Zhong Road, Shanghai Times Square Office Tower 1106 200021 Shanghai / China
Tel: +86 21 6391 03 52 Fax: +86 21 6391 03 54
Guangzhou Rep. Office
Rm 1815, Dongshan Plaza 69 Xian Lie Zhong Road, 510095 Guangzhou / China
Tel: +86 20 3758 26 35 Fax: +86 20 3758 26 37

Cromital S.p.a.
İdari Ofis
Via Quarta Strada, Palazzo A7 20090 Assago (Milano) – Italy Tel: +39 02576 06070 Fax: +39 02576 09175
Fabrika
Via Giotto 4 - Loc. Sipro - 44020 Ostellato (FE) / Italy Tel:+39 0533 57548 Fax: +39 0533 57391
Hukuki Merkez
Viale Papa Giovanni XXIII, 94/d - 24121 Bergamo / Italy Tel: +39 02576 06070 Fax: +39 02576 09175

Camiş Egypt Mining Ltd. Co.
Corner Road 254/206, Digla-Maadi, Cairo / Egypt Tel: +202 519 82 37 Fax: +202 519 82 36

Solvay Şişecam Holding AG
Stattermayergasse 28-30 A-115 Wien / Austria Tel: +43 1 716 880 Fax: +43 1 710 2426

Dost Gaz Depolama A.Ş.
İş Kuleleri Kule-3 34330 4. Levent, İstanbul Tel: (0212) 350 50 50 PBX Fax: (0212) 350 50 59

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