



DISTINGUISHED HISTORY **SMART FUTURE**

ŞİŞECAM GROUP
2018 ANNUAL REPORT

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DISTINGUISHED HISTORY, “SMART” FUTURE

While moving forward to be among the top three leading companies in all our business fields, we continue to create value for all our stakeholders in all the regions where our operations are located.

Continuing our significant investments oriented toward sustainable growth, we focus on advanced technology as a priority. While we boost the efficiency of our production management systems with Industry 4.0 applications, we furthermore-accelerate digital transformation projects to enable 360-degree integration of our value chain – from supply chain to customer experience – through advanced technologies.

We pursue to strengthen our renowned capabilities and expertise descending from our heritage for a smart future and for sustainable growth that creates value through strategic initiatives focused on innovation, operational excellence and digital transformation.

ŞİŞECAM GROUP

GLOBAL VISION, DYNAMIC STRUCTURE, SUSTAINABLE GROWTH

Şişecam is an industrial group conducting business operations on a global scale in flat glass, glassware, glass packaging, and chemicals. Şişecam executes its production activities in 13 countries with a workforce of nearly 22 thousand people, selling its products to over 150 countries, which constitute more than half of its total sales.

Founded in 1935 by İşbank under the directive of Atatürk, Şişecam is one of the most established industrial enterprises in Turkey with 83 years of corporate history. Due to its specialization, high level of competency and the outstanding competitive edge of its operations, Şişecam figures among the world's most prestigious glass manufacturers.

GLOBAL POSITION*

	Europe	World
Flat Glass	1	5
Glassware	2	3
Glass Packaging	5	5
Soda Ash	5	9

* Based on production capacity

ŞİŞECAM CREDIT RATING

MOODY'S	Ba2/Negative
Fitch	BB+/Negative

ŞİŞECAM CORPORATE GOVERNANCE RATING

December 14, 2018	9.53
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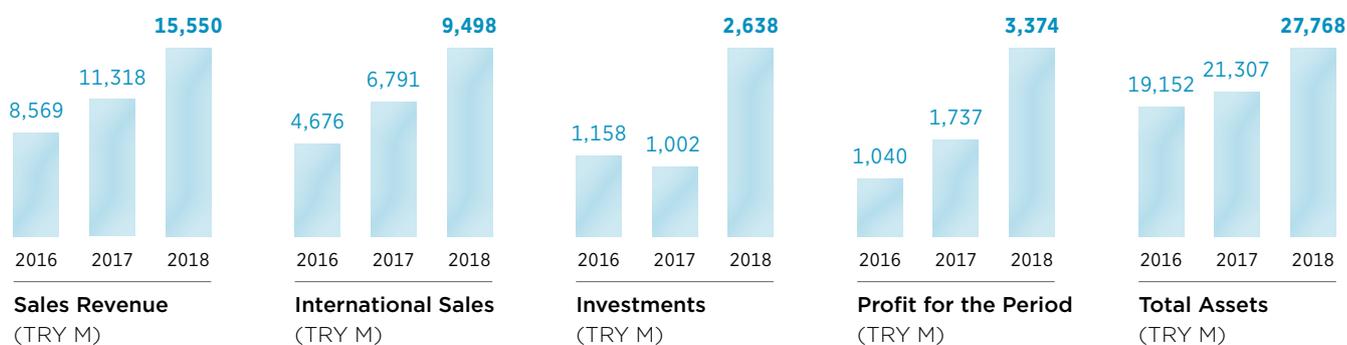
**BORSA
İSTANBUL**

Şişecam shares are traded on Borsa İstanbul under the ticker symbol **SISE**.

FINANCIAL INDICATORS

Financial Indicators	2017		2018	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	21,307	5,649	27,768	5,278
Equity	13,062	3,463	16,727	3,179
Sales	11,318	3,106	15,550	3,219
Gross Profit	3,630	996	5,157	1,068
Operating Profit before Financial Expenses	2,152	590	3,841	795
EBITDA	3,120	856	4,890	1,012
Profit for the Period	1,737	477	3,374	699
Net Financial Debt	580	154	2,239	426

Financial Ratios	2017	2018
Current Assets/Current Liabilities	2.22	1.72
Equity/Total Equity and Liabilities	61.3%	60.2%
Net Financial Debt/Total Equity and Liabilities	2.7%	8.1%
Net Financial Debt/Equity	4.4%	13.4%
Gross Profit/Revenue	32.1%	33.2%
EBITDA/Revenue	27.6%	31.4%
EBIT/Revenue	19.0%	24.7%
Net Financial Debt/EBITDA	0.19	0.46



ŞİŞECAM IN BRIEF

Sales Revenue

TRY 15.5 Billion

- 36% Şişecam Flat Glass
- 15% Şişecam Glassware
- 20% Şişecam Glass Packaging
- 24% Şişecam Chemicals
- 5% Other*



* Related to Şişecam's energy purchases and sales.

International Sales

TRY 9.5 Billion

- 36% Şişecam Flat Glass
- 17% Şişecam Glassware
- 18% Şişecam Glass Packaging
- 29% Şişecam Chemicals



ŞİŞECAM FLAT GLASS

FIELD OF OPERATIONS

Architectural glass, auto glass and encapsulated glass, solar glass, glass for home appliances

DATE OF FOUNDATION

1981

RANKING BY PRODUCTION CAPACITY

Ranked 5th in the world and 1st in Europe

PRODUCTION FACILITIES IN TURKEY

Trakya Cam Sanayii A.Ş.
Trakya Plant – Kırklareli
Mersin Plant – Mersin
Trakya Yenişehir Cam Sanayii A.Ş.
Yenişehir Plant – Bursa
Trakya Polatlı Cam Sanayii A.Ş.
Polatlı Plant – Ankara
Şişecam Otomotiv A.Ş.
Auto Glass Plant – Kırklareli

PRODUCTION FACILITIES ABROAD

Trakya Glass Bulgaria EAD – Bulgaria
Şişecam Flat Glass Italy Srl – Italy
Şişecam Flat Glass South Italy Srl – Italy
Trakya Glass Rus AO – Russia
Sisecam Flat Glass India Limited – India
Saint Gobain Glass Egypt – Egypt
Şişecam Automotive Bulgaria EAD – Bulgaria
Richard Fritz Holding GmbH – Germany (Besigheim), Germany (Aurach), Slovakia, Hungary Plants
Glasscorp S.A. – Romania
Automotive Glass Alliance Rus AO – Russia

PRODUCTION CAPACITY

2.8 million tons/year flat glass capacity
15 million m² auto glass production
15 million encapsulated glass production capacity

INDUSTRY SCOPE

Construction, automotive, solar energy and home appliances

TOTAL PRODUCTION

2.5 million tons architectural glass
11.2 million m² auto glass production
13.4 million encapsulated glass production

ŞİŞECAM GLASSWARE

FIELD OF OPERATIONS

Manufacturing of soda, crystalline, heat-resistant borosilicate glass, automatic and hand-made glassware from lead-free crystal, paper cardboard packaging, and retail merchandising

DATE OF FOUNDATION

1935

RANKING BY PRODUCTION CAPACITY

Ranks 3rd in the world and 2nd in Europe in glassware industry

PRODUCTION FACILITIES IN TURKEY

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

PRODUCTION FACILITIES ABROAD

Paşabahçe Bulgaria EAD – Bulgaria
OOO Posuda Limited – Russia
Paşabahçe Egypt Glass Manufacturing S.A.E. – Egypt

RETAIL STORES

51 stores in Turkey, 2 stores abroad

SECTORS FOR WHICH MANUFACTURING, DESIGN AND MARKETING ACTIVITIES ARE CONDUCTED

Household, catering and industry

TOTAL PRODUCTION

374 thousand tons

Investments

TRY 2.6 Billion

- 31% Şişecam Flat Glass
- 9% Şişecam Glassware
- 25% Şişecam Glass Packaging
- 32% Şişecam Chemicals
- 3% Other



EBITDA

TRY 4.9 Billion

- 38% Şişecam Flat Glass
- 10% Şişecam Glassware
- 18% Şişecam Glass Packaging
- 30% Şişecam Chemicals
- 4% Other



ŞİŞECAM GLASS PACKAGING

FIELD OF OPERATIONS

Designed glass packaging of different colours and sizes for the food, beverage, pharmaceutical and cosmetics sectors

DATE OF FOUNDATION

1935

RANKING BY PRODUCTION CAPACITY

Ranks 5th in the world and Europe in glass packaging manufacturing

PRODUCTION FACILITIES IN TURKEY

Anadolu Cam Sanayii A.Ş.
Mersin Plant - Mersin
Yenişehir Plant - Bursa
Eskişehir Plant - Eskişehir

PRODUCTION FACILITIES ABROAD

OOO Ruscam Glass Packaging Holding
Ufa Plant - Russia
Kirishi Plant - Russia
Pokrovsky Plant - Russia
Kuban Plant - Russia
Gorokhovets Plant - Russia
JSC Mina Plant - Georgia
Merefa Glass Company Ltd. - Ukraine

PRODUCTION CAPACITY

2.5 million tons/year

INDUSTRY SCOPE

Food, beverage, pharmaceutical and cosmetics

TOTAL PRODUCTION

2 million tons

ŞİŞECAM CHEMICALS

FIELD OF OPERATIONS

Soda and chromium chemicals, glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives and sodium metabisulphite

Soda Sanayii A.Ş. meets its energy needs internally thanks to its own electricity production facility.

DATE OF FOUNDATION

1969

RANKING BY PRODUCTION CAPACITY

Ranks 5th in soda ash production in Europe and 9th in the world

Leader producer of chromium chemicals in the world

PRODUCTION FACILITIES IN TURKEY

Soda Sanayii A.Ş.
Soda Plant - Mersin
Kromsan Chromium Compounds Plant - Mersin
Camiş Madencilik A.Ş.
Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin
Şişecam Elyaf San. A.Ş. - Balıkesir
Oxyvit Kimya San. ve Tic. A.Ş. - Mersin

PRODUCTION FACILITIES ABROAD

Solvay Sodi AD - Bulgaria
Şişecam Soda Lukavac d.o.o - Bosnia & Herzegovina
Rudnik Krecnjaka Vijenac d.o.o - Bosnia & Herzegovina
Cromital S.p.A. - Italy
Camiş Egypt Mining Co. Ltd. - Egypt

PRODUCTION CAPACITY

2.4 million tons soda
128 thousand tons Basic Chromium Sulphate

INDUSTRY SCOPE

Glass, detergent, leather, metal plating, wood preservation, pigments, food, animal feed, ceramics, automotive, marine, wind turbine blades

TOTAL PRODUCTION

2.4 million tons soda production
4.1 million tons industrial raw material production

CONSOLIDATED AND COMBINED INDICATORS

ŞİŞECAM FLAT GLASS

TRAKYA CAM SANAYİİ A.Ş. CONSOLIDATED INDICATORS (TRY M)	2017	2018
Sales	4,331	5,875
International Sales	2,380	3,469
Gross Profit	1,400	1,916
Operating Profit before Financial Expenses	840	1,485
Equity Holders of the Parent	616	958
EBITDA	1,147	1,861
Net Financial Debt	459	882
Equity	4,356	5,784
Total Assets	8,021	10,313
Investments	233	831
Number of Employees	6,856	6,860

Sales (TRY M)



EBITDA (TRY M)



Investments (TRY M)



* Including Trakya Cam Sanayii A.Ş., Trakya Yenisehir Cam Sanayii A.Ş., Trakya Polatli Cam Sanayii A.Ş., Sisecam Otomotiv A.Ş., Trakya Investment BV, TRSG Glass Holding BV, Sisecam Flat Glass Holding BV, Trakya Glass Bulgaria EAD, Sisecam Automotive Bulgaria EAD, Glasscorp S.A., Trakya Glass Rus AO, Automotive Glass Alliance Rus AO, Trakya Glass Rus Trading OOO, Automotive Glass Alliance Rus Trading OOO, Sisecam Flat Glass Italy S.R.L., Richard Fritz Holding GmbH, Richard Fritz Prototype + Spare Parts GmbH, Richard Fritz Spol. S.R.O., Richard Fritz Kft, Sisecam Flat Glass India Limited, Sisecam Flat Glass South Italy S.R.L., Çayırova Cam San. A.Ş., Camiş Elektrik Üretim A.Ş., Saint Gobain Glass Egypt S.A.E.

ŞİŞECAM GLASSWARE

ŞİŞECAM GLASSWARE COMBINED INDICATORS* (TRY M)	2017	2018
Sales	1,956	2,529
International Sales	1,238	1,637
Gross Profit	661	943
Operating Profit before Financial Expenses	119	342
Profit for the Period	13	160
EBITDA	287	460
Net Financial Debt	1,012	1,179
Equity	1,707	2,336
Total Assets	3,312	4,285
Investments	144	244
Number of Employees	7,008	7,621

Sales (TRY M)



EBITDA (TRY M)



Investments (TRY M)



* Paşabahçe Cam San. ve Tic. A.Ş. consolidated figures include Camiş Ambalaj.

PAŞABAHÇE CAM VE SAN. VE TİC A.Ş. CONSOLIDATED INDICATORS* (TRY M)	2017	2018
Sales	1,987	2,475
International Sales	1,238	1,637
Gross Profit	702	904
Operating Profit before Financial Expenses	98	306
Equity Holders of the Parent	8	145
EBITDA	263	427
Net Financial Debt	1,006	1,158
Equity	1,527	2,141
Total Assets	3,047	3,940
Investments	144	240
Number of Employees	6,756	7,367

Sales (TRY M)



EBITDA (TRY M)



Investments (TRY M)



* Including Anadolu Cam San. A.Ş., C.JSMina, OOO cRaums, OOO Rcuasm Glass Packaging Holding, Anadolu Cam Investment BV, OOO Ruscam Management Company, OOO Ruscam Glass, Merefá Glass Company Ltd., OOO Energosystems, C.JSC Brewery Pivdenna, Balsand BV, PAO Ruscam Pokrovsky, Anadolu Cam Yenisehir San. A.Ş., Anadolu Cam Eskişehir San A.Ş., Omco İstanbul, AC Glass Holding BV, Paşabahçe Glass GmbH, Paşabahçe USA Inc., Paşabahçe Spain SL.

ANADOLU CAM SAN. A.Ş. CONSOLIDATED INDICATORS* (TRY M)	2017	2018
Sales	2,411	3,231
International Sales	1,216	1,790
Gross Profit	663	976
Operating Profit before Financial Expenses	318	555
Equity Holders of the Parent	181	451
EBITDA	614	896
Net Financial Debt	1,009	1,534
Equity	1,892	2,309
Total Assets	4,183	5,002
Investments	339	694
Employees	4,193	4,207

Sales (TRY M)



EBITDA (TRY M)



Investments (TRY M)



ŞİŞECAM GLASS PACKAGING

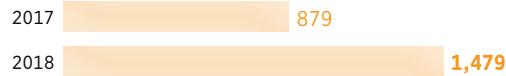
* Including Anadolu Cam Sanayii A.Ş., OOO Ruscam Management Company, OOO Ruscam Glass Packaging Holding, JSC Mina, Merefca Glass Company Ltd., OOO Energosystems, CJSC Brewery Pivdenna, Anadolu Cam Investment B.V., Balsand B.V., AC Glass Holding B.V., Camiş Elektrik Üretim A.Ş.

ŞİŞECAM CHEMICALS COMBINED INDICATORS* (TRY M)	2017	2018
Sales	2,917	3,971
International Sales	2,020	2,837
Gross Profit	1,005	1,487
Operating Profit before Financial Expenses	720	1,314
Profit for the Period	737	1,643
EBITDA	879	1,479
Net Financial Debt	(1,197)	(1,325)
Equity	3,688	5,441
Total Assets	4,492	7,030
Investments	145	858
Number of Employees	2,584	2,516

Sales (TRY M)



EBITDA (TRY M)



Investments (TRY M)



ŞİŞECAM CHEMICALS

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

SODA SANAYİİ A.Ş. CONSOLIDATED INDICATORS* (TRY M)	2017	2018
Sales	2,451	3,430
International Sales	1,894	2,676
Gross Profit	854	1,316
Operating Profit before Financial Expenses	643	1,237
Equity Holders of the Parent	661	1,556
EBITDA	779	1,387
Net Financial Debt	(1,039)	(1,149)
Equity	3,192	4,869
Total Assets	3,881	6,369
Investments	133	822
Number of Employees	1,563	1,926

Sales (TRY M)



EBITDA (TRY M)



Investments (TRY M)



* Including Soda Sanayii, Şişecam Bulgaria EOOD, Oxyvit Kimya, Şişecam Soda Lukavac, Cromital, Şişecam Chem Investment B.V., Şişecam Elyaf, Solvay Şişecam Holding AG, Şişecam Trading Co.

SHAREHOLDER AND INVESTOR RELATIONS

Şişecam Investor Relations is primarily responsible for increasing the value of our listed companies and enabling the capital market instruments issued by our Company to be traded at their fair market value.

IN 2018, ŞİŞECAM CONTINUED TO CONDUCT ITS INVESTOR RELATIONS ACTIVITIES IN A TRANSPARENT, PROACTIVE, AND EXPEDITIOUS WAY THAT INCLUDES EQUAL DISCLOSURE TO ALL INVESTORS.

Keeping its vision of becoming a global company, Şişecam Group is committed to implementing investor relations and corporate governance practices at international norms. The key objective is to constantly increase shareholder value.

Şişecam Investor Relations is primarily responsible for increasing the value of our listed companies and enabling the capital market instruments issued by our Company to be traded at their fair market value. Keeping these objectives, in order to provide complete, efficient and accurate information on our listed companies' financial performance and results to all related parties, Investor Relations uses many instruments, such as; Group companies' websites, investor relations presentations, investor newsletters, webcast tele-conferences, participation in road shows and conferences.

Şişecam continues to conduct its investor relations activities in a transparent, proactive, and expeditious way that includes equal disclosure to all investors. The Company consistently enhances the scale, scope and quality of all such efforts for investors and analysts to get to know the Group more closely. In 2018, the Group participated in a total of 9 domestic and international conferences as well as 3 roadshows targeted at shareholders and bondholders. In those conferences and roadshows, the Group held one-on-one meetings focused on the operations and financials with approximately 170 existing and potential investors. Investors

preferred teleconferencing more frequently compared to previous year and based on the close communications established with them, initiated communication through this channel more often rather than requesting physical meetings this year. An "Analyst Day" was held on April 5, 2018 at Şişecam Headquarters with the participation of 45 analysts and investors.

More than 400 meetings were conducted with investors via telephone, one-on-one meetings, roadshows and conferences. As the number of analysts who publish research reports in brokerage houses declined mainly due to the effect of the Markets in Financial Instruments Directive (MIFID) that went into effect within 2018, and since most of the analysts preferred to get into portfolio management, the number of research reports decreased to 120 from 150 in the previous year.

In 2018, two webcasts were held to share the 2017 year-end and 2018 first half financial results. These webcasts continue to be regularly held at least twice a year.

Türkiye Şişe ve Cam Fabrikaları A.Ş. creates significant added value in all geographies and industries where it operates, while continuing to create value for its investors too.

Having been started with political and geopolitical uncertainties, the course of the markets in 2018 was influenced by some global factors such as ongoing Brexit uncertainty, the negative impact of concrete actions taken related with trade wars on the global economy, the uncertainties regarding fiscal policies of the regions with high public debt combined with continuation of monetary normalization and the tightening of the balance sheet and the currency fluctuations of developing countries. On domestic side; in addition to the sharp depreciation of the Turkish lira, security risks arising from the neighbouring geographies, several agenda items in Turkey's foreign policy, the deterioration in inflation outlook and monetary, macro and fiscal measures were also among the other factors. The "Borsa İstanbul 100" index recorded negative performance, parallel with the worsening economic outlook and depreciation of TRY, and closed the year with 21% loss. In 2018, Şişecam's share price which was TRY 3.88 at its lowest level and 6.55 at its highest level, increased by 25% in nominal terms. In the same period, BIST 30 index and BIST Holding index decreased by 20% and 16%, respectively.

DURING THE YEAR, MORE THAN 400 MEETINGS WERE CONDUCTED WITH INVESTORS VIA TELEPHONE, ONE-ON-ONE MEETINGS, ROADSHOWS AND CONFERENCES.

The share of long term, foreign institutional investors in Şişecam reached 46.89% in 2018.

Investor Relations ensures that the Group companies are in full compliance with their duties and obligations arising from the regulations in relation with capital markets. With the cooperation of Financial Control and Reporting Directorate as well as it is also responsible from the coordination and communication of all related parties in and outside the Group for the Corporate Governance Rating and Credit Rating processes.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a licensed rating agency in compliance with the Capital Markets Board (CMB) Corporate Governance Principles, completed the Corporate Governance Rating Periodic Revision Report on December 14, 2018. Accordingly, the Company's Corporate Governance Rating increased to 9.53 (9.53 out of 10) in 2018, up from 9.48 (9.48 out of 10) in the previous year,

as a result of Şişecam's continuous efforts to improve compliance with corporate governance principles. This rating is highly significant in terms of reaffirming the Group's traditionally superior corporate governance standards.

As of 2018 year end, the BIST Holding, BIST 100 and BIST 30 Index values decreased by 16%, 21% and 20%, respectively. In the same period, in contrast to the decline in the Holding Index, the increase in Şişecam share price was 25%.

THE SHARE OF LONG-TERM, FOREIGN INSTITUTIONAL INVESTORS IN ŞİŞECAM'S FREE FLOAT REACHED 46.89% IN 2018.

Foreign Investor Shares in Şişecam and BIST 100



Performance of Şişecam Group Shares Relative to BIST-100 Index (2018)



The breakdown of the Corporate Governance Rating based on subcategories:

Subcategories	Weight	Score
Shareholders	0.25	95.36
Public Disclosure and Transparency	0.25	96.98
Stakeholders	0.15	99.48
Board of Directors	0.35	92.21
Total	1.00	95.28

Investor Relations contact information:

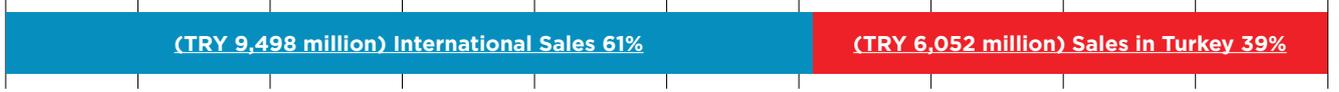
E-mail: SC_IR@sisecam.com
Tel: +90 850 206 3262
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ŞİŞECAM'S PRODUCTION CAPACITY

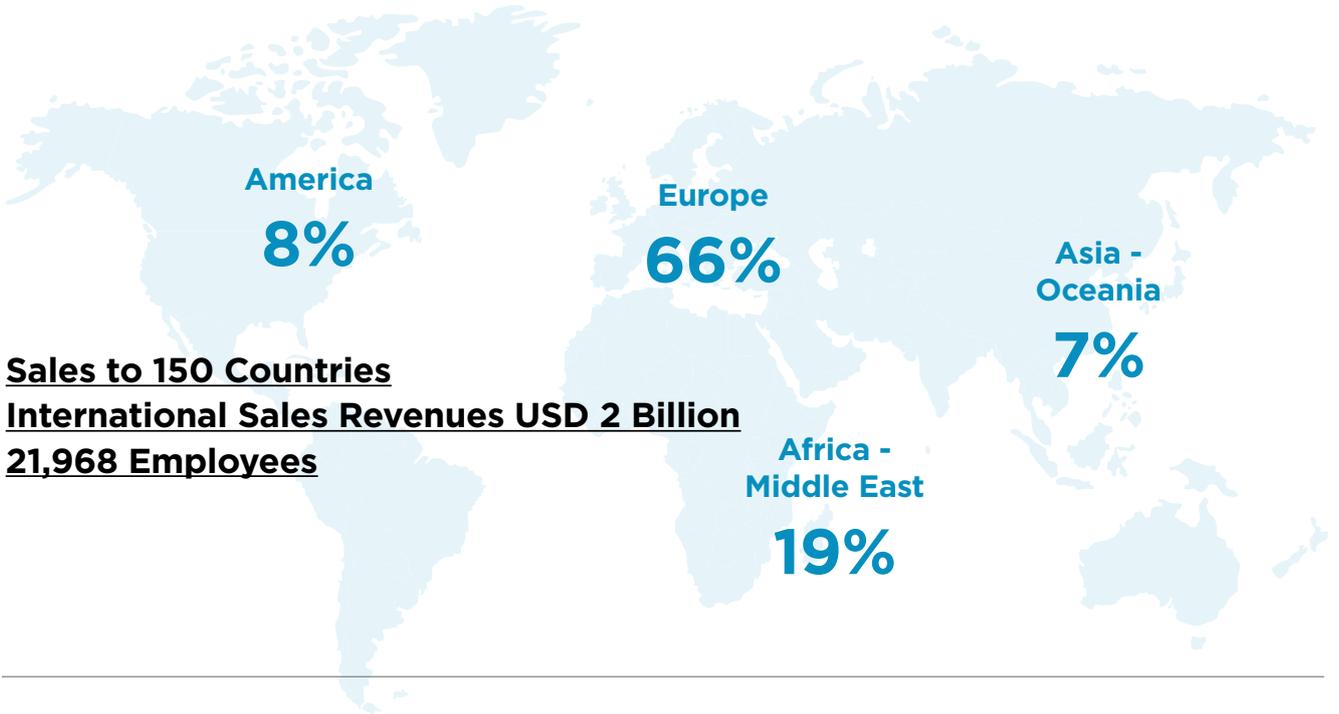
- 13** Countries
- 43** Production Facilities
- 4.9** Million Tons of Glass Production
- 2.4** Million Tons of Soda Ash Production
- 4.1** Million Tons of Industrial Raw Material Production



REGIONAL DISTRIBUTION OF SALES REVENUES



ŞİŞECAM'S GLOBAL PRESENCE



ŞİŞECAM GROUP PRODUCTION PLANTS IN TURKEY

ŞİŞECAM FLAT GLASS	ŞİŞECAM GLASSWARE	ŞİŞECAM GLASS PACKAGING	ŞİŞECAM CHEMICALS
Trakya Cam Sanayii A.Ş. Trakya Plant – Kırklareli Mersin Plant – Mersin	Paşabahçe Cam San. ve Tic. A.Ş. Kırklareli Plant Eskişehir Plant	Anadolu Cam San. A.Ş. Mersin Plant – Mersin Yenişehir Plant – Bursa Eskişehir Plant – Eskişehir	Soda Sanayii A.Ş. Soda Plant – Mersin Kromsan Chromium Compounds Plant – Mersin
Trakya Yenişehir Cam Sanayii A.Ş. Yenişehir Plant – Bursa	Denizli Cam San. ve Tic. A.Ş. Denizli Plant		Camiş Madencilik A.Ş. Provinces Where the Company Operates: Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin
Trakya Polatlı Cam Sanayii A.Ş. Polatlı Plant – Ankara	Camiş Ambalaj Sanayii A.Ş. Tuzla Plant – İstanbul		Şişecam Elyaf Sanayii A.Ş. Glass Fibre Plant – Balıkesir
Şişecam Otomotiv A.Ş. Auto Glass Plant – Kırklareli			Oxyvit Kimya San. ve Tic. A.Ş. Mersin

* As of year-end 2018, Şişecam Group has production facilities in the following countries: Turkey, Russia, Georgia, Ukraine, Bulgaria, Bosnia & Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia, India.

** As of year-end 2018, 46% of Şişecam Group employees are based abroad.

CHAIRMAN'S MESSAGE

Our nearly 22,000 employees manufacture high-quality products at facilities located in 13 countries on three continents. Our products are delivered to customers in 150 countries around the world.

ŞİŞECAM GROUP CONFIDENTLY MOVES FORWARD TO ACHIEVE ITS GLOBAL PERFORMANCE TARGETS THANKS TO ITS PRODUCTION SCALE, HIGHLY COMPETENT HUMAN RESOURCES, KNOWLEDGE BASE AND SKILLS DEVELOPED OVER 83 YEARS, AND EFFECTIVE STAKEHOLDER COMMUNICATIONS.

Dear Shareholders,

Since its establishment in 1935, in all the geographies where it operates, Şişecam Group has moved forward embracing the core principle of giving utmost respect to people, society and nature, while pioneering the industrialization movement of our country. The Group has never diverged from its stakeholders' happiness and sustainable development targets. Today, our nearly 22,000 employees manufacture high-quality products at facilities located in 13 countries on three continents. Our products are delivered to customers in 150 countries around the world. These facts reveal the scale that our Group has reached. But, for us, size means much more than that. We add value to the lives of every person we touch with our innovative and wide product range. We boost the general welfare of every location where we operate with our unwavering commitment to protect the society, the environment and all our stakeholders. We ensure that our brand is remembered hand-in-hand with this positive reputation the world over.

Şişecam Group has been able to rapidly ascend to the global leadership ranks thanks to its production scale, highly competent human resources, knowledge base and skills developed over 83 years, and effective stakeholder communications. Looking to the future from where we stand today – as a leading global player that sets the standards in the industry with its exemplary practices – we clearly see that we are confidently progressing toward our goal of being one of the world's three largest manufacturers in our core business areas.

Dear Shareholders,

During this fiscal year when Şişecam Group continued to create value for all its stakeholders, the world economy lost momentum after maintaining steady growth since 2016. The International Monetary Fund (IMF) indicated in its Global Growth Report in January 2019 that the ongoing trade wars created a negative outlook in terms of financing conditions. The IMF announced that its global growth expectation for 2018 was 3.7%, while reducing its forecast for 2019 to 3.5%, the lowest level for three years.

Even though the US economy has recorded one of the most impressive performances of recent years thanks to its pro-growth fiscal policy, the optimism of the previous year began to dissipate in other developed economies. The strength of economic activity and the labour market in the US caused the central bank (Fed) to raise interest rates four times during the year. In the Eurozone, surging protectionist policies, the budget crisis in Italy and uncertainties created by the Brexit process rattled markets throughout the year. This environment strengthened expectations that the European Central Bank (ECB) would maintain interest rates at the same level for a while. Nevertheless, the Fed and ECB at their recent meetings tended to signal to the markets that monetary tightening will continue without a slowdown.

One factor in particular increased the risk perception of the global economy in 2018 and started to dominate the world's political stage, undermining the convergence of economies and trade. The protectionism trend, which began between the US and China and spread around the world, negatively affected emerging markets, especially in 2018. Tightening monetary conditions resulted in fund outflows, leading to deterioration in basic macroeconomic indicators of developing countries, and a significant decrease in their growth performance.

Turkey, after extending the high economic growth of 2017 into the first quarter of 2018, was confronted with problems such as rising inflation and shrinking domestic demand. This situation was caused by volatility in foreign exchange rates and geopolitical tensions, especially starting from the second half of the year. To address these challenges, the government announced the New Economy Program (NEP). The NEP was designed to promote savings and export-driven growth in order to stimulate the economy. Subsequently, the Turkish Central Bank (CBRT) implemented contractionary monetary measures to support the NEP targets. We do not doubt that these rebalancing policies, implemented to stem inflation and boost domestic demand, will lead to a new chapter in the success story of our country's economy.



Dear Shareholders,

In 2018, the global glass industry demonstrated a strong performance, especially with moderate growth continuing in developed countries. The up-trending construction and automotive sectors in the Eurozone led to increased demand for flat glass. Meanwhile, the glass packaging industry continues to expand by improving its technology input day by day; this sector also benefits from having rapidly integrated automation and digitalization into its production processes. The glassware industry has largely emerged from the stagnancy weighing down the sector thanks to revitalized demand this reporting period. While there was a strong increase in soda demand in 2018, the chromium chemicals market remained flat. Market fluctuations throughout the year and exchange rate volatility caused glass industry players to better understand the importance of sustainability and efficiency. We believe that the glass industry, which is undergoing a rapid transformation process in line with Industry 4.0, will continue to register sustainable growth by boosting its competencies and optimizing business processes in line with new economic conditions.

In the domestic market, the rise in real interest rates, coupled with the high debt load of the private sector, especially foreign currency-denominated debt, increased credit repayment risks and concordat applications in the real economy. Demand in key industries, such as construction and automotive that create input for flat glass, contracted during the year. The prolonged positive sentiment in the construction

sector has given way to recession with the impact of rising construction costs and declining housing prices and demand. In the automotive and white goods industries, the contraction has been countered with tax incentives; as a result, a relative rebound has occurred in these sectors. As the main player of the glass industry, Şişecam Group will continue working with all our might to ensure the success of the savings and export-oriented macroeconomic measures implemented by the government. We want to do our part to transform this economic recovery process into a lasting positive environment in the coming year.

Our economies of scale, strong market position, advanced technology focus, R&D investment strategy, and business models based on efficiency and sustainable development are Şişecam Group's competitive advantages that will drive us forward into the future. At Şişecam Group, we will continue developing and reinforcing every aspect of our competitive edge in 2019.

I would like to take this opportunity to thank all of our stakeholders who have contributed to our 2018 performance, especially our employees and shareholders.

Yours respectfully,

ADNAN BALI
Chairman of the Board

OUR ECONOMIES OF SCALE, STRONG MARKET POSITION, ADVANCED TECHNOLOGY FOCUS, R&D INVESTMENT STRATEGY, BUSINESS MODELS BASED ON EFFICIENCY AND SUSTAINABLE DEVELOPMENT ARE ŞİŞECAM GROUP'S COMPETITIVE ADVANTAGES THAT WILL DRIVE US FORWARD INTO THE FUTURE.

CEO'S MESSAGE

Şişecam Group continues to make steady progress toward its global growth objectives. Our Group continuously increases the value it creates thanks to its long-standing competitive strength and responsibility to ensure a bright future.

AS ONE OF THE MOST RESPECTED REPRESENTATIVES OF TURKISH INDUSTRY GLOBALLY, ŞİŞECAM GROUP'S MAIN FOCUS CONTINUED TO BE SUSTAINABLE GROWTH AND PROFITABILITY IN 2018.

Dear Shareholders,

Starting out in 1935, Şişecam Group has created long-term, sustainable growth on this journey. The Group boasts production power that is in constant development, a highly reputable brand, superior product quality, healthy financial structure and business models focused on efficiency. We have also expanded this success story to a global scale. Today, as one of the world's leading players in its core business areas, our Group continues to make steady progress toward its global growth objectives. Our Group continuously increases the value it creates thanks to its long-standing competitive strength and responsibility to ensure a bright future.

As one of the most respected representatives of Turkish industry globally, Şişecam Group's main focus continued to be sustainable growth and profitability in 2018. In line with its value-creating growth objective, our Group has further strengthened its effective business model and advanced competencies. We make major breakthroughs that will shape our Group's future while also maximizing our current capacity utilization.

Şişecam Group optimized its operations throughout the year with a continuous investment approach in line with the objective of boosting efficiency and quality. The Group aims to continuously improve its market position in an increasingly intensive and complex competitive environment. At Şişecam Group, we define operational excellence as a permanent journey and business culture rather than a simple goal. Our Group continuously improves its business

processes by analysing them with an innovative perspective. The Group boosts its competitive power with ongoing value optimization.

Thanks to these efforts, Şişecam Group achieved all its year-end financial and operational targets. During a period when risks around the world and in Turkey multiplied and market volatility increased, Şişecam Group produced 4.9 million tons of glass, 2.4 million tons of soda and 4.1 million tons of industrial raw materials. The Group's sales revenues jumped 37% year-on-year to TRY 15.6 billion.

As one of Turkey's leading exporters, our Group continued to deliver its high value-added products to customers in 150 countries with exports exceeding USD 760 million in 2018. The share of international sales, which is the sum of exports from Turkey and sales from overseas production, amounted to 61% of the Group's consolidated sales.

Grounding its investment philosophy on continuity, Şişecam Group proactively prepares for different future scenarios. The Group prioritizes opportunities that will bolster both its business operations and market positions. With this approach, our Group recorded a total of TRY 2.6 billion in strategic investment spending in 2018.

Our ongoing optimization efforts in key areas such as cost and geographic distribution of production boosted our year-end results. The Group reported consolidated nominal EBITDA of TRY 4.9 billion and an EBITDA margin of 31.4% in 2018. Şişecam Group posted consolidated net profit of TRY 3.4 billion – a record high. Our Group boosted its profitability by 94% in this challenging year, thanks to its efficiency-oriented efforts aimed at containing operational expenses.

Our performance in 2018 demonstrated that we boosted the value we created for all our stakeholders.

While continuing to grow as a profitable and efficient company, Şişecam Group focuses on continuously improving the value it generates for its shareholders and investors. As of year-end 2018, the nominal value of our Group's stock rose 25% while the share of foreign institutional investors in the free-float reached 46.89%.

In today's world, adopting corporate governance practices within the framework of transparency, fairness, accountability and responsibility is at least as important for companies as financial performance in the eyes of investors. In 2018,



our Group's Corporate Governance Rating was upgraded to 9.53, up from 9.48 a year earlier. The prestigious awards we garnered during the year from Institutional Investor, a Euromoney publication, are other concrete indicators that we successfully manage a multinational, multi-stakeholder organization, both in terms of corporate governance, and investor relations.

Şişecam Group continued its strategic investments without pause in 2018, a year when challenges arose globally and, in the region, and volatility was rife.

Dear Shareholders,

In 2018, our Group maintained its investments in line with its growth target by creating sustainable value for all our stakeholders. As a global player operating in a wide range of countries, Şişecam Group simultaneously implemented organic and inorganic growth strategies. The Group also continued to make strategic acquisitions that rippled across the industry in 2018.

Trakya Cam Sanayii A.Ş. acquired its second plant investment in Italy during the year. The company completed the acquisition of the Manfredonia Plant of Sangalli Group in Monte Sant'Angelo in exchange for EUR 15.7 million. Doubling its production capacity in Italy with this investment, Şişecam Group significantly boosted its competitive power, becoming the leading flat glass producer in Europe.

While we bolstered our leadership in Europe in terms of flat glass production capacity, our efforts to strengthen our presence in India – the

shining star of the global economy with its 1.3 billion population, USD 2.6 trillion economy, rapidly growing middle class, and the country's support for new investments – finally yielded results. In 2018, Trakya Cam Sanayii A.Ş. acquired the remaining 50% stake in HNG Float Glass Limited (HNGFL), its flat glass manufacturer subsidiary, after having owned a 50% interest since 2013. We continue to diversify our product range by enhancing our production capabilities in India, a very attractive market for flat glass. This acquisition will help us accelerate the implementation of strategic initiatives to further strengthen our position in the Indian market.

In 2018, our Group also commenced production in the glassware facility it acquired in Egypt the previous year. Our business activities in Egypt will contribute to our growth strategy in the region by offering significant competitive advantages in the area of glassware. These benefits include proximity to raw materials and sales to the Middle East, Africa and North America with customs and tax advantages.

Şişecam Group continued its capital investment drive to modernize and increase the capacity of its various production facilities in Turkey. In 2018, we announced the decision to install a second furnace in our Flat Glass Plant in Ankara, and a fourth furnace in our Glass Packaging Plant in Mersin. We also fired the fourth furnace at our Glass Packaging Plant in Eskişehir during the year. With the commissioning of this new 150,000 tons/year furnace, which is equipped with Industry 4.0 technologies, the Group in Turkey now boasts a glass packaging production capacity of 1.2 million tons/year.

**OUR GROUP
CONTINUED
ITS STRATEGIC
INVESTMENTS
WITHOUT PAUSE IN
2018.**

CEO'S MESSAGE

Our Group conducts ongoing efforts to expand its high value added, new and innovative product range.

Şişecam Group conducts activities that involve employees and stakeholders to foster a corporate culture which prioritizes the use and continuous improvement of digital technologies in business processes. The objective is to render the Digital Transformation program permanent and sustainable. In the coming year, our Group will further expand its comprehensive studies on operational excellence and digitalization in business processes, in addition to its efforts in Industry 4.0.

As a flexible institution that can quickly internalize new approaches and models of the "New World," Şişecam Group sees its digitalization journey as a holistic cultural transformation. Our Group recently began monitoring start-ups that are successful in integrating their entrepreneurial muscle with innovation, in new areas outside of the Group's core operations. In 2019, we also plan to evaluate strategic cooperation opportunities with start-ups that "touch the glass" or can add value to the Group in its core businesses, either in different sectors of glass or in new business areas.

AS A FLEXIBLE INSTITUTION THAT CAN QUICKLY INTERNALIZE NEW APPROACHES AND MODELS OF THE "NEW WORLD," ŞİŞECAM GROUP SEES ITS DIGITALIZATION JOURNEY AS A HOLISTIC CULTURAL TRANSFORMATION.

During the fiscal year, Şişecam Group undersigned another significant investment that will play an important role in meeting domestic demand in Turkey. At year's end, the Group completed feasibility studies to commission the Balıkesir facility with 70 thousand tons/year production capacity – the largest glass fiber production facility in the region, from Central Europe to the Middle East. This facility will help transform our local natural resources, particularly boron, into value-added products, and to substitute Turkey's glass fiber imports.

In the more than 83 years since its inception, Şişecam Group has continuously added value to Turkey's economy while staking a global presence. In addition to their strategic importance for our Group, the new capital investments that we started and completed in 2018, when dark clouds drifted over our country's economy, are also critical in that they demonstrate our confidence in Turkey's future.

Şişecam Group is proactively preparing for the future with a holistic digital transformation.

At Şişecam Group, all our investments, those completed or that we have planned, place advanced technology at the centre.

Our Group does not approach digitalization in a narrow context. For example, we do not simply equip a production line with digital capabilities. Instead, Şişecam Group sees digitalization as a 360-degree integrated concept that encompasses the entire value chain, from the supply chain to customer experience. Our Group launched a holistic Digital Transformation Program to accelerate integration of business processes with digital technologies.

Şişecam Group increased its competence in developing innovative products by integrating industrial design into its Research and Technological Development (R&TD) processes.

Our Group conducts ongoing efforts to expand its high value added, new and innovative product range. Scientific and technological developments broaden the use, and areas of use, of glass every day. Nearly every sector uses glass to some degree. However, the competence of adding value with an innovative perspective to the comfort and aesthetics of life is one of the main competitive differentiators in the glass industry. To bolster the relationship of the links in the value chain, extending from raw material to final product, and to boost the synergies of the design and development groups, our Group gathered the Research and Technological Development (R&TD) and design activities under the same roof in 2018. The restructured R&D organization is now called the Şişecam Science, Technology and Design Centre.

With its effective organizational structure and strong corporate governance system, Şişecam Group has integrated sustainability into its business model.

As a pioneer and global institution in the glass industry, our Group closely monitors all issues that may affect its potential development – from digitalization and automation, to the social and environmental impacts of its business activities and climate change. The Group reflects its sustainability approach in all its business practices.

During the year, Şişecam Group, operating in 13 countries with nearly 22,000 employees, updated its sustainability strategy with “protect,” “empower,” and “develop” approaches. The Group aims to manage its economic, social, and environmental sustainability, by adding long-term value to future generations. As a global player, Şişecam Group launched its integrated corporate sustainability strategy, which consists of these pillars, with the name “Care for Next” to help shape our future by creating value.

Şişecam Group is not content to simply implement socially responsible and sustainable development principles in its business activities and operations. Rather, the Group strives to expand its sphere of influence by creating common value for all its stakeholders with various strategic social initiatives. One of Turkey’s longest-running social responsibility efforts in its field, and ongoing since 2011, “Glass and Glass Again” is the most prominent of these programs. This project has helped regenerate more than 1 million tons of glass waste.

Şişecam Group has long integrated three core principles – respecting people and the environment in the areas where it operates, developing innovative solutions that place technology at the centre, and improving and moving forward together – with its internal processes. The Group’s initiatives in this arena are also recognized internationally. In 2018, our Group won the Silver award from among 55 projects in the “Environmental and Social Innovation” category at the Sustainability Awards held by the European Bank for Reconstruction and Development (EBRD). This award recognized the Group’s exemplary success in the field of glass recycling. During the year, Şişecam Group qualified to join the World Sustainability League, thanks to its various efforts demonstrating support to people and the environment. In the Viego Eiris Sustainability Index 2018, where 855 companies from 35 sectors in 31 countries were evaluated, Şişecam Group was included in the “Best Emerging Market Performers” list.

Şişecam Group will continue to move steadily toward the future in pursuit of sustainable, profitable growth.

In line with its long-term strategies, Şişecam Group will continue expanding its production capacity with new capital investments, maintaining its leading and competitive position in global markets, diversifying its qualified products, and improving its operational excellence. Our corporate heritage, which originates from our deep-rooted history, provides us with opportunities to achieve these goals but also imposes major responsibilities on us. Our

main priority is to contribute to social welfare and creating value, both in our home country and other geographies where we operate. All the while, we work to remain aware of our responsibilities not only to our work but also to society and the environment for a better future.

Going forward, the key factor that will help Şişecam Group reach its corporate targets is the qualification, talent and competence of its human capital. The Group’s people have been responsible for its long track record of success from day one. Continuing to adopt, execute and expand best practices to develop our workforce is central to achieving our goals. The Group conducts all its human resources efforts with commitment and determination. These efforts range from the talent management program we launched to train the leaders of tomorrow to ensure the sustainability of our success and management succession at the Group, to the schools in various fields for development of our staff under Şişecam Academy.

Şişecam Group has also implemented long-term internships, scholarships and certificate programs for universities, vocational academies and vocational high schools in Turkey and abroad. These initiatives aim to strengthen university-industry cooperation and provide a well-qualified workforce to the Group’s various sectors. Additionally, the Group launched major efforts such as “First Step,” a summer internship program for new graduates, and “Together,” a global young talent program. Our Group undertook activities to develop our stakeholders. For example, we launched the remote training system in addition to the certificate program and regional trainings, for our dealers. Our Group plans to step up its efforts for the development of young people and our business partners in addition to our personnel.

I would like to take this opportunity to express my gratitude, and my respect, to all our employees for their contributions to the successful results that we achieved in 2018, and to all our business partners, customers, and shareholders for their confidence in us.

Yours respectfully,



PROF. DR. AHMET KIRMAN
Vice Chairman and CEO

RESPECT FOR PEOPLE AND THE ENVIRONMENT IN THE AREAS WHERE IT OPERATES, DEVELOPING INNOVATIVE SOLUTIONS THAT PLACE TECHNOLOGY AT THE CENTRE, IMPROVING AND MOVING FORWARD TOGETHER: THESE ARE THE PRINCIPLES ŞİŞECAM GROUP INTEGRATES WITH ITS INTERNAL BUSINESS PROCESSES. ŞİŞECAM GROUP’S INITIATIVES IN THIS ARENA ARE ALSO RECOGNIZED INTERNATIONALLY.

BOARD OF DIRECTORS

DR. CEM M. KOZLU
Independent Board Member

7

ZEYNEP HANSU UÇAR
Board Member

4

SABAHATTİN GÜNCELER
Board Member

6

İZLEM ERDEM
Board Member

5



PROF. DR. AHMET KIRMAN
*Vice Chairman -
CEO*

2

ADNAN BALI
Chairman

1

MAHMUT MAGEMİZOĞLU
Board Member

3

AYSUN MERCAN
Independent Board Member

8

DİNÇ KIZILDEMİR
Independent Board Member

9



BOARD OF DIRECTORS

(1) **ADNAN BALI/Chairman**

(56) Adnan Bali graduated from Middle East Technical University, in Ankara with a BS degree in Economics in 1986. His banking career began in 1986 at İşbank by joining the Board of Inspectors as Assistant Inspector after his graduation. After working at various managerial positions at İşbank, Mr. Adnan Bali was promoted to the post of Deputy Chief Executive in 2006. He was appointed as the 16th Chief Executive Officer of İşbank on April 1, 2011. He has also been serving as the Chairman of the Credit Committee and member of the Risk Committee. He is member of the Board of Directors of Vehbi Koç Foundation, Global Relations Forum (GRF) and The Banks Association of Turkey; member of the Turkish Industry and Business Association (TUSIAD), Institute of International Finance (IIF) and Institut International d'Etudes Bancaires (IIEB). Mr. Bali is also member of the High Advisory Board of Darussafaka Society. Mr. Adnan Bali is the Chairman of Türkiye Şişe ve Cam Fabrikaları A.Ş. since April 7, 2017. Throughout his career, Mr. Bali has attended to various training programs held abroad, including an executive program at Harvard Business School in Boston Massachusetts.

(2) **PROF. DR. AHMET KIRMAN/Vice Chairman - CEO**

(60) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. He has also served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business meetings.

(3) **MAHMUT MAGEMİZOĞLU/Member⁽¹⁾**

(60) Mahmut Magemizoğlu graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration and obtained his Master's degree in Investment Analysis from the

University of Stirling in the UK. Mahmut Magemizoğlu started his professional career in 1982 at Türkiye İş Bankası as Assistant Inspector and held various managerial positions between 1992 and 1999. Magemizoğlu served as the Subsidiaries Division Head between 1999 and 2005, and worked as the Deputy Chief Executive of Türkiye İş Bankası between 2005 and 2016. After having acted as the First Deputy Chief Executive between 2016 and 2018, Magemizoğlu retired in September 2018. Mr. Magemizoğlu currently serves as the Chief Advisor to the CEO of Türkiye İş Bankası. To date, Mr. Magemizoğlu has served on the board of directors of about 20 companies. He has been Chairman of the Board of Directors at Anadolu Hayat Emeklilik A.Ş. since 2009 and at Milli Reasürans T.A.Ş. since 2011. Mr. Magemizoğlu was appointed as Board Member of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 21, 2018 and has been a Member of the Board since December 30, 2017.

(4) **ZEYNEP HANSU UÇAR/Member⁽²⁾**

(47) Zeynep Hansu Uçar graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her professional career at İşbank in 1994 as an Assistant Investment Specialist in the Subsidiaries Division. She has held several managerial positions responsible for various group companies in the same department and since 2015; Ms. Uçar has been serving as Subsidiaries Division Head of İşbank. She has served as Board Member and Auditor at various Şişecam Group companies since 2010 and currently is a Board Member of Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. She is also Board Member of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015 which is an İşbank subsidiary. She was appointed as a Board Member of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 21, 2018 and has been a Member of the Board since April 15, 2011.

(5) **İZLEM ERDEM/Member⁽³⁾**

(50) İzlem Erdem graduated from Marmara University, Faculty of Economics and Administrative Sciences Department of Economics (English) in 1990. The same year, she started to work as Junior Economist in the Economic Research Division at İşbank; in 1998, she was appointed Deputy Manager of the same Division. Appointed to the Capital Markets Division in 2000, Ms. Erdem became Group Manager of the Division in 2004. She has been working as the Head of the Economic Research Division at İşbank since April 2008. As of April 2018, she has also become the Chief Economist of the Bank. She attended the Advanced Management Program of the Harvard Business School in 2016. In addition to her duties at the Bank; she has served as a member of the Audit Committee and Board of Directors at Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş., affiliates of İşbank. Currently, she is the Vice Chairwoman of the Board of Directors at İş Portföy Yönetimi A.Ş. She was appointed as a Board Member of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 21, 2018 and has been Member of the Board since March 25, 2015.

(6) SABAHATTİN GÜNCELER/Member⁽⁴⁾

(67) Sabahattin Günceler graduated from Middle East Technical University, Department of Chemical Engineering and started his professional career at Azot Sanayii T.A.Ş. After joining Şişecam Group in 1982, Mr. Günceler served in various managerial positions both in research and production. In 1997, he was appointed General Manager at Camiș Elektrik Üretim A.Ş. Between 2011 and 2014; he was the President of Şişecam Chemicals. He was appointed as a Board Member of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 21, 2018 and has been Member of the Board since March 25, 2015.

(7) DR. CEM M. KOZLU/Independent Member⁽⁵⁾

(72) A graduate of Denison University, Cem M. Kozlu has an MBA degree from Stanford University and a PhD from Boğaziçi University. He worked as a manager at NCR in the USA and Procter & Gamble in Switzerland, and acted as the Managing Director of Komili for 12 years. Serving as the Managing Director and the Chairman of the Board of Directors at Turkish Airlines between 1988 and 1991, he was elected as the Chairman of the Association of European Airlines (AEA) in 1990. Then, he remained in public positions as a Member of the Parliament between 1991 and 1995 and as the Chairman of the Board of Directors at Turkish Airlines between 1997 and 2003. Kozlu has worked at the Coca-Cola Company at different positions since 1996. Assuming responsibility for 51 countries as the President of Central Europe, Eurasia and the Middle East Group headquartered in Vienna prior to his retirement in 2006, Kozlu acted as Adviser for Eurasia and Africa Group at the Coca-Cola Company between 2007 and 2015. Kozlu served as a Board Member at Hürriyet, TAV and The Marmara Hotels & Residences and as the Chairman of the Board of Directors at Evyap Asia headquartered in Singapore. Kozlu currently serves on the boards of Coca-Cola Beverages, Anadolu Group Holding, Anadolu Efes, Arçelik, Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO8CO (Vienna) and acts as a Board of Trustees member at Anadolu-Johns Hopkins Health Centre, Anadolu Foundation and Istanbul Modern Arts Foundation. He is the Chairman of the Board of Directors of the Global Relations Forum. Dr. Cem Kozlu worked as a lecturer at Boğaziçi and Denison Universities and authored 10 books and many articles as well producing TV series on management. Dr. Cem Kozlu was appointed as Member of the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. again on March 21, 2018 and has been Board Member since March 25, 2015.

