

A TOUCH OF LIFE



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Dating back to ancient times, glass is a unique material as it is 100% infinitely recyclable. And we bring glass to life.

We are a multinational corporation with manufacturing operations in **13 countries, about 22 thousand employees, and nearly 150 export destinations.** We are the world's third largest glassware manufacturer, and the fifth largest manufacturer of flat glass and glass packaging. We are Europe's #1 flat glass supplier, and the global leader in chromium chemicals. Additionally, we rank among Europe's top 4 and the world's top 10 producers of soda ash.

Each day, we touch millions of lives around the world with every piece of glass we produce. Each day, we come to life with the touch of people.

ŞİŞECAM GROUP

GLOBAL VISION, DYNAMIC STRUCTURE, SUSTAINABLE GROWTH

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

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

Founded in 1935 by İşbank by the directive of Atatürk, Şişecam is one of the most established industrial organizations in Turkey with 81 years of corporate history. Due to its high degree of specialization and the outstanding competitive edge of its operations, it is among the world's most prestigious glass manufacturers.

GLOBAL STANDING

	Europe	World
Flat Glass	1	5
Glassware	2	3
Glass Packaging	5	5
Soda Ash	4	10



ŞİŞECAM CREDIT RATING

MOODY'S	Ba1/Stable
S&P	BB/Stable

ŞİŞECAM CORPORATE GOVERNANCE RATING

16 December 2016	9,44
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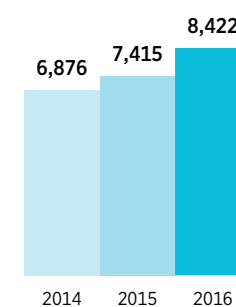
Şişecam shares are traded on Borsa İstanbul under the ticker symbol SISE.

FINANCIAL INDICATORS

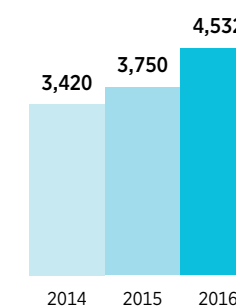
	2015		2016	
Financial Indicators	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	15,663	5,387	19,152	5,442
Equity	9,503	3,268	11,330	3,219
Sales	7,415	2,727	8,422	2,791
Gross Profit	2,179	801	2,530	838
Earnings before Interest and Taxes (EBIT)	1,026	377	1,310	434
EBITDA	1,764	648	2,120	702
Profit for the Period	805	296	1,040	345
Net Financial Debt	1,440	495	1,489	423

Financial Ratios	2015	2016
Current Assets/Current Liabilities	2.8	2.1
Equities/Total Equity and Liabilities	60.7	59.2
Net Financial Debt/Total Equity and Liabilities	9.2	7.8
Net Financial Debt/Equity	15.2	13.1
Gross Profit/Revenue	29.4	30.0
EBITDA/Revenue	23.8	25.2
EBIT/Revenue	13.8	15.6
Net Financial Debt /EBITDA	0.8	0.7

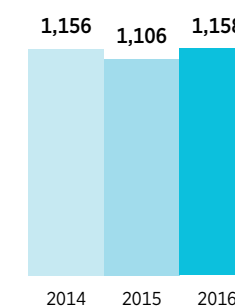
Sales Revenue
(TRY M)



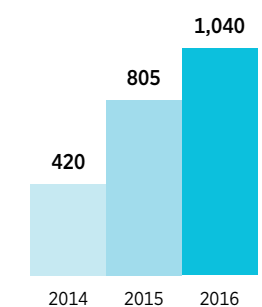
International Sales
(TRY M)



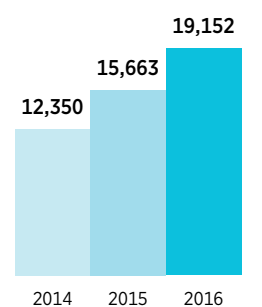
Investments
(TRY M)



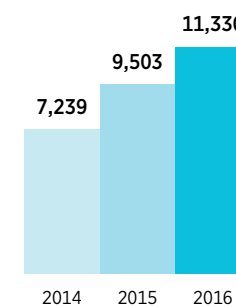
Profit for the Period
(TRY M)



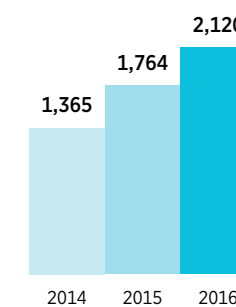
Total Assets
(TRY M)



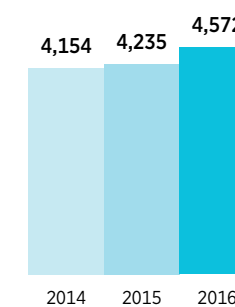
Equity
(TRY M)



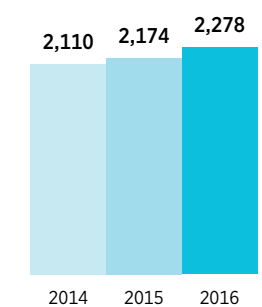
EBITDA
(TRY M)



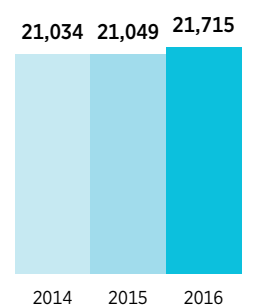
Glass Production
(000 TONS)



Soda Production
(000 TONS)

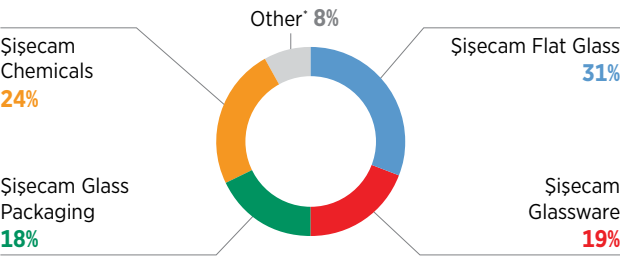


Number of Employees



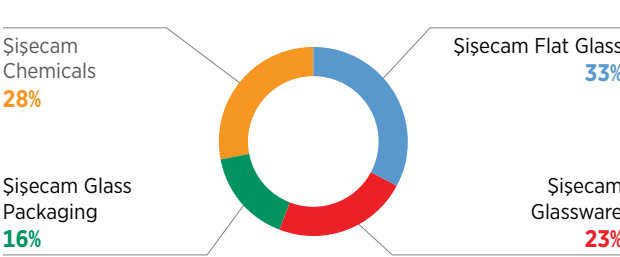
ŞİŞECAM IN BRIEF

SALES REVENUE TRY **8.4** billion

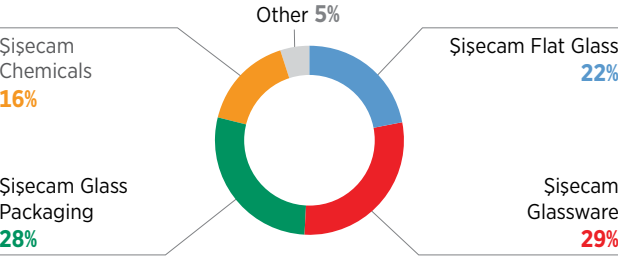


* Related to Şişecam's energy purchases and sales.

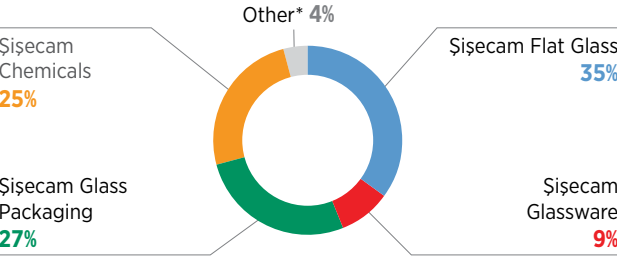
INTERNATIONAL SALES TRY **4.5** billion



INVESTMENTS TRY **1.2** billion



EBITDA TRY **2.1** billion



* Related with Şişecam's energy purchases

ŞİŞECAM FLAT GLASS



Field of Operation

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

Date of Operation

1981

Position in Terms of Production Capacity

Ranks **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.

Automotive Plant - Kırklareli

International Facilities

Trakya Glass Bulgaria EAD - Bulgaria

Şişecam Flat Glass Italy Srl - Italy

Şişecam Automotive Bulgaria EAD - Bulgaria

Richard Fritz Holding GmbH - Germany (Besigheim)

Germany (Aurach), Slovakia, Hungary

Glasscorp S.A. - Romania

Trakya Glass Rus AO - Russia

Automotive Glass Alliance Rus AO - Russia

HNG Float Glass Limited - India

Saint Gobain Glass Egypt - Egypt

Production Capacity

2.8 million tons/year flat glass capacity

8.9 million m² autoglass production

Sectors that Inputs are Provided

Construction, automotive, solar energy and home appliances

Total Production

2.3 million tons architectural glass

ŞİŞECAM GLASSWARE



Field of Operation

Automatic and hand - made glassware household goods, soda, crystal and heat resistant borcam, lead crystal glass household goods production, paper cardboard packaging production and retailing

Date of Operation

1935

Position in Terms of Production Capacity

Ranks **3rd** in the world and **2nd** in the European glassware industry

Production Facilities in Turkey

Paşabahçe Cam San. ve Tic. A.Ş.

Kırklareli Plant

Eskişehir Plant

Denizli Cam San. ve Tic. A.Ş.

Denizli Plant

Camış Ambalaj Sanayii A.Ş.

Tuzla Plant - İstanbul

Eskişehir Plant

International Facilities

Paşabahçe Bulgaria EAD - Bulgaria

Posuda - Russian Federation

Retailing

47 stores in Turkey, **1** store in abroad (Italy)

Production Capacity

608.7 thousand tons

Market Segments Focused for Manufacturing, Design and

Marketing Activities

Household, HORECA and Industry

Total Production

383 thousand tons

ŞİŞECAM GLASS PACKAGING



Field of Operation

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

Date of Operation

1935

Position in Terms of Production Capacity

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

Production Facilities in Turkey

Anadolu Cam Sanayii A.Ş.

Mersin Plant

Anadolu Cam Yenişehir Sanayi A.Ş.

Yenişehir Plant - Bursa

Anadolu Cam Eskişehir Sanayi A.Ş.

Eskişehir Plant

Omco İstanbul Kalıp Sanayii ve Ticaret A.Ş.

Gebze Plant - Kocaeli

International Facilities

OOO Ruscam - Russia

Gorokhovets Plant

OOO Ruscam Glass Packaging Holding

Ufa Plant - Russia

Kirishi Plant - Russia

Pokrovsky Plant - Russia

OOO Ruscam Glass

Kuban Plant - Russia

JSC Mina Plant - Georgia

Merefa Glass Company Ltd. - Ukraine

Production Capacity

2.3 million tons/year

Sectors that Inputs are Provided

Food, beverage, pharmaceutical and cosmetics

Total Production

1.8 million tons

ŞİŞECAM CHEMICALS



Field of Operation

Soda and chromium chemicals, glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives and sodium metabisulphite Production meet the own energy needs with the energy production center in the establishment.

Date of Operation

1969

Position in Terms of Production Capacity

Ranks **4th** in soda ash production in Europe and the **10th** in the world. Leader in production of chromium chemicals

Production Facilities in Turkey

Soda San. A.Ş.

Soda Plant - Mersin

Kromsan Chromium Compounds Plant - Mersin

Camış Madencilik A.Ş.

Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin

Cam Elyaf San. A.Ş.

Gebze Plant - Kocaeli

Oxyvit Kimya San. ve Tic. A.Ş.

Mersin Plant

International Facilities

Solvay Sodi AD - Bulgaria

Şişecam Soda Lukavac d.o.o - Bosnia & Herzegovina

Cromital S.p.A. - Italy

Camış Egypt Mining Co. Ltd. - Egypt

Production Capacity

2.3 million tons soda

Sectors that Inputs are Provided

Glass, ceramics, detergent, leather industry, metal coating, impregnation, pigment, animal feed, automotive, marine, wind turbine blades

Total Production

2.3 million tons soda production

3.8 million tons industrial raw material production

SHAREHOLDER AND INVESTOR RELATIONS

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

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

Şişecam Investor Relations' main responsibilities are to increase the value of our listed companies and to enable the capital market instruments issued by our Company to be traded at their fair value. In line with these objectives, in order to provide complete, efficient and accurate information on our listed companies' financial performances and results to all related parties, Investor Relations, employ many instruments, such as; Group companies' websites, investor relation presentations, investor newsletters, webcast tele-conferences and participations in road shows and conferences.

The Company conducts its Investor Relations activities in a transparent, proactive, and expeditious manner within an approach that entails equal sharing with all investors. The Company continuously enhances the scale, scope and quality of all such activities in an effort for investors and analysts to get to know the Group more closely. Within this scope, in 2016, the Group participated in a total of 8 domestic and international conferences addressing shareholders and bondholders and held one-on-one meetings focusing on the operations and financials more than 200 existing and potential investors. Additionally, Europe and US roadshows were organized in relation with the sale of Soda Sanayii shares held in the non-core asset portfolios of Trakya Cam and Anadolu Cam to qualified investors.

The total number of interviews with investors via telephone, individual meetings, roadshows and conferences is over 300. Nearly 90 analyst reports have been published as the result of interviews conducted effectively with analysts reporting on publicly traded companies.

Furthermore, in 2016, two webcasts were held to share 2015 year-end and 2016 first half financial results with the investor community with an aim to continue to hold these presentations at least twice a year.

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

For the Group companies:

- Strong reputation and sustainable brand recognition based on 81 years of experience,
- Supporting growth through its solid capitalization and long-term strategies,
- Strong financial position allowing diversification of funding at advantageous terms,
- Implementation of best practices across the Group based on its solid corporate culture and transparent management approach,
- Sustaining efficient risk management practices,
- Continuous improvement of competent human resources quality and productivity.

For the investors:

- Consolidating leadership in its fields of activity in Turkey and other geographies where it has presence,
- Securing sustainable growth and profitability through consistent strategies aimed at increasing share value,
- Increasing resilience against economic volatilities and potential risks on the back of its well-balanced product portfolio and operations spanning different geographies,
- The Company aims to sustain superior results worthy of its 81 years successful history and experience replete with organic and inorganic growth, reorganizations, and partnerships with international corporations.

In addition to the slowdown in global economy and trade, Fed's interest rate hikes, EU's dissolution, tension due to global election environment, domestic relations with Russia, political uncertainties together with security risks have had impact on the course of the market. "Borsa İstanbul 100" index closed the year with a 9% gain. In 2016, lowest Şişecam share price level seen in the market was TRY 2.52 and the highest level was TRY 3.83. Şişecam shares increased by 34% in nominal terms, outperforming the index. In the same period, BIST 30 index and BIST Holding index increased by 7% and 13%, respectively.

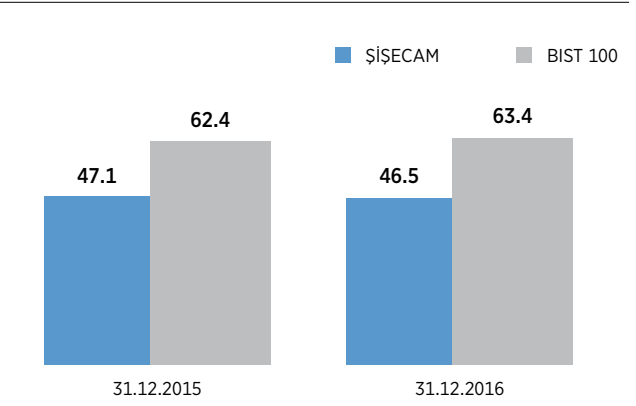
During the same period, the share of long term foreign institutional investors in Şişecam was 46.5%.

Investor Relations ensure that the companies are in full compliance with their duties and obligations arising from the regulations in relation with the capital markets, as well as it is responsible for the coordination and communication of all related parties in and outside the Group for the purpose of Corporate Governance Rating and Credit Rating processes.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a licensed rating agency with respect to the Capital Markets Board (CMB) Corporate Governance Principles, completed "Corporate Governance Rating Periodical Revision

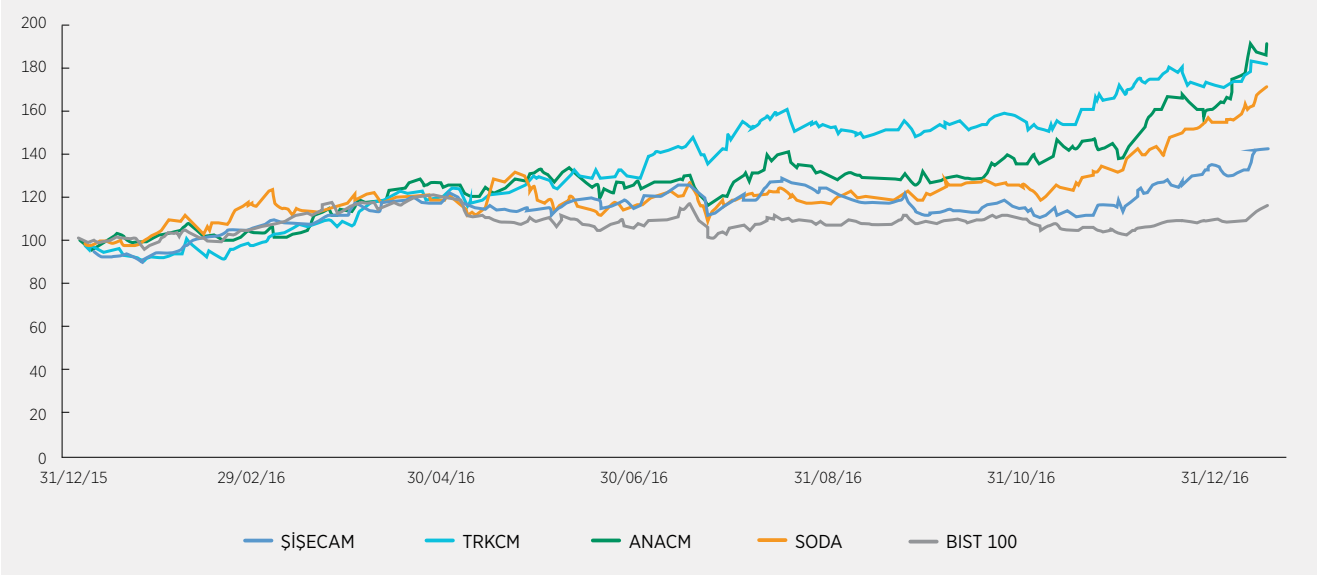
Report" on December 16, 2016. Accordingly, the Company's Corporate Governance Rating increased to 94.41 (9.44 out of 10) in 2016 from 93.53 (9.35 out of 10) in the previous year as a result of continuous efforts to improve compliance with Corporate Governance Principles. This rating is highly significant in terms of reaffirming the Group's traditionally superior corporate governance standards.

Foreign Investor Shares in Şişecam and BIST 100



As of 2016 year end, BIST Holding Index value increased by 13%, BIST 100 Index by 9% and BIST 30 Index by 7%. During the same period, increase in Şişecam share price was significantly above the market performance at 34%.

Performance of Şişecam and Group Companies vs BIST-100 in 2016



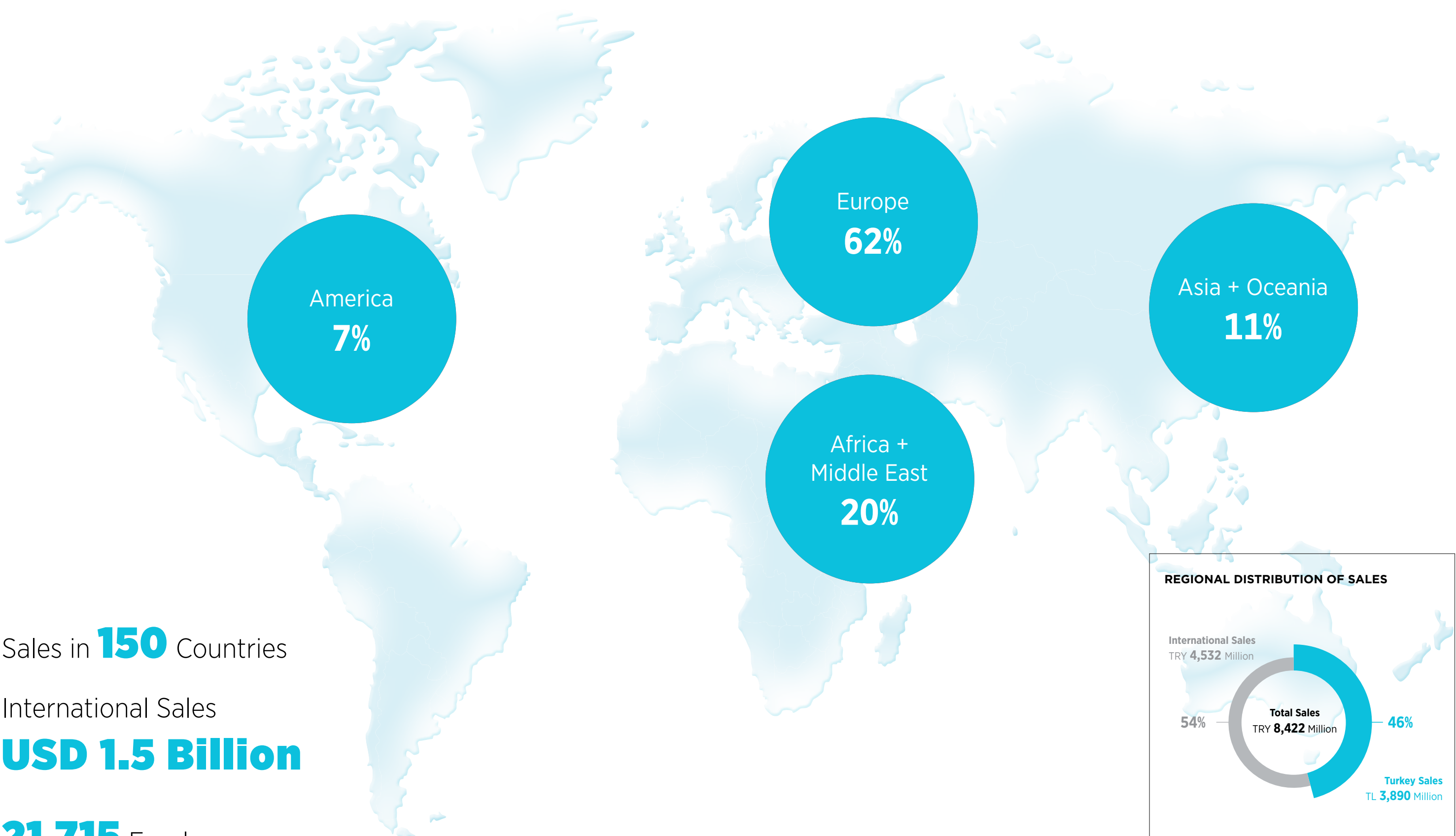
The breakdown of the Corporate Governance Rating based on main sections is as follows:

Main Sections	Weight	Note
Shareholders	0.25	95.36
Public Disclosure and Transparency	0.25	96.98
Stakeholders	0.15	96.70
Board of Directors	0.35	90.92
Total	1.00	94.41

Investor Relations contact information:

E-mail: SC_IR@sisecam.com
Telephone: (90) 850 206 3262
Fax: (90) 850 206 4262

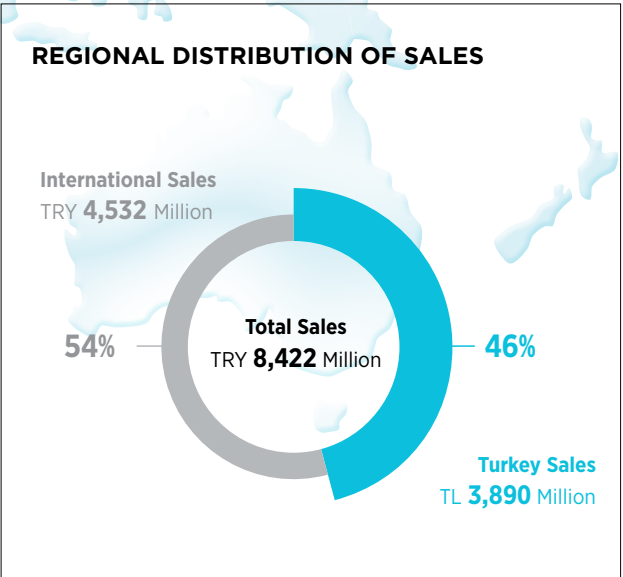
GLOBAL PRESENCE OF ŞİŞECAM



Sales in **150** Countries

International Sales
USD 1.5 Billion

21,715 Employees



PRODUCTION CAPACITY OF ŞİŞECAM

13
Countries

44
Production Plants

4.6 Million Tons
Glass Production

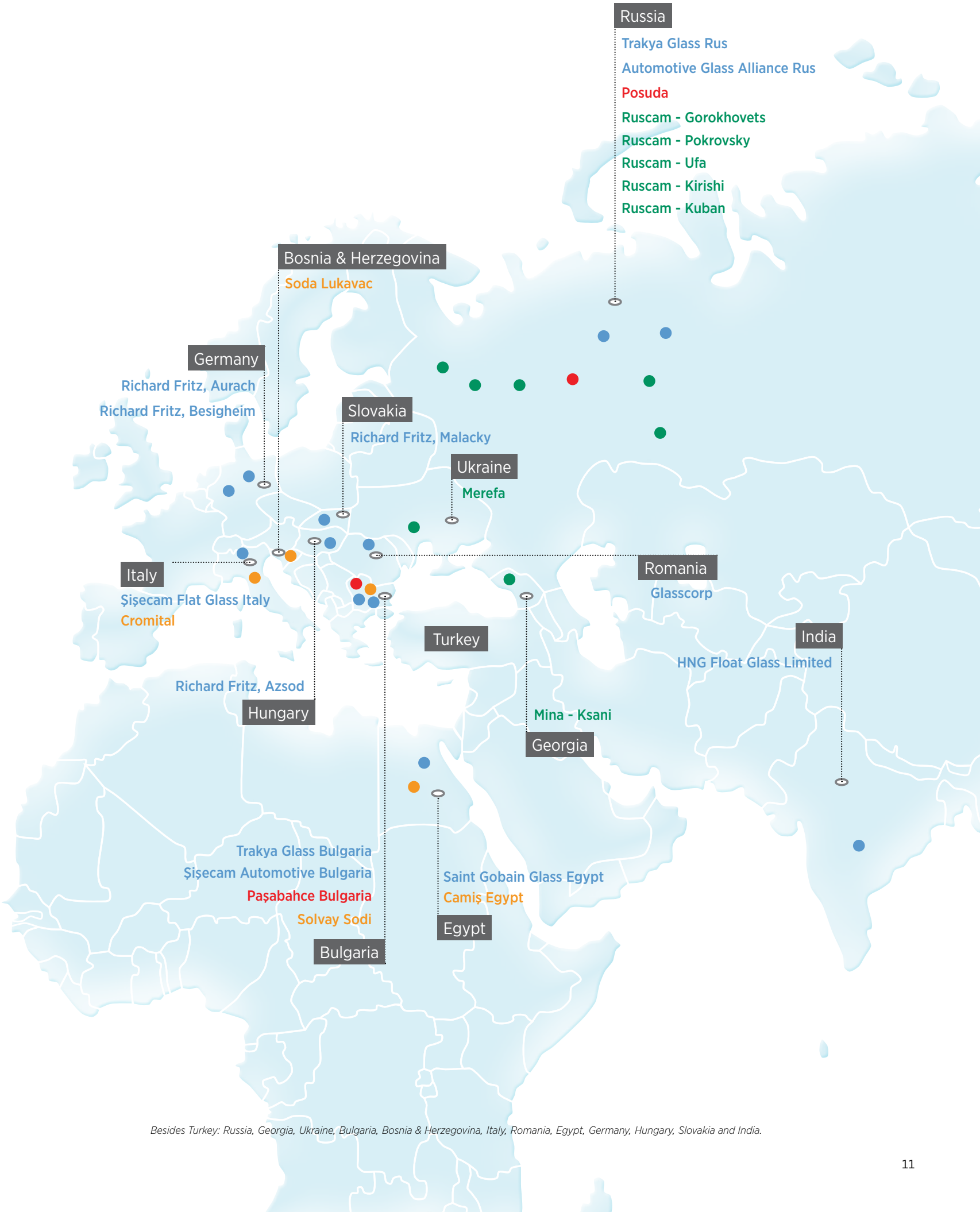
2.3 Million Tons
Soda Ash Production

3.8 Million Tons
Industrial Raw Material Production

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	Soda San. 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	Anadolu Cam Yenişehir San. A.Ş. Yenişehir Plant-Bursa	Camış Madencilik A.Ş. The Provinces Where the Company Operates: Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin
Trakya Polatlı Cam Sanayii A.Ş. Polatlı Plant-Ankara	Camış Ambalaj Sanayii A.Ş. Tuzla Plant-İstanbul Eskişehir Plant	Anadolu Cam Eskişehir Sanayi A.Ş. Eskişehir Plant	Cam Elyaf San. A.Ş. Gebze Plant-Kocaeli
Şişecam Otomotiv A.Ş. Şişecam Automotive Plant-Kırklareli		OMCO-İstanbul Kalıp San. ve Tic. A.Ş. Gebze Plant-Kocaeli	Oxyvit Kimya San. ve Tic. A.Ş. Mersin Plant

* As of year-end 2016, Şişecam Group has production facilities in the following countries: Turkey, Russia, Georgia, Ukraine, Bulgaria, Bosnia & Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia, India.

** As at year-end 2016, 42% of Şişecam Group employees are based abroad.



Besides Turkey: Russia, Georgia, Ukraine, Bulgaria, Bosnia & Herzegovina, Italy, Romania, Egypt, Germany, Hungary, Slovakia and India.

CHAIRMAN'S MESSAGE

Dear Shareholders,

As Şişecam Group, one of Turkey's most established industrial enterprises, we continued to contribute to our country's development in 2016 when we left behind 81 of years of operations in our core business, including flat glass, glassware, glass packaging, and chemicals. Moving forward on its journey, which began in 1935, today, Şişecam Group is proud to be a reference corporation for its stakeholders with a total of 44 production facilities and about 22 thousand employees in 13 countries including Turkey.

We conduct Şişecam Group's operations with a sense of responsibility of being the only global player active in all core areas of glass. In terms of production capacity, our Group ranked among the top three in glassware, top five in flat glass and glass packaging, top ten in soda production, and the first in chromium chemicals worldwide as of the 2016 year end. Şişecam Group also continued its investments both in and outside Turkey to crown its operating activity and value-creating sustainable growth journey with higher targets and proudly represented Turkey the world over in 2016.

With our innovative organizational structure open to continuous improvement in order to move our corporate experience and expertise of more than 80 years forward into the future, as Şişecam Group, we worked tirelessly to ensure the sustainability of our human resource competence and technological competitive advantages throughout the year.

Dear Shareholders,

The global economy demonstrated a moderate growth in 2016, expanding about 3% during the year, according to estimates of international institutions. We closely monitored the developments including the continuation of Federal Reserve Bank's interest rate hike by 25 basis points in December, the UK's decision to withdraw from the EU (BREXIT) with a referendum, and the rise in the price of oil per barrel to over US\$50 following OPEC member countries' decision to reduce the oil supply, taking Şişecam Group's international operations into consideration. The Federal Reserve's statement that it would execute three interest rate hikes also in 2017 was perceived as a signal for the appreciation of US dollar against local currencies to continue in the coming period. The Eurozone, affected by banking crises in Germany and Italy as well as the BREXIT decision, saw a partial recovery due to the expansionary monetary policies of the European Central Bank, and closed the year with 1.7% growth.

China, home to the world's second largest economy, recorded the lowest performance of the last 26 years due to the slowdown in global commodities trading in 2016. The Russian economy, which started to recover along with the rising trend in oil prices in the second half of the year, is expected to post growth performance in the coming period.

Turkey's economy, a center of attention for a long time with its stable growth, underperformed its potential in 2016 due to political and economic fluctuations globally and in our region. I have no doubt that the incentives initiated by the public authorities to revive investment environment and domestic consumption will steer the economy of our country to its true growth potential in the days to come. On behalf of Şişecam Group, one of Turkey's most established private sector corporations, I would like to share with

you that we will wholeheartedly continue supporting our country's growth process in 2017 via export, investment, and employment initiatives while working with determination toward our global targets.

Dear Shareholders,

The world glass industry has also experienced different developments in parallel to the global economic uncertainty and fluctuations, according to the regions and the sectors it provides input. The contraction in world trade and the deceleration in the economic growth rate of highly populated markets, especially China, negatively affected sector performance. Meanwhile, the moderate course of the construction and automotive sectors in Europe boosted demand and prices of flat glass, in particular.

The Turkish glass industry has posted steady growth with the contribution of global players such as Şişecam Group, which is renowned outside Turkey as well as domestically with an annual production capacity of 3.5 million tons. With the scale, specialization level, and highly competitive operations present, Turkey figures among the countries that have sway in this area. The glass industry provides input to the driving sectors of the economy and occupies an important position in Turkey's foreign trade. With exports totaling nearly US\$ 1 billion at year-end, the Turkish glass industry created significant added value for our country's economy in 2016 as well.

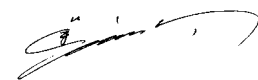
Despite the uncertainties caused by global and local fluctuations during the year, the improvement in sectors that are the main suppliers, particularly construction, also stoked demand for flat glass starting in the last quarter of the year. The automotive sector, expanding its production by 9% and exports by 15% in units, positively affected the revival of domestic demand for glass.

The increase in awareness of the contribution of glass to the quality of life in the world continued to grow the glass packaging market also in 2016. We see that consumer perception in Turkey has also improved in this arena, with the share of glass packaging in the packaging market continuing to rise. On the other hand, the contraction in consumption of the glassware sector curbed market growth in 2016. Demand for soda followed a stable course while chromium chemicals remained flat during the year due to stagnation in its related sectors.

As Şişecam Group, we will continue making a difference in the industry with our research and development efforts and value-added product portfolio in the glass sector, too. We will work to boost our productivity and raise our quality standards in all our business processes within the framework of our aim for operational excellence, sustainable growth and value creation, which we have set as a global company.

With a history of more than 80 years, Şişecam Group will continue creating permanent value by closely monitoring developments in the global economy and glass sector in the coming period. I would like to extend my thanks to all our stakeholders, especially our valued shareholders, who always supported us and our activities in 2016.

Yours respectfully,



H. ERSİN ÖZİNCE
Chairman of the Board



CEO'S MESSAGE

Dear Shareholders,

As Şişecam Group, one of Turkey's most established companies, we have embraced adding value to both the country's economy and society as our top priority and achieved our financial and operational targets with a successful performance in the fiscal year 2016, especially noteworthy during a time when variable market conditions prevailed. Şişecam Group continued to move forward with firm steps towards its vision of ranking among the world's top three companies in the glass industry.

In addition to the weak outlook for the global economy, the political, economic and geopolitical developments in our region also caused economic fluctuations and uncertainty in 2016. Our Group, manufacturing in 13 countries, selling its products to millions of consumers in 150 countries, and operating on a global scale, continued its sustainable growth journey with new breakthroughs by focusing on operational excellence in 2016. As Şişecam Group, we pursue this path aided by our deep-rooted experience, flexible and proactive management approach, continuously improved competencies, effective cost management, as well as prudent risk management practices against existing fluctuations and tough competitive conditions in the markets where we operate.

We are proud to see the positive effects of all these components that we closely manage in our financial results, in our stakeholder relations, and in the shareholder value we have created.

In 2016, our Group produced 4.6 million tons of glass and increased its consolidated net revenues by 14% compared to previous year to TRY 8.4 billion. Some 46% of the Group's revenues were from domestic sales, with 54% originating from international sales, which have risen steadily. As one of the world's most important producers of soda, Şişecam Group realized 2.3 million tons of soda and 3.8 million tons of industrial raw materials production during the year.

Our Group, successful in making its competitive advantages sustainable, maintained its capital investments by evaluating the potentials, with an approach to bolster both its operations and market positions. The Group's investment spending totaled TRY 1.2 billion for the year. Higher capacity utilization rates we ensured with capital investments focused on added-value, and our efforts to execute a value-creating, sustainable growth strategy were reflected also in our financial results for the year. In 2016, our Group's EBITDA amounted to TRY 2.1 billion, while the EBITDA margin was 25.2%, up 1.4 points.

The stock of our Group, which has shaped its profitability strategies to boost shareholder value, gained 34% in value in nominal terms and performed well above the BIST Holding, BIST 100 and BIST 30 indices once again in 2016. Meanwhile, the proportion of foreign institutional investors in the free float has reached 46.5%, a rather high level.

As Şişecam Group, we conducted all our business processes with a focus on operational excellence in 2016.

Dear Shareholders,

Executing its production and sales activities on a global scale with 22 thousand employees in sync with common targets, Şişecam Group conducted all its business processes with a focus on operational excellence in 2016. Our Group transformed its organizational structure into a more flexible and solutions-oriented structure that creates value for all stakeholders. At the same time, we continued to effectively manage our business processes with fast decision-making mechanisms. 2016 saw our Group simplify its operational processes, utilize production capacities more effectively, strengthen its position in existing markets and pursue opportunities in alternative markets. In addition, our Group made new investments and carried out aggressive efforts to hedge against fluctuations.

While Şişecam Group maintained its organic growth on one hand, it also continued moving forward with investments geared toward achieving inorganic growth on the other.

Acting with a strong sense of responsibility toward all stakeholders, especially its shareholders, Şişecam Group also continued to invest toward its aim of sustainable and value creating growth in 2016. Our Group simultaneously executed its organic and inorganic growth strategies as a global player operating in different countries and undersigned a major acquisition in 2016. Our Group acquired Sangalli Vetro Porto Nogaro, a flat glass manufacturer in Italy, for EUR 84.7 million. Adding this facility to our assets, Şişecam Group gained a production capacity of 220 thousand tons of flat glass and 5 million m² of laminated glass per year - becoming the largest flat glass producer in Europe in terms of production capacity. We aim to boost our competitive power in the West European market by creating strategic synergy in our operations with this key investment, which will also provide a logistical advantage to Şişecam while increasing the Group's production capacity. As Şişecam Group, we will continue to cautiously and meticulously evaluate potential opportunities-including corporate acquisitions, joint ventures, and other cooperation possibilities-taking into account our risk perception. This approach reflects our policy of achieving sustainable growth and value creation while investing in the future.



We recorded another breakthrough for the Group in 2016. Committed to executing all its investments in accordance with environmental sustainability, we, as Şişecam Group, established Şişecam Çevre Sistemleri A.Ş. in cooperation with the European Bank for Reconstruction and Development (EBRD) during the year. Through this strong collaboration, the first of its kind in the world, we aim to accelerate the modernization of Turkey's leading glass collecting and recycling companies. The new collaboration will provide long-term financing facilities at reasonable terms as well as know-how transfer support for companies involved. As part of our social responsibilities, Şişecam Çevre Sistemleri A.Ş. targets to raise the ratio of recycled glass from 19% to 45% over the next five years. The company also aims to lead the establishment of a sustainable glass recycling infrastructure, reduce greenhouse gas emissions and contribute to the country's economy via energy savings.