(8) AYSUN MERCAN/Independent Member⁽⁶⁾

(59) A.Mercan holds a graduate degree from Middle East Technical University, Faculty of Administrative Sciences, Department of Management in Ankara and a joint Executive MBA from Manchester Business School and University of Wales UK. She started her banking career in 1982 and held several senior and executive positions in Corporate Banking, Credits, Foreign Transactions, Project Finance-Investment Banking and Corporate Governance areas at various national and international banks. Following the takeover of shareholder rights of various failed banks by the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund, as a result of banking crisis in 2001, she presided over and managed many projects related to rehabilitation, restructuring of the related financial groups, including the conclusion of repayment contracts, management, sale of assets, and liquidation of the relevant banks so as to allow for the collection of the debts by those banks' controlling

shareholders to the Fund. She acted as a member at the Board of Directors and the Board of Liquidators of various companies. She was appointed as the Secretary General of a private bank in 2008 and retired in 2014. She gave lectures within the masters programs of universities regarding investment appraisal, corporate finance and foreign trade finance. She was appointed as a Board Member for MUFG Bank Turkey A.Ş. in January 2016. Aysun Mercan was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 21, 2018.

(9) DİNÇ KIZILDEMİR/Independent Member⁽⁷⁾

(66) Having graduated from the Department of Administrative Sciences at Boğaziçi University in 1975, Dinç Kızıldemir started his career as the Sales and Marketing Manager at Elka Elyafı Plaka Sanayii A.Ş., which was previously an affiliate of Garanti Bank and then joined Koç Group. Kızıldemir acted as the Sales and Marketing Manager and Vice Managing Director at Kelebek Kontrolplak ve Mobilya A.Ş., an affiliate of Enka Group, and assumed the responsibility for establishing and managing McDonalds Corporation Turkey company in 1991. He acted as the Managing Director and the Vice Chairman of the Board of Directors at this company and supervised the establishment of retail, logistics and supply infrastructure for the company. Joining OYAK Group in 2001, he acted as the Managing Director for the Retail Group and became a Board Member for AXA-OYAK Holding and its insurance companies and at companies such as Good Year and Eti Marketing by representing minority shares. Since 2006, he has worked at Erdemir Group of Companies for 10 years as the Chairman of the Board of Directors and Executive Director. Between 2009 and 2016, he worked as the Head of Business Development (new company acquisitions) Group, Energy Group, International Chemistry Group and the Department of Legislation Compliance and the Department of Sustainability within OYAK Group. He acted as the Chairman of the Board of Directors, Executive Director and Board Member at more than 40 national and international companies within OYAK Group. He assumed responsibility for the acquisition and, subsequently, management of more than 20 companies, factories and refineries in the USA, Germany, the Netherlands, Austria, Australia, the United Kingdom, China, Japan, Brazil, India and other countries. As a part of these assignments, he was involved in the establishment of a joint medical start-up company with Massachusetts General Hospital of Harvard Medical School. Dinç Kızıldemir was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 21, 2018.

⁽¹⁾ Member of Early Detection of Risk Committee

⁽²⁾ Member of Early Detection of Risk Committee, Member of Corporate Governance Committee

⁽³⁾ Member of Corporate Governance Committee

⁽⁴⁾ Member of Corporate Governance Committee

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

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

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

SENIOR MANAGEMENT

- ELMAS YAMAN**
Chief Information Officer
- DR. REHA AKÇAKAYA**
President of Flat Glass Group
- AYDIN SÜHA ÖNDER**
President of Glass Packaging Group - Russia
- PROF. DR. ŞENER OKTİK**
President of Research and Technological Development
- GÖRKEM ELVERİCİ**
Chief Financial Officer
- SENGÜL DEMİRCAN**
Chief Human Resources and Corporate Communications Officer



DR. SELMA ÖNER
Chief Procurement Officer

ÖZLEM VERGON
Chief Strategy Officer

CEMİL TOKEL
President of Glassware Group

PROF. DR. AHMET KIRMAN
Vice Chairman and CEO

TAHSİN BURHAN ERGENE
President of Chemicals

ABDULLAH KILIÇ
President of Glass Packaging Group - Russia

1 11 6 10 4 3



SENIOR MANAGEMENT

(1) PROF. DR. AHMET KIRMAN/Vice Chairman - CEO

(60) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. He has also served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business meetings.

(2) DR. REHA AKÇAKAYA/President, Flat Glass Group

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

(3) CEMİL TOKEL/President, Glassware Group

(47) Cemil Tokel graduate of HumberSide University, Department of Management in 1991, and completed the Advanced Management Program at Harvard Business School in 2012. Mr. Tokel joined Paşabahçe Cam Sanayii ve Tic. A.Ş. as an International Sales Representative in

1992, where he later worked Supervisor of International Sales, Sales Development Executive, and International Sales Manager. Appointed as Vice President of Marketing and Sales in 2012, Mr. Tokel has served as President of Şişecam Glassware since January 2014.

(4) ABDULLAH KILINÇ/President, Glass Packaging Group (Turkey)

(52) Abdullah Kılınç graduated with a Bachelor's degree in Mechanical Engineering from Middle East Technical University in 1990 and completed the Advanced Management Program at Harvard Business School in 2013. Mr. Kılınç joined Anadolu Cam Sanayii A.Ş. as Production Engineer at Mersin Plant in 1992, where he later worked as Production Supervisor in 1995. He was appointed Assistant General Manager at Mina Ksani Glass Packaging Company in Georgia in 1999. Mr. Kılınç joined Anadolu Cam Sanayii A.Ş. in 2003 as Management and Sales HQ Business Development Manager. Subsequently, he served within the Glass Packaging Group as General Manager of the Ruscam Ufa Plant, Operations Director of Russia Operations, and Operations Director of the Group. Mr. Kılınç has been the President of Şişecam Glass Packaging (Turkey) since 2014.

(5) AYDIN SÜHA ÖNDER/President, Glass Packaging Group (Russia)

(56) Aydın Süha Önder graduated with a Bachelor's degree in Political Science and Public Administration from Middle East Technical University, Faculty of Economic and Administrative Sciences in 1985. He joined İşbank in 1986 in the Economic Research Department and began working as an Assistant Inspector on the Board of Inspectors the same year. Mr. Önder became Avcılar Branch Manager in 1998, Karaköy Branch Manager in 2001, Corporate Marketing Manager in 2003, Levent Branch Manager in 2006 and Gebze Corporate Branch Manager in 2007. Having served as Deputy CEO at İşbank since 2011, Mr. Önder joined Şişecam Group in January 2014. He was appointed President of Şişecam Glass Packaging (Russia) as of February 2014.

(6) TAHSİN BURHAN ERGENE/President, Chemicals Group

(53) Tahsin Burhan Ergene graduated with a Bachelor's degree in Mechanical Engineering from İstanbul Technical University in 1989. He completed the International Management Certificate Program at İstanbul University in 1990 and the Advanced Management Program at Harvard Business School in 2012. Mr. Ergene joined Şişecam Group in 1990 where he has held various managerial positions in the sales and marketing departments. In 2011, he was appointed as Marketing and Sales Vice President of the Şişecam Chemicals. Mr. Ergene has served as President of Şişecam Chemicals since January 2014.

(7) GÖRKEM ELVERİCİ/Chief Financial Officer

(42) Görkem Elverici graduated from Middle East Technical University, Faculty of Engineering, Department of Civil Engineering in 1996 and obtained his MBA from Bilkent University in 1998. In 2015, Mr. Elverici completed the Advanced Management Program at Harvard Business School and is currently working on his Ph.D. dissertation on Banking & Finance at Kadir Has University. He began his professional career İşbank in 1998. Throughout his career, he has worked in various middle and senior management positions at İşbank, HSBC, Deloitte Consulting and Accenture Consulting. Mr. Elverici joined Şişecam Group as the CFO of Şişecam Flat Glass Group on March 1, 2013. Mr. Elverici is the CFO of Şişecam Group since May 2014.

(8) ŞENGÜL DEMİRCAN/Chief Human Resources and Corporate Communication Officer

(43) Şengül Demircan graduated from Istanbul Technical University, Department of Industrial Engineering in 1997 and obtained her Master's degree from Boğaziçi University, Executive MBA Program. Ms. Demircan started her professional career as a Management Consultant at Arthur Andersen. She worked as Human Resources Management Consulting Manager at Ernst & Young from 2002 to 2004. She served as Human Resources and Organizational Development Manager and Deputy HR Director at Danone Tikveşli between 2004 and 2007; Assistant General Manager of Avea Human Resources from 2007 until 2011; Assistant General Manager Responsible for Human Resources at HSBC Bank between 2011 and 2017; and HSBC Global Human Resources Transformation Program Change Leader between 2016-2017. Ms. Demircan started to work as Chief Human Resources Officer at Şişecam Group in March 2017 and she has been serving as the Chief Human Resources and Corporate Communication Officer since January 1, 2018.

(9) PROF. DR. ŞENER OKTİK/Chief Research & Technological Development Officer

(63) Prof. Dr. Şener Oktik graduated from Ankara University with a degree in Physics in 1976 and received his M.Eng. in Applied Physics in 1977 from the same university. He went on to obtain a Ph.D. from Durham University (UK), Department of Applied Physics and Electronics in 1982. Prof. Dr. Oktik became Associate Professor (Interuniversity Council) in 1986 and full Professor (Muğla University) in 1995. During his career, he has worked as lecturer/research scientist/senior researcher/administrator/senior administrator at Durham University (UK), Lecce University (Italy), Stuttgart University (Germany), Selçuk University and Muğla University (Turkey). Prof. Dr. Oktik served as the Third and Fourth Term President/Rector of Muğla University between 2002 and 2010. He has also worked as senior research scientist/technologist/senior executive at BP Solar, Sunbury, Imperial Chemical Industries PLC (ICI), Paints Division Slough Research Labs, Industrial Research Labs of Durham University (UK), Anel Group, Arıkanlı Holding (Turkey). Prof. Dr. Şener Oktik has been the Chief Research & Technological Development Officer at Şişecam Group since January 1,

2012 and he is a member of the steering committee of International Commission on Glass, "ICG" and serving at the international advisory board of International Conference on Coatings on Glass and Plastics, Society of Vacuum Coaters and The Centre for Functional and Surface Functional Glass (Slovakia) and he is also in the Scientific Committee of "European Photovoltaic Solar Energy Conference EU-PVSEC" the Honorary Chairman Turkish Solar Energy Industry Association. Prof. Oktik is author/co-author of over 100 scientific and technical publications and inventor/co-inventor of two world patents.

(10) ÖZLEM VERGON/Chief Strategy Officer

(45) Özlem Vergon graduated from Istanbul University, Department of Economics (English) in 1995. She later received her MBA from San Diego State University and completed the General Management program at Harvard University in 2013. Ms. Vergon joined Şişecam Flat Glass in 1996 as Planning Specialist Assistant and worked in various positions leading to Şişecam Flat Glass - Planning Director. Since January 2015, Ms. Vergon has been the Chief Strategy Officer at Şişecam Group.

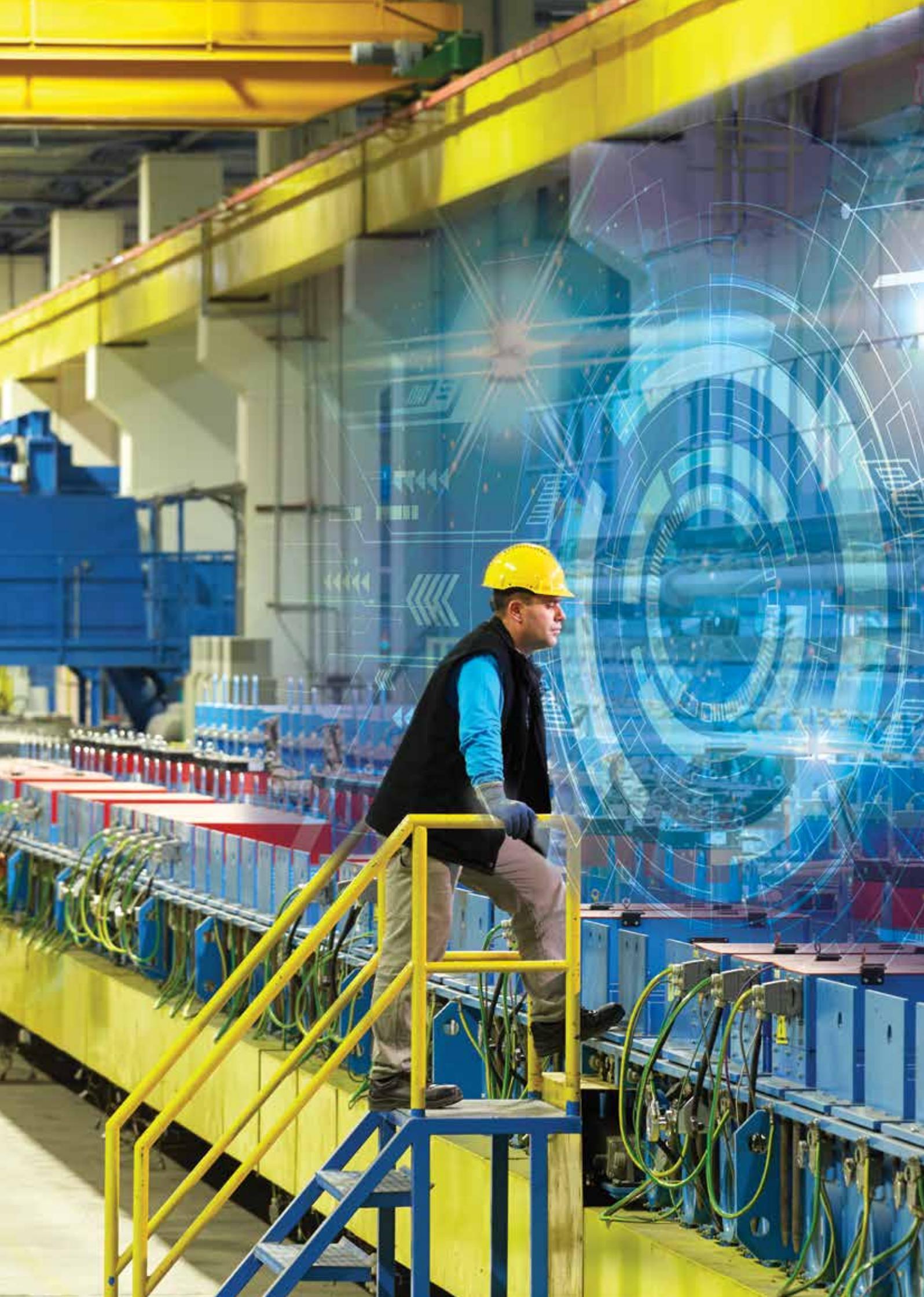
(11) DR. SELMA ÖNER/Chief Procurement Officer

(45) Dr. Selma Öner graduated from Istanbul Technical University, Department of Industrial Engineering in 1995 and received her Master's degree and Ph.D. from Boğaziçi University, Department of Industrial Engineering. She completed the General Management program at Harvard Business School in 2014. Ms. Dr. Öner started her professional career as a Research Assistant at Boğaziçi University and then joined Şişecam Group in 1997. She worked as Logistics Engineer at Paşabağçe Cam San. ve Tic. A.Ş. and later served in various managerial positions there before becoming Supply Chain Director at Trakya Cam San. A.Ş. In 2017, Dr. Selma Öner was appointed Group Procurement Coordinator at Türkiye Şişe ve Cam Fabrikaları A.Ş. In January 2018, she became Chief Procurement Officer of Şişecam Group.

(12) ELMAS YAMAN/Chief Information Officer^(*)

(52) Elmas Yaman received her Bachelor's and Master's degrees from Istanbul Technical University, Department of Chemical Engineering. Having started her career in 1988 as a Programmer at Türkiye Şişe ve Cam Fabrikaları A.Ş., Yaman worked as System Analyst-Database Administrator between 1996-2001, as IT Support Engineer between 2001-2007, as IT Technology Development Specialist between 2007-2011, as IT Technology Development Manager between 2011-2013, and as IT Security Manager between 2013-2014. In addition to her role as the IT Technology Development Director, that she has been assigned as the IT Technology Development Director in August 2014, she worked as IT Operations Director between 2016-2019. Elmas Yaman has been serving as acting Chief Information Officer of Şişecam Group since October 2018.

^(*) Elmas Yaman has been serving as acting Chief Information Officer since October 22, 2018.



ŞİŞECAM FLAT GLASS

AMBITIOUS STEPS TOWARDS THE FUTURE

While we strengthen our presence in global markets in the field of flat glass through our strategic investments, we also continue to expand our automotive glass operations and our breakthroughs that provide competitive advantages.

While we are expanding our value-added product portfolio with innovative products; we are also commissioning lean manufacturing practices and taking ambitious steps towards the future with the focus on continuous development and digital transformation.

GENERAL OVERVIEW OF 2018

Şişecam Flat Glass continued its steady rise thanks to its global muscle, despite the recession in the construction and automotive industries in Turkey.

Turkey maintains its position as the largest producer of white goods, following China. In the white goods sector, which contracted by 0.9% in the first six months of 2018 (January-June), exports increased 5.4%, while the domestic market shrank 15% during the same six-month period. According to White Goods Manufacturers' Association of Turkey data, production in the industry declined 1% and domestic sales dropped 17%, while exports rose 6% as of year-end 2018. Producers demonstrated a stronger performance in export markets with increasing foreign exchange rates, and due to the elimination of SCT on white goods at end-October, until the year end. Among the segments that Şişecam Flat Glass serves with inputs, refrigerator production decreased 3% and oven production fell 2%.

Growth in the European economy continued throughout the year, although at a slower pace from the first quarter. Construction activity prevailed in Europe parallel to the economic expansion. As a result, flat glass consumption also increased for the year.

The Russian economy grew at a slower rate with the effect of sanctions imposed in 2018. The limited economic growth was reflected on the construction industry, and construction activity contracted for the year. As a result of consumption lagging expectations in the domestic market, Russian producers tended to focus on exports and market prices prevailed at their existing levels.

The Middle East's economies and construction industry grew below expectations with the effect of falling oil prices in addition to political tensions. Demand in the flat glass market was highest for quality products.

India's economy has expanded at an average of 7-7.5% per year. The country's construction sector has developed with reforms supporting construction investments as well as economic growth. The Indian flat glass market is growing in parallel with the expanding construction and automotive industries.

GENERAL OVERVIEW OF 2018

With domestic demand limited by the developments in the internal and external environment, Turkey's economic growth was primarily driven by external demand in 2018. While the construction industry, where flat glass is consumed, has experienced a slowdown, production in other sectors continued propped up by exports.

Financing and demand-driven pressure in the construction sector was addressed by support and incentive practices previously provided to the real estate sector. Existing development projects were completed, with a cautious approach to new construction project investments. The number of buildings that received permits and commenced construction rose 3.7% in the first three quarters of the year. Housing sales contracted due to rising credit costs and slowing domestic demand. The share of new housing sales in total home sales was 47% for the year.

In the automotive sector, total passenger car sales in the EU and EFTA countries remained unchanged compared to the previous year, at 15.6 million units. For the same period, the total automotive market in Turkey declined to 642 thousand units, down 35% compared to a year earlier. Exports, the driving force of the Turkish automotive industry, contracted 1% in 2018 to 1.3 million units. Meanwhile, production fell 8.6% compared to the prior year, coming in at 1.6 million units.

36%

INCREASE IN ŞİŞECAM FLAT GLASS SALES REVENUES

IN 2018, ŞİŞECAM FLAT GLASS RECORDED SALES REVENUE OF TRY 5,875 MILLION, UP 36%, IN TURKEY AND INTERNATIONAL MARKETS. THE COMPANY CONTINUES TO MOVE FORWARD WITH ITS WIDE PRODUCT PORTFOLIO, QUALIFIED PRODUCTS AND SERVICE ORIENTED APPROACH.

ACHIEVEMENTS IN 2018, GOALS FOR THE FUTURE

A successful year across all product groups...

In 2018, Şişecam Flat Glass recorded sales revenue of TRY 5,875 million, up 36%, in Turkey and international markets. The company continues to move forward with its wide product portfolio, qualified products and service-oriented approach.



In Turkey, Şişecam Flat Glass continued efforts to raise the level of service in the development areas to ensure the satisfaction of decision-makers and the distribution channel by implementing brand strengthening projects. Actions were taken to meet demand without interruption in the changing market conditions. As a result, sales revenues increased 23% on a TRY basis.

In international markets, the company continued to deliver services with a qualified product portfolio tailored for customer needs thanks to high capacity potential and widespread distribution network. This approach resulted in a 46% increase in sales revenues on a TRY basis compared to 2017.

In Europe, Şişecam Flat Glass posted increased sales, driven by high capacity potential and an expanding value-added product portfolio. The company further boosted its brand awareness with effective communications activities and provides widespread service specifically tailored for customer needs.

Şişecam Flat Glass improved its profitability by ensuring penetration with customer portfolio optimization, primarily, in the Italy and Bulgaria markets, where the company is a local producer, and those markets where it is the main supplier.

Efforts continued to expand the customer portfolio in order to provide flexible distribution in Russia while focusing on logistics solutions to boost customer satisfaction.

Sales activities in the Middle East and North Africa have continued by evaluating production capacity potential and specifically meeting the demand for value-added products with the advantage provided by the wide product portfolio.

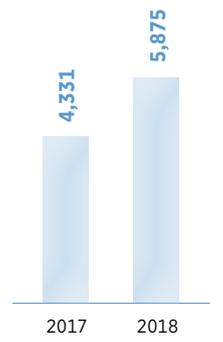
Şişecam Flat Glass conducts business operations in overseas markets by taking into consideration the capacity potential and profitability.

In the Indian market, the company continued its distribution channel restructuring efforts to better serve the country. In addition, Şişecam Flat Glass maintained its sales activities with a regional focus appropriate to market dynamics, and increased awareness and sales of qualified products.

Şişecam Otomotiv A.Ş. (Şişecam Automotive), organized under Şişecam Flat Glass, successfully commissioned the mass production of nearly 20 new vehicle prototypes in 2018. During the year, Şişecam Automotive boosted its total automotive glass sales revenues by 45% on a TRY basis compared to the previous year. 2018 was also the most profitable fiscal year in the last decade. Thanks to the synergy created with ongoing integration work with Richard Fritz within Şişecam Automotive, new encapsulation projects for luxury vehicles to be produced between 2019-2023 were obtained during the year. The glass of the related projects to be supplied for encapsulation in Richard Fritz, is planned to be produced to a large extent by Şişecam Automotive.

**ŞİŞECAM FLAT
GLASS CONDUCTS
BUSINESS
OPERATIONS
IN OVERSEAS
MARKETS BY
TAKING INTO
CONSIDERATION
ITS CAPACITY
POTENTIAL AND
PROFITABILITY.**

**Şişecam Flat
Glass Sales
Revenues**
TRY Million



GENERAL OVERVIEW OF 2018

In addition to reinforcing its position in the Turkish market with the various breakthroughs it has achieved over the last five years, Şişecam Flat Glass continued to grow in the European, Russian and Indian markets with value-added products.

With the acquisition of the Sangalli Vetro Manfredonia Plant in Europe, Şişecam Flat Glass has a float line with a capacity of 190 thousand tons/year, a laminated line with a capacity of 4 million square meters/year, a coating line with a capacity of 4 million square meters/year, and a satin line with a capacity of 1.5 million square meters/year. As a result of cold repair works, the capacity expansions are expected to be gradually commissioned in 2019.

Şişecam Flat Glass acquired 50% of the shares of Siseecam Flat Glass India that were previously owned by partners in India. With this share purchase, Şişecam Flat Glass holds a 100% stake in the company.

In 2018, Şişecam Flat Glass produced high quality automotive glass for the world's leading automotive manufacturers. The company reached the planned capacity occupancy rate particularly in its facilities outside Turkey, as part of the product range offered to the automotive customers and projects determined.

New product studies

In 2018, Şişecam Flat Glass continued its product development studies together with R&D activities at full speed. The company enriched its product range by developing innovative products for the architectural, automotive and white goods industries.

In addition to the Şişecam Temperable Solar Low-E Glass specifically developed for İstanbul Airport, the company introduced three new temperable Solar Low-E products to the architectural glass market in 2018.

Şişecam Flat Glass developed Şişecam Temperable Solar Low-E Glass Neutral 60/28, which is the main product of the triple silver solar low-E product group with the highest selection for the architectural glass sector. The company also developed the Şişecam Temperable Solar Low-E Neutral 50/27 and Şişecam Temperable Solar Low-E Neutral 51/28 products of similar performance, offering two different colour options to the market.

In 2018, Şişecam Flat Glass' third and the Yenışehir Plant's second off-line coated glass production line investment was completed. With the commissioning of the investment, product development efforts will gain momentum, in addition to the expanded production capacities of the qualified and innovative coated products.

999
TRY MILLION

ŞİŞECAM FLAT
GLASS PROFIT FOR
THE PERIOD

Reduction in the repurchase tariff in unlicensed 1 MW investments, which had driven growth in the solar energy sector for the last two years, had a negative impact on the industry. Total investment for solar panel installation in Turkey declined in 2018, with manufacturers reducing their capacity utilization to 25%. Parallel to this development, total sales revenues in solar glasses decreased 40% year-on-year.

Şişecam Flat Glass continues to serve the PV glass market with AR coated solar panel glasses that provide the opportunity to produce panels with maximum performance.

New investments, new capacities

Şişecam Flat Glass bolstered its position in the Turkish market with the successful breakthroughs it has achieved over the last five years. In line with its vision of being a global flat glass player, Şişecam Flat Glass continues efforts to expand in the European, Russian, and Indian markets with its value-added products.

In 2018, the Group commissioned a second coating line with a capacity of 7 million square meters/year at the Yenışehir Plant and started the second flat glass line investment with a capacity of 750 tons/day at the Polatlı Plant in Turkey. In addition, the Flat Glass Group completed the capacity increase and automation investment at its white goods glass facility in the Bulgaria Plant.

ŞİŞECAM FLAT
GLASS PRODUCED
HIGH QUALITY
AUTOMOTIVE
GLASS FOR THE
WORLD'S LEADING
AUTOMOTIVE
MANUFACTURERS
IN 2018.

In the white goods sector, R&D studies to develop a hard low-E coated glass product for use to ensure thermal insulation, particularly on oven door glass, have been completed. Conducting manufacturing operations in-house, Şişecam Flat Glass offered the Şişecam Pyrolytic Low-E Glass product to its white goods manufacturer customers.

For the automotive market, the high-performance athermic coated product and head-up display featured windshield products are scheduled for mass production in 2019. The high-performance athermic coated product for use in laminated windshields of vehicles, helps reduce air conditioning energy use by providing heat and solar control and includes the glass defrosting feature. Meanwhile, the head-up display feature enables the selected navigation indicators to be reflected on the windshield.

Efforts to develop production competencies

Şişecam Flat Glass conducts its business operations in line with its sustainability strategy. The company's sustainability strategy is built on the principles that support the United Nations Sustainable Development Goals (SDG), which are deeply rooted in its corporate culture and reflected across all its operations. Şişecam Flat Glass discloses its sustainability reports, which are prepared in accordance with the latest Sustainability Reporting Standards published by the Global Reporting Initiative (GRI), for the information of the public. Şişecam Flat Glass executes a strategy supporting this approach with its energy-saving and environmentally friendly products.

Şişecam Flat Glass embraces the "Conserve, Empower, Move Forward" approach on its sustainability journey, reflecting its corporate sustainability fundamentals. The key global trends that will affect the company's business operations in the future include climate change, resource scarcity, the rise of social networks, digitalization, changes in economic balances and technological innovations. Şişecam Flat Glass aims to be a part of this change in business processes in the industry and worldwide with its digital transformation efforts and Industry 4.0 applications.

Şişecam Flat Glass expands on-site quality and lean manufacturing method practices with the "Do it right the first time and reduce loss in its source" strategy. The company also sees the Lean 6-Sigma approach as central to its core strategy of continuous improvement. Şişecam Flat Glass continued its 6-Sigma projects and achieved significant gains in resource utilization and production process efficiency. Operating in an energy intensive sector, efforts to boost energy efficiency continued successfully in 2018. A 6.2 MW solar power plant, one of Turkey's and Europe's two largest



GENERAL OVERVIEW OF 2018

In 2018, Şişecam Flat Glass continued efforts to boost energy consumption efficiency.

Under the glass consultancy service, the company developed project-specific glass solution proposals for project architects, façade consultants, investors and contractors, who are the project decision makers. This approach ensures that Şişecam Flat Glass products are involved in many high profile projects with the technical support provided.

The glazing of the First Phase of Istanbul Airport Project, one of the country's mega infrastructure efforts, was completed with Şişecam Temperable Solar Low-E Glass specifically developed for this project. The project's requirements for effective solar control, thermal insulation, optimum light transmission, safety, security and noise control were met with this innovative product.

Şişecam Flat Glass achieved 51% light transmittance with the Isicam mix formed with the new Temperable Solar Low-E Glass developed for the project. An opportunity for transparent design was also provided with the optimum light transmittance and low reflectivity feature required for the project. The Isicam mix, which is preferred in the Istanbul Airport project, allows only 29% of solar energy to penetrate through, providing savings on cooling expenses in the summer. It also reduces heat loss by 50% compared to ordinary double glazing and saves on heating costs in winter. With its temperability feature, the Isicam mix meets the safety requirements, reduces the risk of injury resulting from glass breakage. With laminated glass, which is preferred in interior and exterior glass combination, it provides noise control in addition to security requirements.

Research studies were conducted to establish the National Qualification System in order to ensure sustainable quality and employment in the glass industry. National Occupational Standards and National Qualifications for glass were approved and put into effect for the crafts of Glass Cutting (Hand Made), Industrial Glass Cutting (Machine Made), Industrial Insulation Glass Production, Industrial Glass Processing and Industrial Glass Heat Treatment. Ankara Chamber of Industry initiated accreditation efforts in order to issue Second and Third Organizational Industrial Zone Metes (OSB Occupational Test and Certification Centre) Occupational Qualification Certificate.

Isicam Systems, one of the most important brands of the company, launched a strong advertising campaign aimed at the target audience, adapting to modern day

ŞİŞECAM FLAT GLASS CONDUCTS ITS BUSINESS OPERATIONS IN LINE WITH ITS SUSTAINABILITY STRATEGY. THE COMPANY'S SUSTAINABILITY STRATEGY IS BUILT ON THE PRINCIPLES THAT SUPPORT THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG), WHICH ARE DEEPLY ROOTED IN ITS CORPORATE CULTURE AND REFLECTED ACROSS ALL ITS OPERATIONS.

solar power plants, was established in Mersin to boost the use of renewable energy sources. Furthermore, by preferring closed circuit water loop systems for new investments and cold repair studies, cooling water consumption is aimed to be reduced to zero in the processes.

Environmental Product Declaration (EPD)s in relation to the SDG 12 on Responsible Consumption and Production, and in accordance with the EN 15804 European norms, were prepared for the company's architectural glass products. These products provide the greatest contribution to forming sustainable green buildings. The EPDs were made available to stakeholders. Şişecam Flat Glass is the first company in the flat glass sector in Turkey receiving the EPD.

Şişecam Flat Glass continues to actively support efforts aimed at sustainable development of the glass industry conducted within Glass for Europe, the Association of European Flat Glass Manufacturers. As a Sustainability Committee member of Turkey IMSAD (Association of Turkish Construction Material Producers), the company also contributes to efforts related to the sustainability of the Turkish construction materials industry.

Multidimensional promotions and communication activities

In 2018, Şişecam Flat Glass conducted marketing activities supported by project-based studies using the right media mix in accordance with the needs of the target groups.

communications trends. The campaign conveyed the key message to the user that Isicam has a special solution to meet all needs. Four videos that describe the thermal insulation, solar control, safety, security, and noise control functions provided by Isicam were published on social media platforms, YouTube, and websites, for end users who rent and buy homes, and make home renovations.

Isicam Systems MoneyBox Card Club is designed to boost demand for Isicam branded products from PVC frame producer companies, which have major influence in channelling consumer preferences to Isicam products. This effort expanded its scope in 2018 by including glass balcony manufacturers among its members.

In addition to its core business activities, Şişecam Flat Glass aims to contribute to the future of our country and young people in consideration of the principles of sustainability and social responsibility. The company supports the country's education infrastructure with various projects. Taking a new step in this arena, Şişecam Flat Glass started to design a project to construct a vocational and technical Anatolian high school building, in Bursa's Yenişehir district. The area is important in terms of flat glass and glass packaging production capacity in Turkey. The company plans to donate the facility to the Ministry of National Education.

EXPECTATIONS AND OBJECTIVES FOR 2019

Şişecam Flat Glass plans to continue its growth initiatives in 2019 by evaluating the acquisition opportunities in international markets as well as organic investments. To this end, the company closely monitors

developments in the industry. The Group aims to offer innovative products that add value to people's lives while meeting the rising demand for flat glass.

Operating seven flat glass lines at four different locations in Turkey, the Group plans to maintain its second flat glass investment, which was initiated in 2018 at the Polatlı Plant with 750 tons/day capacity. As a result of the investment, the flat glass capacity of the plant will jump to 1,675 tons/day, while boosting the value-added production capabilities of the facility.

In 2018, the Group acquired the remaining shares of Sisecam Flat Glass India. Investment plans will be evaluated in the coming year, in line with the high growth potential and increased demand for flat glass in India.

Şişecam Flat Glass plans to continue developing new products for the architectural, solar and automotive sectors in 2019. To this end, the Group will leverage research studies undertaken by Şişecam Research and Technological Development Department and joint projects with institutions that it has entered into technological cooperation.

Şişecam Flat Glass will also continue its R&D activities related to products sensitive to comfortable living, human health and the environment as well as its investments ensuring the required technology infrastructure. These efforts are in line with the company's vision of being a global flat glass manufacturer that offers innovative solutions with its strong brands.

As part of cost excellence efforts, Şişecam Flat Glass aims to keep cost savings, 6-Sigma and energy saving projects in its focus in 2019.

IN 2018, THE COMPANY REACHED OUT TO 3,500 DECISION MAKERS, AND SHARED INFORMATION ABOUT ITS PRODUCTS AND OPERATIONS IN A VARIETY OF ACTIVITIES WITH INDUSTRY PROFESSIONALS IN TURKEY AND ABROAD.







ŞİŞECAM GLASSWARE

INNOVATIVE STEPS TOWARDS THE FUTURE

We reinforce our leadership in the sector with high capacity utilization, high efficiency, and supporting technology investments. We distinguish in global markets throughout exceptional production, sales and design competencies.

While we continue our digital transformation efforts to boost the agility and flexibility of our business processes, we are also taking innovative steps towards the future and setting up unique systems by means of our production know-how descending from our deep-rooted history.

GENERAL OVERVIEW OF 2018

In 2018, the Glassware Group maintained its sector leadership position thanks to its efforts focused on high capacity utilization, advanced technology investments and effective cost management.

Ongoing stagnation in the CIS region, particularly in Russia, over the last three years, has led to consumption to decline. Political tensions with the West had an adverse effect on the economy, resulting in stagnant demand. In addition, the presence of two major local producers in Russia has caused a supply surplus in the market.

The low workable level due to security problems in the Middle East and Africa negatively affected the market. The imposition of sanctions on Iran means that market, which holds major potential in terms of glassware, is now closed to exports.

The Asia-Pacific market, dominated by local producers, remained attractive in 2018 due to competitive costs.

In Turkey, the sudden depreciation of the TRY, with extreme exchange rate volatility in the second half of 2018, was accompanied by political tensions. This situation stoked the risk perception of consumers and had an adverse impact on the market for glassware, which is not a necessity good. However, tourism revenues rose throughout the year, and political tensions eased toward year's end. As a result, the glassware market was able to maintain its current level despite volatile consumer behaviour during the year.

ACHIEVEMENTS IN 2018

Investments, production technologies and cost reduction

The Glassware Group maintained its sector leadership with advanced technology investments that boosted efficiency and ensured high capacity utilization, despite the challenging and competitive conditions in global markets. The Group successfully kept its unit costs under control in 2018.

Machinery improvement investments, which provide flexibility in the product portfolio and use of servo-controlled systems that improve efficiency in production processes, were completed during the year.

In 2018 market share of value-added, decorated products continued to expand at full speed. With a new type plate printing machine developed by the Russia Factory, printing three different patterns simultaneously is now possible.

GENERAL OVERVIEW OF 2018

In 2018 financial and political uncertainty increased, while emerging market currencies depreciated against the US dollar, causing the glassware market to contract in dollar terms. Some players in the market tried to compensate with price rises in the local currency, while some others aimed to boost sales volume.

Price competition continued in the European region, constituting nearly 35% of the global glassware market, with the market players facing financial challenges. The increasing share of discount stores led to glassware sales growth in the retail channel, with low profit margins. Strong national and international chains have tended to move toward the strengthening e-commerce channel. In the catering channel, confidence emerged with supportive monetary policy particularly in the Eurozone, which had a positive effect on demand for value-added products.

The US is another major region of the glassware market with a 38-40% share. The Federal Reserve kept benchmark interest rates in the range of 2-2.5% causing the highest growth in consumer spending since 2014. These indicators helped create a positive market environment in the US. In addition, the country's protectionist policies positively affected glassware manufacturers in the country while limiting exports and making it harder for non-local producers to access the market. Growth in discount stores continued as e-commerce gained further momentum.

29%
INCREASE
IN ŞİŞECAM
GLASSWARE SALES
REVENUES

IN 2018, PRICE
COMPETITION
CONTINUED DUE
TO THE FINANCIAL
CHALLENGES
FACED BY MARKET
PLAYERS IN
THE GLOBAL
GLASSWARE
SECTOR.



Thanks to improvement efforts conducted on the factory laser labelling systems, the Glassware Group achieved a performance that exceeded customer expectations.

The Group increased the number of automatic packaging machines to reduce costs in foreign and domestic factories.

The Glassware Group commissioned new generation inspection systems equipped with artificial intelligence (AI) systems. This effort boosted the number of production lines where automatic quality control is made, and helped achieve the zero-defect.

The company's competitive power increased in the market with the introduction of new engraving techniques and pantograph application, on handmade products.

The chemical tempering system designed by the engineers of Glassware Group was commissioned in 2018 with the name Ion Shielding, once again demonstrating the Group's pioneering role in glassware production.

DEVELOPMENT ACTIVITIES

In 2018, the Glassware Group continued its R&D activities at full speed. The Group understands that R&D is key to maintaining its globally competitive position and moving the Group forward into the future.

During the year, the Glassware Group rapidly implemented localization of raw materials used in decorated products to reduce costs. In addition, the Group conducted studies to expand the area of use of borosilicate products. Ultra-fine crystal glasses are produced with the chemical tempering system, which is operated by the Group's own engineering capabilities. Efforts are ongoing to boost the quality of brim cutting in blow type products.

The Glassware Group protects product and technology innovations resulting from research and development with intellectual property rights applications. In 2018, the Group filed seven Turkey patent applications, two Turkey trademark registrations, and two international patent cooperation treaties.

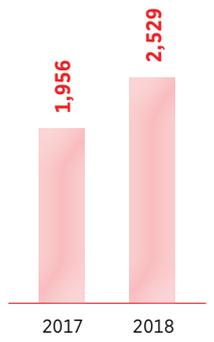
DESIGN ACTIVITIES

In 2018, the Glassware Group completed 493 product design proposals, 372 seasonal themed pattern works and 1,554 packaging projects for the Paşabahçe, Borcam and Nude brands.

In the area of product design, glasses specially designed glasses for beverages were at the forefront during the year. Meanwhile, engraved products, service products, carafes and patterned products constituted other subcategories.

DURING THE YEAR, THE GLASSWARE GROUP FILED SEVEN TURKEY PATENT APPLICATIONS, TWO TURKEY TRADEMARK REGISTRATIONS, AND TWO INTERNATIONAL PATENT COOPERATION TREATIES.

Şişecam Glassware Sales Revenues
TRY Million



GENERAL OVERVIEW OF 2018

Significant success was achieved with the Group's designs garnering awards from Red Dot, Elle Decor, BOY Awards and German Design Awards.

collection which is the award-winning design collection of the dinnerware category.

With the launch of Paşabahçe Bebe the heat-resistant baby feeding bottles of Paşabahçe has created a new business area for the Glassware Group. The products were warmly received by consumers and opened up opportunities in foreign markets. Recognizing the product quality of Paşabahçe Bebe, the leading brands in feeding bottles requested procurement for their own brands.

Botanica flower pots enable plant roots to directly receive sunlight and are specially designed for home orchid growing, a trend that has grown in recent years. These products provided the Paşabahçe brand a new area of use in consumers' homes.

160
TRY MILLION

ŞİŞECAM
GLASSWARE
PROFIT FOR THE
PERIOD

Significant success was achieved with the Group's designs garnering awards from Red Dot, Elle Decor, BOY Awards and the German Design Awards. New and successful collaborations were realized with design schools as well as foreign designers. Studies on various projects with the cooperation of the Group's design and R&D units are ongoing.

CATEGORY MANAGEMENT SERVICES

Beverage Category

With growing interest in engraved, retro-looking glasses and the traction gained with the "Timeless" collection, the Group expanded the mentioned category. The "Elysia" collection, positioned in the upper segment, was launched in whiskey and soft drink sizes, and won the German Design Award. "Nessie" is another collection launched in this product category, with three sizes.

In parallel to the rise of the mixology trend worldwide and in Turkey, the Glassware group launched the new Hudson collection in 2018 for the cocktail market while five different stemware collections Amber, Wavy, Velasco, Montis and Risus, were launched to serve wine category.

In the hot beverage category, two new coffee cup sets – Basic and Generation – as well as the Mila tea mug were favourably received by consumers. Tea and soft drink sizes were added to the Heybeli collection.

Dinnerware Category

With its unique royal blue strokes, Linden Batik collection was launched expanding Linden

Kitchen Category

In the heat-resistant ovenware category, new small-sized oven trays of Borcam, Midi Borcam were introduced targeting smaller families and singles. Midi Borcam demonstrated a successful performance with its square, rectangular and baton cake forms.

With its special non-stick coating, first of its kind Borcam Non-Stick that offers no fat cooking and easy cleaning, is highly appreciated by the consumers. Borcam has succeeded to make a difference in domestic and foreign markets with its specially developed, patented new paints and coating techniques.

In the Zestglass brand, Click & Lock jars launched during the year, providing air-tight protection to the food inside thanks to the product's practical, vacuum lid.

Value Added and Hand Made Category

In 2018, Şişecam Science, Technology and Design Centre developed innovative paints and techniques which came to life in many value-added product projects.

The Fairytale Winter collection, which uses pigments developed with the patented Cosmo paint technology, delighted consumers with colour transitions on glass surface in tableware and beverage group products.

Double layer, metallic colour paint applications, which stand out with their resistance to machine dishwashing, are offered with colour alternatives, on Casablanca espresso glasses.

As part of licensed business partnerships, Disney and Warner Bros. patterned beverage

PRODUCTS
THAT ARE BOTH
HEALTHY AND
EASY TO CLEAN
WERE OFFERED
TO THE CONSUMER
WITH THE LAUNCH
OF BORCAM
NON-STICK - BY
APPLYING NON-
STICK COATING TO
HEAT RESISTANT
GLASS, FOR THE
FIRST TIME.

and dinnerware products hit retailers' shelves in 2018.

During the year, many patterned tea sets were introduced to the market with competitive positioning.

The multi-function beverage sets for the upper segment customer group met the end user in the global market.

MARKETING ACTIVITIES

In 2018, the Glassware Group conducted communications activities to boost brand loyalty and rebuy in the domestic market, and to raise brand awareness and sales in its target markets abroad.

In the domestic market, the Group launched Paşabahçe Bebe baby feeding bottles in the spring, and introduced Borcam innovations offline and online during Ramadan. In its strategic Markets Russia and Italy, the group conducted wide spread New Year's campaigns.

In addition to the TV program sponsorship, ongoing for years with Turkey's popular chef Arda Türkmen, the Glassware Group strengthened the cooperation engaging in new product development activities and Arda Türkmen's YouTube channel.

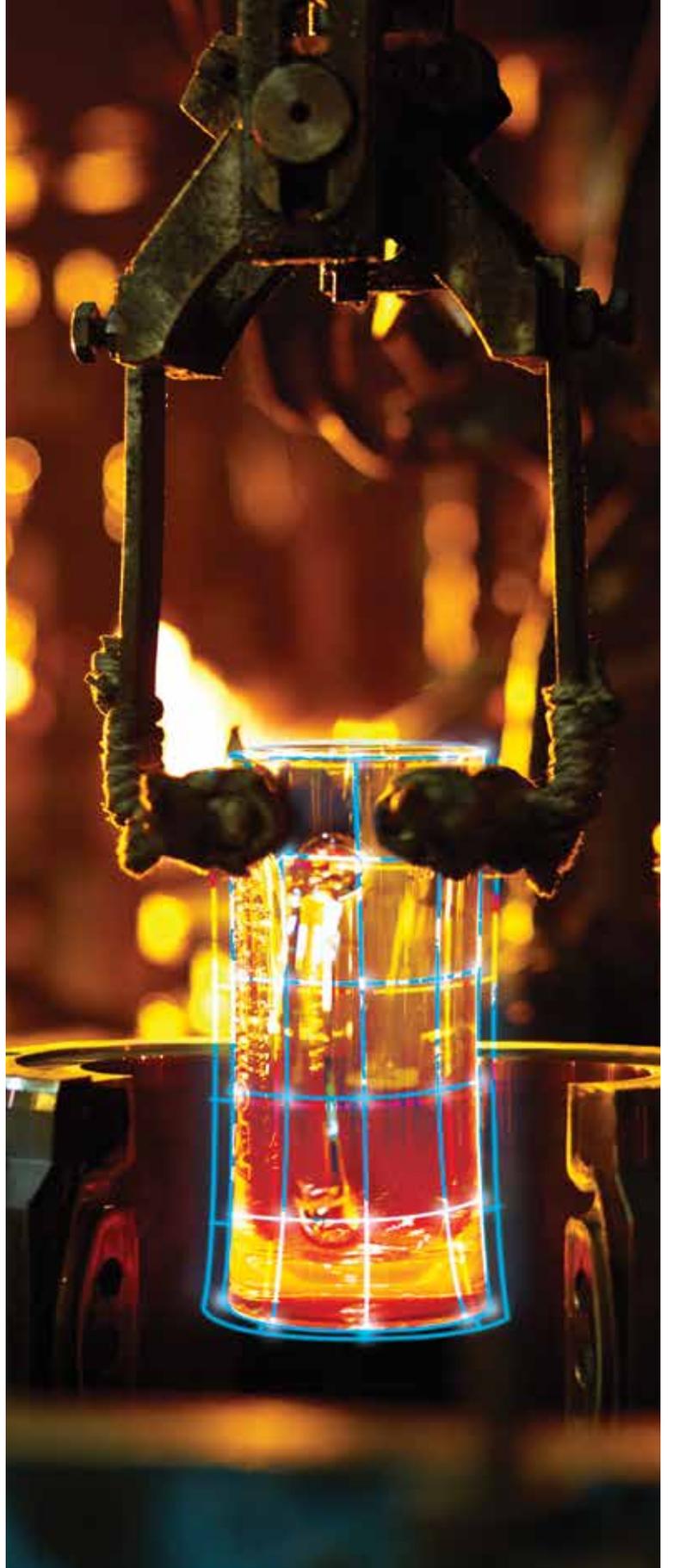
Sponsorships of major gastronomy schools and organizations have continued to support and develop the catering channel. The Group organized trainings for teams at chain hotels and launched the Paşabahçe Professional Instagram account.

Diverse content was shared via Paşabahçe Blog (www.pasabahce.com.tr/tr/blog/) in order to bolster consumer interaction. The official Paşabahçe store opened on amazon.com.tr and Paşabahçe's tea sets received the first comment of the website.

The Glassware Group participated Ambiente (Frankfurt), Hotelex (Shanghai) and Household (Moscow) fairs, where retail and catering industry professionals come together. During the year, the Group held in-company meetings to strengthen internal communications. The Group also organized global and domestic customer meetings to bolster customer relations.

TRADE MARKETING ACTIVITIES

In 2018, Paşabahçe's trade marketing organization focused on in-store activities, brand communications, merchandising operations, and field research. These efforts aimed to gain market share from the growing retail industry, deliver the right customer experience and boost profitable sales.



GENERAL OVERVIEW OF 2018

The brand communication campaign conducted with the collaboration of American businesswoman, architect and style icon Iris Apfel, started in the fall with a launch held in New York.

The Stem Zero collection, appealing the premium stemware segment with "Ion Shielding" technology, was developed by Şişecam Science, Technology and Design Centre. This innovative product increases the product impact resistance and flexibility.

The Hepburn, Big Top and Wayne collections launched in the mixology category, which was selected as focus category for the Group.

Nude designs were deemed worthy of three awards, from Red Dot and German Design Awards.

Three different whiskey collections of Nude were included in the top 10 whiskey glasses list compiled by the UK's Independent newspaper. The collections included on the list were Alba, Chill and Malt.

The brand communications campaign conducted with the collaboration of American businesswoman, architect and style icon Iris Apfel, started in the fall with the launch held in New York. In Turkey, US, Italy, UK, Germany and France, magazine ads, outdoor and digital PR activities were supported with in-store promotional and showcase works at Paşabahçe Stores and global sales points.

The Stem Zero Ion Shielding collection was rolled out in the UK, the US, Italy, Denmark and Turkey. The launch included tasting activities targeting decision makers of magazine ads, digital and PR activities as well as upper segment catering points.

New products were presented at Maison & Objet, Ambiente, NewYorkNow Fairs, and Milan Design Week.

RETAIL STORE ACTIVITIES

In 2018, Paşabahçe Mağazaları (Paşabahçe Stores) increased its sales despite negative economic developments and challenges in the retail sector. Paşabahçe Stores kept expenses under control with cost saving efforts and closed the year outperforming its sales and profitability targets.

During the year, Paşabahçe Stores opened new stores at Bursa Marka Shopping Mall, İstanbul Küçükalya Hilltown, Antalya Agora Shopping Mall, İstanbul Akmerkez and Eskişehir Cassaba Modern. The first franchise store, under study for some time, opened in March. Including the franchise store, the total store portfolio expanded to 53 locations.

STEM ZERO GOBLETS, THIS YEAR'S MOST EXCITING PRODUCT, WON ANOTHER AWARD, IN ADDITION TO THE THREE IT RECEIVED PREVIOUSLY.

In the domestic market, the Glassware Group increased the sales and shelf space share of Paşabahçe through high frequency site operation and sales activities. The Group determined actions to be taken with site analyses and current market situation assessments.

In the international markets, the Group boosted sales by improving the shelf space share with sales and communications support in strategic markets such as Russia, Egypt, Iran, Germany and Italy. Trade marketing activities were conducted in China, France, India and Kazakhstan.

NUDE

In 2018, the global total sales revenues of Nude branded products increased by 12% year-on-year reached up to USD 13 million. On TRY basis, sales revenues jumped 48% to TRY 64 million.

In the household and catering channels, growth in dollar terms in target markets stood at 60% in the US, 45% in the UK, 60% in Italy, 61% in China. Meanwhile, 40% growth on a TRY basis was reported in Turkey.

Sales via nudeglass.com increased 100% in 2018. To be more effective in the fast-growing e-commerce channel, the Group started a project to transfer the nudeglass.com online sales site to a more flexible and user-friendly platform.

The World Heritage in Glass collection, first offered to customers in late 2017, garnered great fanfare. The collection posted TRY 4.9 million in sales revenue at end-2018. Another launch in late 2017, the Omnia Water collection, was expanded with new products from various designers. In addition to collections, the product portfolio was continuously updated with numerous new products and themes developed during the year.

Sales generated by Paşabahçe Stores via e-commerce climbed to more than TRY 3 million, up 50% year-on-year. The number of members of the Paşabahçe Club Card program, initiated previous year, jumped to 100,645 in a short time. The number of followers on social media platforms through Instagram account totalled 763 thousand in 2018.