Continued to conduct its sustainability studies focused on environmental, social and economic impacts with a holistic approach, Şişecam Group maintained its pioneering position in the eyes of its stakeholders in 2016. In addition to its cooperation in the field of recycling, our Group undersigned extensive work in various areas, including carbon emission management, waste management, and effective resource management during the year.

Today, as Şişecam Group, we produce energy simultaneously as we consume energy resources during the production processes. Our Group contributes to Turkey's economy with its energy efficiency, recycling activities and energy saving products. Against this backdrop, Şişecam Group embraced a pioneering practice in 1996 when it started to produce electricity as an auto producer to meet its own needs. In addition, our Group included in its capital investment plan another pioneering practice: a roof type, 6 MW solar energy panel project for the flat glass factory in Mersin. Our Group will significantly reduce its carbon footprint with the capital investment planned for 2017 while also possessing one of the world's five largest solar power plants mounted on a roof.

Şişecam Group continued its research and technology development efforts to develop high added value products.

Our Group shapes its operations in line with its vision of being a global company that offers innovative solutions and differentiates itself with high-end technologies and global brands. Within this context, our Group also continued to bolster its global brand value in 2016 with many new, high added value products that it offered to the market.

Conducting its research and development activities at Şişecam Science and Technology Center-one of the few facilities of its kind in the world-our Group registered four patents and filed 29 patent applications in 2016. Our Science and Technology Center successfully executed R&D efforts aimed at creating value for the whole of our Group's operating areas from raw materials to final products, while conducting value-added new product development studies. Our Center developed the high performance "Tempered Solar Low-E Glass" product that provides heat insulation and solar control to be used in the new airport project in Istanbul, one of the world's major transport hubs. Another innovation is the "Tempered Solar Glass" product that provides effective solar control to be used in hot climate areas, such as offices, shopping malls, museums, roof luminaires. For the automotive sector, R&D studies are successfully underway to develop our new "Privacy" product, which controls the heat and light penetrating through the glass into the vehicles. We also work on developing glasses that are water repellent (hydrophobic) and change color with electric current (electrochromic). On the glass packaging front, the Colored Organic Bottle, which is produced with transparent organic dye technology that supports the durability of pasteurized products, also took its place among our environmentally friendly, technological glass packaging products.

Şişecam Group also maintained its pioneering position in the field of education in 2016. We initiated Turkey's first Graduate Program in Glass Science and Technology with the cooperation of a university in order to meet the highly trained human resources needs of the glass industry. We believe that this program, which serves as a model in terms of industry-university cooperation, will boost the sustainability of Turkey's human capital competence in the glass industry.

In 2016, we completed another value-adding initiative in line with Şişecam Group's sustainable growth target. The relocation of the Şişecam General Management and the central units of the Groups to the new headquarters building in Tuzla took place during the year. The new facility was designed as an environmentally friendly building that adheres to internationally recognized sustainability criteria. It is my sincere wish for Şişecam headquarters, which provides a more efficient service infrastructure for all our business units, to benefit the entire Şişecam Family.

Şişecam Group embraces the integration of industry and information technology under the Industry 4.0 approach.

Recognizing the internalization of technology as a constant goal in all its processes, Şişecam initiated many new projects in 2016 and launched many of them. All digital assets of our Group started to be managed with a holistic and strategic approach through the Digital Transformation Project. We implemented this effort to facilitate a corporate culture that plays the leadership role in the use and continuous development of digital technologies in business processes. Our digital assets evolved into an upgraded and functional structure after the renewals in design and content focusing on user experience in line with current trends. Together with our revamped brand architecture, they will further bolster the power of our brands.

Our Group commenced research studies to shape its operations in line with Industry 4.0. This movement is based on the full integration of industry and information technologies pursuant to our corporate goal of steadily moving forward into the future. Our Group has embraced a management approach that pursues profitability together with productivity also in 2016, responding to customer needs and expectations in a quick and effective manner. Having equipped its production lines with efficiency-based agility and compatibility, Şişecam Group effectively met customer demands coming from around the world, with its multi-faceted sales-marketing organization that closely monitors global trends. Consequently, our Group strengthened its leadership position in Turkey, while making its competitive strength in international markets sustainable.

As Şişecam Group, we will continue to grow and create value by maximizing resource efficiency with a focus on operational excellence across all our operating areas as we pursue our vision and targets also in 2017. Our focus will be developing ideas and products, which will differentiate us from the competition by accurately identifying needs and by providing innovative solutions with new business models, to remain one step ahead in the sectors we operate.

In the coming period, the competition is sure to be intense and on an even a greater scale. During these times, Şişecam Group's greatest asset will continue to be our deep-rooted corporate values, strong synergies with all our stakeholders, and our devoted employees who ensure that we look to the future with confidence. I would like to thank our employees, customers, business partners, and our shareholders for their contributions to the strong results we achieved, and I extend my highest regards.



PROF. DR. AHMET KIRMAN
Vice Chairman and CEO

BOARD OF DIRECTORS



H. ERSİN ÖZİNCE / Chairman

(63) H. Ersin Özince is a graduate of Middle East Technical University. He started his professional career in 1976 at İşbank's Board of Inspectors. After serving as a manager in a variety of departments within İşbank, he was appointed as Deputy Chief Executive in 1994 responsible for Treasury, Financial Management, Capital Markets, Commercial Loans and Credit Information-Financial Analysis. He was appointed as the 15th Chief Executive Officer of İşbank in 1998. Between 1998 and 2005, Mr. Özince also served as the Chairman of the Board of Directors of Şişecam Group. Mr. Özince was appointed Chairman of the Board of Directors for İşbank on April 1, 2012 and of Şişecam Group on April 15, 2011.



ZEYNEP HANSU UÇAR / Member⁽⁴⁾

(45) Zeynep Hansu Uçar is a graduate of Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her career as an Assistant Investment Specialist in the Subsidiaries Division of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Ms. Uçar has been serving as the Subsidiaries Division Unit Manager since 2015. She currently serves as a Board Member at Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii A.Ş. Having functioned as a Board Member and Auditor at various companies of Şişecam Group since 2010, she also holds seats on the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, and Camış Yatırım Holding A.Ş. since March 27, 2012, all being İşbank subsidiaries.



PROF. DR. AHMET KIRMAN / Vice Chairman – CEO

(58) Prof. Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He then earned his Master's degree in EU Competition Law, and his Ph.D. in Commercial Law, to become Associate Professor and then Professor of Financial Law. Prof. 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. Prof. Dr. Kirman started his career in 1981 as a judge for the Council of State. Later, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., Petrol Ofisi A.Ş., and as Board Member at several companies including Anadolu Sigorta A.Ş. Prof. Dr. Kirman has served as the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. since 2006, and he is serving as Vice Chairman and CEO of Şişecam Group since 2011. He is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe A.Ş. and several other Group companies, while serving on ICC Turkish National Committee's Board of Director, TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Prof. Dr. Kirman is the author of 12 books and numerous scholarly articles.



SABAHATTİN GÜNCELER / Member⁽⁵⁾

(65) Sabahattin Günceler is a graduate of Middle East Technical University, Department of Chemical Engineering. He started his career at Azot Sanayii T.A.Ş. After joining Şişecam Group in 1982, Mr. Günceler served at a variety of managerial positions both in research and production. In 1997, he was appointed General Manager of Camış Elektrik Üretim A.Ş. and between 2011 and 2014 he continued his career as the President of Şişecam Chemicals. Sabahattin Günceler was appointed as Board Member at the Ordinary General Assembly held on March 25, 2015.



MAHMUT MAGEMİZOĞLU / Member⁽⁷⁾⁽¹⁾

(58) Mahmut Magemizoğlu graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration. He earned his Master's degree in Investment Analysis from the University of Stirling in the U.K. Beginning his professional career in 1982 at İşbank on the Board of Inspectors, Mr. Magemizoğlu currently serves as İşbank's Senior Deputy Chief Executive. To date, Mr. Magemizoğlu has served on the board of directors of about 20 companies. He has been the Chairman of the Board of Directors at Anadolu Hayat Emeklilik A.Ş. since 2009, and at Milli Reasürans T.A.Ş. since 2011. At its meeting dated December 21, 2016, the Company's Board of Directors resolved to appoint Mr. Magemizoğlu as a Member of the Board of Directors, subject to shareholder approval at the Company's earliest General Assembly Meeting.



MEHMET ÖĞÜTCÜ / Independent Member⁽⁶⁾

(54) Mehmet Öğütcü graduated from Ankara University, Faculty of Political Science, Department of International Relations. He then earned his Master's degree from London School of Economics and Collège d'Europe. Starting his career in the 1980s, Mr. Öğütcü served as a career diplomat in Ankara, Beijing, Brussels and Paris; Assistant Inspector at İşbank; Research Expert for NATO in Brussels; and Advisor to the Office of the Prime Minister. Between 1994 and 2011, he held various senior management positions at the International Energy Agency, OECD, and British Gas Group. He currently serves on the International Advisory Boards of Windsor Energy Group, European Policy Forum, The Oil Council, and Beijing Energy Club. He is also the founding chairman and Chairman of the Executive Board of The Bosphorus Energy Club; and serves as Independent Board Member at Genel Energy plc and Saudi Crown Investment Holding; and as "Special Envoy" of the Energy Charter in Brussels responsible for the Middle East and Asia. Mr. Öğütcü is the CEO of Global Resources Partnership, an investment advisory firm based in London. He teaches courses on "Geopolitics of Energy" and "Competitiveness and Investment for Development" at the London School of Economics, University of Reading, University of Dundee, and Harvard University. Mr. Öğütcü was appointed as an Independent Board Member in accordance with CMB's Corporate Governance Principles at the Ordinary General Assembly Meeting held on March 25, 2015.



PROF. DR. ATILLA MURAT DEMİRCİOĞLU / Independent Member⁽²⁾

(69) Prof. Dr. Atilla Murat Demircioğlu is a graduate of İstanbul University, Faculty of Law and obtained his second bachelor's degree and his doctorate degree from Bern University, Faculty of Law. He became Associate Professor and subsequently Professor in Labor and Social Security Law. He served as a faculty member and held executive positions at various universities. The author of several books, articles, research papers and publications, Prof. Dr. Demircioğlu served as a Member of the Editorial Board of the Ministry of Culture's Encyclopedia of Trade Unions, Board Member at Hamburg Turkish-European Research Institute, and Deputy Chairman at the Society for Japanese Studies. He was an advisor to the Minister of Labor and Social Security, Honorary Consultant to TRNC Government, Member of the Audit Board and of the Board of Directors at THY, Legal Advisor to İstanbul Chamber of Commerce, and Advisor to İstanbul 2010 European Capital of Culture Agency. In 2014, he was elected President of Alexander von Humboldt Alumni Association of Turkey, and Moderator of İstanbul Chamber of Commerce's Business Life Issues Commission. Prof. Dr. Demircioğlu serves as an Independent Board Member in accordance with CMB's Corporate Governance Principles, and does not engage in any relationships with Trakya Cam Sanayii A.Ş. and its third parties.



İZLEM ERDEM / Member⁽⁷⁾

(48) İzlem Erdem graduated from Kadıköy Anatolian High School in 1986 and Marmara University, Faculty of Economics and Administrative Sciences Department of Economics (English) in 1990. The same year, she started serving as an Assistant Economic Expert at the Directorate of Economic Research of İşbank and was appointed Deputy Manager of the same Directorate in 1998. Appointed to the Directorate of Securities in 2000, Ms. Erdem assumed the position of Group Manager at the same Directorate in 2004. She has been working as Head of the Department of Economic Research of the bank since April 2008, and in addition to her duties at the bank, she served as a member of the Audit Committee and Board of Directors of Anadolu Hayat Emeklilik A.Ş. and İş Yatırım Menkul Değerler A.Ş., affiliates of İşbank, and is still active as Vice Chairwoman of the Board of Directors of İş Portföy Yönetimi A.Ş. At the Ordinary General Shareholders Meeting on March 25, 2015, Ms. Erdem was appointed as Member of the Board of Directors.



HALİT BOZKURT ARAN / Independent Member⁽³⁾

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

⁽¹⁾ After the resignation of Board Member Mr. İlhami Koç on December 20, 2016, Mr. Mahmut Magemizoğlu was appointed as Board Member to fill the vacant position on December 21, 2016.

⁽⁴⁾ Member of Early Detection of Risk Committee.

⁽²⁾ Head of Audit Committee, Head of Corporate Governance Committee, Head of Early Detection of Risk Committee.

⁽³⁾ Member of Audit Committee, Member of Early Detection of Risk Committee.

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

⁽⁵⁾ Member of Corporate Governance Committee.

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

⁽⁷⁾ Member of Corporate Governance Committee.

SENIOR MANAGEMENT



PROF. DR. AHMET KIRMAN / *Vice Chairman – CEO*

(58) Prof. Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He then earned his Master's degree in EU Competition Law, and his Ph.D. in Commercial Law, to become Associate Professor and then Professor of Financial Law. Prof. 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. Prof. Dr. Kirman started his career in 1981 as a judge for the Council of State. Later, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., Petrol Ofisi A.Ş., and as Board Member at several companies including Anadolu Sigorta A.Ş. Prof. Dr. Kirman has served as the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. since 2006, and he is serving as Vice Chairman and CEO of Şişecam Group since 2011. He is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe A.Ş. and several other Group companies, while serving on ICC Turkish National Committee's Board of Directors, TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Prof. Dr. Kirman is the author of 12 books and numerous scholarly articles.



GÖRKEM ELVERİCİ / *Chief Financial Officer*

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



DR. REHA AKÇAKAYA / *President, Flat Glass Group*

(54) Dr. Reha Akçakaya completed graduate and postgraduate studies at Boğaziçi University, Mechanical Engineering Department. He received a postgraduate degree in Glassware Science from Alfred University in the US, and a doctorate in Engineering Management from Marmara University. He also completed Harvard Business School's Advanced Management Program in 2013. Dr. Akçakaya was a Research Fellow at Boğaziçi University from 1985 to 1988, and started work at Şişecam Glass Research Center in 1988. He is also Chairman of Glass for Europe. Dr. Akçakaya has worked in various management roles, and has been Şişecam Flat Glass Group President since 2014.



PROF. DR. ŞENER OKTİK / *Chief Research & Technological Development Officer*

(62) Prof. Dr. Şener Oktik graduated from Ankara University as a Physics major in 1976, and received his M. Eng in "Applied Physics" in 1977 from the same university. He received his PhD from the Department of Applied Physics and Electronics at Durham University (UK) in 1982. He became Associate Professor (Interuniversity Council) in 1986 and full Professor (Muğla University) in 1995. Prof. Dr. Oktik worked as lecturer/research scientist/senior researcher/executive/senior executive at Durham University (UK), Lecce University (Italy), Stuttgart University (Germany), and Selçuk University and Muğla University (Turkey). He served as the third and fourth term president/rector of Muğla University between 2002 and 2010. Prof. Dr. Oktik 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). He authored/coauthored more than 100 national and international research publications. Prof. Dr. Şener Oktik has been the Chief Research & Technological Development Officer at Şişecam Group since January 1, 2012.



CEMİL TOKEL / *President, Glassware Group*

(45) Cemil Tokel is a graduate of Humberstone University, Department of Management in 1991, and completed the Advanced Management Program at Harvard Business School in 2012. Mr. Tokel joined Paşabahçe Tic. Ltd. Şti. as an International Sales Representative in 1992, where he later worked as Supervisor of International Sales, Sales Development Executive, and International Sales Manager. Appointed as Vice President of Marketing and Sales in 2012, Mr. Tokel has been serving as the President of Şişecam Glassware since January 2014.



ÖZLEM VERGON / *Chief Strategy Officer*

(43) Özlem Vergon is a graduate of Istanbul University, Department of Economics (English) in 1995. Receiving her MBA from San Diego State University and completing the Advanced 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.



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

(50) Abdullah Kılınç graduated with a Bachelor's degree in Mechanical Engineering from Middle East Technical University in 1990 and completed the Advance Management Program at Harvard Business School in 2012. He joined Anadolu Cam Sanayii A.Ş. as a Production Engineer at the Mersin Plant in 1992, where he later functioned as Production Supervisor in 1995. He was appointed as Assistant General Manager to Mina Ksani Glass Packaging Company in Georgia in 1999. Brought to the position of Management and Sales HQ Business Development Manager of Anadolu Cam Sanayii A.Ş. in 2003, Mr. Kılınç then served as the General Manager of Ruscam Ufa Plant under the Glass Packaging Group, Operations Director of Russia Operations under the Glass Packaging Group, and Operations Director of the Glass Packaging Group. Mr. Kılınç has been serving as the President of Şişecam Glass Packaging (Turkey) since 2014.



SERDAR GENÇER / *Chief Corporate Development and Sustainability Officer*

(49) Serdar Gençer is a graduate of Middle East Technical University, Industrial Engineering Department in 1990. He holds his Master's degree in Finance from the University of Nottingham in the UK. He joined İşbank as an Assistant Inspector at the Board of Inspectors in 1990, and served in various executive positions, including Deputy Chief Executive between 2008 and 2013. Mr. Gençer joined Şişecam Group in August 2013 as Sustainability Coordinator, and continues as Chief Corporate Development and Sustainability Officer and Chairman of the Board of Directors at Camış Elektrik Üretim A.Ş.



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

(54) Aydın Sûha Önder graduated with a Bachelor's degree in Political Science and Public Administration from the Faculty of Economic and Administrative Sciences at Middle East Technical University in 1985. He joined İşbank in 1986 in the Economic Research Department, and began working as an Assistant Inspector at the Board of Inspectors the same year. He became 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 of İşbank since 2011, Mr. Önder joined Şişecam Group on January 2014, and was appointed as the President of Şişecam Glass Packaging (Russia) as of February 2014.



DR. ATILLA GÜLTEKİN / *Chief Information Officer*

(51) Atilla Gültekin is a graduate of Istanbul Technical University, Department of Electronics and Communications Engineering, having received his MS at the same institution. Dr. Gültekin continued his studies and received his PhD from the Department of Control and Computer Engineering, later lecturing at the same university. He then worked at the following companies in the following positions: Siemens Nixdorf - System Software Engineer; Yapı Kredi Bank - System and Network Group Manager; and TradeSoft - Deputy Chief Executive Responsible for Information Technology. Dr. Gültekin served as Project Coordinator and Chief Consultant at İşbank between February 2009 and July 2010. Since August 2010, Dr. Gültekin has been the Chief Information Officer at Şişecam Group.



TAHSİN BURHAN ERGENE / *President, Chemicals Group*

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



GÜZEP SAYIN / *CEO Office Coordinator*

(54) Güzep Sayın is a graduate of Boğaziçi University, Department of Industrial Engineering and he holds a Master's degree from Istanbul Technical University, Department of Business Engineering. Mr. Sayın joined Şişecam Group in 1989 as Planning Specialist Assistant in the Directorate of Planning and Economic Research and has served the Group in a variety of managerial positions. He was appointed as Business Development and Strategic Planning Vice President - Chemicals Business in 2009 and as Deputy Chief Executive - Strategic Planning in 2011. Since February 2015, Mr. Sayın has been serving as CEO Office Coordinator.



**ŞİŞECAM
FLAT GLASS**

A TOUCH OF THE FUTURE

New technologies shape the future through glass. We produce a wide range of products in the field of flat glass which is sustainable, environmentally friendly, and natural besides having innumerable uses, and thus we put our signature on future with our quality and value-added products.

ŞİŞECAM FLAT GLASS

Şişecam Flat Glass continues to strengthen its leadership position in the market, with increased production capacity, an expanding portfolio of value-added products, capital investments and a successful performance.



AN OVERVIEW OF 2016

Despite increased public consumption and government incentives to revive the economy, Turkey's economic growth remained subdued, due to weak domestic demand and a contraction in exports. On the other hand, industries that use flat glass, the construction industry in particular, recorded higher-than-average growth.

The construction industry's annual growth rate is forecasted to reach 7%, with the support of incentive programs introduced by the government in the third quarter. As a result of government incentives designed to boost property investment, the real estate sector posted double-digit growth in the fourth quarter. As the number of large-scale resident project which launched, new residential sales expanded 4% to 1.34 million units in 2016. New residential sales account for about 47% of total sales.

Automotive industry drives Turkey's exports

Automobile sales in the EU and EFTA markets grew 7.2% over the previous year to reach 17.5 million vehicles in 2016. Meanwhile, the Turkish automotive market contracted 0.3% (y-o-y), as sales fell to 1 million units. However, export sales continued to drive the automotive industry. In 2016, Turkey's automotive exports increased 15% to 1.1 million units, while production grew 9%, rising to 1.5 million units comparing with the last year.

Production increase in the home appliances industry.

In 2016, the European home appliances market grew about 2% over the previous year, in parallel with the market expansion in Eastern Europe. The main drivers of home appliances growth included smart devices designed for sophisticated and sustainable lifestyles, product features that appeal to consumers' emotions, and energy-efficient appliances.

Meanwhile, home appliances production in Turkey increased 7% over the prior year. According to TÜRKESD (Home Appliances Manufacturers' Association of Turkey) data, refrigerator and oven production-two segments that rely on Trakya Cam Sanayii A.Ş. for input-went up by 4% and 7%, respectively.

In 2016, economic recovery in Europe continued at a moderate and steady pace, as ECB monetary policy supported domestic demand, the main driver of economic activity, with favorable financing conditions leading to some recovery in investment spending. GDP growth, estimated at 1.7%, had a positive impact on the construction industry, which expanded 1.4% in 2016, and is expected to maintain its growth momentum.

Positive developments in the economy and the construction industry have increased flat glass demand and prices. However, due to the recession in Russia, Russian-manufactured low priced glass sold to Balkan countries created downward pressure on pricing in Balkan markets.

Russia's economy shrank 0.7%, primarily due to low oil prices in the first half of the year and the extension of economic sanctions by Europe. As real disposable income dropped, consumer demand weakened. Economic contraction and eroding purchasing power had a negative effect on domestic consumption as well as the construction industry, which contracted 4.7%. Meanwhile, robust market demand for flat glass did not put additional downward pressure on domestic market prices, as local manufacturers focused their efforts on export sales.

Rising political risks and conflicts in the Middle East had a negative impact on foreign investment, causing the regional economy to downshift. In addition to political risks in the region, falling oil prices put further strain on the economies of oil exporting countries; as a result, construction projects were either cancelled or postponed. Due to the fact that excess supply in the flat glass segment dampened market prices.

Posting robust growth of 7.6% in 2016, India maintained its buoyant expansion momentum. Special consumption, public consumption and net exports all contributed the country's economic growth. The Reserve Bank of India (RBI) demonetized high-denomination bank notes to deter the underground economy. RBI also announced that it would leave its benchmark rate unchanged and maintain its accommodative monetary policy stance. The construction industry in India outperformed all other sectors, thanks to mega public projects and fast-growing demand in the property market.

ACHIEVEMENTS IN 2016

Increased performance in all product categories..

In 2016, Trakya Cam Sanayii A.Ş. ("Trakya Cam") maintained strong growth and increased its profitability across all product categories.

Taking a customer-focused approach in its domestic and target markets and thanks to value-added products, the Company boosted the sales turnover (TRY) of architectural glass by 51% in 2016.

Despite intensified competition, as foreign manufacturers in neighboring countries continued efforts to expand their business in the Turkish market, sales turnover (TRY) of architectural glass increased by 19%, as a result of successful communication and business development activities aimed at the value chain, solution-oriented approach, and services tailored to customers' needs.

Enjoying the advantages of a high capacity, rich product portfolio and extensive distribution network in international markets, Trakya Cam raised the proportion of value-added products in total sales and boosted their sales turnover by 1.6% over the prior year.

Europe's #1 and the world's 5th largest flat glass manufacturer

Thanks to an expanded capacity and wider portfolio of value-added products, Trakya Cam increased its sales in Europe with the support of local offices, through widespread service delivery to meet customers' needs and effective brand building strategies. The Company achieved its sales targets by taking advantage of alternative logistics opportunities and providing high quality services across Europe, especially in key markets such as Bulgaria and Romania.

Trakya Cam also expanded its customer base in Russia by using alternative shipping methods. The Company boosted its sales and market share by diversifying its portfolio of value-added products while capitalizing on new export opportunities with a focus on profitability.

Despite heightened risks and intense competition in the Middle East and Africa, Trakya Cam maintained its profitability, thanks to its wide range of products, and raised the proportion of value-added products in total sales.

Trakya Cam continued its sales activities in overseas markets, such as Brazil and South Korea, in response to changing market conditions. The Company ensured regular supply of its products by taking advantage of alternative logistics methods in the United States and Canada. Trakya Cam also entered many new markets.



Production in four core business areas: architectural glasses, automotive and encapsulated glasses, solar glasses, and home appliances glasses

A strong expansion and increased production in India's construction industry, supported by robust GDP growth, positively affected flat glass consumption; as a result, Trakya Cam achieved its sales targets for the year. The Company executed sales and marketing activities to promote its high quality, reflective and coated products.

Trakya Cam completed the infrastructure preparations for new projects planned for 2017 in the automotive glass segment. After completing its capital investment in new auto glass facilities in Romania and Russia, the Company boosted its turnover (TRY) from auto glass sales by 13% over the prior year. Thanks to ongoing integration efforts with Richard Fritz Holding in Germany, Trakya Cam planned to provide encapsulated glass for luxury vehicles, which will be manufactured between 2017 and 2020.

In 2016, total turnover from solar glass sales increased 42% over the previous year. After commissioning the AR (Anti-reflective) coating line in fourth quarter 2015, Trakya Cam began manufacturing high-performance solar glass. As a result, the Company met 95% of glass demand from domestic manufacturers of solar panels with AR-coated glass.

Trakya Cam continues negotiations with companies that are in the process of setting up solar panel production lines in Turkey to provide value-added, AR-coated glass products to

these producers. Meanwhile, AR-coated glass sales to foreign manufacturers are also on the rise.