During the Value Summit held in 2018, Paşabahçe Stores received the Brands That Add Value award.

CAMIŞ AMBALAJ SAN. A.Ş.

Camiş Ambalaj is one of Turkey's leading manufacturers of paper-cardboard packaging. In 2018, the company maintained its industry leadership position with its service, quality and reliability. The company also achieved its profitability targets for the year. Camiş Ambalaj manufactures offset printed cardboard, laminated consumer packaging, multi-packages for automatic filling lines, and displays for exhibition purposes. The company aims to continue its effectiveness in the market with modernization and upgrade investments.

In 2018, Camiş Ambalaj won the Competence Award with its "Paşabahçe 12 Teacup and Plate Display Pan" at the Crescent and Stars for Packaging competition organized by the Packaging Manufacturers Association. The company also received the World Star 2019 award with the same product at a packaging competition organized by the WPO (World Packaging Organization).

EXPECTATIONS AND TARGETS FOR 2019

In the coming year, expectations for the global economy continues to create uncertainty. Economic uncertainties limit the growth expectations in the glassware market.

In 2019, manufacturers in the glassware market are expected to focus on low-cost production hub strategies. In addition, global glassware players will likely tend more toward production efficiency; step up their activities in different sales channels, particularly in e-commerce; and work to create competitive advantage with innovative projects.

In line with these expectations, Paşabahçe plans to capitalize on the advantage of its low-cost production hub and leverage its foreign exchange advantage against foreign currencies. Paşabahçe aims to boost its penetration in foreign markets; maintain its leadership in the domestic market, ramp up its activities in different sales channels and effectively manage the existing capacities. Paşabahçe targets to boost its service level with its customer-oriented approach by completing the digital transformation in the supply chain infrastructure and simplifying its business processes. Paşabahçe also aims to be present on all tables with its high quality, value-added, rich product portfolio.

**PAŞABAHÇE
STORES
GENERATED
MORE THAN TRY 3
MILLION IN SALES
REVENUES VIA
E-COMMERCE, UP
50%+ YEAR-ON-
YEAR.**

Simple is beautiful



   [ruciglass.com / #IrisApfelPaşahçe](https://www.ruciglass.com/)

Iris Apfel





ŞİŞECAM GLASS
PACKAGING

DECISIVE STEPS TOWARDS THE FUTURE

While we continue our operations in parallel with our growth strategy focused on creating value through modernization, capacity increase and digitalization investments, we also advance effective capacity utilization with highly automated systems, and boost our product quality through unique industrial design solutions.

We are taking decisive steps towards the future for continuous development and high performance by Industry 4.0 compatible technology investments, excellence in the supply chain, lean production and “Smart Factory” practices.

GENERAL OVERVIEW OF 2018

In 2018, Şişecam Glass Packaging continued to create value for its stakeholders by recording strong financial and operational results.

Asia Pacific, South America, and European markets that outperformed in 2018 in the global glass packaging market are forecast to be the leading regions in the forthcoming period. In global glass packaging market, strategic acquisitions and capacity increasing investments have underpinned the dynamism in the glass packaging market in American and Western European Regions.

Slowdown in Russian economy, sanctions imposed by the EU countries and the US, and actions taken by the government to reduce alcohol consumption, have caused the country's glass packaging market to shrink, keeping the growth of the glass packaging market below the world average.

Following the achievement of strong growth in 2017, Turkish economy entered the stationary period in 2018 in consequence of the depreciation of TRY against foreign currencies beyond expectations, hike in the input costs due to exchange rates and inflation. Turkish glass packaging market recorded moderately limited growth from a year before in 2018 in the wake of economic developments. In the nation's glass packaging market that shows a dynamic change, the capacities of the players operating in this market continued to take shape by the direction of market's high potential.

34%

INCREASE IN ŞİŞECAM GLASS PACKAGING SALES REVENUES

AN OVERVIEW OF 2018

Following its moderate performance in 2017, the global economy underperformed in 2018 in comparison with the previous periods in consequence of the recession in the developing countries, trade wars, and political and geopolitical uncertainties. The gradual transformation of the protectionist measures that were on the global economy's agenda for a long time into the concrete trade wars is now becoming a factor that further deteriorates the worldwide uncertainty. While developed countries take actions against the negative impacts of low inflation, faster-than-expected the global financial tightening (deflation, raising interest rates) prioritizes the reform needs of the emerging economies.

In the global glass packaging market and where the markets that glass packaging is used as an input, capacity increases, inorganic growth and resultant manufacturer consolidation, automation in the production processes and digitalization maintained their rise during 2018. The positive developments experienced in the glass packaging production technologies, improving health perception in the developing countries, raise in the per capita glass packaging consumption, and the product diversification efforts have been underpinning the growth of the global glass packaging market.

ACHIEVEMENTS IN 2018

Şişecam Glass Packaging continued to grow in 2018 when the global environment was volatile, Turkey's economy faced major challenges, and competition intensified due to increasing capacities in the domestic market. The Group focused on intangible assets in addition to sustainable, profitable growth, with innovative strategies targeting globalization. Always keeping the value offered to the customer at the forefront, Şişecam Glass Packaging increased its sales volume to over 1 million tons in its Turkey operations in 2018.

IN THE GLOBAL GLASS PACKAGING MARKET AND WHERE THE MARKETS THAT GLASS PACKAGING IS USED AS AN INPUT, CAPACITY INCREASES, INORGANIC GROWTH AND RESULTANT MANUFACTURER CONSOLIDATION, AUTOMATION IN THE PRODUCTION PROCESSES AND DIGITALIZATION MAINTAINED THEIR RISE DURING 2018.



In 2018, Şişecam Glass Packaging continued to expand its export targets toward becoming a global group. Maintaining growth in the export channel with new marketing and sales strategies, Şişecam Glass Packaging boosted the share of exports in total sales to 17% in its Turkey operations in 2018, in line with its sustainable export strategy.

Committed to executing capacity increase investments in the Turkish market, Şişecam Glass Packaging completed the cold repair of No. B furnace at the Yenişehir Plant and the new furnace investment at the Eskişehir Plant in 2018. The company commissioned its furnaces with 180 thousand tons of additional capacity in total.

In 2018, Şişecam Glass Packaging increased sales volume by 6%. The Company's net turnover reached TRY 3,231 million, where 55% of sales revenue is from overseas operations.

Plants and capacities

Şişecam Glass Packaging continues its operations in four countries; Turkey, Russia, Ukraine, and Georgia, with a total production capacity of 2.5 million tons/year.

Operations in Turkey

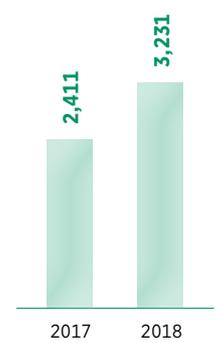
Following the commissioning of its fourth furnace at Eskişehir Plant in 2018, Şişecam Glass Packaging increased the number of its furnaces to 11. Şişecam Glass Packaging conducts its production activities in Turkey at three facilities located in Mersin, Bursa, and Eskişehir.

Eskişehir Plant started operations in 2013 and with the fourth furnace investment made at this plant, the production capacity increased the level of 150 thousand tons/year. Eskişehir Plant is the only production facility with "Clean Room" application standards, enabling production for the healthcare sector in Turkey. The plant also provides differentiation and competitive advantages in the market by offering its customers decorated products with its printing facility.

While maintaining its leading position in the sales of Şişecam Glass Packaging, mineral water sector, together with food and alcoholic beverages sectors, constitutes approximately 78% of total domestic sales. Turning its market focus on mineral water production to other sectors, Şişecam Glass Packaging strengthens its sector sales distribution with a more balanced sales mix. The company is gradually increasing the portion of its capacity allocated to exports, in line with its growth target in foreign markets.

ASIA PACIFIC, SOUTH AMERICA AND EUROPEAN MARKETS THAT OUTPERFORMED IN 2018 IN THE GLOBAL GLASS PACKAGING MARKET ARE FORECAST TO BE THE LEADING REGIONS IN THE FORTHCOMING PERIOD.

Şişecam Glass Packaging Sales Revenues
TRY Million



GENERAL OVERVIEW OF 2018

A total of TRY 694 million investment for modernization, capacity increase and improvements in Turkey, Russia and Georgia was successfully completed in 2018.

Decreasing demand in Russian domestic market and the exchange rate advantage have oriented the Group towards exports and, the Group's sales to countries other than Commonwealth of Independent States(CIS) have rose from the level of 1% to 7% since 2012. The next five year' objective is to raise this rate to the level of 16%.

Investment expenditure of TRY 694 million

In 2018, modernization, capacity increase, and improvement investments were successfully made in Turkey, Russia, and Georgia at a total amount of TRY 694 million. Due to the gradually increasing competition in glass packaging market, focus has remained to be on competitive cost, supply chain excellence, lean production, higher automation, and similar aspects of the operations. Besides, the Company carried out various development and cost reduction efforts led by energy saving in all plants.

PRODUCT DESIGN WORKS AND AWARDS

The design teams of Şişecam Glass Packaging and Şişecam Glassware Groups have been gathered under a single roof at Şişecam Group Research and Technological Development Centre as from 2018.

Continuing its success with the awards received both domestically and internationally, Şişecam Science, Technology and Design Centre won nine awards also in 2018, three of which were global in scope. Since 2006, the Centre has received a total of 73 awards, of which 18 were international, for its design work for Şişecam Glass Packaging.

451
TRY MILLION

**ŞİŞECAM GLASS
PACKAGING PROFIT
FOR THE PERIOD**

During the year, Şişecam Glass Packaging focused on key issues, including extending the endurance of glass packaging, lightening the products, reducing the process inputs and wastes of production, using renewable energy, and enhancing the recycling of glass.

Operations outside Turkey

At Mina Plant, its first abroad investment, Şişecam Glass Packaging maintains its position of being the only glass packaging manufacturer and market leader in Georgia. The plant continues its activities with the production combination aiming at especially the mineral water, wine and soft drinks sectors.

Despite the negative conditions experienced in Russia such as the drop in purchasing power and, increased taxes as a part of the government's actions to reduce the consumption of alcoholic beverages, Şişecam Glass Packaging strengthened its leading glass packaging supplier position in the market in 2018. The Company achieved the highest production volume in the market, highest operational profitability and highest sales revenues in local currency. In 2019, company aims to maintain its market share and increase profitability by making quality-driven investments that quickly pay itself and focusing on customer satisfaction.

**IN 2018, ŞİŞECAM
GLASS PACKAGING
STRENGTHENED
ITS LEADERSHIP
POSITION IN THE
GLASS PACKAGING
MARKET IN
RUSSIA, DESPITE
THE NEGATIVE
OPERATING
CONDITIONS,
SUCH AS FALLING
PURCHASING
POWER AND RISING
GOVERNMENT
TAXES TO REDUCE
ALCOHOLIC
BEVERAGE
CONSUMPTION.**

Nine awards in 2018 with four designs:

- ✓ 350 ml Tuborg Frederik Bottle
 - Crescent and Stars for Packaging Competition organized by the Packaging Manufacturers Association (ASD) - Competence Award, Gold Award and Golden Packaging Award
 - Design Turkey Competition jointly organized by the Republic of Turkey Ministry of Trade, Turkey Exporters Assembly (TİM) and Industrial Designers Society of Turkey (ETMK) - Good Design Award
 - A' Design Award Competition - Gold Winner Award
 - German Design Award - Special Mention
 - WPO - Worldstar Award
- ✓ 370 ml and 720 ml Melis Food Jars, Crescent and Stars for Packaging Competition 2018 organized by ASD - Competence 2018 Award and Bronze Award
- ✓ 200 ml Meysu Nostalgic Juice Bottle, Crescent and Stars for Packaging Competition 2018 organized by ASD - Competence 2018 Award
- ✓ 200 ml Yeni Zafer Beverage Bottle, Crescent and Stars for Packaging Competition 2018 organized by ASD - Competence 2018 Award

University - Industry Collaboration Projects

Şişecam Science, Technology, and Design Centre has been conducting joint project activities for 11 years to support and develop the creative designs of universities' Industrial Design Departments and their student.

Within the scope of the University - Industry Cooperation approach, 14 successful projects have been conducted so far with 10 different Turkish universities.

"Adding Glass to Life" family expands

Thanks to its leading and pioneering position, Anadolu Cam Sanayii A.Ş. continues to draw attention with its activities with an aim to encourage the glass packaging use in Turkey. Within the scope of "Adding Glass to Life" project that has been continues since 2012, the contents underlining the importance of glass packaging use for health and environment are shared on the web platform hayatacamkat.com and relevant social media channels. Adding Glass to Life has nearly 90 thousand followers in social media.



GENERAL OVERVIEW OF 2018

Şişecam Glass Packaging conducts all its business operations with an environmentally friendly and sustainable approach.

To assess the environmental impact arising from its operations as well as its suppliers' impact on the natural environment, Şişecam Glass Packaging conducts supplier audits planned by the headquarters at its three plants in Turkey. Action plans are prepared for the breaches identified in audits, which cover quality, environment, occupational health and safety management systems and process topics. Suppliers' improvement performance is closely monitored. During the reporting year, 34 suppliers were audited under this effort; action plans were requested for the breaches discovered. At the same time, companies that perform waste recovery are audited as part of supplier inspection.

AS PART OF ITS COMMITMENT TO SUSTAINABLE OPERATIONS, ŞİŞECAM EMBRACES A ZERO-WASTE APPROACH TO PREVENT/REDUCE WASTE AT ITS SOURCE AND ALSO REUSE AND RECYCLE OF UNAVOIDABLE WASTE AT THE HIGHEST POSSIBLE RATE.

Participation in 24th Eurasia Packaging Fair

Şişecam Glass Packaging attended the 24th Eurasia Packaging Fair held October 31 - November 3, 2018. The company shared its expertise in glass packaging with visitors. Şişecam Glass Packaging also exhibited its branded and standard product portfolio in addition to its award-winning products. The company organized a seminar titled "Glass Packaging Safe Use" as part of fair activities. At the seminar, Şişecam Glass Packaging met with industry professionals and visitors to address the issues of safe glass packaging use as well as how to ensure quality, efficiency, and safety in glass packaging products.

ENVIRONMENTAL PRACTICES

As part of its commitment to sustainable operations, Şişecam embraces a zero-waste approach to prevent/reduce waste at its source and also reuse and recycle of unavoidable waste at the highest possible rate. The Group's waste management efforts include separation of waste according to its characteristics at the source, collection, temporary storage, recovery, transportation, disposal, and control after disposal processes. This approach is one of the core principles of the Group's strategic management and is integrated into every stage of its business processes. Şişecam Glass Packaging aims to conduct all environment protection activities with an Environment Management System approach in accordance with applicable laws, rules and regulations and according to sustainability principles.

Operating in a highly energy-intensive sector, Şişecam Glass Packaging sees reducing energy use and boosting energy efficiency as ranking among its highest priorities. The company also places great importance on reducing total greenhouse gas emissions and, wastes, as well as protecting natural resources.

All environmental legislative and regulatory requirements are fulfilled by the Environmental Management Unit established by Şişecam Glass Packaging plants.

Various trainings on environment law, waste management and environmental management system applications have been arranged for 3,312 employees and subcontractors to increase their awareness.

Studies for the glass cullet use

Based on the awareness that glass is the most natural and healthiest packaging material, Şişecam Glass Packaging conducts all its business operations in line with an approach that embraces eco-friendliness and sustainability. The company aims to use natural resources efficiently, reduce environmental effects to the lowest level, and constantly boost energy productivity. To these ends, Şişecam Glass Packaging plans to increase the use, amount and quality of recycled glass (cullet) at production plants in order to minimize the resource consumption. The company targets to support and continuously improve glass cullet suppliers by conducting quality and quantity premium practices. In 2018, 184 thousand tons of recycled glass was procured.

Şişecam Çevre Sistemleri A.Ş. continues efforts to bolster the glass-recycling infrastructure in Turkey. In this context, the installation of glass recycling facilities of the companies that provided financial support and expertise services was completed in 2018. Şişecam Çevre Sistemleri A.Ş. also launched a QR-code label application to keep inventory of glass recycling bins and track them via a system.

Thanks to the recycled glass:

- Some 1,095,752 tons of glass was prevented from going into the waste,
- Energy savings were provided equivalent to meeting the heating and hot water needs of 46,022 households for a year,
- Carbon dioxide emission equivalent to the distance of 10,000 km covered by 394,471 cars was prevented, and
- Carbon dioxide emission equivalent to the quantity of air cleaned by 33,831,974 trees in one year.

During the year, the company conducted communications activities aimed at raising awareness under the “Glass and Glass Again” project, and provided trainings for primary school students.

EXPECTATIONS AND OBJECTIVES FOR 2019

In 2019 Şişecam Glass Packaging will continue efforts to become a global player by increasing its penetration and sales volume in export markets while plans to maintain

its market leadership in Turkey by creating sustainable profit and value in the face of changing global and Turkish glass packaging market dynamics.

Efforts to increase the glass packaging production and to encourage recycling thereof will be maintained within the framework of respect for human, nature, and environment. As a leading glass packaging group, Şişecam Glass Packaging will focus on improving its competitiveness in both domestic and international markets in the coming year.

Creating “Smart Factories” with a high rate of automation at advanced production network and production facilities, ensuring the development of “Learning Enterprise” structure among the facilities and increasing production efficiency in every area with the help of Industry 4.0 compatibility will be provided. Şişecam Glass Packaging uniquely combines its technological superiority with an innovative and authentic perspective and will continue playing a key role in the future of all its stakeholders, particularly employees and customers, as was the case in the past.

With improvements and innovations in the management of processes, achieving a competitive cost, quality, customer loyalty and higher service level and operational excellence with will be the most important focus areas of the Company in 2019.

IN 2019, ŞİŞECAM GLASS PACKAGING WILL CONTINUE ITS EFFORTS TO BECOME A GLOBAL PLAYER.







ŞİŞECAM CHEMICALS

CONFIDENT STEPS TOWARDS THE FUTURE

While we produce global solutions for our customers with environmentally friendly technologies, we continue to invest in value-added products that will strengthen our growth performance.

Keeping our focus on operational excellence and continuous improvement, we implement projects on modernization initiatives, infrastructure development and digital transformation and taking confident steps towards the future.

GENERAL OVERVIEW OF 2018

In 2018, Şişecam Chemicals maintained its strong global market position with product and service quality, continuous improvement-oriented efforts and successful performance in target markets.

with increased exports. The detergent sector recorded an increased consumption of soda ash and sodium sulphate along with the formulation changes in the domestic market. These developments boosted soda ash and sodium sulphate demand in the detergent sector. The chemicals industry increased its use of soda ash as a substitute of caustic soda. The feed and food sectors, which are the end-user industries for sodium bicarbonate, had a growth in 2018 due to high market demand and export opportunities.

Developments in the chromium chemicals sector

In 2018, the balance of supply and demand in chromium chemicals remained stable. Being one of the main inputs for leather industry, basic chrome sulphate prices have risen in the beginning and stabilized in the second half of the year. The sustainability of the rebound in sodium dichromate demand throughout the year was also reflected in the prices. Prices of chromic acid, whose main usage area is the metal coating and wood impregnation sectors, increased with rising demand in the first half of the year. However, the price level then remained flat for the rest of the year.

In the second half of 2018, unfavourable developments were experienced in the domestic footwear industry which affected demand and prices in the basic chromium sulphate market.

Prices of chromite ore which is the raw material of chromium chemicals followed a stable trend throughout the year.

ACHIEVEMENTS IN 2018

Strong performance

Conducting business operations in six countries, Şişecam Chemicals reinforced its strong global position in 2018 by delivering a successful performance despite uncertainties in the macroeconomic environment. In addition to strengthening its position in its current markets, the company maintained its competitive advantage by also evaluating opportunities in alternative markets. In 2018, Şişecam Chemicals boosted consolidated revenues by 36% and increased international revenues by 40% year-on-year.

GENERAL OVERVIEW OF 2018

Developments in the soda sector

In 2018, the world's soda markets, excluding China and India, remained stable. China, the largest soda market, experienced a decline in soda production due to environmental regulations. The Chinese market is projected to become dependent on soda ash imports to a large extent in 2019. As a result, due to the decrease in soda exports from China to India, there was an intensive demand in the region. The tightness in soda supply, caused by strong demand in India subcontinent, continued throughout 2018.

Soda demand increased above the global average with the effect of the growth in India's flat glass and detergent sectors. Meanwhile, Africa and the Middle East, which are significant soda export markets, maintained stable growth.

The glass industry, which constitutes 53% of global soda demand, realized a demand increase of about 2.5% in 2018. The powder detergent sector, the second largest consumption area of soda, recorded a moderate increase in demand globally, with some regional variation.

During the year, soda demand in the Turkish glass industry posted a positive trend with the new investments. Meanwhile, soda demand in Turkey's textile industry remained strong

36%

INCREASE
IN ŞİŞECAM
CHEMICALS SALES
REVENUE

ŞİŞECAM
CHEMICALS,
CONDUCTING
BUSINESS
OPERATIONS IN
SIX COUNTRIES,
REINFORCED ITS
STRONG GLOBAL
POSITION IN 2018
BY ACHIEVING
A SUCCESSFUL
PERFORMANCE
DESPITE
UNCERTAINTIES
IN THE
MACROECONOMIC
ENVIRONMENT.



35% increase in soda product group sales revenues

Soda supply and demand remained balanced across the world in 2018, which was a very successful year for the Soda Product Group. Soda sales revenues went up 35% (on a TRY basis) over the previous year. The Group recorded 2.4 million tons of soda production at its plants in Mersin, Bosnia & Herzegovina and Solvay Sodi, its joint venture factory in Bulgaria. As the fifth largest soda producer in Europe and the ninth biggest worldwide, Şişecam Chemicals realized 73% of its consolidated total soda sales in international markets.

When compared to the international competitors, Şişecam Chemicals' soda production facilities differentiated with their rich resources of raw material, effective energy management, high production quality, high level of operational efficiency, and logistics advantages due to proximity to the port.

Sustainable sales performance in the chromium product group

In the first half of the year, sectors using chromium chemicals as input such as leather, wood preservation, pigment and metal plating have achieved a solid performance reflecting a positive impact on the company's sales. As a result of effective marketing efforts, Şişecam Chemicals expanded its sales volumes and market shares in European, Asian and South American countries.

In 2018, Şişecam Chemicals recorded a successful performance in the Chromium Product Group, achieving total sales volume

and revenues above its targets. Continuing to expand its market share in South America in the basic chromium sulphate product, the Group maintained its effectiveness and market share in all other markets.

The chromic acid product recorded a solid sales performance in South America, Africa and Asia, in addition to existing markets. As a result, sales were higher in 2018 compared to previous years.

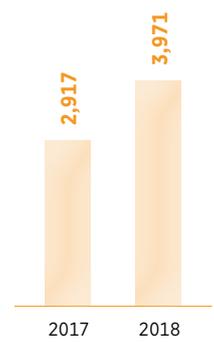
The company maintained its successful performance in sodium dichromate sales during the year. While the favourable sales price continued, the total sales volume jumped 24%.

Maintaining a strong market position in Turkey and Europe in chromium III products, Şişecam Chemicals continued to increase its sales in this product line in 2018.

Soda Sanayii A.Ş. obtained 90% of its chromium chemicals sales revenue from exports. With the Kromsan Chromium Compounds Factory serving as the main production hub, the company also conducts production and sales in Italy, runs a trading company in China, and operates an Oxyvit factory, which produces Vitamin K3 and sodium metabisulphite in Mersin. The Kromsan (chromium compounds) Factory maintained its pioneering position in its operating area in 2018. The facility boasts advanced production technology, high capacity utilization rate, product development activities, continuous high-quality production capability, widespread sales network and high environmental standards.

IN 2018, ŞİŞECAM CHEMICALS RECORDED AN OUTSTANDING PERFORMANCE IN THE CHROMIUM PRODUCT GROUP, ACHIEVING TOTAL SALES VOLUME AND REVENUES ABOVE ITS TARGETS.

Şişecam Chemicals Sales Revenues
TRY Million



GENERAL OVERVIEW OF 2018

Bolstering its operational performance with continuous improvement strategy, Şişecam Chemicals developed its infrastructure across all areas.

In addition, as per the AREC (Korean REACH) Regulation, which went into force in South Korea, the actions have been taken to register the chromic acid product of Şişecam Chemicals.

In 2018, the volume scale of the chromium hydroxy nitrate product, which was included in the product range in 2017 and registered on the 10-100 tons/year volume scale, was upgraded to an upper level, 100-1,000 tons/year scale.

In Turkey, the Regulation on **“REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (KKDİK/ TURKISH REACH),”** published in the Official Gazette dated 23rd June, 2017 and numbered 30105 (in duplicate), entered into force on 23rd December, 2017. Şişecam Chemicals continues its preparations to fulfil all requirements related to the regulation.

An internationally qualified software program was implemented to establish Safety Data Sheets (SDS). With this program, the SDS of products, which were frequently requested in 2018 by Soda and Kromsan customers, were reconfigured in accordance with international regulations in Turkish and English.

In 2018, Şişecam Chemicals continued its regular attendance to All China Leather Exhibition, which attracts more than 20 thousand visitors and includes over 1 thousand participants from 36 countries. Tankrom®, the globally leading trademark of the Group’s leather chemicals, was represented at the event and once again appealed the interest of many visitors.

During the year, Soda Sanayii A.Ş. attended the Turkish Feed Association (TUYEM) 13th International Feed Congress, where the leading companies in the poultry and feed industry participated. Emphasizing its support to the feed industry, the company sponsored the congress which was attended by nearly one thousand domestic and international industry representatives.

Placing a great importance on sustainability and quality stability, Şişecam Chemicals participated in the World Soda Ash Conference held in Xi’an/China between

1,643
TRY MILLION

ŞİŞECAM
CHEMICALS PROFIT
FOR THE PERIOD

Cromital S.p.A., Şişecam Chemicals’ subsidiary in Italy, manufactures and sells basic chromium sulphate in liquid and powder form. The company is the market leader in Italy which is the Europe’s biggest leather processing centre. This facility is also a major European supplier of liquid chromic acid, liquid sodium dichromate and chromium III chemicals, which are used in the metal plating industry. Cromital S.p.A. is the only factory in Italy to have received a permit for treating and recovering chromium efficient water generated by the metal plating industry. As a result, the company contributes to environmental protection efforts by recovering and reusing the chromium.

As a major exporter of soda and chromium products, Şişecam Chemicals fulfilled its obligations under REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation No. EC/1907/2006 in 2018.

Pursuant to the authorization process of the chromic acid product initiated in 2012 under REACH, the official work, which started with the authorization application submitted to the European Chemicals Agency in May 2015, continued in 2018. The process is expected to be completed in 2019.

IN 2018, ŞİŞECAM CHEMICALS CONTINUED ITS REGULAR ATTENDANCE TO ALL CHINA LEATHER EXHIBITION, WHICH ATTRACTS MORE THAN 20 THOUSAND VISITORS AND INCLUDES OVER 1 THOUSAND PARTICIPANTS FROM 36 COUNTRIES.

September 25th-27th, 2018 as an active member of the global soda supply, and a close follower of sector dynamics. At the event, the company met with its global and local customers in the soda sector. Şişecam Chemicals also created cooperation opportunities to realize short and medium-term sales and marketing strategies.

In addition, the presidency of the European Soda Ash Producers Association (ESAPA) has been held by Şişecam Group since 2016.

Highlights of 2018 investments

Şişecam Chemicals bolstered its operational performance with the company's continuous improvement strategy, and conducted its infrastructure development efforts across all areas of the organization. Channelling its investments toward a cost saving direction, Şişecam Chemicals continued its modernization investments focused on boosting efficiency, recording about USD 178 million in capital expenditures in 2018.

In the glass fiber business line, the new Şişecam glass fiber factory in Balıkesir features advanced technology, low-cost production and a value-added product portfolio. The facility's furnace was fired up at the end of 2018 and commissioned in early 2019.

In 2018, Şişecam Chemicals continued its capital investments in its brine facility to provide sustainable raw material supply to Mersin Soda Plant. The company also conducted logistics infrastructure development efforts in parallel with the increasing competition. At the Kromsan Plant, capital investments were continued to boost the efficiency of the raw material use and the capacity utilization rate, while operations focused on reducing energy costs.

The Group conducted efforts to improve energy and process efficiency at the Şişecam Soda Lukavac Plant in Bosnia & Herzegovina. Modernization investments focusing on infrastructure improvement continued throughout the year.

Şişecam Chemicals' R&D continuously aim to improve the existing processes in the production of soda and chromium compounds in an environmentally compatible manner with the use of low-cost technologies. Other R&D objectives include enriching the product portfolio with high value-added products and boosting the Group's competitive strength by reducing costs and improving productivity.



GENERAL OVERVIEW OF 2018

In 2018, Şişecam Chemicals continued its modernization investments focused on boosting efficiency, recording about USD 178 million in capital expenditures.

IN THE GLASS FIBER BUSINESS LINE, THE NEW ŞİŞECAM GLASS FIBER PLANT IN BALIKESİR FEATURES ADVANCED TECHNOLOGY, LOW-COST PRODUCTION AND A VALUE-ADDED PRODUCT PORTFOLIO. THE PLANT'S FURNACE WAS FIRED UP AT THE END OF 2018 AND COMMISSIONED IN EARLY 2019.

In the Soda Product Group, Şişecam Chemicals conducted evaluation of alternative resources, developed analytical methods and executed process modelling activities in 2018. The analytical methods and procedures of the Soda Product Group and Chromium Product Group were reviewed by the company during the year. In the Chromium Product Group, the company conducted studies on process and product quality improvement. Trials to develop new leather chemicals continued in the laboratory and pilot stage. Şişecam Chemicals initiated a new Lean 6-Sigma project for more efficient use of raw materials. Demands related to the environment, product and raw materials were examined within a scientific framework.

CAMIŞ MADENCİLİK

The mining companies operate within Şişecam Chemicals in Turkey, Egypt and Bosnia & Herzegovina with more than 600 employees. The mining companies produce raw materials for the Group's glass, glass fiber, and soda operations in Turkey and abroad. Additionally, they have raw material production and sales activities outside the Group for glass, ceramic, cement, silicate and other glass industries.

In 2018, the mining companies produced and sold 4.1 million tons of industrial raw materials in various regions of Turkey as well as in Egypt and Bosnia & Herzegovina. In 2019, the mining companies target sales above this amount.

Camiş Madencilik A.Ş. meets the Group factories' need for silica sand, feldspar, limestone, dolomite and kaolin, while holding

an important position in Turkey's feldspar exports. In addition to its existing customers in Europe and the Middle East, the company is actively engaged in negotiations to boost its effectiveness in new geographic regions.

In 2018, the company completed the capacity increase investment at the Egypt Zafarana Sand Processing Plant, which meets the raw material needs of the Group required for the production of solar and clear glass. In addition, the investments for the energy measurement and monitoring systems at the facilities were completed during the year. The investments related to waste dehydration systems to be commissioned at Bilecik Plant in Q1 2019 are underway.

ŞİŞECAM ELYAF

Operating under Şişecam Chemicals, Şişecam Elyaf manufactures the main inputs for the composite industry, including mats, multi end roving, single end roving, and chopped strands. The company serves a wide range of business sectors, such as wind turbine blades, interior/exterior automotive parts, engineering plastics, marine products, industrial applications and construction.

In 2017, Şişecam Chemicals started a new glass fiber plant investment in Balıkesir featured with advanced technology, low-cost production process and a value-added product portfolio. The investment which has a production capacity of 70 thousand tons/year glass fiber and with a value of about EUR 120 million was classified as a Strategic Investment by the Republic of Turkey Ministry of Economy, General Directorate of Incentive Implementation and Foreign Investment. So, The Investment Incentive Certificate was granted to Şişecam Elyaf Sanayii A.Ş.. The furnace at Şişecam Elyaf Sanayii, founded within Soda Sanayii A.Ş., was fired up at the end of 2018. The facility was commissioned in early 2019.

Şişecam Elyaf aims to boost sales of single end roving products classified as approved projects as well as for those pending approval. This effort is in parallel to the government's policy of supporting domestic production in the wind energy sector. Şişecam Elyaf products aim to meet the specific requirements of the main sectors domestically and abroad; the company's products have DNV-GL, Lloyds Register and FDA certification.

OXYVIT

Founded jointly with the Italian Cheminvest B.V. in 1996 and wholly acquired in 2017, Oxyvit Kimya produces Vitamin K3 and sodium metabisulfite.

Oxyvit, Europe's sole Vitamin K3 manufacturer, maintained its strong market position in 2018 despite global stagnation across the sector. The share of exports in Vitamin K3 sales, with a predominant focus in European markets, stood at 90%. In 2019, the company aims to continue efforts to capture more market share and increase penetration, particularly in the Asia region.

The company's other product, sodium metabisulphite sales increased by 11% year-on-year. Diversifying its portfolio by entering new markets in Europe, South America and Asia over the course of the year, Oxyvit exported about 65% of its sodium metabisulphite production.

EXPECTATIONS AND OBJECTIVES FOR 2019

In the soda sector, the tightness in global supply-demand balance in 2018 is expected to continue into 2019.

In response to the competitive environment expected in the soda sector in 2019, projects aimed at managing costs, optimizing procurement processes and boosting energy efficiency will be prioritized. Şişecam Chemicals aims to strengthen the continuity

and effectiveness of operational efficiency while maintaining market shares in the services provided to global customers.

In 2019, competition in the chromium chemicals sector is expected to continue across all markets. The supply-demand balance is likely to gain a more stable outlook compared to previous years. Şişecam Chemicals plans to boost its market share in line with the growth vision in the chromium sector.

The company aims to increase sales volume and revenues by bolstering its competitiveness with maximization of capacity utilization, operational efficiency and cost improvements. Şişecam Chemicals plans to push ahead toward new initiatives as a global player in chromium chemicals.

Camiş Madencilik conducts exploration and project development activities in various fields for metallic mines in line with its goal of entering new business areas. In 2019, the company plans to ramp up its investments in line with this target.

Having outperformed its production and sales targets for fiscal year 2018, Camiş Madencilik A.Ş. plans to continue efforts to save costs and boost across all its facilities in 2019. To these ends, the company will execute capacity increase investments, in keeping with its goal of securing growth and meeting in-house raw material needs.

IN RESPONSE TO THE EXPECTED COMPETITIVE ENVIRONMENT OF THE SODA SECTOR IN 2019, PROJECTS AIMED AT MANAGING COSTS, OPTIMIZING PROCUREMENT PROCESSES AND BOOSTING ENERGY EFFICIENCY WILL BE PRIORITIZED.



RESEARCH, TECHNOLOGICAL DEVELOPMENT AND DESIGN

In 2018, Research and Technological Development focused on sustainability and excellence goals at every step - from raw material to finished product.

RTD activities are conducted on a project-basis. Developments are updated monthly within the RTD project management system and can be monitored by relevant parties. In 2018, Research and Technological Development Department conducted studies on 237 work packages within 42 umbrella projects. Of these, 34 were in furnace investments, 89 were in products and technology development, and 123 were in product, technology and process improvement, cost reduction analysis and support services. In 2018, 21 products and technologies were commercialized, 15 patent applications were filed, three patents and 13 designs were registered.

Energy, Process Efficiency and Environment

While RTD in innovative melting technologies continued on a global scale, Şişecam Research and Technological Development Department is actively involved in international efforts on this front. Şişecam Group's 46 currently active furnaces have reached a production capacity of 6.5 million tons of glass per year and energy consumption per ton of glass in all the furnaces is below the average of EU reference ranges. With the design changes made in the Anadolu Cam Yenişehir Plant B Furnace, 12% energy efficiency was achieved with respect to the previous campaign. In addition, Şişecam's largest capacity (150 thousand tons glass/year) glass packaging furnace was commissioned at the Anadolu Cam Eskişehir Plant in 2018.

In 2018, Şişecam Group undertook 21 development and furnace investment projects including new acquisitions in Italy and Egypt. Modelling and simulation, detailed design and technology development efforts were conducted and material expertise and support for procurement was provided for five production lines and 16 furnaces. During the year, including the new Cam Elyaf Balıkesir furnace, Şişecam's largest full oxy-fuel furnace for e-glass, three furnaces were commissioned in total.

New sensor applications became widespread in furnaces as part of Industry 4.0 practices. Along with expanding digitalization applications, data-based production system optimisation efforts continue intensively to enhance furnace life and performance. A proposal was submitted to the European Commission's LIFE fund for a project that targets boosting production capacity by up to 15% via integration of smart burners that incorporate advanced sensors with process control technologies in the Trakya Cam

IN 2018, RESEARCH, TECHNOLOGICAL DEVELOPMENT AND DESIGN ACTIVITIES WERE CONDUCTED UNDER ŞİŞECAM GROUP RESEARCH AND TECHNOLOGICAL DEVELOPMENT. THESE ACTIVITIES INCLUDE TRACKING GLOBAL TRENDS IN THE SECTOR, CLOSELY ALIGNING ŞİŞECAM GROUP'S STRATEGIES WITH THOSE OF PRODUCTION GROUPS IN ADDITION TO CAPITALIZING ON NATIONAL AND INTERNATIONAL COLLABORATIONS THAT ARE STEADILY GROWING AND STRENGTHENING.

Şişecam Corporate Activities in Research, Technological Development and Design in 2018

In line with the strategic priorities and objectives of the global glass industry, research, technological development and design (RTDD) studies can be grouped into major categories. These include production process efficiency, energy efficiency, environmental impacts, innovative technologies, products and designs, as well as corresponding new application areas that will grow the market. In 2018, Şişecam Group Research and Technological Development activities were conducted by tracking global trends in the sector and closely aligning Şişecam Group's strategies with those of production groups, in addition to capitalizing on national and international collaborations, which are steadily growing and strengthening.

Şişecam Science Technology and Design Centre comprises 28 laboratories of various specialties, design centre, meeting rooms, conference hall and modern offices. The Centre is certified in accordance with Turkish Law No. 5746 and maintains its national leadership as a world class institution. The Centre employs 165 full-time researchers, 59 of whom have a postgraduate degree. It is actively involved in every link of the value chain - from basic science research and pilot trial production at the laboratory or industrial scale, to commercialization of products and technology. Additionally, a total of 75 full-time researchers in Şişecam's production groups provide direct support to the activities of Research and Technological Development (RTD).



Bulgaria Furnace, which was cold repaired in 2018. The proposal was accepted by the EC's LIFE fund during the year. Another effort supported by the European Commission LIFE fund is the CleanOx - Preheating via Radiative Heat Exchangers project, which is already in the demo phase. Innovative energy efficiency technology is scheduled for full implementation in Paşabahçe Bulgaria B furnace by 2021. Within the framework of waste heat recovery technologies, electricity generation with the Organic Rankine Cycle - ORC turbines having 9 MW of electrical power, and steam turbine systems having 8 MW of electrical power has been realised. Additional waste heat recovery achieved in heating and cooling systems having up to 24 MW thermal power.

Efforts to expand and improve the existing energy database (ENIS - Energy Monitoring System) for integrated management of production systems and energy efficiency were accelerated, with regular reporting starting during the year.

Operational Excellence in Design and Production

2018 RTDD strategies were formulated in an integrated manner with Şişecam Group and Production Group strategies, in light of scientific, technological developments as well as market changes in the national and global glass industry. Research and Technological Development focused on sustainability and excellence goals at every step - from raw material to finished product. Long-standing expertise in glass furnace modelling has been extended to simulation of forehearths, energy

recovery systems and secondary operations such as tempering for optimum design and operation. Glass forming simulations aid product and process development, especially bending complex 3D automotive glass. Simulation efforts has played a significant role to secure and maintain design partner status with major multinational automotive companies. On the other hand, expertise in artificial intelligence is being developed by adopting artificial neural networks and similar techniques to optimize production processes based on operational data.

In the area of glass technologies, Research and Technological Development analysed the melting and fining performance of 18 alternative raw materials and compared these with existing raw materials in order to reduce cost, boost quality and increase efficiency. Nineteen colour transitions were supported in flat glass and glass packaging furnaces, colour transition times were shortened, and production efficiency and glass quality were improved during the year.

The field emission gun scanning electron microscope (FEG-SEM) and ion milling system were incorporated into the Science and Technology Centre (STC). FEG-SEM enables chemical point analysis at high magnifications via an energy distribution spectrometer (EDS), which has high magnifying power in material characterization studies. Meanwhile, the ion milling system provides a precise cross section sample preparation for nanometric measurements and investigating morphologic properties of coatings on glass.

THE GROUP HAS STEPPED UP EFFORTS RELATED TO INTEGRATED MANAGEMENT OF PRODUCTION SYSTEMS AND ENERGY EFFICIENCY PROCESSES AND REGULAR REPORTING HAS BEEN INITIATED.

RESEARCH, TECHNOLOGICAL DEVELOPMENT AND DESIGN

In 2018, research and technological development activities in innovative melting technologies continued on a global scale.

UNDER THE GROUP'S OPERATIONAL EXCELLENCE FOCUS, PROBLEM ANALYSIS AND SOLUTION STUDIES WERE CONDUCTED TO MEET OPERATIONAL REQUIREMENTS.

New Products/Technologies

In architectural applications, light and thermal transmittance-adjustable, temperable low-e coatings (T1/54, T50/33, T41/27), and low reflective coatings (T60/28) became commercial products. The production trial for T80/65 and low-e U:1.0 products as well as heatable, athermic glass for the automotive sector were completed; certification efforts are ongoing. In addition, studies were conducted on new technologies to boost the strength of vacuum coated products and improve the conductivity and optical performance during the heat treatment applied for some products. During the year, the infrastructure was formed to obtain higher quality product output.

In 2018, research to boost the strength of thin glass with chemical tempering technology was accelerated. In the area of flat glass, sidelight and quarterlight glasses prepared as prototypes for the automotive sector were well received by customers. In the Glassware Group, "Nude" series stemware glasses – featuring higher mechanical strength in free fall, bending and impact tests compared to competitor products in the ultra-light stemware products category with lead free crystal composition – were offered to the market with similar technology.

Three new flat glass, six new functional glassware and two different glass packaging products were commercialized by using atmospheric coating technologies. These products included Pyrolytic Low-e, a new solution for offline AR Coated product for flat glass, "Cosmo-Fairytales" series, neon products

with screen printing, metallic and gilding effect coated products, interference effect "Midas" series, and thermochromic products that are coloured when heated for glassware. In the glass packaging line, alternatives were created for the currently used inorganic spray and enamel printing paints.

In 2018, the glass technology laboratories commissioned the mini-melter system, which enables shaping glass with 10 kg melting capacity. This system facilitates melting of all kinds of glass composition, monitoring in detail of controlled drop formation and shaping steps, and offering the shaped sample to the customer. Glass technologies efforts produced four new colours with colouring from the forehearth for the Glassware Group. In addition, Şişecam introduced to the market for the first time a product with colouring from the spout with the use of this equipment.

During the year, 493 products and accessories, 1,554 packages and 372 patterns were designed in the Glassware Design Group. Of the 493 product and accessory designs realized, 325 became commercial products. Designs for "Paşabahçe" and "Nude" brands garnered eight awards in 2018.

In the Glass Packaging Design Group, 280 new product designs were made in 2018; 60 became commercial products. Designs from this group won a total of nine awards, three of which were international. In addition, 142 mould design and development studies were conducted during the year.

National and International Integration/Intellectual and Industrial Rights and Patents

In 2018, Research and Technological Development realized a total of 21 joint cooperation with university-research organizations – 14 were national and 7 internationals in scope. In addition, Şişecam Group engaged in R&D collaborations with 34 companies – 19 domestic and 15 internationals. As part of design activities, Şişecam Group collaborated with nine national universities and a total of 23 individual designers, 16 of whom were foreign. Studies to be jointly conducted with Aselsan were determined during the year. A protocol agreement describing these studies and the cooperation model is at the signing stage. Under the 1004 - Excellence Centre Grant Program initiated by TÜBİTAK in 2018, cooperation protocols were made with Gebze Technical University, Bilkent University UNAM, Sabancı University SUNUM Nanotechnology

Centre, and Middle East Technical University, on selected issues together with GUNAM. To strengthen international integration, a protocol is at the signing stage to conduct joint projects on selected topics and exchange researchers with Beng Bu Design & Research Institute for Glass Industry. This organization conducts research and trial productions on glass under the management of CTIEC, within China National Building Materials Co. Şişecam decided to be an industrial partner in the application to the Centre for Excellence for Innovation and Research on Transparent Intelligence; Uppsala University will spearhead this effort.

Preliminary studies were completed for commercial production of the electrochromic glass product developed at the Fraunhofer Institute (ISC -Institute for Silicate Research). Şişecam obtained the possibility to guide the studies to be conducted by the Advisory Board of the Centre for Functional Surfaces, established by Alexander Dubcek University.

In 2018, Şişecam filed three ARDEB (Directorate of Research Funding Programs) 1003 - Priority Areas R&D Projects Grant Program project applications. In addition, one TEYDEB (Directorate of Technology and Innovation Funding Programs) 1509 - International Industry R&D Projects Grant Program (2+2 with Germany) project, and one EU Life+ project continued during the year. One ERASMUS project, of which Şişecam is a consortium member, is ongoing. Applications for two TEYDEB 1501 - Industry R&D Projects Grant Program, one TEYDEB 1511 - Priority Areas R&D Grant Program, one TEYDEB 1505 - University-Industry Collaboration Grant Program were filed in 2018.

Şişecam became a member of the 1 HORIZON 2020 (EU Scientific Research, Development and Innovation Grant Program) project consortium, and a partner organization in one project application. In 2018, studies where 16 doctoral students will work at five universities (Bosporus University, Middle East Technical University, Sabancı, Özyeğin and Gebze Technical Universities), under the 2244 - Industrial Ph.D. program, were initiated by TEYDEB.

In 2018, 15 patent applications were submitted, 19 patent registrations were granted, and 47 patent applications were filed.

Developing Knowledge, Skills and Competencies of Human Resources

The Glass School, under Şişecam Academy, prepared Basic Glass Science and Technology training, which is designed as e-learning in different languages and consisting of 15 basic sections, in 2018. Four new advanced training programs including Colour, Annealing - Tempering, Furnace and Energy, Chemical Resistance and Surface Properties were prepared for employees during the year.

In 2018, the output of Şişecam's Research, Technological Development and Design activities was presented as 43 papers at 25 international events. Two paper/posters were also presented at 11 national events. In addition, a Şişecam held sessions during the year.

The 33rd Şişecam Glass Symposium was held on November 2, 2018 with the theme "Glass in the Sustainable Future: Artificial Intelligence and the Glass Sector." Some 423 persons from academia and industry participated in the symposium. At the event, 80 papers were presented in 19 parallel sessions, with 14 invited speakers, of whom seven were from Turkey with seven coming from abroad.

THROUGHOUT THE YEAR, 493 GLASS PRODUCTS AND ACCESSORIES, AS WELL AS 1,554 PACKAGING BOXES AND 372 PATTERNS WERE DESIGNED IN THE GLASSWARE DESIGN GROUP.



SUSTAINABILITY

Şişecam Group
PRESERVES natural
 resources that relies on and
 institutional heritage for
 resilient and sustainable
 generations to come.

IN 2018, ŞİŞECAM INITIATED ITS ZERO WASTE EFFORTS ON A GLOBAL SCALE THAT IS IN LINE WITH ITS INTEGRATED WASTE MANAGEMENT APPROACH.

Governance

Şişecam Sustainability Committee continues its efforts with senior level participation from Production Groups, Human Resources, Strategy, Industry Relations, Information Technologies, Finance, Risk, Procurement and Corporate Communication units. Working groups within the Committee - Environment, Production Technologies and Energy, Occupational Health and Safety, Innovation, Diversity and Inclusion, Corporate Social Responsibility, Digitalization working groups being an organic extension of the Sustainability Committee are responsible manage, co-ordinate and synergize sustainability related work to achieve system-based solutions with actions generating high impact. The Committee and the Working Groups through annual work programs responsible to implement timely and effectively Şişecam's sustainability strategy and action plan across the company globally. Sisecam with its Care for Next global sustainability approach empowers its employees and stakeholders by advocating and engaging in practices that encourage diversity and inclusion; progresses through climate neutral - 360o circular model; and preserves natural resources that Sisecam relies on and Sisecam's institutional heritage for resilient and sustainable generations to come.

Tracking

Since 2015, annual Environmental Cross Controls are conducted in Şişecam Group's domestic in line with Environmental Management System (ISO 14001) principles, compliance with environmental legislation and international criteria. Through the annual Cross Controls that are managed with the participation of environmental engineers of Group's various facilities, the current practices, outstanding best practices, and negative findings at each facility are identified and used for following years strategic planning.

The Environmental Data Management System, launched in 2018, aims to record, monitor, analyse and report the environmental parameters at the Group's factories levels in a reliable and sustainable way. This system allows environmental data and performance assessment across all operations and enable the organization to generate reports automatically.

Similarly, the Energy Monitoring System (ENİS) enables managers to have a hand on system to monitor energy related performance via real time data, the second phase of data-based operation, started in 2018.

Şişecam Group's **PRESERVE** sustainability approach includes implementing sustainable environmental and natural resource management practices, with a special focus on water and land resources.

Integrated Waste Management

In 2018, Şişecam initiated efforts to achieve its zero-waste objective on a global scale that is aligned with its integrated waste management approach. In addition, the Group actively fosters a recycling culture by conducting awareness efforts with stakeholders. All recyclable wastes are processed through recycling facilities and made ready for reuse. Other non-recyclable wastes are sent to facilities with the necessary documentation and permits for ultimate disposal.

In 2018, Şişecam collected 54% of the packaging materials and delivered for recycling. This corresponded to about 16,500 tons of recycled paper, cardboard, plastic and wood. In addition to recycling efforts, awareness raising, and capacity building activities continues targeting students.



Glass recycling

Sisecam Group's "Glass and Glass Again" project, managed since 2011, is one of Turkey's most comprehensive sustainability and social responsibility initiatives. This effort is executed in line with three main objectives: creating and raising public awareness on glass packaging recycling; developing the infrastructure to collect glass packaging wastes and modernizing the facilities where glass packaging waste is collected and processed; and segregating glass waste from household waste prior to regular storage. In 2018, financial support and expertise services were provided for glass recycling facilities installation. The first facility was commissioned in Düzce with a capacity of 85 thousand tons/year. Another facility in Mersin with a capacity of 75 thousand tons/year was also commissioned.

Şişecam Groups' **PROGRESS** through climate neutral - 360° circular model.

The Group's mid- and long-term vision is to create an appropriate environment in terms of its corporate heritage and responsibility; support and defend sustainability internationally; and operate facilities with a 360-degree cyclic model approach, and that have no negative impact on climate change.

Energy efficiency solutions

Since 2012, Energy Audits are conducted across the Group, completed at all Şişecam domestic operations, Bulgaria, Romania and Russia (Posuda and Yelabuga). Pressure air leakage tests and leakage elimination analysis were performed at 16 factories three times a year. Based on these findings, capital investments were also made to ensure energy consumption minimization and saving.

As part of Şişecam's renewable energy efforts, Mersin Flat Glass Plant is a global leader with its monoblock rooftop applications and 6 MW solar energy power plant. In addition, 330 solar panels with a total of 87 KW installed capacity were installed on Şişecam Science, Technology and Design Centre's roof.

15 MW electricity generated annually by the waste heat facilities operating in four plants. Feasibility studies were completed for new waste heat recovery facilities, which are expected to be commissioned to boost the capacity further, at the Italy and Polatlı flat glass plants. Natural gas consumption savings was also achieved benefiting from hot water generated within the system.

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SUSTAINABILITY

Due to exceptional ethical values, transparency, management accountability, and responsibility to stakeholders since its founding, Şişecam is among the 50 companies listed on the Borsa İstanbul Sustainability Index.

ŞİŞECAM
MONITORS ITS
OPERATIONS'
ENERGY &
GREENHOUSE GAS
(GHG) EMISSION
IN REAL TIME AND
OPTIMIZES ENERGY
CONSUMPTION TO
DECREASE GHG
EMISSIONS.

Active solution partnership for climate change

Şişecam regularly monitors carbon emissions from its business processes. Since 2011, the Company has disclosed the data obtained from its monitoring efforts through the Carbon Disclosure Project (CDP). The Company's report reflects the carbon emissions performance of the Group's operations in Turkey and Bulgaria. Şişecam disclosed its report to the public in 2018 in compliance with the transparency principle. Additionally, to continue to be a solution provider to combat climate change, risk and benefit analyses were completed and share across the Groups.