While renewable energy becomes an increasingly important issue in Turkey and around the world, the Turkish Ministry of Energy and Natural Resources stipulates the use of domestic products in planned, large-scale solar projects. Given this pre-condition imposed on investors by the Ministry, solar glass sales are expected to expand further.

New investments, new capacities

Trakya Cam continues to bolster its position in the Turkish market while ramping up its investments in international markets. After acquiring the Italian glass manufacturer Sangalli Vetro Porto Nogaro S.p.A. in 2016, Trakya Cam commenced manufacturing operations in Porto Nogaro with one float and laminated glass production line featuring a capacity of 220 thousand tons/year. After this acquisition, Trakya Cam took first place in Europe in terms of flat glass manufacturing capacity. In 2016, the Company commissioned a new laminated glass production line at its Polatlı Plant, further increasing its laminated glass production capacity in Turkey. Additionally, the flat glass production line in Mersin, which was undergoing a cold repair, became operational again.

In line with its goal of creating a portfolio of products that meet market demand, the Company set up and began testing out the athermic windshield production line at the auto glass plant in Bulgaria in 2016.

New product development efforts

Trakya Cam continues to capture more market share and maintain its competitive edge by introducing innovative, value-added products to the market. In 2017, the Company will undertake efforts to develop new products and improve its production capabilities to further expand the product portfolio.

In 2016, Trakya Cam launched three new products in the architectural glass segment. The Company developed the high performance "Tempered Solar Low-E Glass," which combines thermal insulation and solar control, for use in the construction of Istanbul's new airport. With its effective solar control property, tempered solar glass can be used in the construction of office buildings, museums, shopping malls and skylights, especially in regions with a hot climate. In the decorative glass segment, the Company manufactured "mirrored patterned glass."

Trakya Cam continued efforts to develop "scratch-proof temperable coated glass" to improve durability of lacquered glass, which is widely used in interior design. The Company plans to launch this product in 2017, and offer more color options in line with customer demands.

Additionally, Trakya Cam continued to develop athermic and athermic heated windshields for the automotive industry in 2016. During the production testing phase, the Company adjusted the color and performance properties in line with customer specifications.

Trakya Cam completed the sample production of "green-colored privacy glass," the second color option within the privacy glass range. Used by Şişecam Otomotiv A.Ş. ("Şişecam Automotive"), privacy glass significantly reduces the load on air-conditioning systems by providing heat and solar control in vehicles.

Trakya Cam prepared and began testing samples of hydrophobic auto glass. Additionally, the Company produced the first samples of electrochromic glass-which changes color when a burst of charge is applied and can be used in side windows of front doors-and displayed them at the Innovation Fair. As part of technology development efforts, the Company will present this product to automotive manufacturers. Meanwhile, Renault and BMW companies began to apply lead-free brazing to heated rear windows in mass production.

The technical alignment process, which began in 2016 to improve technical integration between Şişecam Automotive, Şişecam Research and Technological Development Department (RTDD) and Richard Fritz Holding, yielded positive results that create added value in various operational areas.

Trakya Cam aims to further boost its share of the European auto glass market in 2017 by adding many new products with high added value to its portfolio.

FLAT GLASS BRANDS

Şişecam Clear Float Glass
Şişecam Ultra Clear Float Glass
Şişecam Tinted Float Glass
Şişecam Tentesol
Şişecam Tentesol Titanium
Şişecam High Reflective Glass
Isicam Systems C, S and K Series
Şişecam Low-E Glass
Şişecam Laminated Low-E Glass
Şişecam Acoustic Laminated Low-E Glass
Şişecam Temperable Low-E Glass
Şişecam Solar Control Low-E Glass
Şişecam Temperable Solar Control Low-E Glass
Şişecam Temperable Solar Control Glass
Şişecam Laminated Glass
Şişecam Ultra Clear Laminated Glass
Şişecam Acoustic Laminated Glass
Flotal
Flotal Ultra Clear
Flotal E
Şişecam Lacquered Glass
Şişecam Ultra Clear Lacquered Glass
Şişecam Patterned Glass
Şişecam Mirrored Patterned Glass
Şişecam Wired Glass
Şişecam Picture Frame Glass

AUTOMOTIVE GLASS

Şişecam Laminated Glass
Şişecam Tempered Glass
Şişecam Encapsulated Glass
Şişecam Sliding Glass
Şişecam Double Glazing

SOLAR GLASS

Şişecam Glass for Solar Panels
Şişecam Glass for Solar Thermal Collectors

HOME APPLIANCE GLASS

Şişecam Glass for Ovens
Şişecam Glass for Refrigerators

Continued investments
to achieve sustainable
growth that creates
value

Initiatives to improve production capabilities

In line with its sustainability approach, Trakya Cam undertakes efforts designed to protect human health and the environment, conserve natural resources energy save. The Company shares the positive impacts of its environmental conservation initiatives with the public through sustainability reports. In 2016, Trakya Cam continued to allocate resources to environmental protection, occupational health and safety, and risk management. To this end, the Company undertook efforts to improve quality and efficiency via successful implementation of Six Sigma, and to reduce production costs. After the Yenişehir and Bulgaria plants, Trakya Cam set up and commissioned another facility that generates power from waste heat at its Mersin Plant. As a result, the Company cut industrial energy costs while contributing to environmental protection.

The Company also completed the project design and commenced installation of a solar power plant at its Mersin Plant to use of renewable energy resource.

Trakya Cam works to reduce costs not only in production, but also in business processes and methods. To this end, the Company places great importance on effective working capital and whole supply chain management.

In 2016, Trakya Cam coordinated all operations and executed critical decision-making processes in accordance with the S&OP (Sales and Operations Planning) process, which the Company began implementing in 2015. The Company also initiated a new project to improve all business processes, from order entry to delivery, and related support systems to effectively manage day-to-day operations in line with the S&OP process. In addition, Trakya Cam undertook other initiatives to boost warehouse and logistics efficiency at its factories. The Company developed innovative logistics solutions and an infrastructure to access foreign markets more effectively.

Multidimensional promotion and communication activities

In 2016, Trakya Cam planned its marketing communication efforts based on the needs of different customer segments and utilized a variety of media outlets to create more synergy and impact. All these marketing activities supported by project base works.

The Company initiated a digital transformation project to be able to communicate with its customers at any given time and via all available media platforms. To this end:

- The “Şişecam Flat Glass” corporate website was reconstructed to convey Trakya Cam’s vision, brand value, goals in addition to products, their benefits and areas of use, with a new, user-friendly design, and in four languages: Turkish, English, Bulgarian and Russian. The Isicam and Flotal (available in four languages) websites were redesigned to effectively communicate with the target markets and improve customers’ interaction with and loyalty to the brands. The Şişecam Flat Glass, Isicam and Flotal websites were upgraded to work across mobile platforms with user-friendly interfaces and a design language that adds value to the brands. Social media was used effectively to provide information to target audience about products and the correct use and applications of different types of glass.
- Trakya Cam launched a CRM (Customer Relationship Management) system to enable efficient and strategic use of processes, human resources and technology. The Company aims to build sustainable, mutually beneficial relationships with customers by correctly identifying the needs of different client segments through the CRM system, thereby offering customers the appropriate products and services.

The Company’s glass experts provided technical consulting services to many projects. Taking a solutions-oriented approach, the Company aimed to raise awareness about energy-efficient, eco-friendly and value-added products among decision makers. As a result, Trakya Cam products were used in many prestigious projects.

The “Isicam Systems Kumbara Clubcard,” launched on July 1, 2016 across Turkey, is designed to boost demand for Isicam products and promote the energy-efficient “Isicam S and K” series among PVC profile manufacturers, who have a strong influence on customers’ preferences for Isicam products. PVC profile suppliers earn bonus points by using Isicam products through the Isicam Systems Kumbara Clubcard program, the first-of-its-kind in the sector; then they redeem the points collected for a reward of their choice. Presenting a whole new level of B2B communications, the program helped raise brand awareness and provided a channel for effective and continuous communication with PVC profile manufacturers. The effectiveness and scope of the program is expanding steadily with a fast-growing member base.

The Şişecam Flat Glass Showroom-where the Company displays its various products for different businesses and industries, such as architecture, automotive, home appliances and solar energy-opened its doors to customers and industry representatives at the Tuzla premises.

Focusing on customers and the market, the Company executed a series of communication activities through various media outlets to raise brand awareness and loyalty across the value chain, including distribution channels, decision-makers and end users. The Company also conducted several visits, meetings and seminars to increase the awareness and use of its high quality, energy-efficient and safe products among public sector organizations.

EXPECTATIONS AND OBJECTIVES FOR 2017

Şişecam Flat Glass plans to continue its investments and growth plan by evaluating new market opportunities in 2017 and to maintain its steady growth by using its existing facilities in the most effective manner possible.



In 2017, the Group aims to start mass production at the laminated windshield production line at the Auto Glass Plant in Bulgaria, which began test production in 2016. The Group also plans to commission the quarter glass production line, which is currently in the investment phase, at its factory in Romania; and to finalize the investment to increase capacity at the Malacky Plant of Richard Fritz Holding GMBH, a leading supplier of encapsulated glass. Other investment projects scheduled for completion in 2017 include capacity increase and automation at the home appliances glass facility of the Bulgaria Factory.

Planning to embrace a customer-focused approach in all global operations in 2017, Şişecam Flat Glass will continue expanding its portfolio of value-added products, delivering its products and providing information in a timely manner, ensuring effective inventory management and capacity planning while investing in IT technology, sustainability and the environment. The Group will also undertake new capital investments to improve energy efficiency all its factories.

After acquiring the Italian glass manufacturer Sangalli Vetro Porto Nogaro S.p.A., together with its float and laminated glass production line in 2016, Şişecam Flat Glass strengthened its market position in Europe. The Company will continue supporting production and distribution with R&D activities in 2017. Şişecam Flat Glass aims to develop new architectural and auto glass products by undertaking R&D efforts, either within the Company or in collaboration with other enterprises and organizations.

The Group plans to start commercial-scale production of coated glass with varying degrees of performance, aimed at the architectural glass market, in addition to athermic windshields, which reduce heat transfer and thereby the load on air-conditioning systems, for the automotive industry. The Group will also continue efforts to develop advanced technology products such as electrochromic glass (also known as “smart glass”) and thermochromic glass.



TRAKYA CAM SAN. A.Ş. CONSOLIDATED INDICATORS*
(TRY M)

	2015	2016
Sales	2,118	3,016
International Sales	865	1,541
Gross Profit	565	888
Operating Profit before Financial Expenses	216	721
Equity Holders of the Parent	159	547
EBITDA	392	976
Net Financial Debt	722	789
Equity	3,139	3,587
Total Assets	5,627	6,879
Investments	286	250
Number of Employees	6,229	6,836

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

A TOUCH OF VALUE

We project our many years of experience into the future through bold initiatives. We combine our creativity with new technologies while our designs offer new experiences to millions of customers in nearly 150 countries by enriching and adding value to their lives.

**ŞİŞECAM
GLASSWARE**

ŞİŞECAM GLASSWARE

Paşabahçe, parent company of Şişecam Glassware, maintains its market leadership position, thanks to its production capabilities, extensive product range and innovative designs, while accelerating efforts to further boost capacity and productivity.



AN OVERVIEW OF 2016

Global demand for glassware is decreasing due to economic contraction worldwide and because glassware is not considered a necessity good. As a result, the glassware market is affected negatively. Low oil prices, an upsurge in terrorist attacks, political and economic uncertainties all had a negative impact on the world economy in 2016. Due to slow economic growth, glassware market growth remained subdued.

Despite Brexit, moderate economic growth continued in the Euro area. However, general uncertainty caused consumption decrease, as consumers preferred saving over spending, which in turn negatively affected the glassware market.

Decrease of expendable income level in the CIS region, limited market growth. Meanwhile, the Turkish economy was confronted with major risks brought on by economic and political uncertainty, which dampened glassware demand across all distribution channels, but particularly in retail.

The US glassware market was negatively affected by falling shares of retail shelf space. As glassware has failed to effectively penetrate the fast-growing online retail channel, it has had little effect on American retail industry trends. However, the catering segment showed some improvement.

ACHIEVEMENTS IN 2016

Investments-Production Technologies and Cost Reduction

Paşabahçe strengthened its global leadership position in the glassware industry via cost reduction and technology investments to increase productivity. As a result, the Company offset the effect of challenging and competitive conditions in world markets and established a sustainable structure. The Company's investment spending amounted to US\$ 110 million in 2016.

In 2016, Paşabahçe continued to invest in production technology, making new machinery investments to improve process efficiency and achieve mix flexibility.

During the year, Paşabahçe focused its efforts on boosting the market share of value-added, decorative products. The Company commissioned high-tech printing machines and lines at its factories to increase capacity, productivity and production capabilities. These capital investments provided manufacturing flexibility and also increased the Company's competitive power. Furthermore, Paşabahçe began using the laser systems used for product marking for glass decoration, thus becoming able to trace decorative products as well.

Packaging automation constitutes an important part of Paşabahçe's automation efforts, and is carried out under the strategic plan. During the year, the Company invested in new automated packaging machines and achieved its cost reduction goals.

In 2016, Paşabahçe increased the number of inspection (automated quality control) lines, which are continuously improved in line with the Company's well-established high quality standards.

Paşabahçe continued its investments in tempering technology, a key strength of the Company, as well as energy-efficiency and productivity improvement efforts throughout 2016.

As an energy-intensive enterprise, Paşabahçe continuously monitors its energy consumption. In addition to implementing energy-efficiency initiatives, the Company gives top priority to investing in waste-heat recovery systems and technologies. In 2016, the Company reduced specific natural gas consumption per unit of output by 2.6%.

The Eskişehir a furnace was reconstructed and re-commissioned in June 2016. The Company expects to reduce specific fuel consumption by 3-4% with new insulation materials and techniques used in design.

Paşabahçe works to develop new techniques to improve the energy efficiency of compressed air, pump and fan systems, which consume a considerable amount of power. The industrial cooling water circulating system implemented at the Kırklareli Plant yielded energy savings of 60% in 2016.

During the year, Paşabahçe stepped up efforts to produce some of the imported chemicals used in manufacturing processes, glass paint in particular, domestically.

R&D

The Glassware Group constantly improves its technological capabilities via internal R&D activities while also working in collaboration with Şişecam Research and Technology Development Department. R&D teams run joint projects with domestic companies, foreign concerns and universities to develop new, unique and high-quality products. During the year, the Company introduced new color options for borosilicate glass in its portfolio of value-added products.

Paşabahçe undertakes efforts to further expand its portfolio of high value-added products while closely monitoring technological advances in this area. R&D teams continue applying innovative decoration techniques and functional features to glass products, and developing new products for the market.

Paşabahçe strives to protect its technological and product innovations. The Company filed a total of 19 patent applications-16 standard patents and three innovation patents (utility model)-in 2016.

Design Activities

In 2016, the Glassware Group focused its design efforts on the Paşabahçe, Borcam and Nude brands. During the year, the Company developed many hundreds of projects, in design (146), seasonal themed pattern (69), accessory (36), and packaging design (2,673).

World's 3rd and Europe's 2nd largest glassware manufacturer

Working in collaboration with experts, Paşabahçe developed a new technique for application on beer glasses. Another important project was decorated crystal glass, which made a comeback in 2016. As the "Timeless" collection generated great interest at trade shows, the Company developed new designs and alternative functional features. Paşabahçe also undertook efforts to develop new products, especially new accessories, for the new borosilicate glass line, which will be commissioned soon.

Paşabahçe applied the special paints developed by the Şişecam Science and Technology Center to its designs in 2016 to create attractive new products and sets.

The Company developed new design concepts for the "Nude" collection, creating 110 products under 44 new projects. During the year, new external designers joined the team and innovative products were created as a result. In 2016, Paşabahçe participated in several prestigious local and international design competitions-such as Red Dot, IF Design Award and German Design Award-winning a total of eight awards.

Category Management Activities

1. Drinkware Category:

The engraved glasses in the Timeless collection, one of the most successful collections of the year, create a sparkling, fine-cut crystal look. Consisting of durable glasses, the Timeless collection was developed specially for the catering segment. The collection was very successful in terms of sales as well. The Company plans to add new glass sizes to the collection in 2017.



Nude: A global designer brand with a client portfolio that includes the world’s top brands in the catering and hospitality industries in addition to fast-growing domestic and international sales.

In 2016, Paşabahçe partnered with Turkey’s leading beverage experts to develop new products for the craft beer market, which is growing rapidly both in Turkey and around the world. The Company will launch its “Craft Beer Collection” in 2017. The Collection consists of a variety of glass forms to reveal the tastes, flavors and aroma of different types of beer.

Other innovative products developed in 2016 include “Kallavi”- the double Turkish coffee cup designed for addicts of Turkish coffee and launched at the Istanbul Coffee Festival-and tea sets designed for the household market.

2. Kitchenware Category:

In 2016, Paşabahçe launched the “Zest Glass” collection in the kitchenware category, which was one of the most active categories of the year. The Zest Glass collection consists of 22 upcycled products for the retail market. The Collection was created by upcycling the Company’s existing products with innovative accessories to transform them into completely new, functional products.

During the year, Paşabahçe also developed and launched a collection of white marble-patterned borosilicate bakeware-the first-of-its-kind in the world-under the brand license of Guzzini, Europe’s leading designer and manufacturer of kitchenware and tableware. This innovative collection, which drew great interest from visitors during 2016 Innovation Week, is aimed at the high-end retail market.

The Borcam product range was further expanded with the “Borcam True Colors” collection, which consists of 15 different

products. This collection features various shades of brown and aquamarine colors mixed in the composition of the glass. Borcam True Colors became the top choice of consumers who wanted to add some color to their kitchens.

Other products developed in this category include glass jars with lids and straws, and olive oil/vinegar dispenser sets, which were added to the “Homemade” collection. In addition, airtight cheese containers were added to the “StoreMax” collection along with three new sizes and two new forms of Viva and Elips jars.

3. Dinnerware Category:

The “Gastroboutique” collection-the favorite choice of the catering and household segments with its single-serving products-became very successful in terms of both unit sales and revenue.

Aiming to develop the patisserie category and to diversify its tea and coffee set offerings, Paşabahçe introduced the “Mini Patisserie” collection, which consists of four different products.

4. Value-Added Products Category:

In 2016, Paşabahçe frequently used the special paints developed and patented by Şişecam Science and Technology Center in its product development processes to create many unique, value-added products.

The products in the “After Glow Collection,” which was created by using special phosphorescent paints, are charged by exposure to sunlight and radiate blue and green glow in the dark. As After Glow products maintain their bright glow under UV light, they are mostly used in nightclubs, hotels and bars.

Thanks to unique and patented dyes that produce different color reflections, the white patterns in the tea cups of Midas series turns into a golden color when the cup is filled with dark drinks.

The thermochromic paints, developed by the Science and Technology Center, were applied on licensed Star Wars products so that the lightsabers held by the characters on the glasses turn to red and blue when the glass is filled with a cold beverage.

Brand Communication Activities

In 2016, Paşabahçe conducted advertising campaigns in Turkey, Italy and Russia, the three biggest markets, during the holiday shopping season in November and December. The Company also executed marketing communication activities in Iran and Jordan, two major markets in the Middle East.

During the month of December, Paşabahçe executed a point-of-sale campaign to promote its new, innovative Midas tea set and boost overall sales in the tea glass category.

Paşabahçe rolled out a communication campaign in Milan, Italy, where the Company had opened its first overseas retail location, to increase brand awareness and attract consumers to the store. The campaign ran from end of November through early January 2017. Paşabahçe ads were also placed in newspapers, magazines, bus stops, business centers, metro trains and stations in Moscow, Russia.

In Iran, Paşabahçe ran a TV advertising campaign aimed at increasing brand awareness in May when shopping increases in that country. The Company also executed an OOH advertising campaign in November and December.

Additionally, Paşabahçe carried out digital marketing activities and published product videos on social media platforms during the launch of new products, such as “Ben Yaptım” Turkish coffee cups, Midas tea set, After Glow collection, Star Wars products and “Kallavi” Turkish coffee set.

In 2016, the Company focused on creating digital assets and restructuring existing ones to support digital marketing efforts.

With the scope of the Digital Transformation Project, led by Deloitte, the Paşabahçe corporate website was entirely reconstructed with a new design and content to serve changing marketing needs as well as end consumers.

Besides social media activities, Paşabahçe organized various other campaigns, such as “Hayata Paşabahçe’den Bak,” to support brand communication efforts and to engage consumers with the brand. Paşabahçe participated in the Ambiente Frankfurt Trade Show, which was held February 12-16, and displayed its new products at its 657-sqm booth. The Company’s newly-designed booth and cocktail shows attracted numerous visitors. Paşabahçe participated in the trade shows listed below with a total booth space of 1,440 sqm:

- International Housewares Show, Chicago, March 5-8
- AAHAR, New Delhi, March 15-18
- HOTELEX, Shanghai, March 29-April 01
- Ambiente Japan, Tokyo, June 01-03
- China Commodity, Shanghai, August 04-06
- Household, Moscow, September 13-15
- Equip’Hotel Brazil, Sao Paulo, September 19-22
- TÜSİD, Istanbul, November 02-05

Paşabahçe was the main sponsor of the Istanbul Coffee Festival in 2016 as well. The Company displayed and sold its coffee related products at its booth. With musical performances, workshops, and 50 cm-tall coffee cup installation, the Paşabahçe booth attracted the followers of the Third Wave coffee movement. During the year, the Company continued its collaboration with Turkey’s leading culinary schools, including MSA, USLA, and Dream Academy.

NUDE

Created in 2014, Nude is the brand of Paşabahçe’s high-end, lead-free crystal and handmade product groups. The brand is growing rapidly: in 2016, domestic and international sales amounted to US\$ 9 million. In the catering segment, Nude entered the preferred supplier lists of Hilton Hotels and FRHI Hotels & Resorts. Nude products are sold to 50 countries, primarily to luxury hotel chains such as Marriott, Hyatt, and Ritz Carlton.

In the household segment, Paşabahçe continued its collaboration with international designers and began to sell its innovative products at prestigious retailers worldwide. These included La Rinascente, yoox.com, Wallpaper Store in Italy; Selfridges, The Conran Shop, twentytwentyone in the UK; Bergdorf Goodman, Geary’s in the US as well as MoMA stores in San Francisco and New York; and Lane Crawford in Hong Kong.

In 2016, Paşabahçe designs won several prestigious awards-including Red Dot, German Design Award, Design Plus, Wallpaper Design Award, and IF Design Award-a clear indication that the Company is on the right track in terms of design innovation.

In line with the goal of making Nude a global designer brand, Paşabahçe executed various marketing communication activities, including sponsorships and participation in design events, to boost recognition of its Nude brand in Italy and the UK, the Company’s key target markets. Nude products were displayed at the 2016 Ambiente Frankfurt Trade Show, in a 150-sqm booth, and at the NY Now event held in the US.

Innovation creating a competitive advantage

Nude products have been also put on display during Milan Design Week, in collaboration with Wallpaper magazine. Prominent Turkish columnists, who attended the event, have written commentaries on Nude, which further contributed to brand communication efforts. Paşabahçe also participated in the London Design Festival with the Nude booth.

The website www.nudeglass.com serves as an e-commerce platform, via which more than 200 products are sold and shipped worldwide. The web presence is an important channel in terms of promoting the brand and product availability.

Trade Marketing Activities

Domestic and international trade marketing efforts in 2016 mainly focused on capturing share from the growing retail market and expanding base sales in parallel with marketing strategies. The Company focused on in-store brand communication and trade marketing to become the category leader in terms of shelf space and display, drive profitable sales, and influence consumer purchasing decisions.

In 2016, while Paşabahçe executed trade marketing activities in Russia, Italy, Egypt and Iran; the Company entered new markets such as Jordan, China, India, Pakistan, Portugal, Kazakhstan, Belarus, Ukraine and Poland.

The Company initiated merchandising efforts for the Paşabahçe and Nude brands in Turkey, Russia, Iran and Italy, while conducting in-store promotions in other markets. Parallel to global market dynamics, country-specific private and seasonal dates have been supported by sales channels specifically for the Paşabahçe brand.

In the domestic market, Paşabahçe undertook route optimization and provided effective merchandising support with a field team of 102 employees to national, local and department stores. The Company conducted field analysis on a regular basis and monitored market information instantly, providing information source to internal customers.

In order to strengthen Paşabahçe's brand identity, special days were supported by promotional activities and brand communication at national chain stores and local stores.

Domestic and international designs are designed with Paşabahçe brand and only a sales area where Paşabahçe brand products are sold is created. With the first activity in the glass sector, Paşabahçe brand sense was strengthened at the moment of purchase, aiming to increase consumer attraction by communicating with the final consumer one by one.

RETAIL STORE ACTIVITIES

Şişecam Group's retail chain operator Paşabahçe Mağazaları figures among the leading retailers in Turkey.

Paşabahçe Mağazaları operates 48 retail stores in 13 cities in Turkey. In 2016, the Company opened new locations in Tuzla/İstanbul, Çankaya/Ankara, and Konya Kent Plaza while closing its stores in Beyoğlu/İstanbul and Kavaklıdere/Ankara. In addition to its new retail store in Milan, Paşabahçe Mağazaları plans to open other overseas stores via franchising. To this end, the Company established the infrastructure for the franchising system and began negotiations with selected franchisee candidates.

The Paşabahçe online store, operating since 2007, was renewed with a user-friendly interface and the product range was further expanded in 2016. Meanwhile, the number of followers of Paşabahçe's Instagram account has exceeded 380 thousand.

In 2016, the Company developed and launched many new products in line with customer needs and expectations. The "Omnia Collection," which launched at end- 2015, is a modern interpretation of traditional production methods and forms. The Company expanded this collection with new products in 2016.

CRM efforts continued during the year, with the Company reaching the final stage of the Paşabahçe Clubcard project, which aims to offer various advantages to all consumers, in addition to members.

CAMIŞ AMBALAJ SAN. A.Ş.