Şişecam's greenhouse gas emissions were verified, and documented by independent accredited organizations as it is requested by the Monitoring of Greenhouse Gas Emissions Regulation.

Sisecam Group's **PRESERVES** natural resources that relies on and institutional heritage for resilient and sustainable generations to come.

Sustainability Index

Due to exceptional ethical values, transparency, management accountability, and responsibility to stakeholders since its founding, Şişecam was included in the November 2018-November 2019 BIST Sustainability Index. The index was compiled after evaluating the first 50 companies trading on Borsa İstanbul. In addition to Şişecam Group, Soda Sanayii A.Ş. and Anadolu Cam Sanayii A.Ş. were also included in the BIST Sustainability Index. Additionally, Şişecam was listed in the top 100 "Best Emerging Markets Performers" within the Viego - Eiris Sustainability Index 2018 assessment.

Sustainability reports of the Group and its affiliates

Sustainability reports describe the sustainability approach of Şişecam Group and its affiliates - Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii. A.Ş., Paşabahçe Cam Sanayii A.Ş., Soda Sanayii A.Ş. and Şişecam Otomotiv A.Ş. - with economic, environmental and social indicators and assess the performance of production activities within this context. The Group and its affiliates prepared 2018 reports and made them publicly available for all stakeholders. The Group's sustainability reports were also released as audio book format in Turkish and English to ensure its accessibility to visually impaired vulnerable groups on the respective Group's websites . Additionally, CEO's message, distributed with the communication package, was also written in the Braille alphabet to raise awareness for visually impaired persons. Recycled and FSC (Forest Stewardship Council) certified papers were used for printed materials.

Sustainability workshop

Şişecam Group's Second International Sustainability Workshop was held on November 14, 2018 with the theme "Transition from Information Society to Smart Society." The event was attended by a total of 300 participants, 40 of whom were representatives from 12 countries. Women accounted for 30% of the participants.

The workshop aimed to discuss and shed lights on how create a stronger data-friendly culture; empowering and employing digitally competent employees; aligning governance conduct; determining the current situation, needs, obstacles, and opportunities to improve the technology infrastructure and establish open platforms across Şişecam Group. Discussions were held within six working groups that were formed thematically. The working groups' outcomes were the key inputs for Şişecam Group's digital transformation action plan.

During the event, 83 best practices from 13 countries operations were also exhibited in line with the United Nations Sustainable Development Goals and "Best Practices Guide" publication including the 83 solutions was also shared with all participants during the event. The key chapters of the publication were:

- Women - Friendly Factory
- Technology Use
- Occupational Health and Safety
- Efficient Resource Use
- Toward Zero Waste
- Capacity Development
- Climate Change

Women Friendly Factory Project

Şişecam launched the Women Friendly Factory project in 2018 to ensure an inclusive culture. This innovative initiative aims to boost the efforts and adaptation of women engaged in employment; improve their representation at every level of the organization; gain the competency to perform their duties; allow women to benefit from all career opportunities equally; and organize the working environment and equipment in a way that benefits all.

In 2018, the working environments in pilot plants were evaluated under the coordination of the Şişecam Diversity and Inclusion Working Group. Physical improvements were made with the aim to meet the basic needs of women employees.

Quality Systems

In 2018, Quality Management System became operational under the Sustainability Directorate. Quality Management System aims to establish and implement an Integrated Quality Management Model across the Groups. Quality Management System Management needs were assessed through a wide range of consultation process across the Groups and a roadmap was prepared. At the same time, Şişecam Intellectual Property Rights Management System was reviewed and aligned with Industrial Property Law No. 6769.

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INDEX 2018
ASSESSMENT.**



HUMAN RESOURCES

Şişecam Group implements an innovative human resources policy that promotes the culture of learning together, adopts best human resources practices across all business areas, and adds value to all stakeholders.

ŞİŞECAM GROUP BELIEVES THAT DIVERSITY BRINGS IN DIFFERENT EXPERIENCES AND PERSPECTIVES THAT HELP TO BUILD BETTER TOMORROWS.

Şişecam Group operates as a global family with nearly 22,000 employees in 13 countries. The Group implements an innovative human resources policy that targets sustainable success globally, promotes a culture of learning together, executes the best human resources practices in business areas where it operates, and adds value to all its stakeholders.

Şişecam Group pursues an objective, systematic and development-oriented approach in all its human resource processes, from recruitment and career management, to training, development and performance management. All the Group's human resources practices are based on equal opportunity with the aim of making Şişecam Group the most preferred employer.

Inclusive Workplace and Employee Experience

Şişecam Group believes that an equitable, happy and successful future rises on the foundations of equal opportunities and that diversity brings in different experiences and perspectives that help build better tomorrows. The Group actively supports an inclusive workplace culture by offering equal opportunities for the participation and development of human resources – one of the most important elements of organizational efficiency – in business. The Group is aware that equality of participation in employment is one of the most decisive factors in the progress of society. To this end, Şişecam Group

took steps in 2018 in cooperation with public professional organizations and universities to increase the number of women employees at all levels of the Group's production facilities.

Şişecam Group has developed human resources systems that support development-oriented high performance employees and respect differences and ethical values in line with its targets and strategies. The Group conducts an employee satisfaction survey every two years. Şişecam Group also performs these studies to improve its working environment by considering/taking the opinions of its staff.

Recruitment Systems and Campus Programs

Şişecam Group uses assessment systems that take into account the required competencies and candidate potential in the recruitment processes. The aim is to attract professionals who will contribute to the Group's strategic objectives. In 2018, Şişecam Group took steps to support the recruitment processes with internationally recognized assessment tools, standardize the processes, and use them globally.

Şişecam Group reaches out to university students with the summer internship program "First Step," and the young talent program "Together." The Group conducts university campus activities and uses social media channels during the training period to establish a fast, effective, and sustainable communication with young talent. In 2018, Şişecam Group held 77 campus events at 30 universities. The "First Step" Summer Internship Program targets university students to take their first steps toward professional life with a positive experience. The Global Young Talent Program "Together" encourages young people to gain experience and realize their potential by taking part in long-term projects. Interns who are successful in this program are given priority in the recruitment processes.

Talent and Career Management

Şişecam Group Talent Management System aims to make necessary planning – headcount planning, recruitment, development, succession planning and career management – to determine the organization's human resource needs in accordance with its business strategies, and to effectively meet those needs.



Şişecam Group Talent Management System is designed to attract the talent required for sustainable corporate success to Şişecam Group. The system, which retains talent within the Group by enabling them to reveal their potential and trains the leaders of tomorrow, was launched globally as of 2018.

The Global Leadership Model "ATLAS" defines the employee and leadership competencies needed to sustain high corporate performance. ATLAS plays a major role at every stage of the employee lifecycle - from selection and evaluation of employees, to development and raising the Group's leaders.

Şişecam Group provides all its employees the opportunity to develop and advance their careers by planning their organizational and personal needs. At Şişecam Group, expectations of employees and the requirements of the organization are reviewed each year; talent pool, career maps, and succession plans are created accordingly. As part of Assessment and Development Centre practices, participated by both white- and blue-collar employees, competency analyses are made, and development plans are offered for participants.

Şişecam Academy

Şişecam Academy was founded to contribute the Group reach its corporate goals and improve human resource competencies/ employee commitment. In 2018, Şişecam Academy continued to enrich its training/ development opportunities based on job families, titles, and schools.

Talent development programs were designed to support the global talent management process of the Group. The internal mentoring process was designed to be implemented in 2019.

In addition to the Sales, Marketing, Glass Technology, Supply Chain, Finance and Leadership Schools, Şişecam Group launched the Leadership 2.0 Program and Procurement School in 2018 with cooperation from reputable universities in Turkey. Preparations for the Human Resources and Digital Transformation School were also completed during the year.

In 2018, Şişecam Group started to implement the human resources process that combines all training and development activities under the "Individual Development Plan" in order to improve the competencies of the employees. This effort is part of the Performance Development System project. Implementation commenced in the Group's domestic facilities and some foreign institutions.

WITH THE GLOBAL
YOUNG TALENT
PROGRAM
"TOGETHER,"
YOUNG PEOPLE
ARE ENCOURAGED
TO GAIN
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REALIZE THEIR
POTENTIAL BY
TAKING PART
IN LONG-TERM
PROJECTS.

HUMAN RESOURCES

The Performance Development System is used to foster a sustainable success-oriented performance culture and help transform personal success into corporate success.

Şişecam Group offers certificate program and regional trainings to support development of dealers. In addition, the Group launched remote trainings for dealers under the “Those Who Shape the Future of Glass” effort realized with flat glass dealers.

Performance Management

Şişecam Group uses the Performance Development System to foster a sustainable success-oriented performance culture and achieve the Group’s corporate goals by transforming personal success into corporate success. The system works with an integrated structure with Şişecam Group’s strategic planning process. Corporate objectives are cascaded to the business unit, team and individual goals. Common goal awareness is continuously supported. The Performance Development System continually develops and operates while enabling managers to make objective evaluations. The aim is to obtain people-focused, fast, and reliable results for all employees. The system is executed with an advanced technology infrastructure supporting its global use.

EMPLOYEES ARE REWARDED AS “ŞİŞECAM STARS” FOR PROJECTS THAT CONTRIBUTE POSITIVELY TO BUSINESS RESULTS AND FOR THE DEVELOPMENT OF PRODUCTS, PROCESSES AND APPLICATIONS. THE IDEAS THAT CREATE ADDED VALUE FOR THE GROUP ARE MEASURED BY THE SUGGESTION DEVELOPMENT SYSTEM.

To ensure employment of a well-qualified labour force by strengthening the university-industry cooperation, the Group pursued educational initiatives with schools both in Turkey and abroad. Students were aimed to be trained in glass technology. These joint educational initiatives included long-term internships, scholarships, and certificate programs.



Recognition, Rewarding and Suggestion Systems

Employees who work on projects that help develop products, business processes and practices and that have a positive impact on business results are rewarded as "Şişecam Stars." Ideas that create added value for the Group are evaluated under the Suggestion Development System. Şişecam recognizes its staff members on their special days with various recognition and rewarding practices. The Group appreciates exemplary behaviours within the organization and employee achievements with instant reward systems and other tools.

Compensation and Fringe Benefits Management

Şişecam Group has adopted a remuneration and side benefits policy which is fair, competitive in relation to market conditions and that supports a consistent, high performance. The Group targets creating a positive and competitive working environment by engaging its current employees at a high level while incorporating the human resources needed. The Group's wage management system is based on the principles of managing the in-house balance of the business valuation system and the jobs, ensuring the correct positioning in the wage market, and rewarding individual performance. For employees

working on monthly salaries at domestic companies, the Flexible Side Benefits Program provides the opportunity for Group employees to re-arrange their existing benefits according to their personal needs.

Internal Communication

Şişecam Group implement various projects to foster an inclusive corporate culture where employees can share ideas and suggestions, be informed of developments in the Group, and communicate with each other effectively. Having a wide range of human resources with different expectations and needs, Şişecam Group implements social activity solutions that help support the work-life balance for employees. In 2018, the Group held "Family day at Şişecam" activities. These events emphasized the importance of being a global family as Şişecam Group in every part of life... Employees working at Şişecam factories and their families attended these gatherings; nearly 11,000 people in total were hosted.

Şişecam Group launched "Şimdi!" (Şişecam Social Activity Club) to support activities aimed at employees' areas of interest and their personal development. "Şimdi!" allows the Group's staff to participate in leisure activities that they enjoy at the workplace. Employees are also able to voluntarily participate in planning and organizing activities.

HAVING A WIDE RANGE OF HUMAN RESOURCES WITH DIFFERENT EXPECTATIONS AND NEEDS, ŞİŞECAM GROUP IMPLEMENTS SOCIAL ACTIVITY SOLUTIONS THAT HELP SUPPORT THE WORK-LIFE BALANCE FOR EMPLOYEES.



INDUSTRIAL RELATIONS

Şişecam Group aims to maintain industrial relations that are competitive and efficient in line with today's working conditions.

ŞİŞECAM GROUP CONDUCTS STUDIES FOR MORE EFFECTIVE OCCUPATIONAL HEALTH AND SAFETY IN THE WORK PLACE UNDER THE "PEOPLE FIRST" PHILOSOPHY.

Şişecam Group aims to maintain industrial relations that are competitive and efficient in line with today's working conditions.

The Group's Vision on Industrial Relations:

- To improve competitiveness and efficiency by developing balanced and healthy industrial relations within the framework of Group policies;
- To ensure the continuity of labour accord based on trust and dialogue in the workplace, by working closely with the trade unions;
- To conduct studies for more effective occupational health, and safety in the workplace under the "People First" philosophy.

Şişecam Group conducts industrial relations with a total of 14 trade unions - four of which are in Turkey in three different business lines, and 10 abroad -in coordination with the Group Industrial Relations Directorate within the Human Resources and Corporate Communications.

Collective bargaining agreements

In Turkey, six collective bargaining agreements were concluded in total: one agreement for business, four agreements for workplaces, and a Group collective bargaining agreement including eight factories across the Group. As for the Group's international operations, nine collective bargaining agreements were concluded in total: one collective labour agreement for Şişecam Flat Glass Italy; three workplace agreements in Bulgaria; one workplace agreement each for the Posuda Plant in Russia, the Glascorp Plant in Romania, the Soda Lukavac Plant in Bosnia & Herzegovina, the Fritz Aszod Plant in Hungary, and the JSC Mina in Georgia. Among the collective bargaining agreements, which last between one and four years, negotiations for the expired agreements started at year-end 2017 and at the beginning of 2018. The collective bargaining negotiations were concluded in line with Group's interests.

In 2018:

- The 18th Term Workplace Collective Labour Agreement negotiations held with Petrol-İş Trade Union for the workplaces within the scope of Soda San. A.Ş. collective labour agreement concluded with an agreement on 04.06.2018; the Collective Labour Agreement was signed. The Collective Labour Agreement will remain in force for two years between 01.01.2018 and 31.12.2019.
- The 15th Term Workplace Collective Labour Agreement negotiations held with Selüloz-İş Trade Union for Camiş Ambalaj San. A.Ş. concluded with an agreement on 09.07.2018; the Collective Labour Agreement was signed. The Collective Labour Agreement will remain in force for two years between 01.01.2018 and 31.12.2019.

The expired collective bargaining agreements for the Group's workplaces abroad were renewed as a result of negotiations which were held paying due respect to the characteristics of the respective countries and the interests of the Group.



In 2018:

- For Glasscorp Factory established in Romania, a Collective Labour Agreement was signed with Glasscorp Trade Union on 29.01.2018 for one year, covering the period from 01.02.2018 through 31.01.2019.
- For Aszod Factory established in Hungary, a Collective Labour Agreement was signed with Aszod Trade Union on 30.04.2018 for one year, covering the period from 01.03.2018 through 28.02.2019.
- For Soda Lukavac Factory established in Bosnia & Herzegovina, a Collective Labour Agreement was signed with Kimya Non-Metal Trade Union on 29.03.2018 for two years, covering the period from 01.01.2018 through 31.12.2019.
- For Posuda Factory established in Russia, a Collective Labour Agreement was signed with Proofkom Trade Union on 26.06.2018 for one year, covering the period from 01.01.2018 through 31.12.2018.

Legislation and Coordination Studies

As in previous years, meetings were held with the Directorate of Industrial Relations in 2018. The related units were informed about changes in legislation in both labour law and occupational health and safety. During the coordination and educational meetings that were held, developments in industrial relations and the problems in implementation were evaluated. Information was also exchanged at the meetings.

Efforts to announce and comment on the implementation of laws, rules, regulations and collective bargaining provisions in the workplace continued in 2018.

In addition, Job Grouping System studies were realized in 2018 to re-evaluate job titles that are in use for hourly paid workers in the workplaces under the Glass Group Collective Labour Agreement.

2019 will be a year of intensive collective bargaining agreements.

The validity of the 25th Period Glass Group Collective Bargaining Labour Agreement in Turkey will expire as of 31.12.2018. The 26th Period Glass Group Collective Bargaining Labour Agreement negotiations will start with a meeting at a date to be determined by the relevant parties with Kristal-İş Trade Union at the end of the authorization designation process of the Ministry.

Collective labour agreement negotiations will also be held abroad for Trakya Glass Bulgaria, Şişecam Automotive Bulgaria and Paşabahçe Bulgaria Factories established in Bulgaria; Glasscorp Factory in Romania; Aszod Factory in Hungary; and Posuda Factory in Russia.

IN 2018, ŞİŞECAM GROUP CONTINUED THE DIALOGUE MEETING PROCESS INITIATED WITH LABOR UNIONS IN ORDER TO ENSURE THE CONTINUITY OF LABOR HARMONY IN THE WORK PLACE.

OCCUPATIONAL HEALTH AND SAFETY

Şişecam Group aims to conduct all its business operations within healthy and safe working environments.

- Continuously improving the education and efforts of our employees, the staff of sub-contractors/suppliers that serve us, visitors, and interns to adopt our OHS principles.

CHAIRMAN

Occupational Health and Safety Practices

In 2018, the Şişecam family conducted new projects and studies in light of both legal and regulatory requirements and global developments toward the goal of zero accidents in the area of Occupational Health and Safety. In addition to these efforts, Şişecam Group provides support on OHS issues to all business units.

In 2018, Şişecam Group performed audits at the following factories affiliated with the Group:

- Anadolu Cam San. A.Ş. Yenışehir Plant
- Trakya Cam San. A.Ş. Mersin Plant
- Trakya Cam San. A.Ş. Polatlı Plant
- Camış Madencilik A.Ş. Çine Plant
- Trakya Glass Bulgaria EAD Paşabahçe Plant
- Paşabahçe Cam San. A.Ş. Egypt Plant

Occupational Health and Safety Audit Reports were prepared as a result of the audits conducted. These reports were sent to the relevant Group management.

Studies conducted:

1- Şişecam Group delivered OHS Leadership training to engineers and technicians involved in production at the Group's factories in Turkey.

OHS Leadership trainings were provided to engineers and technicians working in production to boost the effectiveness of OHS studies across all levels of the organization and to develop an OHS culture. The training content included: assessment of the company; self-assessment of the employee; When do work accidents happen?; How are work accidents prevented?; The steps of cultural formation, characteristics of leadership and application to OHS. Topics identified as improvement areas and matters related to dissemination of OHS culture were shared with participants.

2- Occupational Health and Safety Week Events

The Occupational Health and Safety Painting Contest was organized for employees' children aged 6-10 years, covering all plants in Turkey

PROVIDING EFFECTIVE GUIDANCE FOR HEALTHY AND SAFE WORK ENVIRONMENTS IS ŞİŞECAM GROUP'S TOP PRIORITY.

ŞİŞECAM OCCUPATIONAL HEALTH AND SAFETY POLICY

We aim to execute every facet of our operations in a safe and healthy working environment. As a part of our corporate responsibility to foster healthy individuals as well as manpower for our enterprises, we adopt the following strategies:

- To prevent occupational accidents and occupational diseases by determining the necessary measures to implement and to be implemented,
- To make risk assessments with the participation of employees and to achieve acceptable risk levels,
- To use safe equipment and appropriate technologies for a healthy and safe working environment,
- To ensure active participation at each level of the organization and from our stakeholders to improve occupational health and safety practices,
- To constitute an Occupational Health and Safety culture and turn it into a way of life.

To these ends, we are committed to:

- Meeting legal obligations, relevant standards and requirements related to Occupational Health and Safety,
- Continuously improving our business processes and boosting our Occupational Health and Safety performance with a proactive approach,



and abroad. Some 263 painting entries were made in the Group's factories in Turkey and abroad for the competition, which was themed "Occupational Health and Safety for Your Future." The awards ceremony was held with the participation of senior management, the staff's children and their families.

3- Şişecam Group performed OHS Cross Audits at the factories in Turkey.

The Group conducted cross audits at factories in different groups. The audits were performed by teams composed of OHS specialists in the domestic factories. This effort was designed to ensure that existing risks and hazards are assessed from a different point of view. The cross audits also aimed to support creation of safe working environments by emphasizing a safety culture with the principle that all accidents can be avoided. Findings of the audits conducted at Şişecam Group's eight domestic facilities and four factories abroad. Cross audits were performed at the following factories:

- Anadolu Cam San. A.Ş. Mersin Plant
- Anadolu Cam Eskişehir San. A.Ş. Eskişehir Plant
- JSC Mina
- Paşabahçe Cam San. A.Ş. Eskişehir Plant
- Camiş Ambalaj San. A.Ş. Tuzla Plant
- OOO Posuda Ltd.
- Trakya Yenişehir Cam San. A.Ş. Yenişehir Plant
- Trakya Cam San. A.Ş. Trakya Plant
- Glasscorp S.A.
- Camiş Madencilik A.Ş. Bilecik Facility

- Oxyvit Kimya San. ve Tic. A.Ş.
- Şişecam Soda Lukavac d.o.o.

4 - Sustainability Workshop on OHS in Transition from Information Society to Smart Society

The sustainability workshop included sessions held on projects that demonstrate the current situation on OHS in "smart society."

5- Establishing OHS Risk Analysis and Incident Notification Systems

Şişecam Group established a system to monitor the OHS Risk Analysis and OHS incidents (occupational accident, near miss, hazard notification), and the actions taken in this context. This effort aimed to involve the Group's domestic and foreign factories that use the SAP-HR module. The system design included an executive panel covering work accident statistics and risk maps.

6- Increasing the Effectiveness of Training

In 2018, the Group initiated target-oriented OHS trainings in order to increase the effectiveness of OHS trainings provided in factories. In addition to the legally mandated 16-hours person/year, a total of 7,000 person-hours of training was provided during the year.

7- OHS Forum Theatre Activities

At the Group's domestic factories, OHS Forum staged an OHS themed play titled "Nothing Happens to Us, Brother." Attended by 1,300 employees, the theatrical play is a key event in developing an OHS culture in factories.

ŞİŞECAM GROUP'S EFFORTS TO INTERNALIZE AN OCCUPATIONAL HEALTH AND SAFETY CULTURE ARE CONDUCTED IN A WAY THAT INVOLVES THE FAMILIES OF EMPLOYEES.

INFORMATION AND COMMUNICATION TECHNOLOGIES

Playing a critical role in boosting the competitive power of Şişecam Group and helping to achieve its objectives, Information Technologies continued to add significant value to the Group with smart, productive, digital strategies.

INFORMATION TECHNOLOGIES PROVIDES DIGITAL SOLUTIONS THAT USE HIGH ADDED-VALUE, SUSTAINABLE, ANALYTICAL DATA.

Smart Şişecam

Managing the corporate data architecture, analysing the data, and transforming it into value...

In 2018, Şişecam Group conducted corporate data architecture design, business process and infrastructure studies for the Group's master data governance. Project work was carried out during the year included: demand planning, route optimization, transport planning, CRM campaign management, product/customer/category pricing reports, advanced planning and detail scheduling, budget planning and consolidation, supplier performance monitoring, global treasury management and strategic cockpits, and follow up of key performance indicators.

Şişecam Group planned to design big data architecture and implement smart analytical solutions in order to transform the Group's data into value. Projects to be implemented in the coming year include furnace data collection and expert reporting, master data governance, customer relationship management improvements and multi-channel retail sales management.

Digital Şişecam

Prioritizing digital transformation, focusing on Industry 4.0, integrating production management systems...

In 2018, Şişecam Group established the Sustainability Committee Digital Working Group platform and supported the Group's digital roadmap studies. The Group created infrastructure standards for the Internet of

Things (IoT) during the year. Production with barcode, in addition to warehouse tracking systems, e-invoice, e-freight bill systems were spread throughout the organization.

In 2019, Şişecam Group aims to determine and disseminate digital technology platform standards. The Group plans to focus on Operational Technologies (OT) to ensure integration of Manufacturing Execution Systems (MES), internet of things (IoT) and ERP infrastructures. Automatic labelling and forklift tracking systems will be expanded. Development of mobile applications will continue at an increasing pace. Expansion of barcode warehouse tracking systems, mold measurement and follow-up projects are scheduled for implementation in the coming year.

Productive Şişecam

Automated processes and services that are coherent with business strategies.

An uninterrupted, sustainable, lean, and continuously improving customer experience...

In 2018, under the Şişecam Transformation Program, the Group conducted conceptual design work related to the business processes of Financial Affairs, Procurement, Human Resources, Glassware and Paşabahçe Stores. As part of new company acquisitions (M&A) efforts, Şişecam Group executed integration related work for the Flat Glass Italy, Fritz Hungary, Şişecam Flat Glass India and Glassware Egypt factories. During the year, the Group undertook projects and efforts related to the integrated weighing system, production systems efficiency improvements, quality management system, conveyor system, customer demand portal, finished good warehouse platform control system, human resources performance process and global recruitment system, health at work and safety risk management.

In 2019, Şişecam Transformation Program efforts will continue intensively. Robotic process automation (RPA) and user experience (UX/UI) projects are planned to be addressed in the coming year. Demand planning, advanced planning, online production monitoring, new product process development and maintenance management systems will become widespread throughout the organization.



IT 2.0 -> Strategic IT

Leading strategically with the power of technology, managing programs and projects effectively, embracing an agile approach, centring on customer satisfaction, developing quality and process standards, managing and continuously improving its performance, creating value...

In 2018, the Group established Şişecam Transformation Program IT infrastructure, as well as Information Technology (IT) and Operational Technology (OT) infrastructures at Şişecam Elyaf Factory. SAP Excellence Centre modelling studies were conducted during the year. Cyber security related testing was performed against social engineering attacks to increase awareness. In addition, the Group deployed new generation security solutions, and completed penetration tests. Service level agreements (SLA) were made with internal stakeholders and IT performance was shared in a transparent manner.

In 2019, Şişecam Group aims to implement capacity and resource utilization practices in order to manage demands, programs and projects in a more effective and agile way. The Group plans to focus on industrial systems, IT infrastructure installations of the new furnace and production line to be installed, SAP Excellence Centre studies, data leak prevention system (DLP), security information and event management (SIEM), and privileged user account management in the coming year.

The Group's efforts related to measuring, managing and continuously improving the performance of Information Technologies with world class IT metrics included the following in 2018:

- The availability rate of critical services and systems was 99.98%.
- Thirty-seven system, application and infrastructure continuity tests were conducted as part of business continuity studies.
- The ratio of IT employees with international certification rose to 84%.
- The review and upgrade of IT processes was completed at a rate of 96%.
- The customer satisfaction ratio for solving problems and responding to requests submitted through the Help Desk stood at 100%.
- The level of compliance to the service level agreements (SLA) was 100%.

ISO 27001 Information Security Top Management Representation Studies

During the year, Şişecam Group conducted trainings on protecting information security and performed studies related to raising awareness, process developments, internal and external audits. These efforts aimed to ensure continuity of 14 ISO 27001 Information Security Management System certifications belonging to headquarters and its legal entities.

In 2018, compliance studies were conducted in relation to ISO 27001 Information Security; requirements of the Capital Markets Board Information System Management Communiqué, Energy Market Regulatory Authority and Personal Data Protection Law; and IATF 16949 Auto glass standards. The external audits were successfully completed without major findings.

**ŞİŞECAM GROUP
AIMS TO ESTABLISH
AN ANALYTICAL
DATA STRUCTURE
AND IMPLEMENT
SMART ANALYTICAL
SOLUTIONS
IN ORDER TO
TRANSFORM ITS
DATA INTO VALUE.**

CORPORATE SOCIAL RESPONSIBILITY

Şişecam Group prioritizes corporate social responsibility projects in the areas of the environment, education, sports, arts and culture.

glasswork, which is fuelled by the culture and tradition, to the future. The Omnia Collection was reshaped by the “water” theme in 2017 and was presented to the likes of consumers and art lovers. In cooperation with Deniztemiz Association/TURMEPA, “If there is sea, there is life” project is supported with the Omnia Water Collection. Under this effort, donations are made to the association for every product to be purchased from the “Omnia Water” collection and the efforts are supported to prevent the mixing of about 200 thousand litres of black water, into the sea, which slows down the vital activities of plants and animals living in the sea.

Serçe Harbour Glass Wreck Documentary

Pursuant to Şişecam Group’s vision of achieving sustainable growth and embracing environmental values, the “Glass and Glass Again” documentary tells the story of the discovery of the Serçe Harbour Glass Wreck, which played a major role in advancing underwater archaeology, glass manufacturing and recycling. The Serçe Harbour Shipwreck was excavated by a team of Turkish and American archaeologists led by Dr. George Bass, world renowned as one of the earliest practitioners of underwater archaeology, near Marmaris. The excavation findings included two tons of broken glass nuggets and about one ton of glass cullet, as well as a variety of glassware.

Popularly known as the “Glass Wreck,” it is regarded as one of the world’s most important shipwrecks both in terms of its load and that the ship’s body has largely survived intact to this day. The sunken ship and its contents have been on exhibit at the Bodrum Museum of Underwater Archaeology, under the care of Şişecam, since 1985. The documentary, “Glass and Glass Again,” tells the extraordinary story of the “Glass Wreck” and the unlimited recyclability of glass to broader audiences.

CONTRIBUTION TO EDUCATION AND TRAINING

Şişecam Group provides Education Incentive Scholarships to its employees and their children who attend school. Under this initiative, some TRY 4,092,048 in scholarships were awarded in 2018.

As part of its ongoing efforts to support education and training, Şişecam Group signed an agreement with Bursa Governorship, Provincial Directorate of National Education

CONTRIBUTION TO CULTURAL VALUES

Antique Glass Works Collection

Şişecam Group’s collection consisting of 520 antique glass works which it brought together to preserve cultural values and which reflects a history of nearly 3,500 years – is registered with the Istanbul Archaeology Museum. The collection is also preserved and exhibited in a specially prepared area at Şişecam’s new headquarters. Furthermore, the Glass Hall of the Bodrum Museum of Underwater Archaeology was opened in 1985 to visitors and historyenthusiasts under Şişecam’s sponsorship.

History-Culture-Glass Collections

Aiming to preserve and pass on our cultural heritage to future generations, Şişecam Group exhibited the first of its History-Culture-Glass Collections in Paşabahçe Mağazaları in 1999. These special collections are designed to reflect Anatolia’s historical and cultural richness through glass artworks. Some 500 different artefacts among limited collections were brought together in this effort. A total of 13 collections – including Ottoman, Blue and White on Glass, Artistic Writing on Glass, Enamelled Glass, Mosaics, Anatolian Civilizations, 7, Ashura, Istanbul, Crystalline Chinas, Talking Moneys/Coins, Zevk-i Selim and World Heritage in Glass – have been arranged to date.

The Omnia Collection was launched in 2015 when Paşabahçe celebrated its 80th anniversary, in line with Paşabahçe Stores’ understanding of carrying the unique Turkish

SINCE 1999, PAŞABAHÇE STORES HAVE EXHIBITED HISTORY-CULTURE-GLASS COLLECTIONS THAT REFLECT ANATOLIA’S RICH HISTORY AND CULTURAL TRADITION. SHOWCASING THESE UNIQUE COLLECTIONS IS IN LINE WITH ŞİŞECAM GROUP’S MISSION OF PRESERVING OUR SHARED CULTURAL HERITAGE AND PASSING IT ON TO FUTURE GENERATIONS.



and Yenişehir Municipality in 2017 to establish Yenişehir Şişecam Vocational and Technical Anatolian High School. The school, which is being constructed by Şişecam Group on a 20 thousand square meter tract, will be transferred to the Ministry of National Education upon completion. The school features 6 thousand square meters of usage area with 16 classrooms and various support units, primarily workshops and laboratories. The facility is scheduled to open in the 2019 academic year.

Şişecam Private Vocational and Technical Anatolian High School was built by Şişecam in Mersin Tarsus Organized Industrial Zone (MTOSB) and handed over to the Ministry of National Education. The school provides support for more young people to have occupations with the training activities conducted since the 2014-2015 academic year. The school, built under the authority of Mersin Governorship's Vocational Training Development Project, features 44 classrooms and a workshop. Some 912 students attend the school as of the 2018-2019 academic year.

The Denizli Glass Factory has offered three-year apprenticeship training since 1990, under Vocational Education Law No. 3308. Currently, 22 students are in the apprenticeship training program at the facility. Under the program, young people between the ages of 16 and 21 are trained according to the master-apprentice tradition. Participants receive theoretical and practical information from their foremen and instructors.

CONTRIBUTION TO ENVIRONMENTAL VALUES

Forestation

Şişecam Group sets aside areas between five to ten acres within the sites of its facilities as forest land. "Şişecam Forests" are also brought to life in all regions where the Group conducts operations. Camiș Madencilik A.Ş. boasts a Şişecam Forest that covers 368 dunams. This forest land is a result of the company's forestation efforts initiated in 2000 in the Yalıköy area, where Camiș Madencilik's pit and facilities are located. In 2017, an afforestation effort was planned on an area of approximately 32 thousand square meters around Karabük Eflani Breaking and Sieving Plant; a 5 thousand square meter area was afforested on that site. In 2019, a 27 thousand square meter area is planned to be afforested on the field where rehabilitation work continued in 2018.

After starting operations in 2018 at quartz sand mine site in Bilecik/Bayırköy township, production is scheduled to end in 2019. Rehabilitation works have commenced in the sector of the site where production will end. In 2020, about 400 thousand square meters of the site is planned to be afforested.

Thanks to its sapling planting efforts in the Cankurtaran region, Denizli Cam Sanayii ve Ticaret A.Ş. created a mini forest with mature trees on an area of three dunams. In 2017, 850 saplings were planted, of which 350 were fruit trees, in the factory area, which is about 50% green space. Today, some 18 thousand trees and saplings are flourishing on the plant site.

ŞİŞECAM CREATES "ŞİŞECAM FORESTS" IN THE REGIONS WHERE IT OPERATES, BY ALLOCATING AN AVERAGE OF 5 TO 10 ACRES OF LAND FOR AFFORESTATION ON THE GROUNDS OF ITS FACILITIES.

CORPORATE SOCIAL RESPONSIBILITY

The “Glass and Glass Again” project, conducted by Şişecam Group since 2011, is one of Turkey’s most comprehensive sustainability and social responsibility initiatives.

Since the start of the Glass and Glass Again initiative in 2011, 256,760 elementary school students have received training on recycling, more than 20 thousand glass recycling bins were provided for use by municipalities, and 1,092 thousand tons of glass waste have been recycled. As a result of the project, carbon dioxide emission was prevented equivalent to withdrawing 393,194 cars from the roads for 10,000 km; energy savings from recycling has been achieved equivalent to meeting the heating, and hot water needs of 45,873 households for a year; and carbon dioxide emission has been prevented equivalent to purifying the air with 33,722,489 trees in one year. Events under the Glass and Glass Again project aim to raise awareness by conveying the contribution of recycling to the environment for a sustainable future with various communication activities has continued throughout the year.

EFFORTS ARE UNDERWAY TO IMPROVE THE GLASS COLLECTION INFRASTRUCTURE AND MODERNIZE GLASS RECYCLING FACILITIES.

Şişecam Kimyasallar initiated planting activities in Mersin in 2006. Efforts to set aside forestland designated areas and plant trees continued every year. During the 13th Tree Planting Festival in 2018, 1,500 saplings were planted by the families of company employees and retirees. Some 41,500 trees have been planted since the festival first commenced.

At Mersin-Kazanlı beach, one of the most important endangered turtle spawning areas in the world, beach cleaning activities are carried out every year before spawning season. These efforts aim to protect the nesting sites of the endangered Caretta and Chelonia Mydas turtles. In 2018, 450 persons, consisting of Soda Sanayii A.Ş. employees and their families, participated in the beach cleaning activity.

“Glass and Glass Again”

The “Glass and Glass Again” project, conducted by Şişecam Group since 2011, is one of Turkey’s most comprehensive sustainability and social responsibility initiatives. This effort is designed to create change in social behaviour and support the transition to a recycling aware society. Glass and Glass Again has three primary objectives:

- Raising awareness and informing society about recycling glass packaging,
- Improving the infrastructure to collect glass packaging waste,
- Streamlining the facilities where glass packaging waste is collected and processed, and separating glass packaging waste found in household waste prior to storage.

Studies to improve the collection infrastructure and modernize glass recycling facilities are ongoing. During the year, installation of glass recycling facilities at companies provided with financial support and expertise services was completed. The first facility was commissioned in Düzce with a capacity of 85 thousand tons/year. Another facility in Mersin with a capacity of 75 thousand tons/year was also commissioned. With the commissioning of two additional facilities in 2019, the total capacity of the facilities that investment support is provided, will be 330 thousand tons/year.

“Glass and Glass Again” Demonstrates Social Media Growth

With social media accounts that show a steady rise in access and interaction numbers each day, Glass and Glass Again has boosted its monthly interaction rates in social media to 3.5 million. Live broadcasts of the project’s events were made throughout the year on social media accounts. These various broadcasts emphasize the importance of recycling, information on glass use, and benefits of recycling. By year’s end, Glass and Glass Again recorded 116 thousand followers on Facebook and 14 thousand followers on Instagram. The Glass and Glass Again initiative significantly contributes to recycling awareness and consciousness-raising efforts thanks to social media interaction with large target groups.

CONTRIBUTION TO SPORTS

Şişecam Çayırova Sports Club

The Çayırova Sports Club, originally founded by Şişecam under the name Çayırova Sailing Sports Club, aims to attract young people to sports and contribute to the physical and moral development of youth through sports activities. After having started operations at the Çayırova Sports Facilities complex in 1982, it obtained federated club status from the General Directorate of Youth and Sport in 1984. With a team of some 150 athletes and managers, the Club trains young athletes in the sports of sailing, rowing and canoeing.

Çayırova Sports Club's Achievements

Between 1984 and 2018, a total of 300 athletes, four of whom are national, trained at the Sailing Division of Şişecam Çayırova Sports Club. In addition, three teams from Sailing Division went on to become Turkish national champions.

Çayırova Sports Club's Rowing Division hosted 1,400 athletes from 1984 to 2019. Between 2002 and 2017, a total of 50 rowing athletes won international medals while 185 rowers from the Club went on to become professional athletes in the sport. Over 100 of the Club's athletes participated in Turkey championship. Trainers raised on the Rowing Division's infrastructure perform duties at seven of the 27 registered clubs of the Turkish Rowing Federation, and at three of the six universities competing in the university rowing league.

Having started up in April 2009, Şişecam Çayırova Sports Club's Canoe Division is active in five categories of Slack Water K1 and C1 boat classes. Between 2010 and 2018, the Canoe Division has participated in three major races - which were held during the season, including the Spring Cup, Turkey Cup and Turkey Championship - in addition to national team qualifying events. From 2010 to 2018, 13 athletes from the Club were selected for the national team. Some 66 licensed canoe athletes participated in national competitions, and 13 athletes participated in international competitions. At Turkey Championship events, the Club's Canoe Division has won 298 first place, 187 second place, and 127 third place awards. At international competitions, the Canoe Division has won four first place, two second place, and nine third place awards. The Canoe Divisions has won a total of 627 medals.

Canoe Division 2018 Activities

The Canoe Division participated in all the competitions included in the 2018 activity program, winning 22 first place, eight second place, and 16 third place awards in total. Among the canoe athletes who participated in the National Team preparation camp held between January and December, Abbas Anıl Şen, Özge Uzar, and Sedanur Yılmaz were selected to the National Team. These athletes also participated in the International Gloria Cup, International Piestany Regatta, U23 European Championship, U23 World Championship, and the International Olympic Hopes Regatta Races.

Sailing Division 2018 Activities

The Sailing Division participated in a total of 19 races on the 2018 activity program of the Turkish Sailing Federation. The races, of which 13 were regional and 6 were national, were held in the Optimist Laser and Pirat classes. Sailing Division athletes won 16 first place, 18 second place, and 6 third place medals, in General Classifications.

Rowing Division 2018 Activities

The Rowing Division participated in six national competitions in 2018. The Rowing Division Team won first place in one category, second place in six categories, and the third place in four categories. In the Balkan Championship National Team Qualifying Events, Zeynep Ece Tilki won first place, and was selected to the youth national team. The Club athlete Zeynep Ece Tilki also achieved international success as the Balkan runner up, in the Star Girls category at the Balkan Youth Championship held in Bulgaria.

**IN 2018, ŞİŞECAM
GROUP HELPED
THREE CANOE
ATHLETES AND
ONE ROWING
ATHLETE TRAIN
FOR THE NATIONAL
TEAMS.**



RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

Şişecam Group implements efficient risk management and internal audit processes in order to provide adequate risk assurance to its stakeholders.

AT ŞİŞECAM GROUP, RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES ARE STRUCTURED UNDER THE PARENT COMPANY.

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

Financial crises, intensifying inter-state conflicts of interest, trade wars that started out as protectionism, security problems triggered by geopolitical factors, fast-paced technological change, social problems and the dramatic consequences of disasters and climate change have transformed the world into a place with greater political, economic, technological and environmental risks – far different from the past.

Global risks are beginning to affect the lives of people, companies and governments in new and unusual ways, most of which are uninsurable. This fact has differentiated the perspective on risks across the world. It has also greatly increased the importance and added value of risk management as a corporate discipline. As in previous years, the effectiveness of risk management and internal audit processes was constantly monitored in 2018. Two functions that constitute key elements of corporate governance were managed with a wider perspective and more effectively. Our Group takes a proactive approach to manage existing and potential risks and conducts its audit activities with a risk-focused perspective.

At Şişecam Group, risk management and internal audit activities are structured under the parent company. These 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 Şişecam Group companies listed on Borsa İstanbul, are reported to the Boards of Directors in accordance with the legislation.

During the activities performed with the aim of establishing a corporate structure, of providing the required assurance to stakeholders, of protecting the tangible and intangible assets and resources of Şişecam Group and environment, of minimizing the losses caused by uncertainties and of maximizing benefit from potential opportunities, communication between the internal audit and risk management functions is maintained at the utmost level and is directed toward the goal of supporting decision-making processes and increasing management efficiency.



Risk Management at Şişecam

At Şişecam, risk management activities are carried out with a holistic and proactive approach based on enterprise risk management principles. The Group focused strongly on increasing the effectiveness of risk management processes in order to increase risk assurance provided to the stakeholders in the intense internal and external competitive environment and to effectively manage the ambiguities caused by global developments.

In this context, as in previous years, communication and coordination activities are emphasized and technological facilities are used in the Group in order to manage risks which are identified, prioritized and monitored by action plans on the basis of risk appetite and in scope of enterprise risk management. The Group also used the reporting activities to ensure healthy monitoring of the process conducted in accordance with the legislation.

Internal Audit at Şişecam

The objective of 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.

**ŞİŞECAM GROUP
MANAGES EXISTING
AND POTENTIAL
RISKS WITH
A PROACTIVE
APPROACH AND
CONDUCTS
ITS AUDIT
ACTIVITIES WITH
A RISK-FOCUSED
PERSPECTIVE.**

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

**CONVENIENCE TRANSLATION INTO
ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY 2018 - 31 DECEMBER 2018
TOGETHER WITH INDEPENDENT AUDITOR'S
REPORT (ORIGINALLY ISSUED IN TURKISH)**



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

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the Company) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

3) Key Audit Matters

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



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B) Report on Other Legal and Regulatory Requirements

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

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

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

Zeynep Okuyan Özdemir, SMMM
Partner

1 February 2019
Istanbul, Turkey

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

	Paid-in Capital	Adjustment to Capital	Share Premium/ Discount	Comprehensive Income Not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net profit for the period	Attributable to Equity holders of the parent	Controlling Interest	Non Controlling Interest	Equity
Balance at 1 January 2017	2,050,000	241,426	527	1,672,915	476,995	99,058	3,262,034	743,358	8,546,313	2,783,311	-	11,329,624
Transfer	-	-	-	-	-	16,305	727,093	(743,358)	-	-	-	-
Total comprehensive income / (loss)	-	-	-	(81,519)	400,831	-	8,956	1,225,420	1,553,688	534,643	-	2,088,331
Capital increase	200,000	(60,000)	-	-	-	-	(140,000)	-	-	-	-	-
Merger effect	-	-	-	1,112	-	-	(4,054)	-	(2,942)	-	2,942	-
Dividends	-	-	-	-	-	-	(250,000)	-	(250,000)	-	(124,039)	(374,039)
Subsidiary disposal	-	-	-	(22,525)	-	-	22,527	-	2	-	(2)	-
Increases/ (decreases) due to changes in shareholding rate in subsidiaries that do not result in loss of control	-	-	-	(8,802)	-	-	(13,441)	-	(22,243)	-	22,243	-
Transactions with non-controlling interest	-	-	-	-	-	-	11,756	-	11,756	-	6,743	18,499
Disposal of joint ventures	-	-	-	(140)	-	-	140	-	-	-	-	-
Balance at 31 December 2017	2,250,000	181,426	527	1,561,041	877,826	115,363	3,624,971	1,225,420	9,836,574	3,225,841	-	13,062,415
Balance at 1 January 2018	2,250,000	181,426	527	1,561,041	877,826	115,363	3,624,971	1,225,420	9,836,574	3,225,841	-	13,062,415
Impact of accounting policy change	-	-	-	(26,025)	-	-	(26,025)	-	(26,025)	-	(6,717)	(32,742)
Balance at 1 January 2018 (restated)	2,250,000	181,426	527	1,561,041	877,826	115,363	3,598,946	1,225,420	9,810,549	3,219,124	-	13,029,673
Transfer	-	-	-	-	-	43,074	1,182,346	(1,225,420)	-	-	-	-
Total comprehensive income / (loss)	-	-	-	413,257	707,576	-	58,136	2,325,840	3,504,809	1,192,887	-	4,697,696
Merger effect	-	-	-	(991)	-	-	56,906	-	55,915	-	(55,915)	-
Dividends	-	-	-	-	-	-	(300,000)	-	(300,000)	-	(156,809)	(456,809)
Increases / (decreases) due to changes in shareholding ratio in subsidiaries that do not result in loss of control	-	-	-	31,202	-	-	117,920	-	149,122	-	(149,122)	-
Transactions with non-controlling interest	-	-	-	-	-	-	(506,680)	-	(506,680)	-	(65,980)	(572,660)
Other changes (*)	-	-	-	-	-	-	23,554	-	23,554	-	5,320	28,874
Balance at 31 December 2018	2,250,000	181,426	527	2,004,509	1,585,402	158,437	4,231,128	2,325,840	12,737,269	3,989,505	-	16,726,774

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		1.610.132	1.936.742
Net profit/(loss) for the period	27	3.373.676	1.736.956
Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities		423.242	970.110
- Depreciation and amortization	18,19	1,048,555	968,174
- Impairments/(reversals)	6,7,10,11,13,19	239,851	59,465
- Changes in provisions	3,22,24,27	188,026	117,206
- Interest income and expenses	8,31,33,37	122,288	117,364
- Unrealized exchange loss/ (gain)	31,33	(83,412)	(20,739)
- Fair value loss/(gain)	7,32	(1,055,298)	(216,264)
- Income from investments accounted for under equity accounting	16	(132,754)	(140,250)
- Tax expenses	35	93,720	204,808
- Adjustments for losses (gains) on disposal of non-current assets	32	1,361	(18,045)
- Income caused by sale or changes in share of associates, joint ventures and financial investments	16	-	(31,832)
- Disposal of subsidiary or joint ventures	27,32	-	(66,089)
- Other adjustments related to profit/(loss) reconciliation	3,26,27	905	(3,688)
Changes in net working capital		(1,324,949)	(204,895)
- (Increases)/decreases in trade receivables	3,10,27,31,37	(166,703)	(288,825)
- (Increases)/decreases in other receivables	11,16,27,31,37	(10,901)	17,430
- (Increases)/decreases in derivative instruments	12,33	3,526	569
- (Increases)/decreases in inventories	3,13,27	(842,706)	(241,922)
- Increases/(decreases) in trade payables	3,10,27,31	(20,893)	161,506
- Increases/(decreases) in other payables	11,14,26,27,37	(32,788)	29,730
- Increases/(decreases) in derivative liabilities	12,33	(12,898)	-
- Other increases/(decreases) in net working capital	14,26,27	(241,586)	116,617
Cash flows from operating activities		2,471,969	2,502,171
- Interest paid	8,31,33,37	(392,131)	(349,458)
- Interest received	31,33,37	113,811	83,034
- Employment termination benefits paid	24	(45,607)	(57,016)
- Taxes received / (paid)	35	(537,910)	(241,989)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

1. Group's Organizations and Nature of Business

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 67 subsidiaries, 1 joint ventures and 2 associates.

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

The Group was established 83 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks, as of Türkiye Şişe ve Cam Fabrikaları A.Ş. Sosyetesi was founded with the title. Company's title have been registered as of Türkiye Şişe ve Cam Fabrikaları A.Ş. in April 25, 1973. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BİST"), formerly named as İstanbul Stock Exchange ("İSE"), since 1986. As of December 31, 2018, İş Bankası holds 67.11% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company is disclosed in Note 27.

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

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

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

Trade Register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu
Registry no : 21599
Central Legal Entity Information System : 0-8150-0344-7300016
Nace Code: : 70.10.01 primary and additionally 74.10.02

Personnel structure of the Group

	31 December 2018	31 December 2017
Personnel (paid by monthly)	7,001	6,487
Personnel (paid by hourly)	14,967	14,840
Total	21,968	21,327

64 employees included in the Group's total personnel structure is consisted of the personnel of joint ventures and associates accounted for under equity method. (31 December 2017: 367 employees,)

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companies Consolidated

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

Flat Glass Group

Subsidiaries	Nature of business	Country of registration
Trakya Cam Sanayii A.Ş. (1)	Production and sales of flat glass, auto glass and processed glass	Turkey
Trakya Yenişehir Cam Sanayii A.Ş.	Production and sales of flat glass, coated glass, laminated glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and sales of flat glass and laminated glass	Turkey
Şişecam Otomotiv A.Ş.	Production and sales of automotive glass	Turkey
Trakya Investment B.V.	Finance and investment company	Netherlands
Şişecam Flat Glass Holding B.V.	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Bulgaria EAD	Production and sales of flat glass, laminated, coated glass, and mirror	Bulgaria
Şişecam Automotive Bulgaria EAD	Production and sales of automotive glass and white goods glasses	Bulgaria
Glasscorp S.A.	Production and sales of automotive glass	Romania
Şişecam Flat Glass İtaly S.R.L.	Production and sales of flat and laminated glass	Italy
Şişecam Flat Glass South Italy S.R.L. (2)	Production and sales of flat and laminated glass	Italy
Trakya Glass Rus AO	Production and sales of flat glass and mirror	Russia
Automotive Glass Alliance Rus AO	Production and sales of automotive glass	Russia
Automotive Glass Alliance Rus Trading OOO	Importing and sales services	Russia
Trakya Glass Rus Trading OOO	Importing and sales services	Russia
Richard Fritz Holding GmbH	Commercial activity	Germany
Richard Fritz Prototype+Spare Parts GmbH	Glass encapsulation production and sales services	Germany
Richard Fritz Spol S.R.O.	Glass encapsulation production and sales services	Slovakia
Richard Fritz Kft	Glass encapsulation production and sales services	Hungary
Şişecam Flat Glass India Limited (3)	Production and sales of flat glass and mirror	India

Associate	Nature of business	Country of registration
Saint Gobain Glass Egypt S.A.E.	Production and sales of flat glass	Egypt

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş. (1)	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
İstanbul Investment B.V.	Finance and investment company	Netherlands
Nude Design Investment B.V.	Finance and investment company	Netherlands
Nude Glass Investment B.V.	Finance and investment company	Netherlands
Paşabahçe Bulgaria EAD	Automatic production and sales of glassware	Bulgaria
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Srl	Sales and marketing services	Italy
Paşabahçe Spain SL (4)	Production and sales of glassware	Spain
Paşabahçe Glass GmbH (4)	Production and sales of glassware	Germany
Paşabahçe USA Inc. (4)	Production and sales of glassware	USA
Paşabahçe (Shanghai) Trading Co. Ltd.	Sales and marketing services	China
Paşabahçe Egypt Glass Manufacturing S.A.E	Automatic production and sales of glassware	Egypt

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companied Consolidated (continued)

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. (1)	Production and sales of glass packaging	Turkey
AC Glass Holding B.V.	Finance and investment company	Netherlands
Anadolu Cam Investment B.V.	Finance and investment company	Netherlands
Balsand B.V.	Finance and investment company	Netherlands
OOO Ruscam Management Company	Finance and investment company	Russia
OOO Ruscam Glass Packaging Holding	Production and sales of glass packaging	Russia
OOO Energosystems	Leasing of industrial materials	Russia
CJSC Brewery Pivdena	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine
JSC Mina	Production and sales of glass packaging	Georgia

Chemicals Group

Subsidiaries	Nature of business	Country of registration
Soda Sanayii A.Ş. (1)	Production and sales of soda and chromium chemicals	Turkey
Cam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Şişecam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Oxyvit Kimya Sanayi ve Tic. A.Ş.	Vitamin K-3 and derivatives manufacturer	Turkey
Şişecam Chem Investment B.V.	Finance and investment company	Netherlands
Şişecam Bulgaria EOOD	Soda goods trade	Bulgaria
Şişecam Soda Lukavac D.O.O.	Production and sales of soda	Bosnia-Herzegovina
Cromital S.p.A	Production and sales of chromium sub products	Italy
Camiş Egypt Mining Ltd. Co.	Sand mining and sales	Egypt
Şişecam Trading Co. (4)	Commercial activity	China

Joint ventures

Joint ventures	Nature of business	Country of registration
Rudnik Krechnjaka Vijenac D.O.O.	Production and sales of lime stone	Bosnia-Herzegovina

Associate

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

Other

Subsidiaries	Nature of business	Country of registration
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey
Şişecam Enerji A.Ş.	Storage and sales of natural gas and electricity trade	Turkey
Camiş Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Şişecam Çevre Sistemleri A.Ş.	Collection, sorting, processing, recycling and recovery of packaging	Turkey
SC Glass Trading B.V.	Import and sales services	Netherlands
Camiş Limited	Foreign purchasing services	England

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companies Consolidated (continued)

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

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

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

As of 31 December 2018, Türkiye Şişe ve Cam Fabrikaları, Soda Sanayii A.Ş. are traded in BIST-30, Trakya Cam Sanayii A.Ş. is traded in BIST-50, Anadolu Cam Sanayii A.Ş. is in BIST-100 and Denizli Cam Sanayii ve Tic. A.Ş. is traded in BIST-ALL shares national index.

Periodic Revision Report on Corporate Governance Rating has been completed by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which is officially authorised to carry out rating processes in Turkey in line with Capital Markets Board Corporate Governance Principles. The Corporate Governance Rating Score of 95,28 (9.48 out of 10) as of 14 December 2018, following the continuous improvement efforts made in the area of application of corporate governance principles. In its rating work SAHA used the new methodology based on Corporate Governance Principles published by the CMB in January 2014.

Main Sections	Weight	14 December 2018	15 December 2017
Shareholders	25%	95,36	95,36
Public disclosure and transparency	25%	96,98	96,98
Stakeholders	15%	99,48	99,48
Board of directors	35%	92,21	90,92
Average Rating	100%	95,28	94,83

Türkiye Şişe ve Cam Fabrikaları A.Ş. is included in the BIST "Corporate Governance Index". The company is placed in the first group according to the World Corporate Governance Index (WCGI) which was published by SAHA on 3 September 2018.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companies Consolidated (continued)

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

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

Subsidiaries of Flat Glass Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Trakya Cam Sanayii A.Ş.	69,45	69,45	69,45	69,45
Trakya Yenişehir Cam Sanayii A.Ş.	100,00	74,03	100,00	74,03
Çayırova Cam Sanayii A.Ş.	100,00	91,40	100,00	91,40
Trakya Polatlı Cam Sanayii A.Ş.	100,00	74,03	100,00	74,03
Şişecam Otomotiv A.Ş.	100,00	69,45	100,00	69,45
Trakya Investment B.V.	100,00	69,45	100,00	69,45
Şişecam Flat Glass Holding B.V.	100,00	69,45	100,00	69,45
TRSG Glass Holding B.V.	70,00	48,62	70,00	48,62
Trakya Glass Bulgaria EAD	100,00	69,45	100,00	69,45
Şişecam Automotive Bulgaria EAD	100,00	69,45	100,00	69,45
Glasscorp S.A.	100,00	69,45	100,00	69,45
Şişecam Flat Glass İtaly S.R.L	100,00	69,45	100,00	69,45
Şişecam Flat Glass South Italy S.R.L	100,00	69,45	-	-
Trakya Glass Rus AO	100,00	48,62	100,00	48,62
Automotive Glass Alliance Rus AO	100,00	69,45	100,00	69,45
Automotive Glass Alliance Rus Trading OOO	100,00	69,45	100,00	69,45
Trakya Glass Rus Trading OOO	100,00	48,62	100,00	48,62
Richard Fritz Holding GmbH	100,00	69,45	100,00	69,45
Richard Fritz Prototype+Spare Parts GmbH	100,00	69,45	100,00	69,45
Richard Fritz Spol S.R.O.	100,00	69,45	100,00	69,45
Richard Fritz Kft	100,00	69,45	100,00	69,45
Şişecam Flat Glass India Limited	100,00	69,45	50,00	34,73

Associates of Flat Glass Group

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companies Consolidated (continued)

Subsidiaries of Glassware Group

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

Subsidiaries of Glass Packaging Group

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Companies Consolidated (continued)

Subsidiaries of Chemicals Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Soda Sanayii A.Ş.	60,67	60,67	60,67	60,67
Cam Elyaf Sanayii A.Ş.	100,00	96,57	100,00	96,57
Şişecam Elyaf Sanayii A.Ş.	100,00	60,67	100,00	60,67
Camiş Madencilik A.Ş.	100,00	100,00	100,00	100,00
Madencilik Sanayii ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100,00	60,67	100,00	60,67
Şişecam Chem Investment B.V.	100,00	60,88	100,00	60,88
Şişecam Bulgaria EOOD	100,00	60,88	100,00	60,88
Şişecam Soda Lukavac D.O.O.	100,00	60,88	100,00	60,88
Cromital S.p.A	100,00	61,08	100,00	61,08
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Şişecam Trading Co.	100,00	60,67	100,00	60,67

Joint Ventures of Chemicals Group

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

Associates of Chemicals Group

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

Other Subsidiaries of the Group

Company's Name	31 December 2018		31 December 2017	
	Direct and indirect ownership (%)	Effective ownership rate (%)	Direct and indirect ownership (%)	Effective ownership rate (%)
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Şişecam Dış Ticaret A.Ş.	100,00	100,00	100,00	100,00
Şişecam Enerji A.Ş.	100,00	100,00	100,00	100,00
Camiş Elektrik Üretim A.Ş.	100,00	83,51	100,00	83,51
Şişecam Çevre Sistemleri A.Ş.	90,00	90,00	90,00	90,00
SC Glass Trading B.V.	100,00	100,00	100,00	100,00
Camiş Limited	100,00	99,84	100,00	95,20

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS taxonomy published by POAASA on 2 June 2016.

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

The Company (and its subsidiaries and Joint Ventures registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries, joint ventures and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The year end consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These year end consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

Presentation and Functional Currency

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

Preparation of Financial Statements in Hyperinflationary Periods

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

Going Concern

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

Comparatives and Restatement of Prior Periods' Financial Statements

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of presentation (continued)

Financial Statements of subsidiaries that operate in foreign countries

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

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

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

Consolidation Principles

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Accounting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of presentation (continued)

Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company and exposed to variable yield due to their relationship with the entity, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies and sustain variable income because of the relationship with this companies.

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

Note 1 presents all subsidiaries included in the scope of consolidation and effective interest ownership (%) as of December 31, 2018 and December 31, 2017.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively. The expenses related to acquisitions are accounted for under profit/loss statement once occurred.

The statements of financial position and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

The non-controlling interests' shares in the consolidated subsidiaries' net assets are separately disclosed in the equity of the Group. The non-controlling interests represent the sum of the shares issued during the initial business combinations and the non-controlling interests' shares in the equity changes from the date of business combination.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (continued)

2.1 Basis of Presentation (continued)

Joint Ventures

Joint Ventures are the companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of December 31, 2018 and December, 2017. Joint Ventures are accounted for under equity accounting method.

Associates

The equity method is used for accounting of associates. Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. As of December 31, 2018 and December 31, 2017, the details of the Group's associates are disclosed in Note 1. Affiliates are included in the scope of consolidation by using the equity method.

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

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

Financial assets at fair value through other comprehensive income

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.2 Statement of Compliance to TAS

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

2.3 Significant change in the Accounting Policies

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

Impacts on consolidated financial statements

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Financial Statement

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Income Statement

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant changes in the Accounting Policies (continued)

Classification and Measurement

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Classification and Measurement (Continued)

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

Impairment

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.3 Significant Changes in the Accounting Policies (continued)

Impairment (continued)

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

The qualities of these effects are described below:

Sale of goods and services with variable price

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

Volume rebates to customers

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.4 Restatement and Errors in the Accounting Policies and Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the year ended December 31, 2018 are consistent with those used in the preparation of financial statements for the year ended 31 December 2017.

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

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

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

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

TFRS 15 – Revenue from contracts with Customers

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.5 Amendments in Turkish Financial Reporting Standards (continued)

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

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.

TFRS 9 is effective for annual periods beginning on or after 1 January 2018. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2018. The impact of these amendments on the financial position and performance of the Group is presented in Note 2.3.

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

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

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

TFRS 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on December 19, 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

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

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

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

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

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

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

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

Annual Improvements to TFRSs – 2014-2016

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

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

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

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

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

TFRS 16 Leases

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

TFRS 16 Leases (continued)

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

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

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

Transition to TFRS 16

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

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

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

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

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

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

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

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

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

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

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

TFRIC 23 Uncertainty over Income Tax Treatments

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

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

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Annual Improvements 2015-2017 Cycle

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

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

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

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

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

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

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

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

TFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

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

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

Definition of a Business (Amendments to IFRS 3)

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

The changes are as follows:

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies

Revenue

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

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

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

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

Interest Income

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

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

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

Inventories

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tangible Assets

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

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

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tangible Assets (Continued)

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

Intangible Assets

Intangible assets acquired

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

Computer software

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

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

Intangible assets acquired in a business combination

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of significant Accounting Policies (Continued)

Intangible assets (Continued)

Mining assets

Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine are recognized in the statement of comprehensive income.

In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income. Depreciation starts when the asset is in a location and condition necessary for it to be capable of operating in the manner intended by the Group management.

Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of tons of ore extracted during the period by the remaining proven and probable mine reserves in terms of tons for attributable area of interest.

Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

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

Development costs

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Investment Properties

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

Assets Classified as Held for Sale

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

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

Derivative Instruments and Hedging Instruments

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated comprehensive income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated comprehensive income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the profit or loss statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Hedge Accounting:

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

Impairment of Assets

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

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Financial Leases

a) The Group as the lessee

Financial Leasing

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

Operating leases

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

b) The Group as the lessor

Operating leases

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

Borrowing costs

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

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

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

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

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

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

2. Basis of Presentation of Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Related Parties

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

Offsetting

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

Financial Assets

Classification

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

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

Recognition and Measurement

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and Measurement (Continued)

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

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

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

Derecognition

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

Impairment

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

Provision for loss measured as below ;

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

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Trade receivables

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

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

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

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

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Company. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

Cash and Cash equivalents

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

Financial liabilities

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

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

Equity instruments

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Other financial liabilities

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

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

Trade payables

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

Business combinations and Goodwill

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill (Continued)

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

Transactions with non-controlling interests

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

Foreign Currency Transactions

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Earnings per Share

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

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

Events after the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 22).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; flat glass, glassware, glass packaging, chemicals, and others that includes of export, import, energy, collection, separation, processing, recycling and acquisition of packing waste and insurance agency services. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. The evaluation of geographical performance by the management is performed in terms of Turkey, Russia, Ukraine, Georgia, and Europe. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Other" do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Current and deferred income tax

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

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

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

Employee Benefits

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

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

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.7 Critical accounting estimates, judgments, and assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the assessment of Group Management, a tax asset of TRY211,547 thousand (31 December 2017: TRY162,110 thousand) results from temporary differences as of 31 December 2018 that are arising from the tax allowances and can be used since the tax advantage continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2018, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY771,232 thousand (31 December 2017: TRY327,270 thousand) (Note 35).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2018 are based on the appraisal reports prepared by independent valuation firms.

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of market reference comparison if not the method of cost approach.

In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional independent valuation company was utilized.

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components. The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement. Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

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

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

The Group has revalued the investment properties accounted for within the scope of TAS 40 "Investment Property" and revaluation gain were accounted for under income from investment activities in the consolidated income statement (Note 32). Deferred tax liability was calculated from the amount which is recognized in the income statement by considering the possibility of sale in the subsequent period and tax exemption of profit on sale in accordance with the current Corporate Tax Law ("CTL") article 5/1-e and accounted for under deferred tax expense for the period (Note 35).

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations

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

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

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

30 June 2018

Assets

Current Assets

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

Non-current Assets

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (continued)

30 June 2018

Liabilities

Current Liabilities

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

Non-current Liabilities

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

Total Liabilities

37,950

Equity

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

Total Liabilities and Equity

626,864

Personnel

308

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (continued)

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (continued)

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

In period of 1 January-31 December 2017 within the scope of TFRS-3 "Business Combinations" the Group acquired company named Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. and its business partnership in Turkey for USD 7,000 thousand as of 25 July 2017, USD 6,000 thousand was paid on 25 July 2017 and USD 1,000 thousand was paid on 29 December 2017.

With this acquisition, the group holds total shares of Oxyvit Kimya Sanayii ve Tic. A.Ş. which produces and sells vitamin K.

The fair value of identifiable net assets acquired on the date of the control to the Group is as follows:

	Net Book value	Fair value of net assets
Current Assets		
Cash and cash equivalents	1	1
Other current assets	20	20
Total current assets	21	21
Non – Current Assets (*)		
Financial Investments/ Investments accounted for using the equity method	15,551	13,928
Total non-current assets	15,551	13,928
Total Assets	15,572	13,949
Liabilities		
Total Liabilities	-	-
Net Assets	15,572	13,949

(*) Aforementioned non-current assets are present 50% shares of Oxyvit Kimya Sanayii ve Tic. A.Ş.

Here mentioned company does not have any revenue in 1 January – 12 December 2017 period. On 12 December 2017; Oxyvit Kimya Sanayii ve Tic.A.Ş. of which the company owns 50% share has been dissolved through reverse merger.

From 1 January 2017 to 25 July 2017; Oxyvit Kimya Sanayii ve Tic. A.Ş. received TRY1,740 thousand dividend income and TRY45 thousand general administrative expenses are incurred, as a result net profit is TRY1,695 thousand.

The Group acquired all shares of Oxyvit Kimya Sanayii ve Tic. A.Ş, which has been valued with equity method according to 50% interest share previously, by purchasing Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş. on 25 July 2017. From the date of acquisition, Oxyvit Kimya Sanayii ve Tic. A.Ş accounted according to the full consolidation method.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

The fair value of the identifiable assets and liabilities at 30 June 2017 which is the closest balance sheet date to this business combination that has occurred progressively and the profit or loss statement for 1 Jan- 30 June period are as follows. Since there is no significant transaction affecting financial statement items for 25-day period until the purchase date of 25 July 2017, the identifiable assets and liabilities at 30 June 2017 were included in full consolidation according to the financial position.

The statement of financial position of the identifiable assets and liabilities of Oxyvit Kimya Sanayii ve Ticaret AS dated 30 June 2017 is as follows:

30 June 2017

Assets

Current Assets

Cash and cash equivalents	9,021
Trade receivables	2,407
– Trade receivables	2,505
– Rediscount on receivables	(36)
– Doubtful receivables	(62)
Other receivables	16,339
– Due from related parties	16,292
– Other receivables from third parties	47
Inventory	4,491
– Raw materials	2,570
– Work-in-progress	118
– Finished goods	1,802
– Trade goods	1
Prepaid expenses	484
Other current assets	1,178
Total current assets	33,920

Non-current assets

Property, plant and equipment	13,275
Intangible Assets	11
Total non-current assets	13,286

Total Assets	47,206
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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

30 June 2017

Liabilities

Current Liabilities

Short-term borrowings	92
Trade payables	2,352
– Trade payables	2,384
– Rediscount on trade payable	(32)
Liabilities for employee benefits	10
Other payables	8,334
– Due to related parties	8,294
– Other payables due to third parties	40
Deferred income	557
Current income tax liabilities	1,741
– Provision for corporate tax	3,321
– Prepaid taxes and funds	(1,580)
Short – term provisions	1,081
Other current liabilities	215
Total current liabilities	14,382

Non-Current Liabilities

Long-term borrowings	4,003
Long-term provisions	738
Deferred tax liabilities	227
Total non-current liabilities	4,968

Total Liabilities

19,350

Equity

Paid in capital	335
Adjustment to shared capital	841
Other comprehensive income/expense not to be reclassified to profit or loss	3,664
– Revaluation gain/loss on tangible assets	3,593
– Gain/loss arising from defined benefit plans	71
Retained earnings	10,809
Net profit for the period	12,207
Total equity	27,856

Total liabilities

47,206

Dividend payment for the period

3,480

Number of employees

47

With this acquisition, the effective ownership rate increased from 32.30% to 62.64%

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

3. Business Combinations (Continued)

Profit or loss statement of Oxyvit Kimya Sanayii ve Ticaret AŞ for the period of 1 January – 30 June 2017 is as follows:

	1 January- 30 June 2017
Revenue	36,180
Cost of sales	(17,594)
Gross profit from trading activity	18,586
General administrative expenses	(1,359)
Marketing expenses	(1,158)
Other operating income	452
Other operating expenses	(403)
Operating profit	16,118
Financial income	1,280
Financial expenses	(2,165)
Profit/loss before tax from continued operations	15,233
Tax income/expense from continued operations	(3,026)
– Taxes on income (expense)	(3,321)
– Deferred tax income (expense)	295
Profit for the period	12,207
Depreciation expense for the period	724
EBITDA	16,842
Transferred amount	24,811
Non-controlling interest	-
The fair value of the net assets and liabilities before acquisition	13,928
a	38,739
Net identifiable assets of Cheminvest Deri Kimyasalları Sanayii ve Tic. (%100)	13,949
Net identifiable assets of Oxyvit Kimya Sanayii ve Tic. AŞ. (%50'si)	13,928
b	27,877
Goodwill (a-b)	10,862
Total cash in paid (USD 7,000 thousand)	25,077
Cash and cash equivalents acquired	(9,022)
– Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş.	(1)
– Oxyvit Kimya Sanayii ve Tic. A.Ş.	(9,021)
Net cash outflow as of 31 December 2017	16,055

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

4. Interests in Other Entities

The Group presents the disclosures related to the changes in ownership rates that do not result in control ceases in the subsidiaries in Note 27.

The disclosures related to Company's subsidiaries, business associations and affiliate's names, affiliated country and ownership rates presented in Note 1.

The share prices and market values of the Group's quoted entities in Borsa İstanbul A.Ş. (the "BIST") are as follows:

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

31 December 2017	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	4.70	4.70	10,575,000
Trakya Cam Sanayii A.Ş.	4.58	4.62	5,220,600
Anadolu Cam Sanayii A.Ş.	2.63	2.63	1,972,500
Soda Sanayii A.Ş.	5.03	5.04	4,536,000
Denizli Cam Sanayii ve Tic. A.Ş.	11.83	11.83	70,980

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

4. Interests in Other Entities (Continued)

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

The statement of the financial position as of 31 December 2018

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

4. Interests in Other Entities (Continued)

The statement of the financial position as of 31 December 2017

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	3,105,793	1,521,641	1,630,714	37,804
Non-current assets	4,915,532	2,661,423	2,249,975	54,450
Total Assets	8,021,325	4,183,064	3,880,689	92,254
Current liabilities	1,526,220	1,277,983	379,071	34,989
Non-current liabilities	2,138,930	1,012,818	309,171	7,807
Total Liabilities	3,665,150	2,290,801	688,242	42,796
Non-controlling interests	346,210	-	4,522	-
Net assets of the company	4,009,965	1,892,263	3,187,925	49,458
Dividend paid to non-controlling interests	14,400	-	1,124	-

Profit/Loss for the period between 1 January and 31 December 2017

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

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

Cash flows from operating activities	667,579	376,218	404,193	2,890
Cash flows from investing activities	(349,288)	(414,414)	(479,983)	7,679
Cash flows from financing activities	(242,514)	(267,754)	(222,706)	(10,199)
Before currency translation difference	75,777	(305,950)	(298,496)	370
Currency translation differences	162,189	84,852	110,854	(182)
Change in cash and cash equivalents	237,966	(221,098)	(187,642)	188
Cash and cash equivalents at the beginning	1,152,391	788,789	969,867	56
Cash and cash equivalents at the end	1,390,357	567,691	782,225	244

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

5. Segment Reporting

a) Operational segments

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

(*) EBITDA is not defined by TAS. The Group defined EBITDA as profit before interest, tax depreciation and amortization, EBITDA figures above are disclosed separately with the purpose of a better understanding and measurement of the Group's operational performance by the Group management.

The Statement of Financial position (31 December 2018)

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

5. Segment Reporting (Continued)

a) Operational Segments (Continued)

1 January-31 December 2017	Flat glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net sales – third parties	4,302,284	1,953,607	2,405,824	2,321,451	335,329	-	11,318,495
Net sales - intergroup	28,879	2,171	5,014	595,332	638,544	(1,269,940)	-
Revenue	4,331,163	1,955,778	2,410,838	2,916,783	973,873	(1,269,940)	11,318,495
Total costs	(2,930,873)	(1,294,604)	(1,739,247)	(1,911,589)	(890,764)	1,078,924	(7,688,153)
Gross profit	1,400,290	661,174	671,591	1,005,194	83,109	(191,016)	3,630,342
Operating expenses	(817,702)	(594,527)	(424,859)	(455,285)	(79,721)	220,039	(2,152,056)
Other operating income	257,731	101,630	72,842	111,325	25,610	(17,042)	552,096
Other operating expenses	(130,484)	(53,779)	(67,078)	(80,217)	(18,581)	3,763	(346,376)
Income from investments in associates and joint ventures	41,033	-	37,911	92,526	-	610	172,080
Operating profit/ (loss)	750,868	114,498	290,407	673,543	10,417	16,354	1,856,087
Income from investing activities	124,185	7,491	38,112	80,380	213,513	(119,645)	344,036
Loss from investing activities	(2,954)	(2,526)	(9,383)	(33,675)	(7,016)	7,016	(48,538)
Other valuation gains / (losses)	-	-	-	-	-	-	-
Operating profit before financial income and expense	872,099	119,463	319,136	720,248	216,914	(96,275)	2,151,585
Financial income	285,942	68,760	282,726	294,223	227,655	(134,630)	1,024,676
Financial expenses	(365,323)	(201,066)	(417,620)	(195,256)	(193,303)	138,071	(1,234,497)
Profit before tax from continued operations	792,718	(12,843)	184,242	819,215	251,266	(92,834)	1,941,764
Tax income/ (expense) for the period	(133,441)	26,398	471	(82,200)	(12,616)	(3,420)	(204,808)
Profit for the period from continued operations	659,277	13,555	184,713	737,015	238,650	(96,254)	1,736,956
Purchases of tangible and intangible assets	232,733	144,349	305,626	144,852	56,775	-	884,335
Depreciation and amortization charges (-)	(307,295)	(168,076)	(296,466)	(158,653)	(37,684)	-	(968,174)
Earnings before interest, taxes, depreciation (EBITDA)	1,179,394	287,539	615,602	878,901	254,598	(96,275)	3,119,759
The Statement of Financial position (31 December 2017)							
Total Assets	8,329,263	3,312,361	4,171,201	4,492,295	4,678,403	(3,676,030)	21,307,493
- Investments accounted for under equity accounting	354,203	-	-	357,905	-	-	712,108
- Deferred tax asset	52,516	73,949	184,441	16,788	913	-	328,607
Total Liabilities	3,729,622	1,604,906	2,290,942	804,692	1,583,244	(1,768,328)	8,245,078
- Deferred tax liabilities	70,795	14,384	1,125	11,117	32,422	(3,745)	126,098

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

5. Segment Reporting (Continued)

b) Geographical segments

1 January -31 December 2018	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net sales – third parties	9,534,802	2,141,742	3,614,850	258,920	15,550,314	-	15,550,314
Net sales – intergroup	435,837	51,774	382,452	91,178	961,241	(961,241)	-
Total net sales (*)	9,970,639	2,193,516	3,997,302	350,098	16,511,555	(961,241)	15,550,314
Cost of sales	(6,482,317)	(1,515,561)	(3,033,266)	(261,048)	(11,292,192)	899,284	(10,392,908)
Gross profit	3,488,322	677,955	964,036	89,050	5,219,363	(61,957)	5,157,406
Operating expenses	(1,646,973)	(393,666)	(803,963)	(89,069)	(2,933,671)	111,801	(2,821,870)
Other operating income	1,002,288	47,465	134,818	7,913	1,192,484	(66,547)	1,125,937
Other operating expenses	(531,526)	(46,660)	(35,196)	(2,443)	(615,825)	9,467	(606,358)
Income from investments in associates and joint ventures	5,297	-	127,457	-	132,754	-	132,754
Operating profit/ (loss)	2,317,408	285,094	387,152	5,451	2,995,105	(7,236)	2,987,869
Income from investing activities	1,116,972	10,699	5,247	153,338	1,286,256	(158,692)	1,127,564
Loss from investing activities	(239,085)	(29,709)	(831)	(96,727)	(366,350)	-	(366,350)
Other valuation gains / (losses)	92,233	(187)	-	-	92,046	-	92,046
Operating profit before financial income and expense	3,287,530	265,897	391,568	62,062	4,007,057	(165,928)	3,841,129
Financial income	1,953,477	87,665	32,150	479	2,073,771	(16,028)	2,057,743
Financial expenses	(2,144,046)	(230,598)	(69,660)	(12,875)	(2,457,179)	25,703	(2,431,476)
Profit before tax from continued operations	3,096,961	122,964	354,058	49,666	3,623,649	(156,253)	3,467,396
Tax income/ (expense) for the period	(34,198)	(18,396)	(42,503)	1,377	(93,720)	-	(93,720)
Profit for the period	3,062,763	104,568	311,555	51,043	3,529,929	(156,253)	3,373,676
Purchases of tangible and intangible assets	1,653,097	187,403	275,900	51,030	2,167,430	-	2,167,430
Depreciation and amortization charges (-)	(488,118)	(238,337)	(298,467)	(23,633)	(1,048,555)	-	(1,048,555)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3,775,648	504,234	690,035	85,695	5,055,612	(165,928)	4,889,684

Statement of Financial position (31 December 2018)

Total assets	21,452,502	3,437,748	9,995,228	1,020,780	35,907,258	(8,139,702)	27,767,556
- Investments accounted for under equity method	40,753	-	586,142	-	626,895	-	626,895
- Deferred tax assets	631,957	130,103	17,063	326	779,449	-	779,449
Total Liabilities	6,494,193	1,815,653	3,183,343	309,465	11,802,654	(761,872)	11,040,782
- Deferred tax liabilities	191,281	16,048	21,509	5,764	234,602	-	234,602

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

5. Segment Reporting (Continued)

b) Geographical segments (Continued)

	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
1 January-31 December 2017							
Net sales – third parties	7,212,506	1,547,152	2,545,814	13,023	11,318,495	-	11,318,495
Net sales - intergroup	265,882	19,466	250,260	23,117	558,725	(558,725)	-
Total net sales (*)	7,478,388	1,566,618	2,796,074	36,140	11,877,220	(558,725)	11,318,495
Cost of sales	(4,939,192)	(1,128,358)	(2,127,544)	(22,236)	(8,217,330)	529,177	(7,688,153)
Gross profit	2,539,196	438,260	668,530	13,904	3,659,890	(29,548)	3,630,342
Operating expenses	(1,361,744)	(289,495)	(544,816)	(17,646)	(2,213,701)	61,646	(2,152,055)
Other operating income	462,561	40,070	82,062	368	585,061	(32,965)	552,096
Other operating expenses	(277,768)	(40,825)	(29,162)	(291)	(348,046)	1,670	(346,376)
Income from investments in associates and joint ventures	66,535	-	105,545	-	172,080	-	172,080
Operating profit/ (loss)	1,428,780	148,010	282,159	(3,665)	1,855,284	803	1,856,087
Income from investing activities	554,304	5,816	1,220	-	561,340	(217,304)	344,036
Loss from investing activities	(38,185)	(10,330)	(23)	-	(48,538)	-	(48,538)
Other valuation gains / (losses)	-	-	-	-	-	-	-
Operating profit before financial income and expense	1,944,899	143,496	283,356	(3,665)	2,368,086	(216,501)	2,151,585
Financial income	891,200	129,956	9,480	-	1,030,636	(5,960)	1,024,676
Financial expenses	(883,694)	(305,408)	(51,901)	(2,062)	(1,243,065)	8,568	(1,234,497)
Profit before tax from continued operations	1,952,405	(31,956)	240,935	(5,727)	2,155,657	(213,893)	1,941,764
Tax income/ (expense) for the period	(162,255)	(14,118)	(28,166)	(269)	(204,808)	-	(204,808)
Profit for the period	1,790,150	(46,074)	212,769	(5,996)	1,950,849	(213,893)	1,736,956
Purchases of tangible and intangible assets	576,477	122,345	170,158	15,355	884,335	-	884,335
Depreciation and amortization charges (-)	(502,482)	(219,823)	(244,717)	(1,152)	(968,174)	-	(968,174)
Earnings before interest, taxes, Depreciation and amortization (EBITDA)	2,447,381	363,319	528,073	(2,513)	3,336,260	(216,501)	3,119,759
Statement of Financial position (31 December 2017)							
Total assets	17,064,073	2,843,955	7,256,888	113,804	27,278,720	(5,971,227)	21,307,493
- Investments accounted for under equity method	287,355	-	424,753	-	712,108	-	712,108
- Deferred tax assets	193,407	122,887	12,313	-	328,607	-	328,607
Total liabilities	4,392,676	1,646,120	2,522,340	117,124	8,678,260	(433,182)	8,245,078
- Deferred tax liabilities	110,062	2,391	13,630	15	126,098	-	126,098

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

6. Cash and Cash Equivalents

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

Time deposits

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

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

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

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

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

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

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

7. Financial Assets

a) Current financial asset

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

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

b) Non-current financial asset

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

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

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

Financial investment not traded in an active market	Rate of Share (%)	31 December 2018	Rate of Share (%)	31 December 2017
Bosen Enerji Elek. Üret.Oto.Pro.Grb. A.Ş.	<1	2	<1	2
Çukurova İnşaat Mak. Sanayii ve Tic. A.Ş.	<1	1	<1	1
		3		3

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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7. Financial Assets (Continued)

Financial assets measured at amortized cost

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

7. Financial Assets (Continued)

Financial assets measured at amortized cost (Continued)

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

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

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

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

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

The movement of impairment on financial investments is as follows:

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

7. Financial Assets (Continued)

Financial assets measured at amortized cost (Continued)

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

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

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

Bond issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3,375	01.11.2022
Arçelik A.Ş.	XS0910932788	5,000	03.04.2023
Finansbank A.Ş.	XS1613091500	4,875	19.05.2022
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15.10.2025
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13.09.2022
Türkiye Halk Bankası A.Ş.	XS1439838548	5,000	13.07.2021
Türkiye Halk Bankası A.Ş.	XS1188073081	4,750	11.02.2021
Türkiye Halk Bankası A.Ş.	XS0882347072	3,875	05.02.2020
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1496463297	5,375	24.10.2023
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1345632811	5,375	08.02.2021
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	XS1028943089	5,000	23.09.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	06.10.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	25.06.2021
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	21.04.2022
Türkiye İş Bankası A.Ş.	XS1578203462	6,125	25.04.2024
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,375	30.10.2019
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	18.05.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22.04.2020
Türkiye Vakıflar Bankası T.A.O.	XS0849728190	6,000	01.11.2022
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5,500	27.10.2021
Türkiye Vakıflar Bankası T.A.O.	XS1622626379	5,625	30.05.2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4,000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5,125	22.10.2019
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5,750	24.02.2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5,850	21.06.2024
Ziraat Bankası A.Ş.	XS1223394914	4,750	29.04.2021
Ziraat Bankası A.Ş.	XS1605397394	5,125	03.05.2022

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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8. Borrowings

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

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

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

Moody's

- On 22 March 2017 press release, Moody's has affirmed long-term issuer rating of the Company as "Ba1" with outlook as "Stable". The rating was triggered by Moody's recent decision to change the outlook on Turkey's government issuer rating to "Negative" from "Stable" on 18 March 2017. In its press release, Moody's has underlined that the Company's strong financial structure, liquidity profile, low leverage, its competitive position in the Turkish market and also continuously increasing international sales reaching 55% of total revenues by the end of 2016 have been the main rationale behind the affirmation of the rating and the outlook decision.

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

- Based on its statement dated 8 February 2017, S&P, in accordance with the outlook revision of our main shareholder, Türkiye İş Bankası A.Ş. in relation with negative outlook of Turkey, revised the Company's outlook from "Stable" to "Negative" on 10 February 2017 while it affirmed the Company's credit rating at "BB".
- In its report dated September 14. 2017. International Credit Rating Agency Standard & Poor's Rating Services (S & P) confirmed our Company's long-term foreign currency credit rating as BB and the outlook as "negative".

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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8. Borrowings (Continued)

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

Moody's

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

Fitch Ratings

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

8. Borrowings (Continued)

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

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

The coupon interest rate of the issued bonds amounting to TRY2,641,934 thousand is 4.25% (effective interest rate is 4.415%) and coupon interest payments are made in equal installments every six months. (31 December 2017: TRY1,891,284 thousand).

The financial leases of TRY420 thousand are paid up in equal monthly instalments (31 December 2017: TRY942 thousand).

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

Financial liabilities movements for the period between 1 January and 31 December 2018 are summarized as below:

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

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

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

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

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

8. Borrowings (Continued)

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

Bank Borrowings	Capital	Interest	Commission	Total
Beginning at the period - 1 January	4,000,619	21,708	(6,326)	4,016,001
Borrowed –accrued during the period	1,948,274	252,479	(3,857)	2,196,896
Currency translation differences	463,196	2,018	(424)	464,790
Foreign exchange gain/ (loss)	164,272	-	-	164,272
Effect of change in consolidation method	4,095	-	-	4,095
Payments – reversals during the period	(2,587,566)	(259,904)	5,933	(2,841,537)
31 December 2017	3,992,890	16,301	(4,674)	4,004,517

Bond issued	Capital	Interest	Discount on Bonds	Commission	Total
Beginning at the period - 1 January	1,759,600	7,409	(3,452)	(1,395)	1,762,162
Foreign exchange gain/ (loss)	126,350	-	-	-	126,350
Accrued during the period	-	80,152	-	-	80,152
Payments-reversals during the period	-	(78,761)	973	408	(77,380)
31 December 2017	1,885,950	8,800	(2,479)	(987)	1,891,284

On 9 May 2013, the Group issued 7 year term, fixed interest bonds amounting to USD 500.000 thousand with the maturity date of May 2020. The interest rate for the bonds was determined as 4.25%. The capital payment of the bond would be made at maturity date.

The amounts were transferred on 9 May 2013 to the bank accounts of our subsidiaries which provided a guarantee for capital, interest and similar payments in relation to the issue of the bonds (USD 250.000 thousand of Trakya Cam Sanayii A.Ş. USD 100.000 thousand of Anadolu Cam Sanayii A.Ş. and USD 50.000 thousand of Soda Sanayii A.Ş.) under the same terms and circumstances.

The Company quoted the bond amounting to USD 407,210 thousand with the code of ISIN: XS0927634807 issued under Regulation S and the bond amounting to USD 92,790 thousand with the code of ISIN: US90016AAA88, issued under Rule 144A on the Irish Stock Exchange and the issue certificate of the notes was provided by the CMB on 3 May 2013 and approved on 30 April 2013 with decision no 15/487. Citigroup. BNP Paribas. J.P. Morgan and HSBC acted as agencies for the issue of the bond. The procedures related to the sale of the bonds to foreign qualified investors were completed on 9 May 2013. The central safekeeping institutions of traded securities are Euroclear and Clearstream.

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

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

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8. Borrowings (Continued)

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

31 December 2018

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

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

31 December 2017

Currency	Maturity	Interest range (%) (*)	Short Term	Long Term	Total
Euro	2018-2026	Euribor+1,10-6.00	1,367,738	1,337,268	2,705,006
US Dollars	2018-2026	Libor+1,15-5.95	61,525	2,025,609	2,087,134
Russian Rubles	2018-2021	8,85-12.51	449,056	357,278	806,334
Turkish Lira	2018-2023	12,66-16.10	22,152	207,000	229,152
Ukrainian Hryvnia	2018-2021	15.50-21.50	45,452	14,165	59,617
Egyptian Pound	2018	22.00	9,500	-	9,500
			1,955,423	3,941,320	5,896,743

(*) Presents the lower and upper rates and the weighted average interest rate for EUR is Euribor + 2.35%, for USD is Libor + 2.37%, for RUB is Mosprime + 3.10%, for UAH is 15.80% and for TRY is +2.15 (average effective annual interest rates for EUR, USD, RUB, UAH, EGP and TRY are 2.32%, 4.14%, 11.19%, 15.80%, 22% and 14.10% respectively).

The redemption schedule of the financial liabilities is as follows:

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

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

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9. Other Financial Liabilities

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

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

10. Trade Receivables and Payables

Trade Receivables

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

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

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

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

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

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

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10. Other Receivables and Payables (Continued)

Trade Receivables (Continued)

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

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

The Group has recognized allowance for doubtful receivables that has no recoverability. Allowance for doubtful receivables is determined based on the past experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date.

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

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

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

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

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

The Group has received the following collaterals for trade receivables:

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

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10. Trade Receivables and Payables (Continued)

Trade Receivables

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

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

Trade Payable

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

11. Other Receivables and Payables

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

The movement of other doubtful receivables is as follows:

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

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11. Other Receivables and Payables (Continued)

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

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

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

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

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

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

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

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

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12 Derivative Instruments

The Group has performed following transactions for cash flow hedging.

- The Group entered into a loan agreement with Rabobank in 10 September 2016 and fixed the interest rates of variable interest rated loans that were denominated in Euro along the maturity with the purpose of hedging the liability position of the companies located in Russia and operating under glass packaging segment with their asset position in terms currency and fix interest rates. Hedging instruments include. interest rates swaps converting floating rate of Libor+2.50% to fixed rate of 12.71% with 3-month intervals for a Euro denominated borrowing of EUR 75.000 thousand with 2 year term and cross currency swaps converting Euro denominated capital and interest payables into Russian Ruble denominated ones. As of 9 April 2018, it has been realized.
- On June 12, 2018 and June 20, 2018, The Group purchased Citibank N.A. to hedge its commodity and foreign currency risks arising from gas storage and purchase transactions and signed a contract with London Branch. An agreement was made to pay US \$ 6.463 thousand (average unit price per thousand cm3 USD 258.50) for 25 million cm3 natural gas purchase. The half amount of the contract was realized as of December 31, 2018 and the other half will realize 1 April 2019.

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

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

The distribution of derivative instruments is as follows:

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

The transactions related to derivative instruments are as follows:

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

(*) 12,676 thousand TRY foreign exchange difference income was recognized in the consolidated profit and loss statement of which TRY 14,824 exchange rate difference gain is under finance income and TRY 2,148 foreign exchange loss expense under other operating expenses in the period between 1 January-31 December 2018. (From 1 January – 31 December 2017. 25,179 thousand TRY foreign exchange difference income was recognized in the consolidated profit and loss statement of which TRY 1,786 exchange rate difference gain is under other operating income and TRY 23,393 foreign exchange loss expense under finance expense)

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13. Inventories

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

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

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

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

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

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14. Prepaid Expenses and Deferred Income (Continued)

Prepaid Expenses (Continued)

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

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

Deferred Income

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

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

(*) TRY 10.327 thousand of the short term deferred income and 66.834 of long term deferred income is related to the government incentive provided by the Romanian government to Glasscorp SA and Bulgarian government to Trakya Glass Bulgaria EAD and Paşabahçe Bulgaria EAD (31 December 2017: in TRY 11.179 thousand of deferred income consists of the government incentives.)

15. Construction Contracts

None (31 December 2017: None).

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16. Joint Ventures and Associates

Net asset values of joint ventures and associates accounted for using equity method presented in the financial position of the associates are as follows:

Joint Ventures

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

Associates

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

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

Joint Ventures

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

Associates

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

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16. Joint Ventures and Associates (Continued)

Dividend income from joint ventures are as follows:

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

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

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

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

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

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

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. subsidiary of the company, paid TRY14.515 thousand amount of dividend as cash on 7 April 2017 according to Shareholders Ordinary General Assembly Resolution met on 20 March 2017.

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

Oxyvit Kimya Sanayii ve Tic. A.Ş. paid TRY3.480 thousand amount of dividend as cash on 27 March 2017 with regards to the payment commitment until 30 April 2017 decided on Shareholders Ordinary General Assembly Meeting on 22 March 2017.

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16. Joint Ventures and Associates (Continued)

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

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

	13 June 2018	31 December 2017
Current assets	102,236	133,968
Non-current assets	524,628	497,098
Total Assets	626,864	631,066
Current liabilities	36,260	45,438
Non-current liabilities	1,690	69,833
Total liabilities	37,950	115,271
Net asset (including goodwill)	588,914	515,795
Group's share (%)		
– Direct and indirect ownership rate (%)	50,00	50,00
– Effective ownership rate (%)	34,73	34,73
Group's share in net assets	294,457	257,897
	1 January- 13 June 2018	1 January- 31 December 2017
Revenue	162,051	303,280
Profit from continuing operations (or loss)	7,903	44,158
Other comprehensive income (expense)	65,216	59,733
Total comprehensive income/ (expense)	73,119	103,891
The Group's share in profit/ (loss) from continuing operations	3,951	22,079

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

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16. Joint Ventures and Associates (Continued)

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

Rudnik Krechnjaka Vijenac D.O.O.

	31 December 2018	31 December 2017
Current assets	8,184	7,335
Non-current assets	80,310	60,969
Total Assets	88,494	68,304
Current liabilities	5,791	8,525
Non-Current liabilities	1,196	862
Total liabilities	6,987	9,387
Net Assets (including goodwill)	81,507	58,917
Group's share (%)		
– Direct and indirect ownership rate %	50,00	50,00
– Effective ownership rate (%)	50,00	50,00
Group's share in net assets(including goodwill)	40,753	29,458
	1 January- 31 December 2018	1 January - 31 December 2017
Revenue	28,757	20,216
Profit from continuing operations	2,691	888
Other comprehensive income	19,900	10,423
Total comprehensive income/(loss)	22,591	11,311
The Group's share in profit/(loss) from continuing operations	1,346	444

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

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

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16. Joint Ventures and Associates (Continued)

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

Solvay Şişecam Holding AG

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

Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97.95% direct and indirect ownership of Solvay Sodi A.D. which was founded based on Bulgarian Republic laws and located in Devnya, Bulgaria.

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

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

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

16. Joint Ventures and Associates (Continued)

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

Saint Gobain Glass Egypt S.A.E

	31 December 2018	31 December 2017
Current Assets	365,805	118,702
Non-current assets	411,109	243,857
Total Assets	776,914	362,559
Current liabilities	193,041	29,321
Non-current liabilities	8,205	12,219
Total Liabilities	201,246	41,540
Net asset (including goodwill)	575,668	321,019
Group's share (%)		
– Direct and indirect ownership ratio (%)	30,00	30,00
– Effective ownership ratio (%)	20,84	20,84
Group's share in net assets (including goodwill)	172,700	96,306
	1 January- 31 December 2018	1 January- 31 December 2017
Revenue	217,486	277,092
Profit from continuing operations	122,499	63,184
Other comprehensive income/ (loss)	132,150	25,723
Total comprehensive income/ (loss)	254,649	88,907
The Group's share in profit/ (loss) from continuing operations	36,750	18,955

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

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17. Investment Properties

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

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

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

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

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

All investment properties are located in Turkey.

Rental income generated from investment properties is TRY 861 thousand and maintenance and repair expense has been recognized as TRY210 thousand.

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

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

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18. Property, Plant and Equipment

Asset Group Acquisition:

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

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

The Group has established a new company, namely Paşabahçe Egypt Glass Manufacturing S.A.E. in Egypt, that has completed negotiations on the "Asset Transfer Agreement" with Pearl for Glass Manufacturing S.A.E. in Egypt and took over Pearl for Glass Manufacturing SAE's assets with an amount of USD 18.000 thousand as of October 1, 2017. The relevant acquisition is based on the asset acquisition agreement.

Reaching to lower labor costs and raw materials prices compared to Turkey and selling to Middle East, Africa and North America with better customs and tax rates was the reason for the acquisition that strengthen the growth strategy of the Group in the Middle East and Africa.

There are no intangible assets such as the company name, brand, customer and supplier etc. within the asset group which were acquired. For the group's know-how transfers, especially in plants in Turkey, qualified employees will ensure the establishment of manufacturing operations at this facility on a contractual basis

Without any process, procedure or system taken over; processes that are adopted in other factories of the Group's "Glassware Group" are transferred to the working team in question. Procedures applied in the Group will be translated into Arabic.

The products which are the basic output of the plant will be sold completely to their customers at the discretion of "Glassware Group".

Goodwill is not accounted under the "IFRS-3 Business Combinations" accounting standard since the asset group acquired for the reasons above-mentioned, the transaction does not meet of the business definition.

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

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

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

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

18. Property, Plant and Equipment (Continued)

Cost	Lands	Land improvements	Buildings	Machinery and equipments	Vehicles	fixtures	Other fixed assets	Construction in progress	Total
1 January	1,550,224	511,545	2,812,622	10,820,289	87,213	419,447	953,294	362,451	17,517,085
Classifications (*)	(1,718)	(1,560)	23,071	1,084	-	-	-	-	20,877
Currency translation differences	47,271	45,347	479,203	1,281,258	20,353	32,491	76,561	54,975	2,037,459
Effect of change in consolidation method (Note 3)	61,422	-	123,022	292,338	1,878	1,742	3,157	49	483,608
Impact of the business combinations (Note 3)	2,907	-	28,943	37,847	469	63	-	-	70,229
Effect of change in consolidation scope (Note 27)	-	-	-	1,107	187	656	836	-	2,786
Additions (**)	13,509	851	13,178	55,750	372	9,308	73,002	1,944,802	2,110,772
Disposals	(18,157)	(30)	(6,670)	(225,527)	(2,067)	(14,279)	(70,075)	-	(336,805)
Revaluation (***)	248,477	-	(111,005)	-	-	-	-	-	137,472
Transfers from construction in progress	-	35,853	93,389	727,414	9,692	41,872	119,608	(1,061,421)	(33,593)
Transfers to investment properties	(119,177)	-	(736)	-	-	-	-	-	(119,913)
Transfers to mine assets	(91,855)	-	-	-	-	-	-	-	(91,855)
December 31, 2018 closing balance	1,692,903	592,006	3,455,017	12,991,560	118,097	491,300	1,156,383	1,300,856	21,798,122
Accumulated depreciation and impairment									
1 January	(13,325)	(292,543)	(256,726)	(6,769,230)	(63,623)	(283,815)	(638,281)	-	(8,317,543)
Classifications (*)	1,964	2,173	(19,110)	(5,904)	-	-	-	-	(20,877)
Currency translation differences	(2,898)	(19,266)	(46,063)	(664,492)	(14,046)	(21,754)	(47,943)	-	(816,462)
Effect of change in consolidation method (Note 3)	(1,796)	-	(15,008)	(233,038)	(1,210)	(1,207)	(2,711)	-	(254,970)
Effect of change in consolidation scope (Note 27))	-	-	-	(80)	(2)	(432)	(459)	-	(973)
Period expense (****)	-	(29,954)	(121,190)	(682,375)	(8,586)	(36,598)	(128,367)	-	(1,007,070)
Provision for impairment	(176)	-	-	-	-	-	-	-	(176)
Disposals	-	30	825	193,798	1,895	12,148	50,780	-	259,476
Revaluation(****)	16,231	-	393,921	-	-	-	-	-	410,152
December 31, 2018 closing balance	-	(339,560)	(63,351)	(8,161,321)	(85,572)	(331,658)	(766,981)	-	(9,748,443)
Net Book Value as of 31 December 2018	1,692,903	252,446	3,391,666	4,830,239	32,525	159,642	389,402	1,300,856	12,049,679
Net Book Value as of 31 December 2017	1,536,899	219,002	2,556,896	4,051,059	23,590	135,632	315,013	362,451	9,199,642

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

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

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

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

The net book value of buildings, machinery and equipment acquired through financial leasing amounted to EUR 1,090 - equivalentTRY6,573 thousand. (EUR 1,245 - equivalentTRY5,624 thousand as of December 31, 2017). The Group has not acquired any property plant equipment via financial leasing during the period. The Group has no mortgage over lands and buildings due to bank borrowings exist (January 1- December 31, 2017: None).

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

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

18. Property, Plant and Equipment (Continued)

Cost	Lands	Land improvements	Buildings	Machinery and equipments	Vehicles	fixtures	Other fixed Assets	Construction in progress	Total
1 January	1,534,594	457,118	2,479,253	9,791,992	74,675	526,238	727,125	316,562	15,907,557
Classifications (*)	(4,273)	6,522	4,102	37,013	16	(143,283)	99,657	-	(246)
Currency translation differences	20,845	28,916	261,238	663,133	10,784	17,664	44,518	32,872	1,079,960
Subsidiary sales effect (Note 27)	(22,600)	(1,128)	(14,212)	(65,332)	-	(5,455)	-	-	(108,727)
Effect of business combinations (Note 3)	3,829	1,228	1,579	22,188	32	488	-	725	30,069
Asset group purchase effect	2,594	-	19,784	41,493	-	66	-	-	63,937
Additions	6	424	1,534	36,918	2,323	12,248	23,302	778,070	854,825
Disposals	-	(162)	(9,524)	(192,415)	(2,685)	(22,313)	(77,611)	-	(304,710)
Transfers to investment properties	(5,580)	-	-	-	-	-	-	-	(5,580)
Transfers from construction in progress	20,809	18,627	68,868	485,299	2,068	33,804	136,303	(765,778)	-
December 31, 2017 closing balance	1,550,224	511,545	2,512,622	10,820,289	87,213	419,447	953,294	362,451	17,517,085
Accumulated depreciation and impairment									
1 January	(11,327)	(253,496)	(138,971)	(5,984,698)	(51,172)	(352,092)	(482,475)	-	(7,274,231)
Classifications (*)	-	428	(4,031)	(28,163)	(16)	91,207	(63,452)	-	(4,027)
Currency translation differences	(1,998)	(12,352)	(19,844)	(321,220)	(7,106)	(11,727)	(28,105)	-	(402,352)
Subsidiary sales effect	-	459	610	59,711	-	3,601	-	-	64,381
Effect of business combinations (Note 3)	-	(359)	(76)	(15,961)	(32)	(366)	-	-	(16,794)
Period Expenses (**)	-	(27,346)	(95,285)	(645,691)	(7,829)	(35,957)	(115,197)	-	(927,305)
Disposals	-	123	871	171,692	2,532	21,519	50,948	-	247,685
Provision for impairment	-	-	-	(4,900)	-	-	-	-	(4,900)
December 31, 2017 closing balance	(13,325)	(292,543)	(256,726)	(6,769,230)	(63,623)	(283,815)	(638,281)	-	(8,317,543)
Net Book Value as of 31 December 2017	1,536,899	219,002	2,555,896	4,051,059	23,590	135,632	315,013	362,451	9,199,542
Net Book Value as of 31 December 2016	1,523,267	203,622	2,340,282	3,807,294	23,503	174,146	244,650	316,562	8,633,326

(*) The Group reconsidered property, plant and equipment including the fully amortized and performed reclassifications and offsetting in the related accounts. The related changes have no impact on profit/(loss).
(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

The net book value of the buildings and facilities, machinery and equipment acquired through financial leasing amounted to EUR 1,304 thousand equivalent TRY 5,467 thousand (EUR 1,510 thousand equivalent TRY 5,603 thousand as of December 31, 2015). No financial leasing has been made in the period.

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

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19. Intangible Assets

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

Cost	Rights	Capitalized		Other	Total
		Mine Assets	Development Cost		
1 January	159,211	13,135	83,411	28,624	284,381
Classifications (*)	-	-	-	4,273	4,273
Currency translation differences	14,151	-	-	2,913	17,064
Subsidiary sales effect (Note 27)	(221)	-	-	(19)	(240)
Effects of business combinations (Note 3)	208	-	-	5	213
Additions	23,521	-	5,623	366	29,510
Disposals	(344)	-	-	(131)	(475)
December 31, 2017 closing balance	196,526	13,135	89,034	36,031	334,726
Accumulated depreciation and impairment					
1 January	(115,900)	(8,228)	(38,768)	(12,035)	(174,931)
Currency translation differences	(12,331)	-	-	(2,035)	(14,366)
Subsidiary sales effect	147	-	-	19	166
Effects of business combinations (Note 3)	(197)	-	-	(5)	(202)
Period expenses (**)	(21,058)	(725)	(14,583)	(4,503)	(40,869)
Disposals	344	-	-	6	350
December 31, 2017 closing balance	(148,995)	(8,953)	(53,351)	(18,553)	(229,852)
Net Book Value as of 31 December 2017	47,531	4,182	35,683	17,478	104,874
Net Book Value as of 31 December 2016	43,311	4,907	44,643	16,589	109,450

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

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

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20. Goodwill

The movement of goodwill balance is as follows:

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

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

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

21. Government Grants

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

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

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

21. Government Grants (Continued)

Reduced Corporate Tax Application (Investment Incentives)

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

Export Operations and Other Foreign Exchange Earning Activities

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

Turquality

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

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

are supported within certain limits.

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

Incentives provided in foreign countries

A memorandum for government incentive was signed between Trakya Glass Bulgaria EAD. Paşabahçe Bulgaria EAD and Ministry of Economy and Energy on behalf of the Republic of Bulgaria under "Regulation of Investment Incentive and Implementation" of Bulgaria and "Government Incentive Legislation" of European Union.

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

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

22. Provisions. Contingent Assets and Liabilities

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

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

The CPMs given by the Company	31 December 2018				
	TRY Equivalents	USD	Euro	RUB	TRY equivalent of TRY and other Currencies
A. CPM's given in the behalf of own company	2,887	-	-	-	2,887
B. CPM's given on behalf of the fully consolidated subsidiaries	3,267,974	34,539	257,079	15,092,524	399,525
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	2,104,360	400,000	-	-	-
i. Total amount of CPM's given on behalf of the parent (*)	2,104,360	400,000	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total	5,375,221	434,539	257,079	15,092,524	402,412

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

(*) On May 9, 2013. The Group issued a bond with 7 year term and nominal amount of USD 500.000 thousand which were transferred to subsidiaries. Trakya Cam Sanayi A.Ş. by USD 250.000 thousand. to Anadolu Cam Sanayii A.Ş. by USD 100.000 thousand and to Soda Sanayii A.Ş. by USD 50.000 thousand. The subsidiaries has guaranteed that principal. interest and similar payment of transferred and benefited amount will be made by itself. In this scope, aforementioned subsidiaries has guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

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

22. Provisions. Contingent Assets and Liabilities (Continued)

The CPMs given by the Company	31 December 2017				
	TRY Equivalent	USD	Euro	RUB	TRY equivalent of TRY and other Currencies
A. CPM's given in the behalf of own company	40,441	10,000	-	-	2,722
B. CPM's given on behalf of the fully consolidated companies	3,121,880	46,168	444,753	10,866,131	232,398
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	1,508,760	400,000	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	1,508,760	400,000	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total	4,671,081	456,168	444,753	10,866,131	235,120

Percentage of other CPM's given by the Company to the Company's Equity is 11.55% as of December 31, 2017.

(*) On May 9, 2013. The Group issued a bond with 7 year term and nominal amount of USD 500.000 thousand which were transferred to subsidiaries. Trakya Cam Sanayi A.Ş. by USD 250.000 thousand. to Anadolu Cam Sanayii A.Ş. by USD 100.000 thousand and to Soda Sanayii A.Ş. by USD 50.000 thousand. The subsidiaries has guaranteed that principal. interest and similar payment of transferred and benefited amount will be made by itself. In this scope. The aforementioned subsidiaries has guaranteed to pay the amount transferred to its own legal entity and did not give guarantee for third party benefit.

Put/call option agreements

Put/call option agreements were signed between the Group and European Bank for Reconstruction and Development ("EBRD") on 10 November 2014 and 24 October 2014. Accordingly. Group has call option for Paşabahçe Cam Sanayii ve Tic. A.Ş. ("Paşabahçe") whereas the agreement granted a put option to EBRD. If Paşabahçe will go public until 24 October 2019. the put/call options will be expired.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

22. Provisions. Contingent Assets and Liabilities (Continued)

Short term provisions

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

23. Commitments

According to the agreements with Türkiye Petrolleri Anonim Ortaklığı A.Ş., Shell Enerji A.Ş., Mersin Organize Sanayi Bölgesi, Aygaz Doğal Gaz Toptan Satış A.Ş., Boru Hatları ve Petrol Taşıma A.Ş. (BOTAŞ), Eskişehir Organize Sanayii Bölge Müdürlüğü., Palgaz Doğalgaz A.Ş., Enerya Denizli Gaz Dağıtım A.Ş., Akfel Petrol and Doğalgaz Mühendislik A.Ş., the Group has a purchase commitment of 1.279.444.517 sm³ of natural gas between 1 January 2019 and 31 December 2019 (1 January- 31 December 2018: 1.510.091.673 sm³).

24. Employee Benefits

Short term liabilities for employee benefits

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

Short term provisions for employee benefits

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

Long term provisions for employment benefits

Provision for employee termination benefits

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

24. Employee Benefits (Continued)

Long term provisions for employment benefits (Continued)

Provision for employee termination benefits (Continued)

The amount payable consists of one month's salary limited to a maximum of TRY5.434.42 for each period of service as of 31 December 2018 (31 December 2017: TRY4.732.48). TRY6.017.60 which is effective from 1 January 2019, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2017: TRY5.001.75 which is effective from 1 January 2018).

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

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, the liabilities in the accompanying consolidated financial statements as of 31 December 2018 and 31 December 2017 are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 9.30% (31 December 2017: 6.40%) and a discount rate of 15.20% (31 December 2017: 11.39%), the real discount rate is approximately 5.40% (31 December 2017: 4.69%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 31 December 2018, estimated probability of not leaving work until retirement is 97.98% (31 December 2017: 98.48%).

The movement of the employment termination benefits is as follows:

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

25. Impairment of Assets

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

26. Other Assets and Liabilities

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

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

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

TÜRKİYE İŞİ VE CAM FABRİKALARI A.Ş.

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

27. Capital, Reserves and Other Equity Items

Equity components, "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums" are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code and are presented with in the statutory financial statements. The differences. that are recognized through the valuation made in accordance with CMB Reporting Standards and cannot be subject to dividend distribution or capital increase as of reporting date (such as inflation adjustment differences) and relevant to the paid-in share capital. are associated with "Adjustments to Share Capital" which is under paid-in share capital and the differences resulting from the "Restricted Reserves" and "Share Premiums" are associated with "Retained Earnings".

a) Paid in Capital / Adjustment to Share Capital

The approved and paid-in share capital of the Company consists of 225.000.000 thousand shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

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

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

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

b) Share Premium (Discounts)

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

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

	31 December 2018	31 December 2017
Inceases / (decreases) in revaluation fund	2,018,108	1,585,926
- Revaluation funds of land and buildings	1.606.558	1.258.349
- Revaluation funds of investment properties	411.550	327.577
Remeasurement gain / (loss) funds of defined benefit plans	(13,599)	(24,885)
	2,004,509	1,561,041

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Revaluation funds of land and buildings on revaluation

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Revaluation funds of investment properties

Due to the change in their use, the Group transferred its properties to investment properties which were accounted for under property, plant and equipment previously. The fair value increase recognized during the initial transfer was accounted for under "Gain/Loss on Revaluation and Remeasurement" in equity holders of the parent.

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Remeasurement gain / (loss) funds of defined benefit plans

The amendment in TAS-19 “Employee Benefits” does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income.

The gains and losses arising from the changes in the actuarial assumption have been accounted for by “Remeasurement gain / (loss) funds of defined benefit plans” under the equity.

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

Currency translation differences

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

The movement of currency translation differences is as follows:

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

Hedge reserve

It consists of the effective portion of cumulative change in the fair value of derivative financial instruments related to cash flow hedge.

The movement of hedging reserves is as follows:

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

Revaluation and reclassification gains (losses)

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

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

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

e) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

Legal reserves consist of first and second legal reserves calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application.

Entities publicly traded make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

Legal Reserves. "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

f) Retained Earnings

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

Dividends Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law". principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB. it is stipulated that companies which have the obligation to prepare consolidated financial statements. calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

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

Reserves in the scope of dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below. Provision for taxes in the net profit for the period was calculated based on estimations since the amount had not been certain as of the report date.

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

f) Retained Earnings (Continued)

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

g) Non-controlling interest

Shares of third parties including the issued and paid-in capital of the subsidiaries in consolidation are separately presented for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components. Shares of third parties in the net profit or loss for the period of the subsidiaries in consolidation separately accounted for as non-controlling interests in the distribution of period profit/ (loss) section of the consolidated statement of profit and loss.

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

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

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

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

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

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

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

- A call option agreement with the usage price of TRY2,60 per share and 3,000,000 pieces on Anadolu Cam Sanayii A.Ş.'s. our subsidiary. publicly traded shares was signed between the Group and İş Yatırım Menkul Değerler A.Ş. within the scope of the circular no. 466 of Istanbul Stock Exchange on 28 December 2016. The option was terminated on 4 May 2017 by collecting TRY7,800 thousand.
- A call option agreement with the usage price of TRY3.68 per share and 3,000,000 pieces on publicly traded shares of Anadolu Cam Sanayii A.Ş. which is subsidiary of the Group, was signed between the Group and İş Yatırım Menkul Değerler A.Ş. within the scope of the circular no. 466 of Istanbul Stock Exchange on 4 May 2017. Price and quantity of the aforementioned put option had been revised to 5,067,600 pieces and TRY2,1119 per share as a consequence of capital increase through bonus share issuance and dividend payments occurred in the period. The option was terminated on 17 August 2017 by collecting TRY10.699 thousand.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

g) Non-controlling interest (Continued)

The purchase and sale of shares in subsidiaries and joint ventures within restructuring of the Group companies between 1 January and 31 December 2017:

- The Company sold all of its shares equivalent to 15% and amounting to TRY11,850 thousand at nominal value in Anadolu Cam Yenişehir Sanayi A.Ş. to Anadolu Cam Sanayii AŞ. subsidiary of the Company, at the value of TRY70,271 thousand on 30 March 2017. The value has been determined in accordance with the Appraisal Report prepared by KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and since it is an intergroup transaction, it has no impact on consolidated statement of profit or loss.
- The Company sold all of its shares equivalent to 15% and amounting to TRY43,500 thousand at nominal value in Anadolu Cam Eskişehir Sanayi A.Ş. to Anadolu Cam Sanayii AŞ. subsidiary of the Company, at the value of TRY36,484 thousand on 30 March 2017. The value has been determined in accordance with the Appraisal Report prepared by KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and since it is an intergroup transaction, it has no impact on consolidated statement of profit or loss.
- Denizli Cam Sanayii ve Tic. A.Ş. sold all of its shares equivalent to 19.32% and amounting to TRY1,100 thousand at nominal value in Paşabahçe Mağazaları A.Ş. to Paşabahçe Cam Sanayii. subsidiary of the Company, at the value of TRY9,533 thousand on 4 May 2017. The value has been determined in accordance with the Appraisal Report prepared by KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and since it is an intergroup transaction, it has no impact on consolidated statement of profit or loss.
- The shares in the portfolios of the subsidiaries which are explained in detail below, are purchased in advance with the decision resolved at the Board of Directors' meeting of the Company held on 28 April 2017. After this purchase, companies which are not subject to Capital Markets Board ("CMB") and Energy Market Regulatory Authority ("EMRA") and are under the control of the Group have taken the status of single joint stock company.
 - Cam Elyaf Sanayii A.Ş., Camiştir Madencilik A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. sold all of their shares amounting to TRY21 thousand nominal value in Topkapı Yatırım Holding A.Ş. at the value of TRY27 thousand.
 - Cam Elyaf Sanayii A.Ş. sold all of its shares amounting to TRY5 thousand nominal value in Madencilik Sanayii ve Tic. A.Ş. at the value of TRY73 thousand.
 - Şişecam Dış Ticaret A.Ş. sold all of its shares amounting to TRY2 thousand nominal value in Şişecam Sigorta Aracılık Hizmetleri A.Ş. at the value of TRY18 thousand.
 - Denizli Cam Sanayii ve Tic. A.Ş., Soda Sanayii A.Ş. sold all of its shares amounting to TRY40 thousand nominal value in Camiştir Elektrik Üretim A.Ş. at the value of TRY102 thousand.
 - Paşabahçe Cam Sanayii ve Tic. A.Ş. sold all of its shares amounting to TRY9 thousand nominal value in Camiştir Ambalaj Sanayii A.Ş. at the value of TRY187 thousand.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

g) Non-controlling interest (Continued)

The purchase and sale of shares in subsidiaries and joint ventures within restructuring of the Group companies between 1 January and 31 December 2017 (Continued):

- Camiř Madencilik A.Ş.. sold all of theirs shares amounting toTRY59 thousand nominal value in Anadolu Cam Sanayii A.Ş. at the value ofTRY204 thousand. Furthermore. 38 founder's shares of Anadolu Cam Sanayii A.Ş. which are included in the portfolio of Camiř Madencilik A.Ş. are purchased with the total value ofTRY154 thousand.
 - Camiř Madencilik A.Ş sold all of its shares amounting toTRY197 thousand nominal value in Soda Sanayii A.Ş. at the value ofTRY1,237 thousand.
 - Camiř Madencilik A.Ş. sold all of its shares amounting toTRY3,730 thousand nominal value in Trakya Cam Sanayii A.Ş. at the value ofTRY12,421 thousand.
 - Şiřecam Sigorta Aracılık Hizmetleri A.Ş. sold all of its shares amounting toTRY3 thousand nominal value in Şiřecam Dıř Ticaret A.Ş. at the value ofTRY20 thousand.
 - Şiřecam Sigorta Aracılık Hizmetleri A.Ş. sold all of its shares amounting toTRY1 at nominal value in Camiř Madencilik A.Ş. at the value ofTRY15 thousand
- Oxyvit Kimya Sanayii ve Ticaret A.Ş. which is 5% of the Company's assets with nominal amount ofTRY17 thousand is sold for USD 700 thousand (=TRY 2,470 thousand) to Soda San. A.Ş.. our subsidiary. on 31 July 2017.
 - Merger process of OOO Ruscam. which is one of the subsidiaries of the Group and operates in glass packaging production and sales in Russia. and OOO Ruscam Glass Packaging Holding is approved by local authorities on 9 August 2017.
 - The Group has received approval from the local authorities regarding the merger of OOO Ruscam Glass with OOO Ruscam Glass Packaging Holding on 18 December 2017. which is engaged in glass packaging production and sales in Russia and 100% from our subsidiaries of the Group.
 - Anadolu Cam Sanayii A.Ş.. Anadolu Cam Yeniřehir Sanayi A.Ş. and Anadolu Cam Eskiřehir Sanayi A.Ş. are operating as separate legal entities in glass and glass packaging material and vessels in Turkey. Within the scope of simplifying capital structures of our Group. a decision has been resolved on carrying facilitated merger practices by means of takeover of Anadolu Cam Yeniřehir A.Ş. and Anadolu Cam Eskiřehir Sanayi A.Ş. under the organization of Anadolu Cam Sanayi A.Ş. at the Board of Directors' meeting of Anadolu Cam Sanayii A.Ş. held on 5 September 2017.

Due to Anadolu Cam Sanayii A.Ş. owns 100% of shares of the companies which are to be merged. there has not been change in the application of accounting policies and consolidated financial statements after the merge. The financial statements of Anadolu Cam Sanayii A.Ş. as of 31 December 2016 has been the base in merger transactions. Due to Anadolu Cam Sanayii A.Ş. owns 100% of shares of the companies which are to be transferred. there will be no capital increase after the merger. The text of the announcement noticed by our subsidiary has been approved by the Capital Markets Board on 11 August 2017.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

g) Non-controlling interest (Continued)

The sale of Joint Venture made by the Group companies between 1 January and 31 December 2017:

- Anadolu Cam Sanayii A.Ş. sold all of its shares equivalent to 50% and amounting to TRY1.935 thousand at nominal value in Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. to Omco International N.V.. subsidiary of the Company. at the value of EUR 12,800 thousand (TRY 50,404 thousand) on 12 September 2017.

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

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

The transactions within the scope of business combinations of the Group compaines between 1 January and 31 December 2017:

- Cheminvest Deri Kimyasalları Sanayi ve Ticaret A.Ş. who owns 50% of shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. (whose 45% of shares is owned by Soda Sanayi A.Ş.. our subsidiary, and remaining 5% of shares is owned by our Company) is purchased from Cheminvest S.P.A. located in Italy and other shareholders with USD 7.000 thousand (TRY 24.811 thousand). In accordance with the resolution of the Board of Directors dated 25 July 2017. the Share Transfer Agreement was signed and the transfer of the shares took place accordingly. Subsequently. Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. which is resident in Turkey and %100 owned by Group dissolved by the result of reverse merger of %50 owned Oxyvit Kimya Sanayii ve Ticaret A.Ş. On 19 December 2017 the registration was also declared.

The aforementioned transactions have impacts on the effective capital structures of the related companies' associates and subsidiaries. The impact on the total equity is as follows:

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

h) Impact of disposal of subsidiary

On 28 February 2017, all of the shares of Eskişehir Oluklu Mukavva Sanayi A.Ş. has been sold to Mosburger GmbH belonging to Prinzhorn Holding located in Austria and operating under Dunapack Packaging Group at the amount of USD 50.400 thousand (TRY 180.845 thousand).

The financial position of Eskişehir Oluklu Mukavva Sanayi AŞ as of 31 December 2016 is as follows:

Trade receivables	45,731
Other receivables	9,540
Inventories	31,106
- <i>Raw material</i>	26,026
- <i>Finished goods</i>	4,353
- <i>Work-in progress</i>	651
- <i>Other inventories</i>	76
Prepaid expenses	774
Other current assets	31
Total current assets	87,182
Tangible assets	44,346
Intangible assets	74
Total non-current assets	44,420
Total assets	131,602
Trade payables	7,732
- <i>Creditors</i>	7,763
- <i>Rediscount on notes payables(-)</i>	(31)
Other payables	161
Liabilities for employee benefits	206
Deferred income	5
Short term provisions	9
Other current liabilities	1,081
Total current liabilities	9,194
Long term provisions	6,400
Deferred tax liability	1,252
Total non-current liabilities	7,652
Total liabilities	16,846
A - Net Assets	114,756
B - Sales Amount (= USD 50,400 thousand equivalent)	180,845
C = (B-A) Gain on sale	66,089
Impact of non-controlling interest	2

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

h) Impact of disposal of subsidiary (Continued)

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

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

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

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

Current Assets

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

Non-current Assets

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

Total Assets

45,704

Current Liabilities

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

Net Assets

29,641

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

Attributable to:

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

28. Revenue and Cost of Sales

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

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

30. Expenses by Nature

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

31. Other Operating Income and Expenses

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

32. Income and Loss from Investing Activities

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

- (*) The Group retains the financial assets of the nature of the bonds as held-to-maturity financial assets within a business model aimed at collecting the cash flows of the financial assets. However the bonds which were issued by Türk Telekomünikasyon A.Ş that are not significant in size to change the business model were sold in 2017. In the year 2017TRY2,244 thousand profit has been realized due to the sale of the Türk Telekomünikasyon Bonds which are included in the valuation gains / (losses) on financial assets held until maturity before the due date and this amount has been netted with valuation gain. In addition a profit ofTRY3.424 thousand was obtained from the short term financing bills received in Turkish Lira currency during the period and net amount of "valuation gains on financial assets held to maturity" was netted.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

32. Income and Loss from Investing Activities (continued)

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

32. Income and Loss from Investing Activities (Continued)

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

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

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

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

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

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

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

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

33. Financial Income and Expenses

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

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

34. Assets Held for Sale

	31 December 2018	31 December 2017
Cost		
Plant, machinery and equipment	38,214	38,214
Accumulated Depreciation and Impairment		
Plant, machinery and equipment	38,010	38,010
Net Book Value	204	204

Cam Elyaf Sanayii AŞ, the subsidiary of the Group, ceased its operations of the second oven in December 2015 since the related machinery and equipment and fixtures came to their end of their technical useful lives. These machinery and equipment and fixtures has been reduced their recoverable amount and reclassified under Asset Held for Sale in accordance with TFRS-5 "Non-current Assets Held for Sale and Discontinued Operations ". The part that cannot be used is accounted as expense by calculating impairment amount. Practices on the sale of fixed assets are continuing.

The movements of assets held for sale are as follows:

	31 December 2018	31 December 2017
January - 1	204	204
	204	204

35. Taxes On Income (Including Deferred Tax Assets And Liabilities)

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TAS and its tax base of statutory financial statements. These differences usually result in the recognition of income and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to prepare a consolidated tax return, therefore, tax provisions reflected in these consolidated financial statements which have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

Deferred Tax Assets and Liabilities (Continued)

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

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

The maturity of carry forward tax losses are as follows:

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

Deferred Tax Assets and Liabilities (Continued)

Carry forward tax losses can be carried for maximum 5 years in Turkey Egypt and China, 7 years in Romania, indefinite in Russia and Ukraine if will be offset from taxable profit in next years (In Russia it has been indefinite since 30 November 2016). However, loss cannot be deducted retrospectively from retained earnings.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY517,381 thousand (31 December 2017: TRY345,374 thousand).

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

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

Corporate Tax

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

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

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

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

Country	31 December 2018	31 December 2017
Bosnia-Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Georgia (*)	-	-
Italy (**)	27,9	27,9
Egypt	22,5	22,5
Romania	16,0	16,0
Russia (***)	2,0-20,0	2,0-20,0
Ukraine	18,0	18,0
Germany (**)	29,79	15,0
China (****)	25,0	25,0
India	35,0	30,0
Netherlands (*****)	20,0-25,0	20,0-25,0

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

Corporate Tax (Continued)

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

In Turkey, advance tax returns are filed on a quarterly basis and 22% of temporary tax rate is applied during the taxation of corporate income in 2018. (31 December 2017: 20%).

The 20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law No 5520 Law and the amendment to the Law on the Amendment of Certain Tax Laws and Some Other Laws No. 7061, which was accepted on 28 November 2017, and the tax rate of 20% for the taxation periods of 2018, 2019 and 2020, 22% as a provisional provision. In addition, the 75% portion of the taxable profits from the sale of immovable properties that are included in the assets of the institutions for at least two full years has been changed to 50%, which is stated in the same "Pack Law" and in the first paragraph of Article 5 of the Corporate Tax Law No. 5520 Law.

Therefore timing differences in the companies in the deferred tax calculation Turkey up to 2020 transactions in 22%, the effect of short and longer term to published procedures., taking into account the effect when size is 21%, and recognized deferred tax assets and liabilities according to 20%.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). However, tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years

Income Withholding Tax

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

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

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

Corporate Tax (Continued)

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

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

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

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

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

	%3	%11
Effective tax rate	%3	%11

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

36. Earnings per share

	1 January- 31 December 2018	1 January - 31 December 2017
Earnings per share		
Average number of shares existing during the period (1/1000 value)	2,250,000	2,250,000
Net profit for the period attributable to equity holders of the parent	2,325,840	1,225,420
Earning per share	1.0337	0.5446
Total comprehensive income attributable to equity holders of the parent	3,504,809	1,553,688
Earnings per share obtained from total comprehensive income	1.5577	0.6905

The Company increased its paid-in-capital from TRY2.050.000 thousand to TRY2.250.000 thousand by issuing bonus shares amounting to TRY200.000 thousand to the existing shareholders from the retained earnings on 25 July 2017. The number of shares increased by issuing bonus shares are considered in the determination of average number of shares subject to calculation of earnings per share for both the current period and the other periods from beginning of immediately preceding period presented in accordance with TAS 33 "Earnings per share". Accordingly the average number of shares used in the calculation of earnings per share for the period between 1 January and 31 December 2017 was presented by considering bonus shares issued

37. Related Party Disclosures

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

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

The shareholder of parent

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

Parent company

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

37. Related Party Disclosures (Continued)

Parent company's subsidiaries, joint ventures and associates

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

Joint Ventures

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

Joint Ventures' shareholder

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

Associates

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

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

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

37. Related Party Disclosures (Continued)

Associates' shareholders

<u>Company's name</u>	<u>Registered Country</u>
Saint Gobain Glass France S.A.	France
Société Financière D'Administration Et De Gestion SAS (SOFIAG)	Belgium

Available for sale investments

<u>Company's name</u>	<u>Registered Country</u>
Bosen Enerji Elektrik üret. Oto Pro. Grb. A.Ş.	Turkey
Çukurova İnşaat Mak. San. ve Tic. A.Ş.	Turkey

Details of the transactions between the Group and the related parties mentioned above are explained below.

Deposit and loans regarding related parties:

	<u>31 December 2018</u>	<u>31 December 2017</u>
Deposits held on related parties		
Türkiye İş Bankası A.Ş.		
- Time Deposit	2,596,104	2,792,705
- Demand deposit	164,329	32,756
	2,760,433	2,825,461
İşbank AG		
- Time deposits	-	-
- Demand deposits	8,678	19,823
	8,678	19,823
	2,769,111	2,845,284
	<u>31 December 2018</u>	<u>31 December 2017</u>
Provision for impairment of deposits held at related parties		
Türkiye İş Bankası A.Ş.	3,014	497
Türkiye Sınai Kalkınma Bankası A.Ş.	7	-
	3,021	497
	<u>31 December 2018</u>	<u>31 December 2017</u>
Loans received from related parties		
İşbank AG	223,034	45,155
Türkiye Sınai ve Kalkınma Bankası	3,955	12,452
	226,989	57,607

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

37. Related Party Disclosures (Continued)

Carrying value of financial investments measured at amortized cost:

	31 December 2018	31 December 2017
Financial investments measured at amortized cost – Gross value		
Türkiye İş Bankası A.Ş.	606,030	434,040
Türkiye Sınai Kalkınma Bankası A.Ş.	298,849	213,757
	904,879	647,797

	31 December 2018	31 December 2017
Impairment of financial investments measured at amortized cost		
Türkiye İş Bankası A.Ş.	17,064	-
Türkiye Sınai Kalkınma Bankası A.Ş.	5,942	-
	23,006	-

Coupon interest rates and nominal values of financial investments measured at amortized cost are as follows:

Bond issuer	ISIN Code	Coupon Interest Rate (%)	31 December 2018 Nominal Amount (thousand USD)	31 December 2017 Nominal Amount (thousand USD)
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	45,464	45,464
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	34,200	34,200
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	33,924	33,924
Türkiye İş Bankası A.Ş.	XS1578203462	6,125	1,200	1,200
			114,788	114,788
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	38,830	38,830
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	14,600	14,600
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5,375	3,386	3,386
			56,816	56,816
			171,604	171,604

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

37. Related Party Disclosures (Continued)

Due from related parties:

	31 December 2018	31 December 2017
Trade receivables from related parties		
Fabrika Cementa Lukavac D.D. (FCL)	1,286	74
Saint Gobain Glass Egypt S.A.E.	737	-
Türkiye İş Bankası A.Ş. ve İşbank AG	112	309
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	109	63
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	46	37
İş Merkezleri Yönetim ve İşletim A.Ş.	2	-
Paşabahçe USA Inc. (*)	-	13,637
Şişecam Flat Glass India Limited (**)	-	4,757
Hindusthan National Glass and Industries Limited (**)	-	4,172
Solvay Şişecam Holding AG	-	3,597
Şişecam Trading Co. (*)	-	3,293
Paşabahçe Glass GmbH (*)	-	344
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	-	69
	2,292	30,352

Due to related parties:

	31 December 2018	31 December 2017
Trade payables to related parties		
Solvay Şişecam Holding AG	63,023	49,736
Anadolu Anonim Türk Sigorta Şirketi	3,277	3,918
Rudnik Krcenjaka Vijenac D.O.O.	2,158	2,303
İş Merkezleri Yönetim ve İşletim A.Ş.	2,084	1,749
Saint Gobain Glass Egypt S.A.E.	1,272	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	213	170
Saint Gobain Glass France S.A.	96	-
İş Yatırım Menkul Değerler A.Ş.	21	-
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	6	14
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	5	3
Kültür Yayınları İş-Türk Ltd. Şti.	-	12
Şişecam Trading Co.	-	310
Paşabahçe USA Inc. (**)	-	159
	72,155	58,374

(*) Intragroup credit-debit balances have been eliminated since Paşabahçe USA Inc.. Şişecam Trading Co.. Paşabahçe Glass GmbH and Paşabahçe Spain SL have been started to be consolidated as of 1 January 2018.

(**) 49.18% of the shares of HNG Float Glass Limited (The new title: Şişecam Flat Glass India Limited) has been acquired on June 13, 201 and the remaining shares of 00.20% on 26 December 2018 with a total of USD 85.405 thousand in cash. As of June 13, 2018, full consolidation method has been applied. As a result of the consolidation transactions, intragroup debit and credit balances and income-expense amounts are eliminated. With the share purchase, Hindusthan National Glass and Industries Limited which is non-Group shareholder of HNG Float Glass Limited (Şişecam Flat Glass India Limited) has been stated as not related party since the purchase date.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

37. Related Party Disclosures (Continued)

Due to related parties:

	31 December 2018	31 December 2017
Other payables to related parties		
Dividend to be paid to shareholders (*)	2,639	2,147
Saint Gobain Glass France S.A.	-	1,633
Saint Gobain Glass Egypt S.A.E.	-	1,090
Paşabahçe Glass GmbH (**)	-	281
Paşabahçe Spain SL (**)	-	97
Denizli Cam Sanayii Vakfı	-	34
	2,639	5,282

(*) Presents the accumulated dividend which is not demanded by the founding shareholders of Anadolu Cam Sanayii A.Ş., subsidiary of the Group.

(**) Intragroup credit-debit balances and income – expense amounts have been eliminated because Paşabahçe USA Inc.. Şişecam Trading Co.. Paşabahçe Glass GmbH and Paşabahçe Spain SL are accounted in financial statements by consolidation method as of 1 January 2018.

Income and expenses from/ to related parties (*):

	1 January- 31 December 2018	1 January- 31 December 2017
Interest income from related parties		
Türkiye İş Bankası A.Ş. ve İşbank AG	122,819	136,980
İş Merkezleri Yönetim ve İşletim A.Ş.	-	2
	122,819	136,982

	1 January - 31 December 2018	1 January - 31 December 2017
Interest expenses to related parties		
Türkiye İş Bankası A.Ş. ve İşbank AG	908	665
Türkiye Sınai Kalkınma Bankası A.Ş.	508	974
	1,416	1,639

(*) Oxyvit Chemical Industry and Trade. Inc., along with the new shares obtained as of 25 July 2017, it has been accounted for as subsidiary in accordance with the consolidation method and the credit and debit balances have been eliminated. Additionally; Mepa Merkezi Pazarlama A.Ş. in Liquidation since they are closed, the amounts of these companies are not restated in the comparative 1 January-31 December 2017 period for comparison purposes.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued)

	1 January- 31 December 2018	1 January- 31 December 2017
Gain on the valuation difference of held to maturity financial assets		
Türkiye İş Bankası A.Ş.	202,382	45,833
Türkiye Sınai Kalkınma Bankası A.Ş.	98,777	19,090
	301,159	64,923

	1 January - 31 December 2018	1 January- 31 December 2017
Other income from related parties		
Saint Gobain Glass Egypt S.A.E.	6,748	2,939
Fabrika Cementa Lukavac D.D. (FCL)	6,204	92
Solvay Şişecam Holding AG	5,208	3,896
Anadolu Anonim Türk Sigorta Şirketi	3,671	3,626
Rudnik Krecnjaka Vijenac D.O.O.	539	418
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	441	373
Türkiye İş Bankası A.Ş. ve İşbank AG	404	277
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	211	1,406
İş Portföy Yönetimi A.Ş.	30	5
Türkiye Sınai Kalkınma Bankası A.Ş.	23	15
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	11	670
Anadolu Hayat Emeklilik Sigorta A.Ş.	7	6
Yatırım Finansman Yatırım Ortaklığı A.Ş.	6	5
İş Yatırım Menkul Değerler A.Ş.	4	4
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	3	-
İş Factoring Finansman Hizmetleri A.Ş.	2	2
Milli Reasürans T.A.Ş.	2	11
İş Merkezleri Yönetim ve İşletim A.Ş.	2	2
Kültür Yayınları İş-Türk Ltd. Şti.	2	-
İş Finansal Kiralama A.Ş.	1	-
	23,519	13,747

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued):

	1 January- 31 December 2018	1 January- 31 December 2017
Other expense to related parties		
Solvay Şişecam Holding AG ⁽¹⁾	307,365	239,466
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	19,440	16,005
Rudnik Krecnjaka Vijenac D.O.O. ⁽³⁾	17,087	13,503
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁴⁾	11,053	8,707
Fabrika Cementa Lukavac D.D. (FCL)	4,751	2
Anadolu Anonim Türk Sigorta Şirketi	4,380	3,860
Anadolu Hayat Emeklilik Sigorta A.Ş.	2,401	703
Türkiye İş Bankası A.Ş. ve İşbank AG	1,528	1,436
Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. ve Yard. Vakfı	1,084	1,009
İş Portföy Yönetimi A.Ş.	919	1,081
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	453	371
İş Yatırım Menkul Değerler A.Ş.	328	439
İş Factoring Finansman Hizmetleri A.Ş.	162	-
Kültür Yayınları İş-Türk Ltd. Şti.	15	20
	370,966	286,602

(1) Consists of the purchases of soda from Solvay Sodi AD.

(2) In the period of 1 January - 31 December 2018 TRY 19,193 thousand expense is composed of rental expenses of Tuzla Şişecam Headquarters and İş Kuleleri. (1 January -31 December 2017:TRY15,705 thousand).

(3) Amount consists of the expenses related with purchase of glass raw-materials (sand).

(4) It consists of management and operating expenses of Tuzla Şişecam Headquarters and İş Kuleleri

	1 January- 31 December 2018	1 January- 31 December 2017
Benefits provided to key management		
Parent (Holding)	20,137	18,010
Consolidated entities	68,741	53,656
	88,878	71,666

Key management personnel are composed of top management; members of board of directors, general manager and general manager assistants and factory directors. The Group has not provided post-employment benefits, benefits due to cancellation of labor contract, share-based payment and other long-term benefits to key management between 1 January – 31 December 2018 and 1 January – 31 December 2017.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents.

As of 31 December 2018 and 31 December 2017 the Group's net debt / total equity ratios are as follows:

	31 December 2018	31 December 2017
Financial liabilities and trade payables	9,666,235	7,048,609
Less: Cash and cash equivalents and financial assets held to maturity	(5,767,265)	(5,316,721)
Net debt	3,898,970	1,731,888
Total equity	16,726,774	13,062,415
Net debt / total equity ratio	%23	%13

The Group's general strategy is in line with prior periods.

b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via Accounting Department. The Group's cash inflows and outflows are monitored by the reports prepared on a daily, weekly and monthly basis and compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management as well as written policies covering specific areas such as; foreign exchange risk, interest rate risk, credit risk use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net in the financial statements after the provision for doubtful receivables is made (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated.

The Group applied the simplified approach in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for the expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group grouped its trade receivables considering the maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and prospective macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and trade receivable sums.

	Not Overdue	0-1 Months Overdue	1-3 Months Overdue	More than 3 Months Overdue	Total
Period end balance	1,843,711	217,321	50,478	146,670	2,258,180
Loan loss rate (%)	%3	%8	%26	%66	
Expected credit losses	55.311	17.386	13.124	26.735	112.556

The above balances present the values that are not covered by the collateral limits.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued) b.1) Credit Risk Management (Continued)

Credit risks exposed through types of financial instruments

Maximum credit risk exposed as of balance sheet date 31 December 2018 (A+B+C+D+E)

– The part of maximum risk under guarantee with collaterals etc.

	Receivables						Cash and Cash equivalents & Derivatives	Financial Investments
	Trade Receivables Related		Other Receivables Related		Party Third	Party Third		
	Party	Third	Party	Third				
	2,292	3,232,295	-	-	75,363	3,161,016	2,603,248	
	-	(1,352,056)	-	-	-	-	-	
A. Net book value of financial assets that are neither overdue nor impaired	2,292	2,830,214	-	-	75,363	3,164,051	2,671,485	
– The part under guarantee with collaterals, etc.	-	(1,258,282)	-	-	-	-	-	
B. Net book of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-	-	
– The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	
C. Carrying value of financial assets that are overdue but not impaired	-	402,081	-	-	-	-	-	
– The part under guarantee with collaterals, etc.	-	(93,774)	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	(3,035)	(68,237)	
– Overdue (gross carrying amount)	-	110,570	-	-	1,198	-	-	
– Impairment (-)	-	(110,570)	-	-	(1,198)	-	-	
– The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	
– Not overdue (gross carrying amount)	-	-	-	-	-	-	-	
– Impairment (-)	-	-	-	-	-	(3,035)	(68,237)	
– The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	

(*) Factors that increase the credit reliability such as; guarantees received are not considered in the calculation.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued) b.1) Credit Risk Management (Continued)

Credit risks exposed through types of financial instruments	Receivables				Cash and cash equivalents	Financial Investments & Derivatives
	Trade Receivables Related Party	Trade Receivables Third Party	Other Receivables Related Party	Other Receivables Third Party		
Maximum credit risk exposed as of balance sheet date 31 December 2017 (A+B+C+D+E)	30,352	2,307,926	-	54,603	3,437,908	1,879,343
- The part of maximum risk under guarantee with collaterals etc.	-	(785,820)	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	30,352	2,053,744	-	54,603	3,437,908	1,879,343
- The part under guarantee with collaterals, etc.	-	(749,693)	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	-	254,182	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(36,127)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	88,288	-	960	-	-
- Impairment (-)	-	(88,288)	-	(960)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Factors that increase the credit reliability such as; guarantees received are not considered in the calculation.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

Guarantees received from the customers are as follows:

	31 December 2018	31 December 2017
Letters of guarantee	601,560	308,076
Direct debit system	448,695	231,850
Security cheques and bonds	223,473	204,959
Mortgages	43,184	13,045
Cash	35,144	27,890
	1,352,056	785,820

Collaterals for the trade receivables that are overdue but not impaired are as stated below:

	31 December 2018	31 December 2017
1-30 days overdue	249,987	126,787
1-3 months overdue	54,576	45,084
3-12 months overdue	67,144	63,894
1-5 years overdue	30,374	18,417
Total overdue receivables	402,081	254,182
Secured with collaterals (-)	(93,774)	(36,127)

b.2) Liquidity Risk Management

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities and by following cash flow regularly.

Liquidity risk

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.2) Liquidity Risk Management (Continued)

Liquidity risk tables (Continued)

The following table details the Group's expected maturity for its financial liability. The tables below have been prepared based on the undiscounted contractual maturities and the earliest date of payment of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table.

31 December 2018						
Non derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Bank Loans	4,794,029	5,397,302	1,174,180	2,302,039	1,868,719	52,364
Bond issued	2,641,934	2,798,141	-	111,794	2,686,347	-
Other financial liabilities	572,660	572,660	-	572,660	-	-
Financial Leases	420	546	251	295	-	-
Trade Payables	1,585,037	1,600,434	1,582,550	17,884	-	-
Due to related parties	74,794	74,794	74,794	-	-	-
Other financial liabilities	52,005	52,080	50,761	-	1,319	-
Total Liabilities	9,720,879	10,495,957	2,882,536	3,004,672	4,556,385	52,364

Derivative financial liabilities	Carrying Value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows	-	-	-	-	-	-
Cash outflows	(280)	(280)	-	(280)	-	-
	(280)	(280)	-	(280)	-	-

31 December 2017						
Non derivative financial liabilities	Carrying Value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Bank Loans	4,004,517	4,241,718	318,304	1,815,712	1,997,930	109,772
Bond issued	1,891,284	2,086,332	-	80,153	2,006,179	-
Financial Leases	942	942	302	325	315	-
Trade Payables	1,093,492	1,099,537	1,082,669	16,868	-	-
Due to related parties	63,656	63,656	63,656	-	-	-
Other financial liabilities	148,092	148,159	145,325	-	2,834	-
Total Liabilities	7,201,983	7,640,344	1,610,256	1,913,058	4,007,258	109,772

Derivative financial liabilities	Carrying Value	Total Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows	1,209	1,209	-	1,209	-	-
Cash outflows	(20,252)	(20,252)	-	(20,252)	-	-
	(19,043)	(19,043)	-	(19,043)	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management

The Group is exposed to financial risks related to changes in foreign exchange and interest rates as a consequence of its operations. At the Group level market risk exposures are measured by sensitivity analysis. When compared to previous year. There has been no change in the Group's exposure to market risks. hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign currency risk management

Transactions in foreign currency cause the exchange rate risk to occur. The Group has adopted currencies different than the functional currencies according to the economies of the countries in which the subsidiaries and associates operate as foreign currencies.

The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

	Foreign Currency Position as of 31 December 2018			
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
1. Trade Receivables	1,010,414	114,751	61,131	38,222
2a. Monetary financial assets, (cash and banks included)	3,179,789	263,690	274,261	139,297
2b. Non-monetary financial assets	-	-	-	-
3. Other	158,800	21,369	7,621	441
4. Current assets (1+2+3)	4,349,003	399,810	343,013	177,960
5. Trade receivables	2,445,656	464,874	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	134,281	2,744	17,948	11,654
8. Non-current assets (5+6+7)	2,579,937	467,618	17,948	11,654
9. Total Assets (4+8)	6,928,940	867,428	360,961	189,614
10. Trade payables	366,037	31,957	30,866	11,854
11. Financial liabilities	494,606	15,116	68,859	-
12a. Other monetary liabilities	60,387	5,849	4,657	1,544
12b. Other non-monetary liabilities	572,660	-	95,000	-
13. Current liabilities (10+11+12)	1,493,690	52,922	199,382	13,398
14. Trade payables	-	-	-	-
15. Financial liabilities	3,058,704	525,169	49,078	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	3,058,704	525,169	49,078	-
18. Total liabilities (13+17)	4,552,394	578,091	248,460	13,398
19. Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	2,376,546	289,337	112,501	176,216
21. Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	2,656,125	265,224	181,932	164,121
22. Fair value of derivative instruments used in foreign currency hedge	(280)	(53)	-	-
23. Export	4,270,535	473,026	317,871	180,588
24. Import	1,985,339	154,629	210,015	45,798

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

Foreign Currency Position as of 31 December 2017				
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
1. Trade Receivables	626,215	91,334	53,533	39,984
2a. Monetary financial assets, (cash and banks included)	2,549,558	436,152	192,451	35,424
2b. Non-monetary financial assets	-	-	-	-
3. Other	46,974	7,538	3,775	1,495
4. Current assets (1+2+3)	3,222,747	535,024	249,759	76,903
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	1,782,936	472,689	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	94,006	776	19,324	3,821
8. Non-current assets (5+6+7)	1,876,942	473,465	19,324	3,821
9. Total Assets (4+8)	5,099,689	1,008,489	269,083	80,724
10. Trade payables	214,019	24,474	25,793	5,238
11. Financial liabilities	812,023	16,698	165,882	-
12a. Other monetary liabilities	107,072	21,544	5,214	2,266
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1,133,114	62,716	196,889	7,504
14. Trade payables	-	-	-	-
15. Financial liabilities	2,438,516	537,559	90,997	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	2,438,516	537,559	90,997	-
18. Total liabilities (13+17)	3,571,630	600,275	287,886	7,504
19. Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	(293,508)	-	(65,000)	-
19a. Total amount of assets hedged	45,155	-	10,000	-
19b. Total amount of liabilities hedged	338,663	-	75,000	-
20. Net foreign assets / (liability) position (9-18+19)	1,234,551	408,214	(83,803)	73,220
21. Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	1,387,079	399,900	(41,902)	67,904
22. Fair value of derivative instruments used in foreign currency hedge	(19,042)	-	(4,217)	-
23. Export	3,189,628	467,959	326,709	139,475
24. Import	1,202,150	139,778	161,746	27,008

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

The table below represents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group while generating exchange rate risk reports; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign Currency Sensitivity

	31 December 2018			
	Profit/(Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD againstTRYby 10%				
1- USD net assets / liabilities	139,532	(139,532)	75	(75)
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	139,532	(139,532)	75	(75)
Change of EUR againstTRYby 10%				
4- EUR net assets / liabilities	109,669	(109,669)	955,453	(955,453)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	109,669	(109,669)	955,453	(955,453)
Change of other currencies againstTRYby 10%				
7- Other currencies net assets / liabilities	16,412	(16,412)	248,659	(248,659)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	16,412	(16,412)	248,659	(248,659)
Total (3+6+9)	265,613	(265,613)	1,204,187	(1,204,187)

(*) Presents the increase or decrease in total shareholders' equity due to 10% change in currency translation to Turkish Lira of Subsidiaries. Associates and Ventures operating outside of Turkey.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

Foreign Currency Sensitivity

	31 December 2017			
	Profit/(Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD againstTRYby 10%				
1- USD net assets / liabilities	150,838	(150,838)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	150,838	(150,838)	-	-
Change of EUR againstTRYby 10%				
4- EUR net assets / liabilities	(18,920)	18,920	677,517	(677,517)
5- EUR hedged from risks (-)	(29,351)	29,351	-	-
6- EUR net effect (4+5)	(48,271)	48,271	677,517	(677,517)
Change of other currencies againstTRYby 10%				
7- Other currencies net assets / liabilities	6,790	(6,790)	163,097	(163,097)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	6,790	(6,790)	163,097	(163,097)
Total (3+6+9)	109,357	(109,357)	840,614	(840,614)

(*) Presents the increase or decrease in total shareholders' equity due to 10% change in currency translation to Turkish Lira of Subsidiaries. Associates and Ventures operating outside of Turkey.

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. Based on the current balance sheet composition and analysis calculated by the Group, if 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 TRY4.972 thousand as of 31 December 2018 (31 December 2017: TRY5.320 thousand).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.2) Interest rate risk management

Interest Rate Sensitivity

The Group's financial instruments that are sensitive to interest rates are as follows:

	31 December 2018			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	8,746,864	333,103	9,079,967
Cash and cash equivalents	-	2,833,367	330,650	3,164,017
Financial assets	-	2,603,248	-	2,603,248
Available for sale financial assets	-	-	2,453	2,453
Trade receivables	-	3,232,594	-	3,232,594
Due from related parties	-	2,292	-	2,292
Other receivables	-	75,363	-	75,363
Financial liabilities	3,006,526	6,714,073	280	9,720,879
Bank borrowings	3,006,526	1,787,223	280	4,794,029
Bond issues	-	2,641,934	-	2,641,934
Other financial liabilities	-	572,660	-	572,660
Financial leases	-	420	-	420
Trade payables	-	1,585,037	-	1,585,037
Due to related parties	-	74,794	-	74,794
Other payables	-	52,005	-	52,005
	31 December 2017			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	7,443,493	267,613	7,711,106
Cash and cash equivalents	-	3,172,478	266,109	3,438,587
Financial assets	-	1,878,134	-	1,878,134
Available for sale financial assets	-	-	1,504	1,504
Trade receivables	-	2,307,926	-	2,307,926
Due from related parties	-	30,352	-	30,352
Other receivables	-	54,603	-	54,603
Financial liabilities	2,183,131	5,018,539	313	7,201,983
Bank borrowings	2,183,131	1,821,073	313	4,004,517
Bond issues	-	1,891,284	-	1,891,284
Financial leases	-	942	-	942
Trade payables	-	1,093,492	-	1,093,492
Due to related parties	-	63,656	-	63,656
Other payables	-	148,092	-	148,092

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market Risk Management (Continued)

b.3.3) Other price risks

Equity Price Sensitivity

The Group's financial assets available for sale that are not consolidated is traded at BIST 100 index.

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased/decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2018 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY231 thousand (31 December 2017: TRY62 thousand). This change is resulted from the changes in fair value of the available for sale securities.

Group's sensitivity to equity share price has not changed materially compared to the prior year.

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

31 December 2018	Financial assets or liabilities measured with amortized cost method	Financial assets or liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
Financial assets	9,002,154	2,450	-	9,004,604	
Cash and cash equivalents	3,164,017	-	-	3,164,017	6
Trade receivables	3,232,594	-	-	3,232,594	10
Due from related parties	2,292	-	-	2,292	37
Derivative financial assets	-	-	-	-	12
Financial investments	2,603,251	2,450	-	2,605,701	7
Financial liabilities	9,669,154	-	-	9,669,154	
Financial liabilities	7,436,383	-	-	7,436,383	8
Other financial liabilities	572,660	-	-	572,660	9
Trade payables	1,585,037	-	-	1,585,037	10
Due to related parties	74,794	-	-	74,794	37
Derivative financial liability	280	-	-	280	12

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)(Continued)

Categories of Financial Instruments (Continued)

31 December 2017	Financial assets or liabilities measured with amortized cost method	Financial assets or liabilities fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Book Value	Note
Financial assets	7,656,208	1,504	-	7,657,712	
Cash and cash equivalents	3,438,587	-	-	3,438,587	6
Trade receivables	2,307,926	-	-	2,307,926	10
Due from related parties	30,352	-	-	30,352	37
Derivative financial assets	1,209	-	-	1,209	12
Financial investments	1,878,134	1,504	-	1,879,638	7
Financial liabilities	7,074,143	-	-	7,074,143	
Financial liabilities	5,896,743	-	-	5,896,743	8
Trade payables	1,093,492	-	-	1,093,492	10
Due to related parties	63,656	-	-	63,656	37
Derivative financial liability	20,252	-	-	20,252	12

Fair Value of Financial Instruments

Financial assets	31 December 2018			
	Total	Category 1	Category 2	Category 3
Financial assets available for sale	2,452	2,450	-	2
Derivative financial assets	-	-	-	-
Total	2,452	2,450	-	2

Financial assets	31 December 2017			
	Total	Category 1	Category 2	Category 3
Financial assets available for sale	1,504	734	-	770
Derivative financial assets	1,209	-	1,209	-
Total	2,713	734	1,209	770

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Notes to the Consolidated Financial Statements for the Period 1 January and 31 December 2018

40. Events after reporting period

- The investment of Şişecam Elyaf Sanayii AŞ, a 70,000 tons / year new glass fiber production facility in Balıkesir, has started its operations on 3 January 2019.
- Collective Labor Agreement, which was signed between Trakya Cam Sanayii A.Ş., Mersin ve Trakya Plants, Trakya Yenişehir Cam Sanayii A.Ş., Yenişehir Fabrikası ve Şişecam Otomotiv A.Ş. which are subsidiary of the Group in flat glass segment and Kristal-İş Union has ended on December 31, 2018 and the collective labor agreement negotiations have been started on 17 January 2019.
- The Collective Labor Agreement between the Anadolu Cam Sanayii A.Ş., which is the subsidiary of the Group in glass packaging segment and Kristal-İş Union ended on 31 December 2018. The negotiations for the 26th of Period Collective Labor Agreement covering Mersin, Eskişehir and Yenişehir Plants have been started on 17 January 2019.

41. Other Issues that Significantly Affect the Financial Statements or Other Issues. Required for the Clear Understanding of Financial Statements

Approval of Financial Statements

The consolidated statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity (Financial Statements) for the year ended December 31, 2018 of the Group which have been prepared in compliance with format that has been determined by Capital Market Board ("CMB") and Public Oversight Authority ("POA") in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Markets Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS / TFRS) by CMB have been examined by taking into consideration the opinion of the Audit Committee, and It is deduced on meeting held Board of Directors on 1 February 2019 that the consolidated financial statements have been fairly presented, the result of operations are accurately presented, the accounting principles applied by the Company are accurate and in compliance with the regulations of the Capital Markets Board by approving financial statements by Financial Control and Reporting Director Gökhan Güralp and Financial Control and Statutory Reporting Manager Murat Yalçın on electronic platform and by making required notifications in the scope of CMB regulations

The consolidated financial statements will be finalized after approval by the shareholders in the Ordinary General Assembly of 2018.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

PROFIT DISTRIBUTION OF 2018

Dear Shareholders,

We submit to your information and approval that our TRY 2.325.840 of net period profit, which was stated in 2018 consolidated financial statement that was prepared in accordance with IAS / IFRS and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) to be segregated as follows in accordance with CMB's regulations regarding profit distribution, 25th article of our Articles of Association and the considerations specified in our company's "Profit Distribution Policy":

	Thousand Turkish Lira
1. Net Period Profit	2.325.840
2. As per 5/1-e Article of Corporate Tax Law the amount of dividend put in a special fund	(84)
3. Primary Legal Reserve	(29.205)
4. Net Distributable Period Profit	2.296.551
5. Donations Made within the year	4.326
6. Net Distributable Period Profit with the Addition of Donations, where the First Dividend will be Calculated	2.300.877
7. First Dividend to Shareholders	
- Cash	400.000
- Bonus Shares	-
Total Dividend	400.000
8. Excess Reserver	1.896.551

That TRY 400 .000 thousand of gross dividend, which accounts for %17,77778 of current issued capital, to be distributed in cash, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share and that cash dividend payment date to be determined as 31 May 2019.

Kind Regards,



Adnan Bali

Chairman of the Board of Directors

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

PROFIT DISTRIBUTION POLICY

The Company's profit distribution policy is determined in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws and other applicable legislation and the Articles of

Association. Accordingly;

- a. The Company adopts to distribute at least 50% of the distributable net period profit calculated as cash and / or bonus profit share at the end of the year in the framework of the Capital Market Legislation and other relevant legislation. Taking into consideration factors such as economic conditions, investment plans and cash position, the Shareholders Ordinary General Assembly may decide to make a different distribution compared to targeted one.
- b. The profit distribution proposals of our Board of Directors, including the details set forth in the Capital Markets Board regulations and the Corporate Governance Principles, are announced to the public through the public disclosure platform, our company's website and annual report.
- c. The cash dividends to be distributed in accordance with the decision to be taken at the General Meeting is paid on the date determined in the General Assembly. The transactions related to the dividends to be distributed as bonus shares are completed within the legal period stipulated in the regulations of the Capital Markets Board.
- d. Within the framework of the profit distribution policy, dividends are distributed equally to all existing shares at the date of distribution, irrespective of their issuance and acquisition dates.
- e. In the event that the Board of Directors proposes not to distribute profits to the General Assembly, the reason and information on the use of non-distributed profits are submitted to shareholders at the General Assembly meeting.
- f. In the profit distribution policy, a balanced policy is followed between the interests of the shareholders and the interests of the company izlenir.
- g. There are no privileged shares in obtaining dividends from the profit.
- h. In our Articles of Association, there is no application for giving dividend to our Board of Directors members and employees with the founder usufruct share.
- i. According to the Company's Articles of Association, The Board of Directors may distribute profit share advances by being authorized by the General Assembly and by complying with the Capital Markets Law and the relevant regulations of the Capital Markets Board. The authority to distribute the profit share advance granted to the Board of Directors by the General Assembly is limited to the year of appointment.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

DONATION POLICY

This policy has been established in line with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board Communiqué, Principle Decisions and other regulations and Company Articles of Association.

Purpose:

The main purpose of donations and grants is to fulfill our social responsibilities, to build a sense of corporate responsibility in our partners and employees, as well as to meet social and communal needs and to benefit the public. For this purpose, the company's organization and its activities within the framework of the fulfillment of the proper social purpose and social responsibility in education, health, culture, law, the arts, scientific research, environmental protection, and to support sports and other activities.

Fundamentals of Donation and Help:

The Company may make donations within the scope of social responsibility and in accordance with the principles and procedures determined by the Capital Markets Board as stated in the Articles of Association. By taking prior approval of the Board of Directors, it is possible to make do nations to foundations established for social purposes, associations, educational institutions and other persons, institutions and organizations within the framework of the principles set by the Capital Markets Board; however, giving donations and grants that would distract the company from the protection of its shareholders' rights are avoided.

All donations and grants made under the direction of the Company's management are made in accordance with the company's vision, mission and policies, taking into account the company's ethical principles and values and company annual budget appropriations. Donations and aids can be made in two ways, cash and in kind.

The form, amount and nature of the donation are expected to be in accordance with the corporate social responsibility policies of the institution, organization or Civil Society Organization (CSO). Detailed information is provided to the public by placing a separate agenda item at the Ordinary General Meeting of the year about all of the donations and the amount of aid and the beneficiaries of the policy changes made during the period.

Within the framework of the Capital Markets legislation, the limits of donations and grants made by shareholders are determined by the general assembly.

In this context, the limits set by the General Assembly within the framework of the provisions of the relevant legislation shall be taken into consideration when giving donations and assistance. In addition, for the implementation of the donations will be made and assistance, in-house implementation principles that determine the "Donate" Regulation is complied..

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

CODE OF ETHICS

1. GENERAL PRINCIPLES

Şişecam Group performs all its activities under the following general principles. All the employees of the Group are expected to observe those general principles in their relations with customers, suppliers, shareholders, and other stakeholders.

1.1 Honesty

Şişecam Group performs all its activities with due regard for principle of honesty. It acts with **integrity** and **honesty** in its relations with the employees, customers, suppliers, shareholders and all stakeholders.

1.2 Transparency

Şişecam Group acts **transparently** and **openly** in its relations with the employees, customers, suppliers, shareholders and all stakeholders. It procures clear and correct information completely and in a timely manner in all its activities.

1.3 Impartiality

It does not make any discrimination among employees, customers, suppliers, shareholders and other stakeholders due to reasons such as religion, language, race, gender, physical condition, marital status and political view. All employees of the Group treat everyone **fairly** and **equally** and avoid being prejudiced against anyone.

1.4 Confidentiality

It is of utmost importance to protect the private information pertaining to employees, customers, suppliers, shareholders and other stakeholders and it is not allowed or tolerated to share such information with third parties. Such private information may only be used by the authorized persons within the Group for the benefits of the Group.

1.5 Compliance with laws and regulations

Şişecam Group performs all its activities **with due regard for laws and regulations**. It follows the laws and regulations appropriately and takes measures in order to ensure compliance with the same.

2. RESPONSIBILITIES

The responsibilities attributed to the senior management, managers and all employees are summarized below so that the Code of Conduct adopted by Şişecam Group may be implemented effectively within the Group.

2.1 Board of Directors and Board of Auditors of the Parent Company

- Board of Directors and Board of Auditors of the Parent Company shall assume responsibility for the implementation of the Code of Conduct to the utmost level.
- Members of the Board of Directors and Board of Auditors shall accept and comply with the Code of Conduct.
- They shall establish a suitable atmosphere within the Group for the implementation of the Code of Conduct.
- They shall provide communication channels required for notifying violations of the Code of Conduct.

2.2 Managers

- All managers shall accept and comply with the Code of Conduct and constitute an example for other employees through their actions and attitudes.
- They shall ensure that their staff understands and implements the Code of Conduct.
- They shall promote the adoption and implementation of the Code of Conduct in their respective departments.
- They shall not force the employees to violate the Code of Conduct in any manner due to any reason.
- They shall listen to the questions, complaints, suggestions and requests of employees in relation to the Code of Conduct and encourage employees to give feedback about the issue.
- They shall evaluate the business procedures in their respective areas under the Code of Conduct, determine the conflicting situations and take measures in order to ensure compliance with the Code of Conduct.

2.3 All Group Employees

- All Group employees shall accept and comply with the Code of Conduct.
- They shall make efforts to ensure that other employees act with due regard for the Code of Conduct and encourage employees in that regard.
- They shall inform their managers and the communication channels provided below of any acts and behaviours in violation of the Code of Conduct.
- All employees shall be knowledgeable about the regulations, procedures, and instructions related to their duties and the Group as a whole and implement them completely.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

3. PRACTICES

3.1 Use of the Resources of the Group

- It is a requisite to make sure that the resources of the Group are used fairly, effectively, and efficiently at all times. The principle of saving shall be taken into consideration in all activities.
- The resources of the Group may not be used to further personal ends or benefits of a person or organization other than the Group itself.
- Due regard shall be taken in order to prevent assets of the Group from being stolen, impaired or damaged and the assets of the Group shall be protected to the utmost degree.
- Office hours shall be used effectively and efficiently and personal affairs shall be handled outside the office hours.
- Company vehicles, mobile communication devices, computers and other tools allocated to employees shall be regarded as the assets of the Group and they shall be used in compliance with the directives of the Group in line with the aforementioned principles.
- The rules indicated in the directives of the Group shall be observed in order to ensure efficient use of resources as well as information security while benefiting from internet and e-mail services over the communication network of the Group.

3.2 Use of Information

- All accounting and business records of the Group shall be correct, complete and in line with the applicable regulations and all employees shall perform their liabilities completely in that regard.
- Group employees may not use the information they received due to their duties and positions in order to further their personal ends.
- Employees are not allowed to make unfair profit from capital markets by using any non-public information acquired within the Group or else helping third persons to gain unfair profit by disclosing such information.
- Non-public information (strategic plans, sales price details, manufacturing techniques, activities for new products and services, research and development activities etc.) may not be disclosed to third parties outside the Group.
- Whenever it is necessary to disclose non-public information of the Group with third parties, necessary measures, e.g. non-disclosure agreements, shall be taken to prevent any misuse of such information.
- Non-public information of the Group may not be discussed in public spaces such as dining halls, lifts, personnel buses etc.
- Regulations, procedures and instructions pertaining to security of Group information shall be implemented completely. Necessary measures shall be taken to maintain, archive and keep confidential such information.

3.3 Conflicts of Interest

It is obligatory to protect the interests of the Group and to avoid conflicts of interests in all the duties and activities under the Group. Necessary care shall be taken to prevent personal interests having an impact on the ability to protect the interests of the Group. Employees are not allowed to procure personal interests and interests for close relatives/friends by means of duties and responsibilities in the Group or Şişecam identity.

3.3.1 Duties outside the Group

- Group employees may not undertake duties that may lead them to be regarded as “merchants”, “craftsmen” or “self-employed persons”; they may not assume paid or non-paid duties in any company and commercial enterprise as well as any merchant or craftsman.
- Being a director in any company outside the Group is subject to the consent of the Board of Directors of the Parent Company.
- Group employees may assume duties in non-profitable non-governmental organizations and charities voluntarily. Employees shall take care to ensure that such activities do not cause them to neglect their duties within the Group, create any conflict of interest or constitute an explicit violation of the Group policies.
- Group employees may become members to a political party but being involved in politics actively shall be possible through the consent of the General Manager of the Parent Company provided that it does not create any conflict of interest with the policies and activities of the Group and does not lead the employee to neglect his/her duties within the Group.
- Group employees may write articles for media in relation to the company policies and resolutions, manufacturing, sales and similar practices of the company, make interviews, presentations and speeches only through the consent of the General Manager of the Parent Company.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

3.3.1 Duties outside the Group (Continued)

- Group employees may lecture in professional organizations and educational institutions only through the consent of the General Manager of the Parent Company.
- Group employees may assume duties in organizations and institutions related to the activity areas of the Group (professional chambers, unions, chambers, associations, boards, federations and other public institutions) only through the consent of the General Manager of the Parent Company.

3.3.2 Gifts and Entertainments

- Employees are not allowed to request gifts or benefits from customers and suppliers.
- Employees are not allowed to request entertainment and business dinners from customers and suppliers. Business dinner offers made by customers and suppliers may be accepted provided that they are reasonable and compatible with local standards.
- Free holiday, discount check, gift voucher and similar non-cash offers made by customers and suppliers shall be regarded as gift and benefit and shall not be accepted as a principle. Still, if rejection of gift offers made by customers and suppliers shall be regarded as impoliteness and offend the customer or supplier, they may be accepted provided that the value thereof does not exceed 500 TRY or equivalent exchange.
- Such offers may be accepted only if all Group employees are granted the same benefits.
- It shall be possible to accept gifts of symbolical value such as plaques and plates given by the organizers of meetings or seminars in which an employee participates to represent the Group.

3.3.3 Close Relatives and Friends

- Employees are not allowed to form any business relationship with their family members, close relatives and friends providing mutual or unilateral benefits while performing their duties within the Group.
- In case family members, close relatives and friends work for supplier companies and customers, such relations shall not be allowed to create a conflict of interest.
- If family members, close relatives and friends work in the Group, the employees shall not permit such relations to affect the decisions to be made for the company. All Group employees shall maintain impartiality at all events and evaluate the staff affiliated to them according to their performance, knowledge and experience.
- Employees who are authorized to make decisions on recruitment shall not make such decisions for their family members, close relatives and friends. Recruitment decision may be made provided that it is for the benefit of the Group and the senior manager who is duly informed of the situation approves recruitment.
- Employees who are authorized to make decisions on purchasing shall not make purchasing decisions for quotations offered by companies in which their family members, close relatives and friends are shareholders directly or indirectly. Purchasing decision may be made provided that the situation should be explained clearly in the assessment, it is for the benefit of the Group and the senior manager who is duly informed of the situation approves the purchasing decision.
- As for quotations made by companies in which ex-members of the Group hold shares directly/indirectly or work as well as all kinds of relations with those companies, the situation shall be indicated explicitly.
- Employees who are not allowed to invest in shares of public companies of the Group may not make investments for their family members, close relatives and friends, either.

3.4 Relations with Other Institutions

It is necessary to act in line with the General Principles of Code of Conduct adopted by Şişecam Group in business relations with persons and organizations outside the Group. In that regard, employees are expected to observe the principles of integrity, honesty, transparency, impartiality and confidentiality and act in compliance with the laws, directives, and regulations as well as general ethics.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

3.4.1 Relations with Customers and Suppliers

- The interests of the Group shall be upheld in relations with customers and suppliers at all times.
- Employees shall not form a mutual or unilateral interest relationship – such as debit and credit relations – with customers and suppliers personally.
- Employees shall stick to their commitments to customers and avoid making unrealistic commitments.
- Employees may not be involved in illegal and unethical acts in order to acquire information about customers and suppliers.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about customers and suppliers shall not be used or disclosed.
- Employees shall treat customers and suppliers in line with the principles of respect, equality, courtesy, and equity.
- Employees shall not assume misleading and deceitful behaviours towards customers and consumers.
- Confidential information of customers and suppliers shall not be disclosed to third parties.
- The requirements of agreements and protocols executed with customers and suppliers shall be observed.

3.4.2 Relations with Competitors

- It is obligatory to abide by the competition rules and laws which are in force in the country of activity and not to disregard the principle of integrity and honesty during competition.
- It is necessary to remain alert to the infringements of competitive limitations in any meeting, seminar or discussion and to withdraw from such organizations if necessary.
- Being involved in illegal and unethical acts in order to acquire information about competitors shall not be tolerated.
- Information acquired by Group employees or communicated to them by third parties in illegal ways about competitors shall not be used or disclosed.
- Making unreal and anonymous rumours about competitors and contributing to such rumours shall not be tolerated.

3.4.3 Relations with Governmental Authorities

- All kinds of information and document requested by governmental authorities shall be delivered completely, accurately and in due time.
- Misleading and deceitful behaviours shall be avoided while forming relations with governmental authorities. Employees are not allowed to create advantage for the Group by misrepresenting a situation; the interests of the Group shall be protected under the applicable laws and regulations.
- Whenever there is uncertainty as to the implementation of a law or regulation, Legal Department and Financial Consultancy of the Group shall be consulted.
- It is prohibited to offer any direct or indirect benefit to a governmental officer in return for a privilege. Cash or similar payment shall not be made to any person apart from those required by laws and regulations even for the benefit of the Group.
- Third parties acting for the Group (representatives, consultants etc.) shall avoid such offers for the activities they undertake in the name of the Group.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

4. VIOLATIONS OF ŞİŞECAM CODE OF CONDUCT

Code of Conduct of Şişecam Group applies to all the positions in the Group just as the Group regulations, procedures and directives which are to be implemented completely in the same manner. Those violating Group Code of Conduct or regulations, procedures and directives shall be subject to a number of disciplinary actions including termination of the employment agreement. Şişecam Topluluğu Etik Kuralları benimsenmeli ve bu kurallara aykırı davranışlarda bulunulmamalıdır.

- Code of Conduct of Şişecam Group should be adopted and violation of the Code of Conduct should be avoided.
- It is necessary to act with discretion in all activities and decisions. Employees should confirm the lawfulness of the decisions and actions and question their correctness and fairness.
- In case there is any doubt as to the compliance of an activity or decision with Code of Conduct of Şişecam Group, the following communication channels shall be contacted.
- Before making a decision on any activity, it is necessary to contemplate how the Group, employees, shareholders and other stakeholders may be affected by such decision.
- Whenever an employee becomes aware of any violation of Code of Conduct of Şişecam Group, such employee should contact with the applicable manager or the following communication channels.
- Necessary care shall be taken to keep confidential the identity of those notifying violations of the Code of Conduct and all claims shall be reviewed and investigated carefully.

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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE POLICIES

Anti-Bribery and Corruption Policy

1. Purpose

The purpose of this policy is to set out commitments and position of Şişecam Group with regards to bribery and corruption clearly and uphold the corporate image. This policy, being an integrated part of Code of Conduct adopted by the Group, aims to provide necessary information for prevention of bribery and corruption in all Group activities and to specify responsibilities and rules in that regard.

2. Scope

Anti-Bribery and Corruption Policy covers not only Group employees but also all business partners acting in the name of the Group or offering services to the Group.

In that regard, the policy applies to;

- All Group employees including Directors,
- Third party consultancy, legal consultancy, or counselling companies and their employees,
- Outsourcing sub-contractor companies and employees,
- Persons and entities undertaking activities in the name of the Group directly or indirectly including but not limited to representatives, distributors and agencies.

It is especially important to appreciate that the practices and restrictions provided in this policy are binding over the abovementioned persons and entities. It should not be neglected that the Group may be held responsible for unlawful or unethical conduct of those persons and entities. In that regard, it is of utmost importance to make sure that the business partners of the Group also complies with this policy as well as the Group Code of Conduct, relevant regulations and procedures.

3. Definitions

Bribe: Offering a material or immaterial advantage directly or indirectly to a person or a third party designated by that person pursuant to an oral or written agreement to induce that person to take an action that is contrary to requirements of his business tasks or outside the ordinary course of business by means performing, not performing, accelerating or slowing down a specific task. Bribe may take various forms including cash, gift, entertainment invitation or ticket, debt relief, charitable donations etc.

Corruption: Misuse of any power that is held due to one's position for personal material or immaterial gains directly or indirectly.

4. Responsibilities

Parent Company Board of Directors;

- The Board of Directors of the Parent Company shall be the highest authority responsible for Anti-Bribery and Corruption Policy.
- Parent Company Board shall adopt this policy and provide the necessary background for implementation of the policy.
- It shall establish and develop internal control systems to prevent bribery and corruption.
- It shall ensure establishment of communication channels required for reporting any conduct that is in violation of this policy and take measures to keep the identity of reporting persons confidential and to protect them accordingly.
- It shall make sure that necessary investigations and inquiries are made about the complaints, reports, notifications and allegations in line with the regulations of the Group.
- It shall ensure that audits are conducted for promoting compliance with the legislations, regulations, procedures and policies and corrective measures are adopted as necessary.

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Board of Ethics: :

- Board of Ethics shall be responsible for furthering compliance with Şişecam Group Code of Conduct, promoting culture of ethics in the Group, and increasing awareness level in that regard.
- It shall perform activities, make decisions and deliver opinions about potential solutions to the practical problems related to Code of Conduct and Anti-Bribery and Corruption Policy.
- It shall evaluate the internal or external complaints and reports made to the Board as to violation of code of conduct via electronic mail, mail, by phone or other communication means to determine whether any violation is applicable.
- It shall inform the Audit Committee about situations provided in "Regulation on Establishment and Working Principles of Board of Ethics" after duly evaluating the complaints and reports made to the Board.

Directors and Employees:

- All employees shall agree with the Anti-Bribery and Corruption Policy and act in compliance with the relevant principles.
- Managers shall ensure that the principles provided in the policy are understood, implemented and upheld by the relevant business partners and their reports.
- Employees may not be forced to act in violation of this policy in any manner by any person.
- All Group employees shall be bound to report wrongdoings and suspicions under this policy to their managers and/or the following communication channels.
- Managers shall be bound to transmit the complaints, reports and allegations made by their reports to the following communication channels.

5. Policy

Şişecam Group has adopted the Anti-Bribery and Corruption Policy as an indication of its sensitiveness to matters of business ethics. Given the fact that this matter constitutes an action requiring legal punishment in addition to its significance in terms of business ethics, employees are expected to take this matter seriously and evaluate it as part of their personal duties and responsibilities independently from business life.

Şişecam Group aims to act in compliance with anti-bribery and corruption laws and regulations applicable in all the countries of operation and representation, universal rules of law, ethical and professional principles. Accordingly, the Group takes "**zero tolerance**" approach to bribery and corruption and is committed to undertaking its activities fairly and honestly in line with legal and ethical rules.

Code of Conduct, regulations, procedures and other policies of Şişecam Group require performance of activities correctly, fairly and honestly in compliance with the laws and the Group assumes an even more sensitive approach to anti-bribery and corruption with a view to protecting and furthering the rights of all stakeholders. Anti-Bribery and Corruption Policy has been adopted as part of the significance of the matter.

Şişecam Group explicitly prohibits resort to bribery and corruption in its activities in all countries. Persons to whom this Anti-Bribery and Corruption Policy applies are prohibited from offering payment or anything of value to provide any unlawful or unethical benefit even for the interests of the Group, acquiring any similar benefit from other persons or entities, and being involved in any unlawful and unethical act that might be regarded as bribery or corruption even if such practices are common in the country of operation or in the industry.

In that regard, it is of no importance whether the benefit provided as bribery and corruption has any material value or whether anything is done for the other party in return for the benefit. Anti-Bribery and Corruption Policy shall be considered to have been violated even when the value of the benefit is extremely insignificant or the commitment has not been realized despite making an offer.

Şişecam Group is committed to protect legal rights of governmental organizations, suppliers, customers, employees, and other stakeholders. Accounting procedures shall be recorded fully, correctly and fairly and internal control systems are established for preventing undeclared transactions.

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CORPORATE GOVERNANCE POLICIES

6. Donations and Gifts

Rules of donations and gifts are provided in detail in Şişecam Group Code of Conduct, Donation Regulation and Donation Policy. Şişecam Group Code of Conduct and Donation Policy are published on the corporate website to enable third parties including customers, suppliers, investors and other stakeholders to have access to them. In case of any uncertainty as to interpretation or implementation of the regulations or coming across any situation not provided in the regulations, it is necessary to contact the Board of Ethics by means of the following communication channels.

7. Events or Suspicions of Bribery and Corruption

All Group employees shall be bound to inform their managers and/or following contact persons of any bribery and corruption event or suspicion immediately. Here are a few examples to such conditions;

- Offer of bribe to you or your colleague
- Relationships based on mutual interest or conflict of interest which you bear witness or have information about
- Any irregularity in company records
- Acts and behaviours such as providing favour or benefit in tenders and purchases
- Providing benefits to any customer or supplier in violation of legal and internal regulations
- Coercion applied on you or your colleagues by any internal or external person or entity to act in violation of the Group Code of Conduct or this policy

You must contact your manager and/or following communication channels when you come across such situations. In some cases, employees may hesitate to report such practices if they are concerned that they may be affected negatively from reporting such an event. Şişecam Group Board of Directors guarantee that persons reporting or filing complaints about conditions in violation of the legal regulations, code of conduct and Group regulations shall not incur any damages for filing such a report or complaint. The identities of reporting individuals shall be kept strictly confidential and they shall be protected against any damage due to the report or complaint – unless their allegations turn out to be deliberate slanders.

8. Sanctions Applicable to this Policy

Group regulations, procedures and instructions apply to all positions in the Group according to which this Anti-Bribery and Corruption Policy must be adopted and implemented by all the employees. In case of violation of Anti-Bribery and Corruption Policy, the Group policies provide for a number of sanctions up to termination of employment agreement in addition to other significant legal sanctions including penalty of imprisonment in many countries.

Communication

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Tel : +90 850 206 50 50
Adress : Türkiye Şişe ve Cam Fabrikaları A.Ş.
Etik Kurulu
İçmeler Mahallesi, D-100 Karayolu Caddesi, No:44/A 34947 Tuzla/İstanbul

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SALARY POLICY FOR BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The salaries of the members of Türkiye Şişe ve Cam Fabrikaları A.Ş.'s (Şişecam Group) Board of Directors are fixedly determined at the Ordinary General Meeting every year for all of the members.

The members of the Board of Directors in the Executive Board have separate payments under the policy for senior executives.

For the salary calculation of the Independent Board Members, payment plans based on the performance of the company cannot be used.

Our Group aims to work with a fair and competitive Salary Management System, which is accepted by our Group employees, and keep our Salary Management System up to date in line with the Community strategies and market.

In our Group, job evaluation methodologies which are, independent of the title, are positioned relative to the qualities of the organization's work are used.

With the newly created Salary Management System, our Group is aiming to pay employees equitably, to reward the performance they have achieved, to attract qualified employees to our Company, taking into consideration work efficiency and organizational performance.

The total annual income packages are taken into account when determining the salary levels across the whole Community.

Market salary surveys' indicators covering comparison of the total annual earning packages of the Community personnel with the annual earning packages of equivalent positions in the market and comparison of the fringe benefits are base for Salary Policy.

The Community Human Resources Group Presidency is responsible for the determination of all the policies related to the Salary Management System, for ensuring the implementation unity throughout the Group and for keeping the system up to date according to the conditions of the day.

Senior Executive salaries is composed of performance premiums calculated in accordance with company targets, long term targets and personal effort except fixed salaries determined according to margins on which positions are situated in Grade System established according to Salary Management System and fringe benefits.

COMPENSATION POLICY

Determination and execution of compensation policy of our company is based on related provisions of the regulations (i.e. law of obligations, labor law regulations and by-laws), collective-bargaining agreement, Group Procedures and jurisdictional decisions.

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HUMAN RESOURCES POLICY

Sisecam Group; aims to implement a human resources policy that targets a globally sustainable success, disseminates an innovative and co-operative corporate culture, fosters the best human resource practices in its business areas and adds value to all stakeholders.

Group shapes its approach to human resources within the framework of legislation, corporate values and ethical rules, based on inclusiveness and equal opportunity in all its application. Starting from the target of being the most preferred employer, in all human resources processes like recruitment, career management, training and development, performance management, it conform an objective, systematic and development-oriented approach. A competitive and arm's length compensation and benefits strategy based on awarding steady-high performance is the foundation of the systems.

Şişecam Group, respects to the historical and cultural differences of the geographies where the group operates. It strives to promote the diversity of global human resources and stakeholders, and strengthening the cultural heritage of future generations.

Considering the balance between the work and the private life of the employees, the human resources programs to support this balance are passed on, the communication platforms where the suggestions and expectations of the employees are taken into account are presented and employee loyalty and satisfaction are followed with objective and independent researches. Based on employee loyalty and satisfaction researches, we continuously improve the positive business climate development approaches and provide a healthy, safe and environment in which corporate values are kept alive.

Şişecam Group, which aims to actualize the potential of global human resources at the highest level, ensuring sustainable high performance and increase the value to the future that stakeholders build more strongly, by combining its deep-rooted past and future orientation in the common denominator, it is shaping and strengthening its future with an understanding based on human focus, continuous development and innovation.

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CORPORATE GOVERNANCE POLICIES

DISCLOSURE POLICY

General Framework

Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam), disclose of all kinds of financial information, other explanations and notices related to notably Capital Markets Legislation, the Turkish Commercial Code and Borsa İstanbul A.Ş. ("BİAŞ") where our shares are traded at, by favoring generally accepted financial reporting standards and corporate governance principles; within this scope, Şişecam carries out a detailed informing and public lighting policy.

The main objective of the information policy is to ensure that necessary information and disclosures beyond the scope of trade secrets are transmitted on equal terms to shareholders, investors, employees, customers and other interested third parties on time, accurately, completely, comprehensibly, easily and at the lowest cost.

Having an active approach to the adoption and implementation of corporate governance principles, Şişecam shows the maximum effort of the relevant legislation and the implementation of international best practices for public disclosure and information. Şişecam disclosure policy approved by the Board of Directors in the framework of the above-mentioned prepared and put into practice.

Authority and Responsibility

The Board of Directors prepares disclosure policy. The monitoring, supervision and development of the information and disclosure policy of Şişecam are under the authority and responsibility of the Board of Directors.

Managers responsible for financial management, reporting and investor relations department have been assigned to coordinate the disclosure function. The said authorities fulfill these responsibilities in close cooperation with the Audit Committee and the Board of Directors.

Methods, Tools Used and Works Performed Public Disclosure

Within the Capital Market Legislation, the Turkish Commercial Code and other relevant legislation framework; the following are the tools and methods used in public disclosure operations:

- At the end of each quarter, the consolidated financial reports, the footnotes and explanations related to the related financial statements prepared in accordance with the legislation published by the Capital Markets Board (CMB) and the independent audit report conducted at the end of the half year and at the end of the year, the the Board of Directors' interim report are shared with Public Disclosure Platform within the given time frame and published in the Corporate Web Site of our Company (www.sisecam.com). The relevant financial statements are presented to the approval of the Board of Directors with the opinion of the Audit Committee and are signed by the executives responsible for the financial reporting authorized by the Board of Directors

Regarding the results of the activities announced on a quarterly basis, a public announcement is also made public about the results of the activity in the relevant period and other important issues.

The financial statements that are disclosed to the public are also translated into English and transmitted to the related parties and published on Şişecam's website. Following the disclosure of financial statements of year ends, on the date of the Ordinary General Assembly, on the press conferences held by Chairman of the Board and/or General Manager, past year performance is evaluated and press questions are answered.

- Material disclosures that should be made within the scope of the CMB legislation are transmitted to the KAP via electronic medium within the given time frame. Material disclosures are in principle signed by persons who are responsible for financial reporting, have a "qualified electronic certificate", and are presented to the relevant authorities. People who are responsible for making material disclosures are determined from the representatives and competent authorities of the Company. In addition, the statements sent to the KAP in the electronic environment will also be published on the Company Corporate Internet Site at the latest business day after the announcement of the public announcement.

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- Announcements are made through the KAP, Trade Registry Gazette in cases such as amendments to the Articles of Association, General Assembly meetings, and capital increase. In addition, Turkish and English texts are published on the company's website.
- The Annual Report which is prepared in Turkish, with the necessary information and explanations before the General Assembly meeting, is published in the Company's Corporate Internet Site for the shareholders' review and the printed version of the relevant report can be obtained from the Şişecam Shareholders Relations Unit. In addition, annual activity reports are translated into English as soon as possible following general meetings and published in our website.
- When necessary, press explanations are made through written and visual media. Written and visual media releases made by the authorities.
- When necessary, teleconferences provide information to shareholders and other interested parties. Related teleconferences are coordinated by the Investor Relations Department.
- Through investor meetings and investor visits (road - show) held domestically and abroad, information is provided to shareholders and other related parties. The General Manager, the managers responsible for financial management and reporting, and the managers of the Investor Relations Department participate in the meetings and visits carried out by the Investor Relations Department. In necessary cases, the contact teams can be further expanded.
- Promotional and informative meetings held with investors and presentations, reports presented at press conferences are included in the "Investor Relations" section of our Company's Corporate Web Site in order to ensure that all market participants have simultaneous and equal information.
- Related information, especially financial tables, are shared with shareholders and the companies that organize the research report about our company by the e-mail when it is requested.

Investor Relations Department

In order to fulfill the obligations arising from the CMB legislation in accordance with the rules set forth in the legislation and to maintain its activities more effectively, a central understanding and an appropriate structure have been adopted in our Group. In this context, all liabilities of Şişecam and other publicly traded companies arising from the Turkish Commercial Code and the Capital Markets Legislation have been fulfilled under the supervision, direction and coordination of the Investor Relations Directorate established within the Company's Financial Affairs Presidency in line with the CMB Corporate Governance Principles prospect.

The "Investor Relations Department", which is formed compulsorily by the legislation as well as the Company bodies, plays an active role in facilitating the protection and use of shareholder rights, especially the right to receive and review information.

The Investor Relations section of our corporate website, which is in Turkish and English format, contains quite detailed information and data about our company within the scope of the corporate governance profile. The relevant website is kept up to date by the investor relations department. All questions posed by shareholders and other interested parties by e-mail, letter, phone, etc. are answered as soon as with the coordination of Investor Relations Department.

For this purpose, the authorities who are responsible from the communication with the shareholders as follows.

Name Surname	Title	Phone Number	E-mail
Başak Öge	Investor Relations Director	0850 206 33 74	boge@sisecam.com
Hande Özbörçek	Investor Relations Specialist	0850 206 32 62	hozborcek@sisecam.com
Sezgi Ayhan	Investor Relations Specialist	0850 206 37 91	seyhan@sisecam.com
İpek İyisan	Investor Relations Assistant Specialist	0850 206 34 17	iyisan@sisecam.com

In addition to Investor Relation Department responsables, in necessary cases, Gökhan Güralp, Financial Control and Reporting Director and Murat Yalçın, Financial Control and Legal Reporting Manager are delegated to Investor Relations Department.

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In this context, the main activities carried out under the responsibility of the Investor Relations Department are summarized below:

1. Carrying out capital markets and investor relations activities in accordance with determined strategies and policies.
2. Execution of information management activities on capital markets and investor relations legislation
3. Designing a company valuation model, developing value enhancing initiatives.
4. Following up the performance of the public shares of the public in the Community, determining the opportunities for buying and selling.
5. Conducting the conduct of sector and competitor research and informing the Group and the Group's top management about the results of research and analysis
6. Coordinating of the capital markets and investor relations activities of the Group companies and providing the necessary guidance.
7. Ensuring that investor relations activities of publicly traded companies comply with the Code of Business Conduct of the Community investor relations.
8. Conducting analyst surveys and managing investor / analyst expectations.
9. Representing the Group in events such as road shows, stock / bond conferences.
10. Participating in investor and analyst meetings, making presentations and ensuring that investor and analyst questions are answered in accordance with legislation and Community strategies.
11. Communicating with the Stock Exchange Istanbul (BIST) and the Capital Markets Board (CMB) on behalf of the Community.
12. Preparing and publishing KAP notifications such as material disclosures, annual and interim reports in coordination with the Corporate Communications Directorate.
13. Managing "investor relations" sections on the websites of the Group companies.
14. Managing relations with rating agencies in coordination with the Treasury and Finance Directorate.
15. Determining the training needs of the Group companies regarding capital markets and investor relations.
16. Supporting for the public offering, block sales and direct sales activities of shares of the Group companies.
17. Contribution to the process of preparation of interim and annual reports.
18. Providing top management feedback on the views of investors, expectations and views of Group companies.
19. Assessing and monitoring of complaints and proposals from outside the Community regarding the Financial Affairs Presidency.

Measures Taken for the Confidentiality of Information until Public Reveal of Material Disclosures

In order to ensure confidentiality until the public disclosure of special cases, Şişecam employees who have access to internal information are thoroughly informed about the responsibilities arising from the relevant legislation and on what conditions and under what circumstances and by whom the information will be disclosed to the public. Confidentiality is included in the agreements made with persons and institutions that may have access to internal information due to the provision of certain services to Şişecam. Furthermore, in order to prevent unauthorized disclosures related to the results of activities, information is not exchanged with capital market participants about the results of activities and other issues that have not been publicly announced in certain periods of the calendar year. This period is considered as "silent period". During the Silent Period, company responsables do not give an opinion about the financial status of the company, except for information disclosed to the public on behalf of the company. Questions about the financial situation of capital market participants such as analysts and investors are not answered. In the Quiet Period, responsible who make public disclosure and who work in Investor Relations Department, is not restricted to participate in speeches, conferences, panels and similar events; to have interviews to the written and visual media the investor meetings; to participate in investor meeting on condition that they observe the rules of confidentiality of internal information. The Slient Period starts at 15th of the month following the end of the three-month interim and annual accounting period and continues until the day when the financial statements are announced to the public.

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News and Rumors in the Press

Follow-up and monitoring of news and rumors about Şişecam and its affiliates in the media or internet sites is performed through a professional media follow-up agency. In case of necessity of disclosure within the scope of the legislation related to public disclosure of special cases, an explanation is made about the issue by compiling the necessary information from the related units.

The method and content of the announcement of news and rumors that cited in the press release but which do not give rise to the obligation to disclose are determined by taking into account such factors as the nature of the news, the extent of the mass received by the media, and the fact whether it affects the reputation of the news company. In cases where such announcements are made regarding such news and rumors, if the disclosure content contains an element that necessitates public disclosure, a special case disclosure is made in line with the relevant legislative provisions.

In the presence of news or rumors in different contexts compared to explanations, circulars, announcements approved by the Capital Markets Board, financial reports and other information disclosed to public via Public Disclosure Platform, which may affect investing decision of the investors and the value of the capital market tools, Şişecam make announcement and explain whether this information shared is correct and sufficient. However, Şişecam do not express any opinion on comments, analyzes, evaluations and estimations made about the Company based on the information disclosed to the public.

Criteria Used in Determining Administrative Responsibility

In determining people with administrative responsibilities, the duties of the persons in the Company organization and their information access are taken as a criterion.

In this context not only Members of the Board of Directors and Auditors, General Manager, Presidents, General Manager Coordinator, Procurement Coordinator, Vice President, who have detailed information on future plans in addition to the current situation of Şişecam, but also Şişecam's finance department managers who have access to information on Şişecam and are authorized to make administrative decisions that can affect financial reports, strategic targets and similar elements at macro level these persons were identified as persons with administrative responsibility and regular access to internal information. According to this, people who have not knowledge which can influence the value of the capital market instrument and the investment decisions of the investors, in other words, people who have information about only a part of the Company and managers and other employees who have limited knowledge about whole Company are not considered within the scope of the person who has administrative responsibility and has access to internal information.

Other Disclosures

Disclosures (prospectus, circulars, etc.) except the ones cited above are signed and announced to the public within the authority determined in the Company's signature circular. It is also published on the Company's website.

Şişecam Corporate Website (www.sisecam.com)

The Company actively uses the Corporate Internet Site of the Company as required by the CMB Corporate Governance Principles in order to be able to maintain its relations with shareholders more effectively and quickly and to be in constant communication with its shareholders. The information contained in this site is continually updated under the investor relations department's responsibility. The information contained in the Corporate Corporate Website is the same as the statements made under the relevant legislative provisions and does not contain conflicting or incomplete information.

At the Company Corporate Internet Site; besides the compulsory information to be disclosed in accordance with the legislation, trade registry information, latest status of partnership and management structure, existence of no privileged share certificates, date and number of trade registry newspapers published with amendments, latest version of Company's Articles of Incorporation, special case disclosures, financial reports, annual reports, prospectus and public offering circulars, General Assembly Meeting Agendas, attendance statements and meeting minutes, proxy voting form, Profit Distribution Policy, Disclosure Policy, Company Code of Ethics and answers of the frequently asked questions are cited. In this context, at least the last 5 years of information is included in the Company Corporate Internet Site. The information on the website is also prepared in English for the benefit of international investors.

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ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

WORKING PRINCIPLES OF BOARD COMMITTEES

FORMATION AND ORGANIZATION

- According to the Capital Markets Board regulations, it has been decided to establish Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee within the body of Board of Directors. Corporate Governance Committee performs the functions of Nomination Committee and Remuneration Committee.
It is obligatory to form other committees in parallel with the changes in the current regulations. Apart from these committees, Board of Directors shall be entitled to form other committees if considered necessary.
- If the legal regulations make it possible to unite the tasks, powers and responsibilities of multiple committees under a single committee, such committees may be duly formed.
- Board of Directors shall determine the areas of responsibility, working principles and members of the committees with due regard for the legal regulations.
- Committees shall be comprised of minimum two Board members unless otherwise provided in the regulation. Mandatory provisions of the regulation shall be taken into consideration for determining the qualifications of members and chairpersons.
- Those who assume executive duties as Managing Director/Executive Director or whose reports include executive departments and those who bear "executive" title in terms of managerial powers may not be assigned as members of such committees.
- Committees shall act in line with the powers and responsibilities ascribed to them by Board of Directors.
- Term of office determined for the committee members shall be equal to the term of office specified for Board membership unless otherwise resolved by Board of Directors.

WORKING PRINCIPLES OF THE COMMITTEES

- Committees shall perform their functions by means of meetings held by members. Meeting dates shall be determined in line with the working principles specified by Board of Directors as well as provisions of the applicable regulation.
- Timing of committee meetings shall be in harmony with that of Board meetings to the extent possible.
In case of necessity, company managers and executives may participate in such meetings to present their opinions and give information about the meeting agenda upon the invitation of any committee provided that any such participation shall be limited to the purpose of consultation.
- Meetings shall be held with a specific agenda. The agenda shall be prepared appropriately so that it contains the tasks attributed to the respective committee in the regulation.

The agenda shall include the following items at a minimum;

Audit Committee; oversight of accounting system, public disclosure of financial information, functioning and efficiency of independent audit and internal control system,

Early Detection of Risk Committee; early detection and management of internal and external risks that may endanger corporate activities and review of risk management systems,

Corporate Governance Committee; in addition to monitoring and improving compliance with corporate governance principles and oversight of activities conducted by the Shareholders Relations Divisions, with respect to other activities conducted by Corporate Management Committee;

For Nomination Committee; determination and assessment of suitable candidates for Board of Directors, evaluation of the organization and efficiency of Board of Directors and making suggestions to Board of Directors accordingly, determination and oversight of approaches, principles and practices for performance assessment and career development of directors and senior managers,

For Remuneration Committee; making suggestions for remuneration principles applicable to directors and senior managers with due regard for long-term objectives of the company in addition to suggestions regarding determination of criteria to be used for remuneration purposes in connection with the performance of the company and directors

- Information and documentation about the agenda shall be prepared and submitted to the members within a reasonable time prior to the meeting.
- Committees may seek opinion from independent experts and consultancy firms in order to perform their tasks.
- Committee meetings shall be held with the participation of majority of members. Decision quorum for the decisions of the committees shall be the absolute majority of its members who are present in the meeting.
- Meeting minutes and resolutions of the committees shall be written down by a reporter assigned by the Committee and duly signed by the members.
- Committees shall regularly inform Board of Directors about the issues handled in line with the authority given to them or else submit them to the approval of Board of Directors..

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ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

Strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the company. The board represents and governs the Company within these principles.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been determined in order to allow the board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other administrative role apart from the membership in Board of Directors. Most of the members of Board of Directors consist of non-executive members. Prof. Dr. Ahmet Kirman, General Manager, participates in the Board of Directors as an executive member. The chairman of the Board of Directors and the General Manager are not the person. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principles, there exist three independent members in the Board of Directors.

Independent members have been determined in accordance with the procedures envisaged in the corporate governance principles and presented to the Board of Directors. Regarding the election of the independent members eligible at the meeting of the Board of Directors dated January 31, 2018, negative comments were not reported by the Capital Market Board in formal letter numbered 29833736-110.07.07-E.1842 dated 15 February 2018

The independent and non-independent members of the board, who have been determined within this scope, have been elected for one year in the General Assembly Meeting related to year 2018, held on 21 March 2018. Since the one- year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 2019, the board members will be elected in the aforementioned ordinary general assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows

INDEPENDENCE DECLARATION

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,

(Sign)

Dr. Mehmet Cem Kozlu

28 December 2018

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

INDEPENDENCE DECLARATION

Türkiye Şişe ve Cam Fabrikaları A.Ş.
-Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



Aysun Mercan

28 December 2018

INDEPENDENCE DECLARATION

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Board of Directors Presidency

I hereby declare that I am currently fulfilling the "Independent Board Members" conditions determined by the Capital Markets Law, Capital Markets Board Communiqué, Principle Decree and other regulations and the Company's Articles of Association; in case of emergence of a situation that eliminates the question of independence, I would immediately inform the Board of Directors and the Public Disclosure Platform together with the grounds in writing and I will act in accordance with the decision of the Board of Directors complying with the matters specified in article 4.3.8 of the Corporate Governance Principles.

Yours respectfully,



Dinç Kızıldemir

28 December 2018

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

OUT OF GROUP RESPONSIBILITIES OF BOARD MEMBERS

Name Surname	Title	As-is Out of Group Responsibilities
Adnan Bali	Chairman of the Board	Chief Executive Officer of İşbank Board of Directors of Vehbi Koç Foundation, Global Relations Forum (GRF) and The Banks Association of Turkey; member of the Turkish Industry and Business Association (TUSIAD), Istanbul Foundation for Culture and Arts (IKSV), Finance Managers Foundation of Turkey (Finance Club), Institute of International Finance (IIF) and Institut International d'Etudes Bancaires (IIEB) and Darussafaka Society.
Prof. Dr. Ahmet Kırman	Vice Chairman - General Manager	Chairman of the Board of Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Trakya Cam San. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş., Şişecam Çevre Sistemleri A.Ş., Şişecam Enerji A.Ş., Camış Elektrik Üretim A.Ş., Trakya Investment B.V., Anadolu Cam Investment B.V., OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Balsand B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., OOO Posuda, AC Glass Holding B.V., Şişecam Flat Glass Holding B.V., Nude Glass Investment B.V., İstanbul Investment B.V., Nude Design Investment B.V.
Mahmut Magemizozoğlu	Member	T. İş Bankası I. Assistant General Manager, Anadolu Hayat Emeklilik A.Ş. Chairman of the Board of Directors, Milli Reasürans T.A.Ş. Chairman of the Board of Directors.
Zeynep Hansu Uçar	Member	Subsidiaries Division Unit Manager at Türkiye İş Bankası A.Ş., Board member of Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş., Trakya Cam San. A.Ş.
İzlem Erdem	Member	T. İş Bankası A.Ş. Director of Department of Economic Research, Is Portföty A.Ş. Vice Chairman of the Board of Directors..
Sabahattin Günceler	Member	None
Dr. Mehmet Cem Kozlu	Member	Boards member of Coca-Cola Beverages, Anadolu Group Holding, Anadolu Efes, Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO8CO (Vienna) and acts as a Board of Trustees member at Anadolu-Johns Hopkins Health Center, Anadolu Foundation and Istanbul Modern Arts Foundation. Chairman of the Board of Directors of the Global Relations Forum
Aysun Mercan	Member	Board member of Bank of Tokyo Mitsubishi UFJ Turkey A.Ş. Soda Sanayii A.Ş. independent board member
Dinç Kızıldemir	Member	Trakya Cam San. Inc. Independent Board Member.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

FUNDAMENTALS OF ACTIVITIES OF BOARD OF DIRECTORS

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 94 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

Thereby providing an equal flow of information, the information and documents related to agenda items of meeting of Board of Directors are presented for the review of members of the Board of Directors before a sufficient plenty of time. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has a voting right in the Board of Directors.

Each agenda item is discussed clearly and in all aspects in the meetings of the Board of Directors. Participation rate of members of the board of Directors to the Board of Directors meeting is %98,58 in 2018. Independent member of the board of Directors did not vote for their own election.. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2018 since there exists no such opinion was declared.

The meetings of Board of Directors are generally held at head office of the Company and the significant minutes of Board of Directors are announced to public via PDP and the minutes announced to public are also published in the Company's corporate website.

Authorities and responsibilities of the Board of Directors are clearly explained in the Articles of Association. Authorities are exercised in compliance with the internal legislation registered in 27 November 2014, published in 3 December 2014 and prepared by the Board of Director's decision no 122 in accordance with the article 367 and 371 of Turkish Commercial Code in 20 November 2014. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and with this purpose, the Board of Directors is in a close collaboration with the Department of Investor Relationships.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

COMMITTEES CONSTITUTED IN THE BOARD OF DIRECTORS

For effective duty and responsibility performance of the Board of Directors, the “Supervisory Committee”, “Corporate Governance Committee” and “Early Risk Identification System and Committee” have been constituted in accordance with the Corporate Governance Principles. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting and disclosed to the public on the same day.

Audit Committee members are selected from the independent members of the board. The chairman of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System and Committee and the Audit Committee consist of five, five and three members, respectively.

The Chairman of the Board of Directors and General Manager do not participate in the committee. There exists no executive member in the committees except for the manager of the “Department of Investor Relations” participating in the Corporate Governance Committee, in accordance with corporate governance principles. A member of the Board of Directors, who is independent, does not have any responsibility in two committees, simultaneously.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and is documented in written and recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors.

Being responsible for the company’s accounting system, the independent audit and issue of financial information to public and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company’s accounting and internal control and its independent audit and assessment of feedbacks of the company’s employees related to the accounting and independent audit issues within the framework of a confidentiality. It declares its findings related to its tasks and responsibilities and related assessments and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company’s accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company’s responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 15 meeting in 2018. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to incompliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it traces the activities of “Investor Relations Department. The Corporate Governance Committee held 6 meeting in 2018.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and definition of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes are determined as the duties of the committee.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ADDITIONAL INFORMATION ABOUT CORPORATE GOVERNANCE

The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification System and Committee held 10 meeting in 2018.

The notifications related to the meetings of Audit Committee, Early Detection of Risk Committee, and Corporate Governance Committee are duly made in due form to the Board of Directors.

Due to the fact that all members of Audit Committee and chairman of other committees and three members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it has required a member of Board of Directors to be involved in more than one committee.

The Audit Committee;

Chairman Dr. Mehmet Cem Kozlu (independent), Aysun Mercan (independent) ve Dinç Kızıldemir (independent)

The Corporate Governance Committee;

Chairman Dr. Mehmet Cem Kozlu (independent), Zeynep Hansu Uçar, Sabahattin Günceler, İzlem Erdem ve Başak Öge.

Early Risk Identificatin Committee;

Chairman Dr. Mehmet Cem Kozlu (independent), Aysun Mercan (independent), Dinç Kızıldemir (independent), Mahmut Magemizoğlu ve Zeynep Hansu Uçar.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) are announced on Public Disclosure Platform ("PDP") at least three weeks before the General Assembly Meeting. The company report status of complying the volunteering principals with CGCR, informs about the corporate governance implementation with KYBF templates.

The Corporate Governance Compliance Report was prepared in accordance with the decision no.2/49 of Capital Markets Board's dated 10 January 2019 and prepared within the framework of the corporate governance principles stated in the "CMB" Communiqué Series II 17.1.

(X) represents the Company's compliance status and the explanations are made for the status other than yes.

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Patial	No Exempted	N/A		
1. SHAREHOLDERS						
1.1. Facilitating the Exercise of Shareholder Rights						
1.1.2 Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X	-	-	-	-	
1.2. Right to Obtain and Review Information						
1.2.1 Management did not enter into any transaction that would complicate the conduct of special audit.	-	-	-	-	X	The requests for the assignation of a special auditor has not yet been regulated as individual right in the articles of association No requests were received for the assignation of a special auditor within the period.
1.3. General Assembly						
1.3.2 The company ensures the clarity of the general Assembly agenda, and that an item on the agenda doesn't cover multiple topics.X		-	-	-	-	
1.3.7 Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	Articles of association does not contain privileges for the exercise of voting rights.
1.3.8 Members of the board of directors who are concerned with specific agenda items, auditors and other related persons,as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	-	X	-	-	-	The Company's Article of Association contain no privileges fort he exercise of voting rights
1.3.11 The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X	-	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
1.4. Voting Rights					
1.4.1 There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-
1.4.2 The company does not have shares that carry privileged voting rights.	X	-	-	-	-
1.4.3 The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X	-	-	-	-
1.5. Minority Rights					
1.5.1 The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-
1.5.2 The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	X	-	-	The Company has adopted the rates specified in the legislation of stock in companies
1.6. Dividend Right					
1.6.1 The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-
1.6.2 The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-
1.6.3 The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	-	-	-	-	Profit is distributed X
1.6.4 The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-
1.7. Transfer of Shares					
1.7.1 There are no restrictions preventing shares from being transferred.	X	-	-	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation	
	Yes	Partial	No	Exempted	N/A		
2. DISCLOSURE AND TRANSPARENCY							
2.1. Corporate Website							
2.1.1	The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2	The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4	The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X			Significant informations has been translated into English and the works proceed for translating all informations in English	
2.2. Annual Report							
2.2.1	The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2	The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	-	X	-	-	-	The page number or the section related with the conflicts and precaution between the investment consultancy and rating instutations are not included
3. STAKEHOLDERS							
3.1. Corporations's Policy on Stakeholders							
3.1.1	The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	-	
3.1.3	Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4	A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5	The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
3.2. Supporting the Participation of the Stakeholders In the Corporation's management					
3.2.1 The Articles of Association, or the internal regulations (terms of reference/manuals), of employees in management.	-	X	-	-	The relevant requirements are set out in the "Basic Law of Şişecam Employees" which established by the management instead of article of association
3.2.2 Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	
3.3. Human Resources Policy					
3.3.1 The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	
3.3.2 Requirement criteria are documented.	X	-	-	-	
3.3.3 The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	
3.3.4 Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	
3.3.5 Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X	-	-	-	
3.3.6 Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	
3.3.7 Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	
3.3.8 The company ensures freedom of association and supports the right for collective bargaining.	X	-	-	-	
3.3.9 A safe working environment for employees is maintained.	X	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
3.4. Relations with Customers and Suppliers					
3.4.1 The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	-	-	-	-	X Provide Holding Services to Group Companies
3.4.2 Customers are notified of any delays in handling their requests.	-	-	-	-	X Provide Holding Services to Group Companies
3.4.3 The company complied with the quality standards with respect to its products and services.	-	-	-	-	X Provide Holding Services to Group Companies
3.4.4 The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-
3.5. Ethical Rules and Social Responsibility					
3.5.1 The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-
3.5.2 The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-
4. Board of Directors					
4.1. Role of the Board of Directors					
4.1.1 The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-
4.1.2 The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
4.2. Activities of the Board of Directors						
4.2.1 The board of directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2 Duties and authorities of the members of the board of directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3 The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4 Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5 The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-	
4.2.7 The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8 The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-	
4.3. Structure of the Board of Directors						
4.3.9 The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	X	-	-	-	The Board of Directors did not set a target for female members as a rate of not less than 25%, and no policy has determined, However, the rate of female in the Board of Directors is 33%
4.3.10 At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-	

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation
	Yes	Partial	No Exempted	N/A	
4.4. Board Meeting Procedures					
4.4.1 Each board member attended the majority of the board meetings in person	X	-	-	-	-
4.4.2 The board has formally approved a minimum a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	-	X	-	-	- There is no minimum duration although the informing documents are shared to all members in sufficient time.
4.4.3 The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-
4.4.4 Each member of the board has one vote.	X	-	-	-	-
4.4.5 The board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-
4.4.6 Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-
4.4.7 There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	- There is no Board member take in charge outside the group except independent members. Their resumes are included in the annual report.
4.5. Board Committies					
4.5.5 Board members serve in only one of the Board's committees.	-	X	-	-	- A member who is not an independent member of the Board of Directors is involved In two committees, Independent members are assigned in more than one committees.
4.5.6 Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-
4.5.7 If external consultancy services are used, the independence of the provider is stated in the annual report.	-	X	-	-	- The Committee did not receive any significant advisory services except independent audit firm and credit rating agency
4.5.8 Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance Status				Explanation	
	Yes	Partial	No Exempted	N/A		
4.6. Financial Rights						
4.6.1 The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	X	-	-	-	Previous year reviews are available on pages 12-17 of the annual report. There are also relevant performance evaluations in the minutes of the Board of Directors
4.6.4 The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5 The individual remuneration of board members and executives is disclosed in the annual report.	-	-	X	-	-	In accordance with the law no. 6698 Protection of Personal Data, the total amount is explained in terms of categories rather than on individual basis.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

In 2018, totally more than 400 one-to-one meetings in headquarter or out of company were held with current and potential investors including 9 conferences and 3 roadshows for stock and bond investors. Conferences attended: JP Morgan (Miami), Is Investment (London), Investment (Istanbul), JP Morgan (London), Is Investment (Istanbul), Goldman Sachs (London), Woods & Co. (Prague), Citi (Singapore), In addition, Analyst Day was held on 5 April 2018 at Şişecam Headquarter with the participation of 45 analysts and investors. The total number of interviews with investors through telephone, one-on-one meetings, roadshows and conferences is over 400. As a result of the interviews conducted with the analysts who published reports on stock-in companies, nearly 130 analyst reports were published. In addition, two webcasts were held in 2017, sharing the first half financial results of 2017 and 2018. The transcripts of these teleconferences are published on our website in English.

1.2 Right to Obtain and Examine Information

The number of special audit request(s)

The request for the appointment of a special auditor in the Company's articles of incorporation has not yet been regulated as an individual right. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the General Assembly Meeting.

1.3 General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/669764>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

The documents of the General Assembly Meeting are published simultaneously in English.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no unanimous transaction.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

1.3 General Assembly

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

In 2018, all related party transactions and transaction principles were submitted to the Board of Directors. In 2018, there were no related party transactions or significant transactions that should be submitted to the approval of the General Assembly since independent members did not approve.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/737961>

The name of the section on the corporate website that demonstrates the donation policy of the company

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at www.sisecam.com

The name of the section on the corporate website that demonstrates the donation policy of the company

<https://www.kap.org.tr/tr/Bildirim/271282>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 15

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Company employees and their representatives may attend the General Assembly meeting.

1.4 Voting Rights

Whether the shares of the company have differential voting rights

No / There is no privilege in voting rights.

In case that there are voting privileges, indicate the owner and percentage of the voting majority of share

None.

The percentage of ownership of the largest shareholder

%67,11

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

1.5 Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association

None

If yes, specify the relevant provision of the articles of association.

None

1.6 Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at www.sisecam.com.

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend

The Board of Directors did not make any propose to avoid distributing the profits.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

The Board of Directors has not made any proposal to avoid distributing profits.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Shareholders' meeting minutes, and also indicates for each resolution the voting levels for or against (*)	Specify the name of the page of the corporate website that contains the General Shareholders' meeting minutes, and also indicates for each resolution the voting levels for or against (*)	Specify the name of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
21.03.2018	-	%89.50	%15.07	%74.43	(*)	None.	None.	209	https://www.kap.org.tr/tr/Bildirim/669659	

(*) Specified under the General Assembly that participated in General Assembly Announcements and Documents subtitle in Corporate Identity title of Investor Relations Section at www.sisecam.com.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

2. DISCLOSURE AND TRANSPARENCY

2.1 Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

The corporate website is updated continuously as required by CMB Corporate Governance Principals and the informations are updated in order to maintain the relations with shareholders more effectively and rapidly. The information contained on the corporate website is in the same context as the disclosures made in accordance with the provisions of the relevant legislation and does not contain any contradictory or incomplete information.

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the share

There is no natural person shareholder who owns more than 5% of the shares.

List of languages for which the website is available

Turkish and English

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Specifies in the “Additional Information about Corporate Governance” section in the Annual report.

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Specifies in the “Additional Information about Corporate Governance” section in the Annual report.

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Specifies in the “Additional Information about Corporate Governance” section in the Annual report.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Note 2 of the financial statements

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

2.2 Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Explained in the note 22.Insurances, Contingent Assets and Liabilities in financial report.

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

None.

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

None.

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Specifies in the “Corporate Social Responsibility” section in the Annual report.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

3. STEAKHOLDERS

3.1 Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy

Specified under the Corporate Governance Principles that participated in Corporate Governance subtitle in Corporate Identity and Management title of Inverstor Relations Section at www.sisecam.com.

The number of definitive convictions the company was subject to in relation to breach of employee rights

147 case finalized negatively. 13 of them partially accepted and partially rejected.

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

Employees are able to carry unethical processes to the Audit Commitee and Internal Audit Departmant. Besides, there is also report line for stakeholders to inform these unethical processes.

The contact detail of the company alert mechanism.

The e-mail address etik@sisecam.com is available.

3.2 Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

Contact Us.

Corporate bodies where employees are actually represented

All communication channels are kept avaiable and probable handicaps are cleared for the company employees to participate in the management. For this purpose; Message to the CEO ", "Ethics Communication Line", "Electronic Mail Address" and "Idea Factory" applications are used.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

3.3 Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The Board of Directors forms the necessary succession plans.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

During recruitment and career planning, sense of fairness is taken as basis and transparency is ensured. Activities are carried out on the basis of Şişecam Group Human Resources Regulation faaliyet which is established within the institution.

Whether the company provides an employee stock ownership programme

There is no share purchase plan.

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Human Resources Policy is specified in the Policies title of Sustainability Section at www.sisecam.com.

The number of definitive convictions the company is subject to in relation to health and safety measures

9 case finalized negatively. 6 of them partially accepted and partially rejected.

3.5 Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Specified under the Code of Ethics that participated in Corporate Governance Principals subtitle in Corporate Governance title of Inverstor Relations section at www.sisecam.com.

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues

Specified under the Code of Ethics that participated in Corporate Social Responsibility title of About Us section at www.sisecam.com.

Any measures combating any kind of corruption including embezzlement and bribery

Specified under the Anti-Corruption policy that participated in Corporate Governance Policy subtitle in Corporate Governance title of Inverstor Relations Section at www.sisecam.com.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4. BOARD OF DIRECTORS - I

4.2 Activity of the Board of Directors

Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes, they were released.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	32
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Specified in Risk Management and Internal Audit Facilities section in the annual report.
Name of the Chairman	Adnan Bali
Name of the CEO	Prof. Dr. Ahmet Kirman
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different people.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Parent Company, Turkey İş Bankası A.Ş. signed "Executive Responsibility Insurance" with Anadolu Anaonim Türk Sigorta within the scope of Board Members and Directors for the probable losses related to business faults. However, our company has not made PDP notification.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4.2 Activity of the Board of Directors

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

None.

The number and ratio of female directors within the Board of Directors

3 directors, the rate is 33%.

4. BOARD OF DIRECTORS – II

4.4 Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)

In 2018, 94 physical meetings were held.

Director average attendance rate at board meetings

%99,58

Whether the board uses an electronic portal to support its work or not

Yes, e-mail is used.

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter

The information and documents related to agenda of Board of Directors are shared at sufficient time before the board meeting for providing equal information flow. Net time is not specified.

The name of the section on the corporate website that demonstrates information about the board charter

Specified under the Establishment and Working Principles of Board Committees file that participated in Corporate Governance and Identity title of Inverstor Relations Section at www.sisecam.com.

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

The Company has subsidiaries and affiliates. The fact that the Board Members take role in the management of these companies. For the benefit of the group, the company does not retracted this situation.

4.5 Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Specified in the "Additional Information About the Corporate Governance" section in the Annual Report.

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.gov.tr/tr/Bildirim/206123>

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4. BOARD OF DIRECTORS – III

4.5 Board Committees – II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

Specified in the “Additional Information About the Corporate Governance” section in the Annual Report.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4.6 Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

Specified in the Chairman and CEO messages in the Annual Report.

Specify the section of website where remuneration policy for executive and non-executive directors are presented

Specified under the Executive Remuneration Policy that participated in Corporate Governance Principals subtitle in Corporate Governance title of Investor Relations section at www.sisecam.com.

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

Specified in the Note 37-Related Party Disclosures .

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Composition of Board Committees

Name	Whether Executive Director Or Not	Whether Independent Director Or Not	The first Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether the Director Who Cased to Satisfy The Independence Or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting And/Or Finance or not
Adnan Bali	Not Executive	Not Independent	21.03.2018				Yes
Prof. Dr. Ahmet Kırman	Executive	Not Independent	14.04.2006				Yes
Mahmut Magemizoğlu	Not Executive	Not Independent	30.03.2017				Yes
Zeynep Hansu Uçar	Not Executive	Not Independent	15.04.2011				Yes
İzlem Erdem	Not Executive	Not Independent	25.03.2015				Yes
Sabahattin Günceler	Not Executive	Not Independent	25.03.2015				Yes
Dr. Mehmet Cem Kozlu	Not Executive	Independent	21.03.2018	www.kap.org.tr/tr/Bildirim/669770	Reviewed	Not	Yes
Aysun Mercan	Not Executive	Independent	21.03.2018	www.kap.org.tr/tr/Bildirim/669770	Reviewed	Not	Yes
Diñç Kızıdemir	Not Executive	Independent	21.03.2018	www.kap.org.tr/tr/Bildirim/669770	Reviewed	Not	Yes

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Board Committees – I

Names of the Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	Dr. Mehmet Cem Kozlu	Chairman	Member
Corporate Governance Committee	-	Zeynep Hansu Uçar	-	Member
Corporate Governance Committee	-	İzlem Erdem	-	Member
Corporate Governance Committee	-	Sabahattin Günceler	-	Member
Corporate Governance Committee	-	Başak Öge	-	Not Member
Audit Committee	-	Dr. Mehmet Cem Kozlu	Chairman	Member
Audit Committee	-	Aysun Mercan	-	Member
Audit Committee	-	Dinç Kızıldemir	-	Member
Committee of Early Detection of Risk	-	Dr. Mehmet Cem Kozlu	Chairman	Member
Committee of Early Detection of Risk	-	Aysun Mercan	-	Member
Committee of Early Detection of Risk	-	Mahmut Magemizoğlu	-	Member
Committee of Early Detection of Risk	-	Zeynep Hansu Uçar	-	Member

Board Committees– II

Names of the Board Committees	The Percentage Of Non Executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Corporate Governance Committee	100,00%	20,00%	6	6
Audit Committee	100,00%	100,00%	15	15
Committee of Early Detection of Risk	100,00%	60,00%	10	10

Note: The Corporate Governance Committee also fulfills the duties of the Nomination Committee "and the" Remuneration Committee

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY AGENDA

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,
2. Reading of the Summary of the Reports prepared by the Board of Directors and the Independent Auditor on the activities that have been performed by our Company in the year 2018,
3. Reviews, Discussions and Approval of the Financial Statements as of 2018,
4. Acquittals of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Determination of the Compensations pertaining to the Members of the Board of Directors,
7. Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
8. Taking a Resolution on the Distribution Type and Date of the 2018 Profit,
9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2019,
10. Taking a resolution on appointment of an independent audit company as per the Turkish Commercial Code and regulations of the Capital Markets Board,
11. Furnishing information to the shareholders in respect of the donations granted within the year and; determination of the limit pertaining to the donations to be granted in 2019,
12. Furnishing information to the shareholders in respect of the securities; pledges and mortgages provided in favor of third parties,
13. Taking a resolution on the Amendment of the Company's Articles of Association as Shown in the Amended Draft under the condition that the necessary permissions from the Capital Markets Board and the Ministry of Commerce have been obtained,

Date : 8 March 2019 Friday Time:14.00 pm.

Place : İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947 Tuzla – İstanbul/Türkiye

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

PROFIT DISTRIBUTIONS AND OTHER ISSUES

[Profit Distribution](#)

During the period, at the Ordinary General Assembly Meeting held on 31 March 2018, the gross dividend amounting to TRY 300.000.000 corresponding to 13,33333% of the existing capital is decided to be distributed in cash defrayed from 2017's profit was distributed to the shareholders on 31 May 2018.

[Other Issues:](#)

[Affiliated Company Report](#)

The Conclusion section of the "Affiliated Company Report" drawn up pursuant to Article 199 of the Turkish Trade Act is as follows:

In all transactions realized in 2018 with the controlling company and the subsidiaries thereof, our Company adhered to the provisions of the legislation governing disguised profit distribution through transfer pricing and no such situation was arose in 2018, which would have required equalization of losses by reason of the transactions described above.

[Common and Continuous Related Party Transactions for Year 2018](#)

According to Article 10 of the Corporate Governance Communiqué entitled "Common and Continuous Transactions" of the Capital Markets Board's "II-17.1", which was published in the Official Gazette dated 3 January 2014 and numbered 28871, our company's financial plan for year 2019 (Budget);

It is predicted that the total amount in the accounting period of the export-registered sales between the subsidiary Şişecam Dış Ticaret A.Ş. and the group industrial corporations will reach to more than 10% of the cost of sales and revenue of the company in the last annual financial statements announced to public. Export-registered sales to Şişecam Dış Ticaret A.Ş. from Group's Corporations will be carried out at the same prices applied to third parties and reasonable commission in accordance with the transaction conditions that consist with previous years and market conditions will be collected against the service to be provided.

[Legal Reference of the Annual Report](#)

The annual report of the Group for 2018 fiscal year has been prepared in conformity with the provisions of the "Regulation on the Minimum Contents of Annual Reports of Companies" issued by the Ministry of Customs and Trade based on Articles 516 (3) and 518 of the Turkish Commercial Code and of the CMB Communiqué on Principles of Financial Reporting in Capital Markets.

[Preparation Principles of the Annual Report](#)

The annual report presents an accurate, complete, fair and true view of the Company's affairs and transactions in the relevant fiscal year, and its financial status with all aspects, in a manner that also observes the Company's rights and interests. The annual report does not contain any deceitful, exaggerated, false or misleading statements.

The annual report is prepared carefully and in detail to furnish the shareholders with full and accurate information about the Company's all operations and activities.

[Approval of the Annual Report.](#)

The Company's annual report for 2018 fiscal year has been signed and approved by the members of the Company's Board of Directors on 13 February 2019.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING OF 8 MARCH 2019

As our Company's 2018 Shareholders Ordinary General Assembly Meeting will be held on March 8st, 2019, Friday, at 14.00 at the Company headquarters situated at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla/Istanbul in order to discuss and take resolutions on the contents of the below-indicated agenda; our Esteemed Shareholders or their representatives are requested to honor the meeting on the mentioned day and at the mentioned hour.

The shareholders are allowed to participate in our Company's Ordinary General Assembly Meeting personally in physical environment or in electronic environment and they are also allowed to participate in the meeting by means of their representatives. It is possible to participate in the General Assembly Meeting in electronic environment by secure electronic signatures of the shareholders or their representatives. Therefore; the shareholders, who will perform transactions through the Electronic General Assembly System (EGKS) are firstly required to be registered with the e-MKK Information Portal of the Central Registry Agency (CRA) and thereby, they are required to ensure that their contact information are recorded into the system and; in addition, they are required to have a secure electronic signature. The shareholders or their representatives, who have not been registered with the e-MKK Information Portal and do not have a secure electronic signature, are not allowed to participate in the General Assembly Meeting in electronic environment.

In addition; the shareholders or their representatives, who wish to participate in the meeting in electronic environment, are required to fulfill their obligations in compliance with the provisions of "the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies" published in the Official Gazette dated August 28th, 2012 and No 28395 and with the provisions of "the Communiqué on the Electronic General Assembly System to Apply in the General Assemblies of Joint Stock Companies" published in the Official Gazette dated August 29th, 2012 and No 28396.

The shareholders, who will not be able to participate personally in the meeting in physical or electronic environment, are required to prepare their powers of attorney in compliance with the Annex-1 or are required to obtain a copy of the powers of attorney form from our Company Headquarters or from the corporate web site at www.sisecam.com.tr and are also required to fulfill the requirements of the matters stipulated in the Capital Market Board's Communiqué Nr. II-30.1 on "Casting Votes By Proxy and Collection of Proxies By Way of Calls" and thereby, they are required to submit their powers of attorney, the signatures of which shall have been affirmed by a public notary. The shareholders, who wish to participate personally in the General Assembly meeting in physical environment, are, by submitting their identity cards, allowed to exercise their rights concerning their shares registered with "Shareholders List" contained in the system pertaining to the Central Registry Agency (CRA).

Our shareholders, who will participate in the General Assembly Meeting in electronic environment through the Electronic General Assembly System, may obtain information about the principles and procedures regarding participation, appointment of a representative, submission of proposals, declaration of opinions and voting, by using the link, <https://www.mkk.com.tr>, which is the web address belonging to the Central Registry Agency.

Reports of the Board of Directors and the Independent Auditing Firm pertaining to the activity year 2018, the Financial Statements and the Board of Directors' proposal on Distribution of Profit will be made available for reviews of the shareholders at the Company Headquarters situated İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul and, will be accessible through the page "Investor Relations" on the web site of the Company at www.sisecam.com.tr in advance of minimum 3 weeks to the date of the General Assembly Meeting.

For invitation to the General Assembly Meeting, no registered letters will additionally be sent to our shareholders, as per the Article 29 of the Capital Markets Law No 6362.

The above matters are respectfully submitted for information of the Esteemed Shareholders

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

2. ADDITIONAL DISCLOSURES RELEASED WITHIN THE SCOPE OF ARTICLE 1.3.1 OF CMB'S CORPORATE GOVERNANCE PRINCIPLES MALAR

Pursuant to CMB's Communiqué No. II-17.1 on Corporate Governance, in addition to the notifications and disclosures to be made by the Company as required by the legislation and in addition to the documents to be made available for reviews by shareholders, together with the General Assembly Meeting announcement, on the Company's corporate web site and on PDP within the framework of Article 437 of the Turkish Commercial Code No. 6102 a minimum of three weeks before the date of the General Assembly Meeting provided that the dates of the announcement and the meeting are excluded; the additional disclosures, which are relevant to the Articles of the Agenda, are provided in the relevant below Article of the Agenda, and the general disclosures are submitted for the information of our shareholders in this chapter.

2.1 Partnership Structure and Voting Rights

In the Company Articles of Association, there is no privilege for the exercise of voting rights. Pursuant to the Company Articles of Association, each share provides one vote.

The Company's shareholder structure is as follows and there is no real person ultimate controlling shareholder among the Company's shareholders.

Shareholders	Share Amount (TRY)	Share Rate (%)
Türkiye İş Bankası A.Ş.	1,510,034,849	67.11
Efes Holding A.Ş.	185,072,640	8.23
Anadolu Hayat Emeklilik A.Ş.	1,081,312	0.05
Other	553,811,199	24.61
Total	2,250,000,000	100.00

2.2 The Requests of Shareholders, the Capital Markets Board (CMB) and/or Other Public Institutions or Organizations, with which the Company is concerned, for Inclusion of Articles into the Agenda

No such written demand has been made for the Ordinary General Assembly Meeting to discuss the operations in the year 2018.

2.3 Planned Changes in Management and Operations of the Company and its Affiliates, Subsidiaries in the Previous of Future Accounting Period which Significantly Affect Company Operations

There are no managerial or operational changes that has or that will substantially affect the Company's activities. If it comes into question, the relevant disclosure is released to the public within the framework of the legislation.

In this scope, within the period, the transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2018 are as follows;

One of our subsidiaries, Trakya Cam Sanayi A.Ş. which owns 50% shares of HNG Float Glass Limited (new title as Şişecam Flat Glass India Limited) purchased the remaining non-group shares of this joint venture in cash on 13 June 2018 amounting 85,405 thousand US Dollars and 345 thousand US Dollars on December 26, 2018.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

3. OUR EXPLANATIONS REGARDING THE ARTICLES ON THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED ON 8 MARCH 2019

1. Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,

Elections of the members of the Chairmanship Council and the Chairman, who will manage the General Assembly meeting, shall be accomplished within the framework of the provisions contained in "the Turkish Commercial Code" (TCC) and in "the Regulation on the General Assembly Meetings of Trading Companies" (the Regulation) prepared by the Ministry of Customs and Trade.

2. Presentation of Annual Report of the Company for the fiscal year 2018 prepared by the Board of Directors and presentation of the summary of the Independent Audit Report for the year 2018,

Within the framework of TCC, the Regulation and the Capital Markets Law and related regulations, Annual Report of the Board of Directors and summary of the Independent Auditor's Report prepared and signed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, which has been submitted at the Headquarters of our Company and on the website of the Company at www.sisecam.com.tr for examination of our shareholders for a period of three weeks before the General Assembly meeting and they shall be presented for evaluation and approval of our shareholders.

3. Review, discussion and approval of the Balance Sheet and Income Statement as of and for the year ended 2018,

Within the framework of the TCC and the Regulation, following the reviews and discussions on the Balance Sheet as of the year 2018 and Income Statement for the year ended 2018, they shall be presented for evaluation and approval of our shareholders.

4. Release of the Members of the Board of Directors from liability for the affairs,

Within the framework of provisions of TCC and the Regulation, release of the members of Board of Directors one by one due to activities, transactions and accounts of the year 2018 shall be presented for approval of the General Assembly pursuant to Article 408 of the TCC.

5. Election of the Members of the Board of Directors,

As is known, our Company's Board Members were elected to serve for one year at the Ordinary General Assembly of Shareholders held on March 21, 2018. Our Board Members' one-year legal term of office shall end on the date of the Ordinary General Assembly of Shareholders to be held on March 8, 2019. For this reason, it is a legal obligation to renew the election.

In addition, the one-year legal term of office of our Board Members acting as independent members shall end on the same date. It is therefore obligatory to make the independent member election in accordance with Article 4.3.7 of the Capital Markets Board (CMB) Corporate Governance Principles.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

In this scope;

The term of office of Dr. Mehmet Cem Kozlu, Aysun Mercan and Dinç Kızıldemir who have been acting as independent members in our Company's Board of Directors, shall end on the date of the Ordinary General Assembly of Shareholders to be held in relation to the year 2018. In order to reach the minimum number of Independent Members of the Board of Directors as laid down in the Corporate Governance Principles and to ensure the assignment of Independent Members of the Board of Directors, as a result of the evaluation made by our Corporate Governance Committee within the scope of the provisions of the Communiqué on Corporate Governance, it has been found that the following persons meet the criteria of independence specified in Article 4.3.6 of the Corporate Governance Principles, have already been acting as independent members in our Company's Board of Directors, have made positive contributions to Company's activities and remained impartial in case of conflict of interests between shareholders, have strong ethical standards to decide independently taking stakeholders' rights as well as professional reputation and experience, have duly fulfilled their duties as Independent Members of the Board and spared their time to the Company to the extent required for following up Company's activities and fulfilling the requirements of the duties they have undertaken. Thus,

- Dr. Mehmet Cem Kozlu,
- Aysun Mercan and
- Dinç Kızıldemir

shall be elected as "independent members" of the Company Board of Directors again, Within the framework of the criteria of independence stipulated in Article 4.3.6 of the Capital Markets Board (CMB) Corporate Governance Principles, "Corporate Governance Committee" report with Board of Directors decision dated January 31, 2017, resumes and declarations of independence included in Annex-2 have been submitted for the evaluation of the Capital Markets Boards at the date February 1 2018 and have been approved by CMB's Letter No. 29833736-199-E.918 dated January 18, 2019.

6. Resolution of gross salaries of the Members of the Board of Directors,

Monthly gross salaries of the members of the Board of Directors shall be determined by the General Assembly within the framework of the provisions contained in the TCC and in the Regulation and within the framework of the principles contained in the Articles of Association.

7. Yönetim Kurulu Üyelerine T.T.K.'nun 395 ve 396'ıncı Maddeleri Uyarınca İzin Verilmesi,

It is, only with the approval by the General Assembly, possible for the members of our Board of Directors to perform transactions within the framework of the Article 395, entitled "the Prohibition to Transacting with and Becoming Indebted to the Company" and of the Article 396, entitled "Noncompetition", contained in the TCC. As per the CMB's mandatory Corporate Governance Principle No. 1.3.6, prior approval should be granted by the General Assembly so that the majority shareholders, the members of the Board of Directors, top executives and their spouses and their relatives by blood and by marriage (up to the second degree) are able to perform any significant transactions in such a nature that may cause a conflict of interest with the Company or with any subsidiaries thereof and so that these persons are able to compete with them. In addition, information about the mentioned transactions should be provided at the General Assembly. In order that the requirements of these arrangements can be fulfilled, the request to grant the mentioned permission shall be submitted to our shareholders for approval at the General Assembly and, in addition, our shareholders shall be informed about the transactions that have been performed in such a nature within the year.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

8. Taking a Resolution on the Profit Distribution of the year 2018 and the date of the dividend distribution,

According to our financial statements for the period January 1, 2018, and December 31, 2018 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited, in accordance with the International Financial Reporting Standards and within the framework of the provisions contained in the Capital Markets Board's Communiqué Nr. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets", the "Consolidated Net Profit for the Period" belonging to equity holders of the Parent is amounting to 2,325,840 thousand Turkish Lira. The proposal for the distribution of profit, which has been submitted by our Board of Directors to the General Assembly for approval, has been prepared as Annex 3 in accordance with the principles mentioned in the "Profit Distribution Policy" which has been revised at our Board of Directors' meeting dated February 27th, 2013 and has been disclosed to the public on the same date, as well as the arrangements issued by CMB in relation to distribution of profit and Article 25 of our Articles of Association.

9. Authorization of the Board of Directors for Distribution of Dividend Advance in 2019,

Pursuant to the provisions of the Capital Markets Board (CMB) Communiqué numbered II-19.1, authorization for the distribution of dividend advances will be submitted to the approval of the General Assembly in 2019 with the decision of the Board of Directors.

10. Taking a resolution on the appointment of an independent auditing firm as per the Turkish Commercial Code and the regulations issued by the Capital Markets Board,

Within the framework of the opinions of our Audit Committee, Güney Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member of Ernst & Young) which is chosen to make independent audits of the financial statements for 2019 to be prepared in accordance with the provisions of the Articles 397 to 406 of the TCC and the provisions of the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" by the Board of Directors will be presented to the General Assembly for approval.

11. Providing information to shareholders with respect to the donations granted within the year and determination of the limit pertaining to the donations to be granted in 2019,

In accordance with the principles of "the Donation Policy" which has been established in line with the provisions contained in the Turkish Commercial Code, the Capital Markets Law, the Communiqués, Principle Resolutions and other arrangements issued by the Capital Markets Board as well as the provisions contained in the Company's Articles of Association; any donations and aids, which have, for social aid purposes, been granted to the foundations and associations (societies) by the Company in the year 2019, shall be submitted to the General Assembly for information. In addition, the limit of the donations to be granted by publicly-held corporations shall be determined by the General Assembly of Shareholders in accordance with the provisions of the Capital Markets Law No. 6362, Article 19 paragraph 5. In this context, the sum of the donations which shall be granted in the activity year of 2019 has been determined by our Board as 20,000,000 Turkish lira and shall be submitted to the General Assembly for approval, and the sum of the donations which have been granted to the educational institutions and various foundations and associations (societies) in the year 2018 by the Company and its companies included in the scope of consolidation amounts 4,326,374 Turkish liras.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

12. Providing information to shareholders with respect to the collateral, pledges, mortgages provided in favor of third parties.

As per Capital Markets Board's Corporate Governance Communiqué No. II-17.1 Article 12 entitled "Collaterals, pledges, mortgages and sureties", information has been provided under footnote no. 22 pertaining to the financial statements for the year 2018 issued in line with the provisions of the Capital Markets Board's Communiqué No. II.14.1 "on the Principles Concerning Financial Reporting in Capital Markets" and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited.

13. Taking a resolution on the Amendment of the Company's Articles of Association as Shown in the Amended Draft under the condition that the necessary permissions from the Capital Markets Board and the Ministry of Commerce have been obtained.

It shall be submitted to the approval of the General Assembly on the condition of obtaining the permissions from the Capital Markets Board and the Ministry of Commerce regarding the amendment in the article No.5 updating the headoffice and branch addresses, article No.10 applying electronic board in case of requested and arranging board meeting at least once a month. In addition updates about Early Detection of Risk Committee and changing title of Ministry of Customs and Trade to Ministry of Trade shall be submitted to the approval

ANNEX

ANNEX-1	:	Power of Attorney
ANNEX-2	:	Resumes and Declaration Independence Of Independent Members Of The Board Of Directors (See the Board of Directors Section of the Annual Report for the resumes)
ANNEX-3	:	Board of Directors Decision regarding 2018 Dividend Distribution Schedule (See the Dividend Distribution section of Annual Report for the Dividend Distribution Statement)
ANNEX-4	:	Amendment Draft Of Articles Of Incorporation

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

ANNEX-1

POWER of ATTORNEY TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

I hereby appointas my agent who is introduced in details below; so that he/she is authorized to represent me, vote, submit proposals and sign the required documents, accordingly with the considerations that I indicate below, at Türkiye Şişe ve Cam Fabrikaları A.S.'s 2018 Ordinary General Assembly Meeting to be held at İçmeler Mahallesi D-100 Karayolu Caddesi No:44/A 34947 Tuzla /Istanbul on March 8, 2019, Friday, at 14.00.

The Agent's (*);

Name and Surname/Trade Name:

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No:

(*)For the foreign agents, it is mandatory to submit the equivalents (if any) of the above information..

A) Scope of Representative Authority

For the Sections No 1 and 2 provided below, one of the alternatives indicated as (a), (b) and (c) should be checked and thereby; the scope of the representative authority should be determined.

1. In respect of the matters contained in the agenda of the General Assembly Meeting;

- The Agent is authorized to vote accordingly with his/her own opinion.
- The Agent is authorized to vote accordingly with the recommendations of the Company's management.
- The Agent is authorized to vote accordingly with the instructions declared in the table below.

Instructions:

In case the alternative (c) is checked by the shareholder; the instructions specific to the article of the agenda shall be given by checking one of the alternatives provided next to the relevant agenda article of the general assembly meeting (affirmative or dissentient) and, in case the alternative "dissentient" is checked, by indicating the dissenting opinion (if any) requested to be written on the minutes of the General Assembly Meeting.

Articles of the Agenda (*)	Affirmative	Dissentient	Dissenting Opinion
1.			
2.			
3.			

(*) The matters contained in the agenda of the General Assembly Meeting shall be listed one by one. If the minority has a separate resolution draft, this draft shall additionally be specified in order for casting vote by proxy.

2. Special instructions for any other matters that may emerge at the General Assembly Meeting and particularly for exercising minority rights:

- The Agent is authorized to vote accordingly with his/her own opinion.
 - The Agent is not authorized to represent with respect to these matters.
 - The Agent is authorized to vote accordingly with the special instructions below.
- Special Instructions; any special instructions (if any), which will be given to the agent by the shareholder, shall be specified here.

B) The shareholder shall check one of the alternatives below and thereby, shall indicate the shares, which the shareholder requests the agent to represent.

1. I grant approval for representation of my shares by the agent, the details of which are provided below.

- Quantity-Nominal value:
- Whether or not there is a privilege in voting:
- Its rate to the voting rights/total shares held by the shareholder:

2. I grant approval for the agent's representation of all of my shares contained in the list which is relevant to the shareholders that are allowed to participate in the General Assembly Meeting and has been prepared by the Central Registry Agency on the day before the day of the General Assembly Meeting.

THE SHAREHOLDER'S:

Name and Surname/Trade Name (*):

T.R. Identity No/Tax ID No, Trade Registry and Trade Registration Number and Central Registration System (MERSIS) No.:

Address:

(*)For the foreign shareholders, it is mandatory to submit the equivalents (if any) of the above information.

Signature:

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

ANNEX-2

DECLARATION OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Presidency of Corporate Governance Committee

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders,
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Dr. Mehmet Cem Kozlu

28.12.2018

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

DECLARATION OF INDEPENDENCE

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- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- ç) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- d) I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960,
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g) I have not been on the board of the Company for more than six years within last ten years,
- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully

Aysun Mercan

28.12.2018

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

DECLARATION OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş. Presidency of Corporate Governance Committee

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- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c) My resume indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
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- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
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- ğ) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul,
- h) I am not registered in the name of any legal entity elected as a board member,

Yours respectfully



Dinç Kızıldemir

28.12.2018

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

ANNEX-4

AMENDMENT DRAFT OF ARTICLES OF INCORPORATION

Previous Text

OBJECTIVE and SUBJECT

Article 4:

A) The Company's Objective

The Company's objective is to incorporate, manage and improve a glass industry and side industry related with glass industry.

On the other hand, carrying out the investment, financing, organization, and management issues of the capital Companies incorporated or to be incorporated in which capital and management it has participated, together and in a mutually collective structure; dissemination of risk by venturing into the fields other than the glass industry, ensuring the safety of the investments against the conjectural movements and thus ensuring the development and continuity of the companies, supporting the development of the capital market, accordingly the national industry, by promoting the safe participation of the savings of the Company members and the public in the capital companies in which the Company has /did not have participated, and constitution of social units within/outside the Company are among the objectives of the company..

B) The Company's Subject

The Company, in order to realize the objectives given above;

a) The Company establishes side and complementary industries in conjunction directly or indirectly with all kinds of glass, glassware and glass industries (and/or replacement industry), takes the precautions for the development and improvement of them, and manages them.

b) The Company may participate in the capitals or managements of all kinds of commercial and industrial domestic or foreign companies established or to be established, working in any subject.

c) The Company may, not in the form of intermediary services and portfolio management in accordance with the Capital Market law, sell stocks and bonds like Government Bonds (including treasury shares), private sector bonds, and document of profit or loss partnership, bank deposit certificate

Yeni Metin

OBJECTIVE and SUBJECT

Madde 4:

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The Company's objective is to incorporate, manage and improve a glass industry and side industry related with glass industry.

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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

d) On condition that they will not be in the form of investment services and activities, the Company may transfer the stock certificates (or shares) or other stocks and bonds to others, change them with other stock certificates (and/or shares) and/or other stocks and bonds, put lien on them, purchase or sell stock certificates, and secure with a pledge the stock certificates (or shares) or other stocks and bonds of other partners.

e) The Company may pledge on its capital directly or indirectly and regarding the incorporation, capital increase, bank loans, and the issuance of bond and financing loans as well as their other debts.

For the Company's granting of guaranty, pledge, assurance, lien, including hypothec, the principles determine within the scope of the capital market legislation are complied with.

f) The Company may transfer all kinds of its receivables resulting from the sales of the companies, in which capital and management it has taken part, as well as their affiliates, and assign and/or endorse them to the other institutions in which it has/did not have participated.

g) The Company may, in order to realize its objective and subjects acquire real estates (including ships) and fixed material assets in relation with the movable properties, and rent them, lease them to others partially or completely, conduct transfer, abandon or grant its nonmaterial rights with regard to the real estate and movable properties it has, conduct access, usufruct, residence rights and conduct all kinds of borrowing and savings transactions in relation with the ocular and immaterial rights pursuant to the civil law and other rights, and carry out disposals on the immovable properties with or without obligations.

h) The Company, in respect of its objective and subject matter, may burrow with or without guarantees against the hypothecs and other securities, may give and take all kinds of personal or ocular guarantees for the collection or procurement of its receivables (including hypothec), and may conduct the registration and cancellation transactions in respect of them in the title deeds registration offices and other governmental offices.

d) On condition that they will not be in the form of investment services and activities, the Company may transfer the stock certificates (or shares) or other stocks and bonds to others, change them with other stock certificates (and/or shares) and/or other stocks and bonds, put lien on them, purchase or sell stock certificates, and secure with a pledge the stock certificates (or shares) or other stocks and bonds of other partners.

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TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

i) The Company may cooperate with the domestic and foreign companies, constitute all kinds of affiliates/partnerships with them and may enter into agreements based on material responsibility share.

j) The Company, in accordance with the provisions of the law, may constitute foundations with social objectives within the structure of the Company, may participate in such foundations or grant charities to them.

k) The Company may provide intermediary services or financial or legal consultancy services for the collections and payments of the companies in which capital and management it participates directly or indirectly.

The Company may conduct the storage, transport, project design, feasibility studies, chemical and physical analyses, information processing, import, export, marketing, organization, training , and planning businesses of all kinds of enterprises in which capital and management it participates or not.

The Company, for reaching its objective and in relation with its subject matter of activity, may inaugurate storehouses, stores, branches, representations, exhibitions, and similar activities abroad or domestically.

The Company may, before the Turkish Patent Institute and other institutions abroad or in the country, conduct the registration of all kinds of intellectual property like brand, patent, utility model, industrial design, geographical sign, integrated circuit photographs and all kinds of initiatives before such institutions, and may provide intermediary services for the registration of the brands and patents of third persons.

l) The Company may involve with the search of all kinds of substances in the liquid, solid, and gas for (including LPG) , closure, handing over, taking over or procurement or management of the mining areas, and in compliance with the respective laws, search, opening, storage, distribution, and trade of such matters.

m) The Company may carry out all kinds of agency, advertising, tourism, investment and management businesses.

i) The Company may cooperate with the domestic and foreign companies, constitute all kinds of affiliates/partnerships with them and may enter into agreements based on material responsibility share.

j) The Company, in accordance with the provisions of the law, may constitute foundations with social objectives within the structure of the Company, may participate in such foundations or grant charities to them.

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The Company may, before the Turkish Patent Institute and other institutions abroad or in the country, conduct the registration of all kinds of intellectual property like brand, patent, utility model, industrial design, geographical sign, integrated circuit photographs and all kinds of initiatives before such institutions, and may provide intermediary services for the registration of the brands and patents of third persons.

l) The Company may involve with the search of all kinds of substances in the liquid, solid, and gas for (including LPG) , closure, handing over, taking over or procurement or management of the mining areas, and in compliance with the respective laws, search, opening, storage, distribution, and trade of such matters.

m) The Company may carry out all kinds of agency, advertising, tourism, investment and management businesses.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

n) The Company can grant charities within the scope of social responsibility and in line with the methods and principles designated by the Capital Market Board.

The charities can be granted in the manner that will not compromise its objective and subject matter and on condition that their limits will be determined by the General Committee, that they will not give such charities in the amounts that exceed such limit, that it will add the charities made to the distributable profit estimation, that it will not contravene the CMB's covert profit transfer arrangements, that they will make the required special condition remarks, and that the grants given domestically will be notified to the partners in the General Committee meeting.

o) In the event that amendments are made in the Company's objective and subject matter, required consents will be sought from the Ministry of Customs and Trade and Capital Market Board.

p) The Company may carry out all kinds of transactions with regard to the matters written in the paragraphs a - o above and other transactions that will facilitate them.

THE COMPANY'S HEAD OFFICE AND BRANCHES

Article 5:

The Company's head office is in Istanbul and its address is İş Kuleleri Kule 3 34330 4. Levent-Beşiktaş/Istanbul.

In the event that the address changes, the new address is registered in the commercial registry and announced in the Turkish Commercial Registration Gazette as well as the Company's internet site and additionally notified to the Ministry of Customs and Trade and Capital Market Board. The notices sent to the registered and announced address are considered to have been made to the Company.

For the Company that has vacated the registered and announced address and failed to register its new address in the legal period, this condition is considered to be a reason for annulment.

The Company may inaugurate branches internationally or domestically upon notifying the Ministry of Customs and Trade.

n) The Company can grant charities within the scope of social responsibility and in line with the methods and principles designated by the Capital Market Board.

The charities can be granted in the manner that will not compromise its objective and subject matter and on condition that their limits will be determined by the General Committee, that they will not give such charities in the amounts that exceed such limit, that it will add the charities made to the distributable profit estimation, that it will not contravene the CMB's covert profit transfer arrangements, that they will make the required special condition remarks, and that the grants given domestically will be notified to the partners in the General Committee meeting.

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Article 5:

The Company's head office is in Istanbul and its address is İçmeler Mahallesi D-100 Karayolu Cad. No: 44 A 34947 Tuzla/Istanbul.

In the event that the address changes, the new address is registered in the commercial registry and announced in the Turkish Commercial Registration Gazette as well as the Company's internet site and additionally notified to the Ministry of Trade and Capital Market Board. The notices sent to the registered and announced address are considered to have been made to the Company.

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The Company may inaugurate branches internationally or domestically upon notifying the Ministry of Trade.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

CONVENTION AND WORKING ORDER OF THE BOARD OF DIRECTORS

Article 10:

The Board of Directors, after each General Committee meeting, elects a chairman and deputy chairman. However, if the chairman and/or deputy chairman leave this duty for any reason, the Board of Directors conducts election again for the vacated posts.

In the cases where no chairman is present, the Board of Directors is chaired by the deputy Chairman.

If there no such deputy Chairman, the Board of Directors is presided by a temporary chairman it will elect among its attendees.

Board of Directors's meeting time and agenda are determined by the Chairman. In the cases where no chairman is present, such duty is carried out by the deputy Chairman. However, the meeting date can be determined by the resolution of the Board of Directors as well. The Board of Directors convenes as required by the Company's businesses and transactions but it must convene at least once a month.

While the Board of Directors is making its resolutions, it pays attention to the meeting and resolution quorum in accordance with the respective legislation of the Turkish Commercial Law and Capital Market law.

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Article 10:

The Board of Directors, after each General Committee meeting, elects a chairman and deputy chairman. However, if the chairman and/or deputy chairman leave this duty for any reason, the Board of Directors conducts election again for the vacated posts.

In the cases where no chairman is present, the Board of Directors is chaired by the deputy Chairman.

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Board of Directors's meeting time and agenda are determined by the Chairman. In the cases where no chairman is present, such duty is carried out by the deputy Chairman. However, the meeting date can be determined by the resolution of the Board of Directors as well. The Board of Directors convenes as required by the Company's businesses and transactions.

Meetings of the Board can be organised with depending on the decision of Board of Directors in Turkey, abroad or electronically. Those who have the right to participate in the Board of Directors meeting of the Company may attend these meetings in electronic environment pursuant to Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on the Committees to be Conducted in Electronic Media other than Joint Stock Companies, the Company may establish an Electronic Meeting System that will allow Board members to attend and vote in these meetings electronically and may purchase services from such systems. In the meetings to be held, it is ensured that the members can use their rights specified in the relevant legislation within the framework specified in the Communiqué through the system established in accordance with this provision of the company contract or through the system to be supported.

While the Board of Directors is making its resolutions, it pays attention to the meeting and resolution quorum in accordance with the respective legislation of the Turkish Commercial Law and Capital Market law.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

INFORMATION DOCUMENT OF SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY OF 2018 DATED 8 MARCH 2019

Board of Directors may establish commissions and committees in addition to the commissions and committees stipulated in the Turkish Commercial Law, Capital Market law, and Capital Market Board's regulation for corporate management as well as respective other legislation provisions, in order to carry out the application of the Companybusinesses and respective resolutions and policies and the supervise them. In the constitution of all these committees and in the determination of those who would take part as well as of the principles of their assignments, regulations of the Turkish Commercial Law, Capital Market law, and Capital Market Board 'nun regulations on corporate management are complied with. In addition, for the early determination of risk, a committee must be established within the framework of the Turkish Commercial Law's 378th article.

THE MINISTRY'S REPRESENTATIVE

Article 18:

For the Ministry's Representative who will take part in the General Committee meetings, regulations of the Ministry of Customs and Trade are complied with.

AMENDMENTS IN THE ARTICLES OF INCORPORATION

Article 21:

Conclusion and application of all kinds of amendments that will be applied in these articles of incorporation are carried out in accordance with the provisions of the Turkish Commercial Law and Capital Market Law. Subsequent to duly approving the respective amendments and registering them in the commercial registry, they become valid as of the date of announcement.

Resolution for the amendment of the articles of incorporation is made in accordance with the Law, Board legislation and the provisions specified in the articles of incorporation after receiving the respective consent from the Capital Market Board and the Ministry of Customs and Trade, in the General Committee meeting, where compliance with the law and the provisions of the articles of association will be observed.

Board of Directors may establish commissions and committees in addition to the commissions and committees stipulated in the Turkish Commercial Law, Capital Market law, and Capital Market Board's regulation for corporate management as well as respective other legislation provisions, in order to carry out the application of the Companybusinesses and respective resolutions and policies and the supervise them. In the constitution of all these committees and in the determination of those who would take part as well as of the principles of their assignments, regulations of the Turkish Commercial Law, Capital Market law, and Capital Market Board 'nun regulations on corporate management are complied with.

THE MINISTRY'S REPRESENTATIVE

Article 18:

For the Ministry's Representative who will take part in the General Committee meetings, regulations of the Ministry of Trade are complied with.

AMENDMENTS IN THE ARTICLES OF INCORPORATION

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INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM



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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM

To the Board of Directors of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi,

We have audited the Early Identification of the Risk System and Committee established by Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi ("Company").

Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the independent auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. These Principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of the Risk System and Committee

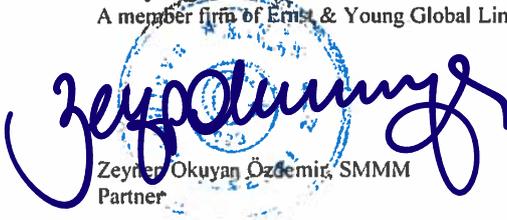
The Company established the Early Identification of the Risk System and Committee which consists of five members, three of them are independent member of the Board of Directors, and the committee is chaired by an independent member. For the period between January 1 – December 31, 2018, the committee has met for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the reports it has prepared to the Board of Directors.

Conclusion

Based on our audit, we have reached the conclusion that the early identification of the risk system and committee of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi is, in all material respects, in compliance with article 378 of the TCC.

The Early Identification of the Risk Committees have to submit their report to the Board of Directors at least bimonthly in accordance with Article 378 of TCC. The Early Identification of the Risk Committee of the Company has submitted their report 10 times during the year to the Board of Directots

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Zeynep Okuyan Özdemir, SMMM
Partner

February 1, 2019
Istanbul, Turkey

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Türkiye Şişe ve Cam Fabrikaları A.Ş.

1) Opinion

We have audited the annual report of Türkiye Şişe ve Cam Fabrikaları A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of January 1 – December 31, 2018.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 1, 2019 on the full set consolidated financial statements of the Group for the period of January 1 – December 31, 2018.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



- c) The annual report also includes the matters below:
- Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM
Partner

February 13, 2019
Istanbul, Turkey

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Richard Fritz

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Richard Fritz KFT.

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Russian Federation
Tel: (007 81368) 9 69 03

Pokrovsky Plant

Sovetskaya Street,
96, Saznov Town
162430 Vologda Oblast
Chagodeshensky Region/
Russian Federation
Tel: (007 81741) 3 11 46

Kuban Plant

Krasnodar Kurgannaya Str.
1A Krymsk City Krasnodar
Region
Russian Federation
Tel: (007 86131) 2 40 52

JSC Mina

Ksani Village Mtskheta Region
3312/Georgia
Tel: (0099 532) 244 9981

Merefa Glass Company Ltd.

84-A Leonivska Str. Merefa
62472, Kharkiv Region/Ukraine
Tel: +38 (057) 729 85 06

OOO Energosystems

Volkhov Highway 11, Kirishi
Leningradskaya Region 187110
Russian Federation
Tel: (007 49566) 2 70 00

CJSC Brewery Pivdenna

65496, Odessa Region,
Ovidiopol Dist. Tairove, 5
Pyvovarnaya Str./Ukraine
Tel: (0080 48) 716 79 79
Fax: (0080 48) 716 79 79

Anadolu Cam Investment B.V.

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Balsand B.V.

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AC Glass Holding B.V.

Strawinskylaan 523
1077XX Amsterdam/
Netherlands
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ŞİŞECAM CHEMICALS
www.sisecamkimyasallar.com

Soda Sanayii A.Ş.
Management and Sales
Centre

Şişecam Genel Merkezi,
İçmeler Mah. D-100 Karayolu
Cad. No: 44B Tuzla/
İstanbul/Turkey
Tel: (0850) 206 50 50
Fax: (0850) 206 40 40
www.sisecamkimyasallar.com

Soda Plant

Kazanlı Bucağı Yanı P.K. 654
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Fax: (0324) 221 90 15
www.sisecamkimyasallar.com

Kromsan Chromium
Compounds Plant

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33003 Mersin/Turkey
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Fax: +90 324 451 36 52
www.sisecamkimyasallar.com

Oxyvit Kimya Sanayii ve
Ticaret A.Ş.

Mersin-Tarsus Organize Sanayi
Bölgesi, 1. Cad. No: 6 P.K. 13
33400 Mersin/Turkey
Tel: (0324) 676 43 25 Pbx
Fax: (0324) 676 43 34
www.oxyvit.com

Şişecam Elyaf Sanayii A.Ş.

Gaziosmanpaşa OSB Mahallesi
12. Cadde No: 6
10100 Altıeylül/Balıkesir
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Tel: (0039) 02 57606070
Fax: (0039) 02 57609175
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Cromital S.p.A Plant

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Giovanni
Ostellato (FE) İtalya Tel
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053357391 www.cromital.eu

Solvay Şişecam
Holding A.G.

Bahnhofstrasse 22, 4802
Ebensee/Austria
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Fax: (0043) 6133 80680-20

Şişecam Bulgaria EOOD

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FL. 4 Apt. 14 9002
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Tel: +359 52 608 963
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Şişecam Soda Lukavac d.o.o.

Prva Ulica br.1 75300
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Fax: (00387) 35 552 718
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Fax: +86 216 391 03 54

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B.V.

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Tel: +31 20 820 1120
Fax: +31 20 890 8645
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Rudnik Krečnjaka Vijenac
D.O.O.

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Lukavac/Bosnia-Herzegovina
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Fax: +387 35 550 381

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Fax: +90 850 208 40 40

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Madencilik Sanayii ve
Tic. A.Ş.

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Karayolu Caddesi No: 44/A
34947 Tuzla/İstanbul
Tel: +90 850 206 50 50
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Camış Egypt Mining Ltd. Co.

Corner Road 254-206, Digla-
Maadi Cairo/Egypt
Tel: (00202) 519 82 37

OTHER

Şişecam Sigorta Aracılık
Hizmetleri A.Ş.

Şişecam Operation Cent
Yayla Mah. D-100 Karayolu
Cad. No: 70/C Kat: 2 34944
Tuzla/İstanbul/Turkey
Tel: 0850 206 39 80/32 76
Fax: 0850 208 42 76

Şişecam Dış Ticaret A.S.

Şişecam Operation Centre
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Şişecam Enerji A.Ş.

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Camış Elektrik Üretim A.Ş.

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34947 Tuzla/İstanbul
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Şişecam Çevre

Sistemleri A.Ş.

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SC Glass Trading B.V.

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Jersey JE45PS Channel
Islands

Legal Disclaimer

The Auditor's Report, the Consolidated Financial Statements and the Independent Audit Report included in this Annual Report ("Report"), regarding the activities and accounts for the year 2018, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on the 8th of March 2019 at the address; İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/İstanbul.

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As of the date of preparing this report, all information contained in this Report is believed to be accurate, however Türkiye Şiše ve Cam Fabrikaları A.Ş. assumes no responsibility for any typographical and printing errors that may occur.

This report is the English translation of the annual report that was originally prepared in Turkish. In case of any difference in the explanation texts, the Turkish report should be considered as the main report.



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