Camış Ambalaj manufactures offset printed cardboard and laminated consumer packaging; high-quality "flexo" printed, corrugated packaging materials for consumer goods and shipping; trays and multi packs for automatic filling lines; and display units at its facilities in Istanbul and Eskişehir. The Company offers its high-quality services and products to Şişecam Group companies as well as non-group enterprises.

Camış Ambalaj won the Gold Award with its Paşabahçe Mix and Bake 2 PCS Set Packaging solution in the category of "POS Display, Presentation and Storage Products" at the 2016 Crescent and Stars of Packaging Competition held by the Packaging Manufacturers Association. The competition received 199 entries, which were evaluated in 11 different categories, with 64 packaging designs receiving awards.

The same packaging design also won the 2017 Worldstar Award at the Worldstar Competition held by the WPO (World Packaging Organization). The competition received 292 entries from 35 countries.



EXPECTATIONS AND OBJECTIVES FOR 2017

The cautious monetary policies, implemented by the most developed countries since end-2016, and expected to continue in 2017, coupled with declining economic expansion rates in the US and Europe have prompted expectations of slow growth in the world economy for the year ahead.

The US economy is expected to maintain moderate growth in 2017. Meanwhile, the fact that Fed will likely raise interest rates three times in 2017 leads to projections of a more buoyant economic rebound in the world's biggest economy.

Expectations of economic recovery might have a positive effect on the glassware market. The glassware industry's projections for 2017 include a decrease in imports in South America, intensified competition and falling prices in Europe, intensive price competition in the Middle East, and increased import prices in the CIS region. In Turkey, imports are expected to fall due to additional customs duties.

In light of market developments and forecasts, Paşabahçe Cam is focused on maintaining its market share in Turkey, the Company's biggest market; leveraging the benefits of being a local player in Russia, its second largest market; further bolstering its position in Europe, a strategically important market; and increasing its penetration in other markets by implementing powerful competitive strategies.

Paşabahçe Cam aims to boost its profits in 2017 through optimum capacity utilization of furnaces and improved operational efficiency. In the medium term, the Company aims to achieve sustainable, profitable growth and create a competitive structure by focusing on standard production.

GLASSWARE COMBINED INDICATORS* (TRY M)		
	2015	2016
Sales	1,728	1,803
International Sales	847	1,041
Gross Profit	581	564
Operating Profit Before Financial Expenses	110	98
Profit/(loss) for the Period	55	(10)
EBITDA	293	260
Net Financial Debt	619	1,014
Equity	1,685	1,763
Total Assets	2,719	3,265
Investments	186	331
Number of Employees	7,144	7,239

* Including Camış Ambalaj as well as Paşabahçe Cam.

PAŞABAHÇE SAN. A.Ş. CONSOLIDATED INDICATORS* (TRY M)		
	2015	2016
Sales	1,349	1,652
International Sales	838	1,038
Gross Profit	455	517
Operating Profit before Financial Expenses	65	83
Equity Holders of the Parent	18	(12)
EBITDA	175	239
Net Financial Debt	625	1,025
Equity	1,380	1,460
Total Assets	2,380	2,889
Investments	132	308
Number of Employees	6,572	6,659

* Including Paşabahçe Cam, Paşabahçe Investment B.V., Paşabahçe Bulgaria EAD, Posuda Limited, Paşabahçe Mağazaları, Denizli Cam, Paşabahçe SRL, Paşabahçe (Shanghai) Trading Co. Ltd.



**ŞİŞECAM
GLASS PACKAGING**

A TOUCH OF NATURE

We respect nature and the environment with our glass products-the only packaging material that is 100% and infinitely recyclable. As a leading producer, we play a global role in constructing a healthier future by manufacturing glass packaging in various volumes and different designs.

ŞİŞECAM GLASS PACKAGING

Şişecam Glass Packaging continues to pursue global goals by recording the highest export from Turkey since it was founded, and posting its highest operational profitability and sales revenue in local currency in its Russian operations.



AN OVERVIEW OF 2016

While 2015 was marked by interest rate hikes and economic sanctions, 2016 saw heightened political and economic risks for Turkey and the global economy. Loss of economic momentum in countries like Brazil and Russian Federation in addition to China, Italy's banking crisis, Greece's debt crisis and problems with the IMF, and the UK's decision to leave the European Union all together had a significant impact on the global economy and trade in 2016.

The presidential election in the United States, the world's largest economy, and uncertainty about future American economic policy have further increased the risks to global economy and trade.

In 2016, the European Central Bank and the Bank of Japan implemented expansionary monetary policies while the Federal Reserve began an incremental tightening of its policy framework. Despite fiscal policies implemented by some central banks aiming to increase inflation and boost domestic demand, exchange rate fluctuations, loss of economic growth momentum, and a slowdown in global trade could not be prevented. As a result, many organizations, including the IMF, OECD and the World Bank, revised down their growth forecasts for the world economy.

The positive expectations for the Turkish economy in early 2016 did not last, with economic growth slowing to a moderate pace due to growing political and geopolitical risks in Turkey and the region.

The Glass Packaging Group has made its biggest overseas investments in Russia the world's 12th largest economy in 2016. Due to the political and economic crises that erupted in 2014, the Russian economy contracted by 3.7% in 2015, followed by a slight GDP contraction of 0.6% in 2016. The Russian ruble also depreciated significantly in 2014 and 2015.

Oil and natural gas derivatives generate 50% of the total revenue of the country's budget and account for 70% of the total exports in Russia. The plunge in oil prices, which began in mid 2014 and continued until early 2015, was the main cause of Russia's economic contraction and currency devaluation.

As a result of Western sanctions against Russia over the Ukraine crisis, foreign direct investment in the country plummeted 90% cumulatively in 2014 and 2015.

However, the Russian economy began to show signs of recovery in 2016. Oil prices started to rise again after OPEC announced its decision to cut oil production at its December meeting, which resulted in the appreciation of the Russian ruble.

Additionally, foreign investment for the first nine months of 2016 increased 28% over the prior year. Against the backdrop of these developments, the Russian economy is expected to fare better in 2017.

However, due to ongoing tension between Ukraine and Russia, the Glass Packaging Group decided to extend the production halt at the Merefia Plant in Ukraine, the latest investment of the Group. If the situation calms down in the region and the current circumstances improve, the Group will consider resuming operations.

Global Developments and Their Implications for the Glass Packaging Market

Capacity increases and consolidations in the global glass packaging market and the markets to which the glass packaging industry provides input, continued in 2016. Advances in glass packaging production technologies, achieved through R&D efforts, and expanding health conscious consumption trends in developing countries supported further growth in the global glass packaging market, bringing the total market volume to US\$ 43 billion in 2016.

In 2016, densely populated India and China performed well above the average annual expansion rate of the global glass packaging market. Meanwhile, those in the United States and Western European countries remained saturated. However, strategic acquisitions have increased the dynamism in glass packaging market in these areas.

Commodity products- bottles produced for the beer and alcoholic drinks sectors and jars produced for the food sector -grew more rapidly in the Asia Pacific region, where consumption of glass packaging is on the rise, while the demand in Europe focused on innovative products. Pressures exerted by the US and EU nations on Russia and the continuous economic downturn resulted in decreased glass packaging production capacities in the country. This caused Russian glass packaging market growth to underperform the world average. Meanwhile, the market in Georgia, which is greatly affected by developments in Russia, is expected to expand at an average annual rate of 5% between 2017 and 2021.

In 2015, the Turkish economy expanded less than its potential growth rate of 5%, due to the world economic downturn as well as political and economic uncertainties facing the country. This situation affected all industries in Turkey, including the glass packaging market, which grew at a slower pace compared to prior years. However, together with the base effect, the Turkish glass packaging market achieved a high rate of expansion in 2016. Competition in the Turkish glass packaging market, which has been showing a dynamic change recent years, has been perceived intensively in consequence of market players and capacity increase as well as imports.

The 5th largest glass packaging manufacturer in Europe and worldwide

ACHIEVEMENTS IN 2016

Şişecam Glass Packaging maintained its growth in 2016, despite intensive domestic competition caused by increased production capacities of competitors, global developments, and changing dynamics in the domestic market. Şişecam Glass Packaging places great importance on delivering value to its customers and remains the leading glass packaging manufacturer in Turkey in terms of product diversity. The Group creates original, innovative designs in strategic collaboration with its customers while providing superior customer service that exceeds expectations.

In 2016, the Group's unit sales rose by 4% while net turnover amounted to TL 1,767 million. Some 35% of sales revenue was generated from overseas operations.

The Group recorded the highest export sales since its founding, with exports from operations in Turkey climbing to 125.4 thousand tons.

Plants and Capacities

The Company conducts operations in four countries-Turkey, Russian Federation, Ukraine and Georgia-with a total production capacity of 2.3 million tons/year.



Production of glass packaging in various volumes and colors for food, beverage, pharmaceutical and cosmetics sectors

Operations in Turkey

Şişecam Glass Packaging conducts production activities in Turkey at 10 furnaces in three facilities located in Mersin, Bursa and Eskişehir. The Company has been the market's leading producer since its founding, and reinforced its competitiveness in 2016.

Having started operations at Eskişehir Organized Industrial Zone in 2013, Eskişehir Plant boosted its production efficiency to reach other facility levels in 2016 and has already become competitive with a highly diverse product range even though it is a new facility.

Şişecam Glass Packaging's Eskişehir Plant is the only glass packaging manufacturer in Turkey that has clean room standards certification to make production for the healthcare sector. In addition, the Company creates a competitive advantage and differentiates in the market by offering its customers decorated products, thanks to its glass decoration facility in Eskişehir, which has an annual production capacity of 300 million units.

The mineral water sector is the driving force of the glass packaging market in Turkey it also makes up the largest portion of the Company's total sales. The mineral water segment, together with the food and spirits industries, account for about 69% of total sales. Şişecam Glass Packaging managed its risks by shifting its industry concentration from the mineral water sector to other industries. The Company also improved its

sectoral sales distribution by implementing a more balanced sales strategy to take full advantage of the developments in this highly competitive environment.

Issues such as extending the endurance of glass packaging, lightening the products, reducing the process inputs and wastes of production, using renewable energy, and recycling of glass all remained important to the Company in 2016. New studies were started within this context during the year. Various developments and cost reduction analytical studies, particularly energy savings, have continued at all plants.

Overseas Operations

In 2014, the Group's position in the market strengthened after the startup of the second furnace with 30 thousand tons/year capacity at the Georgia Mina Plant, Şişecam Glass Packaging's first foreign investment. This investment has resulted in faster response to customer demands, thus increasing market share. The Mina Plant is the only glass packaging producer in Georgia. As the only glass packaging producer in the country, it is the market leader, particularly with its product mix targeting the mineral water, wine and non-alcoholic beverages sector.

In Russian Federation, another operating region of the Group, glass packaging demand has decreased by a total of 21% in the 2011-2016 period. The main reason for the decreased demand are the drop in purchasing power due to the economic crises and the government's actions to reduce the consumption of alcoholic beverages, such as increased taxes, advertising and sale prohibitions.

Since 2013, 13 glass manufacturers have ceased their operations in Russia. Despite these business closures, the supply demand balance in the domestic market remains unfavorable for manufacturers. Furthermore, this situation has created intensive competition in the glass container manufacturing industry, leading to a significant decrease in sales prices.

Ruscam, the Group's company operating in the Russian Federation, maintained its position as the leading glass container supplier, despite unfavorable market conditions. Ruscam is a step ahead of competitors with its financial stability, production experience and quality, effective business development and managerial expertise. Due to declining domestic demand and taking advantage of exchange rates, Ruscam focused its efforts on boosting exports; as a result, the Company achieved a more than four-fold increase in its export sales to countries outside the CIS since 2012.

Although Ruscam operates in many sub sectors, it made 77% of its sales in tons to the beer and alcoholic beverage market in 2016. Ruscam plans to expand sales to the pharmaceuticals subsector in near future by completing certification and other preparations.

In 2016, Ruscam maintained the same level of sales as last year while raising its market prices above the inflation rate and managing costs more effectively via efficiency improvement efforts. The Company also established a sustainable supply-demand balance with its large multinational customers and further bolstered its market position by making substantial investments in quality and customer services. As a result, Ruscam achieved successful results in 2016.

In December 2014, Şişecam Glass Packaging suspended production at its facility in Ukraine, mainly because the furnace had reached the end of its life cycle but also due to economic and political uncertainties in the country. The Group will continue to supply products to Ukraine from its other plants until stability is restored in the country.

OMCO-Istanbul

OMCO-Istanbul Kalıp San. ve Tic. A.Ş., which established as a business partnership with OMCO International N.V. (Belgium) to gain expertise in glass packaging molds and increase efficiency, continued its mold production activities in 2016. The Company executed an export strategy in line with the previous year.

Investments Totaling TRY 332 million

In 2016, Şişecam Glass Packaging recorded a total of TRY 332 million in modernization and improvement investment spending in Turkey, Russia, Ukraine and Georgia. Due to increasing competition in the glass containers market, the Group decrease focused on competitive pricing, supply chain excellence, lean production and high automation. In addition, the Group expedited various development and cost reduction studies, particularly energy savings, across all its plants. Thanks to these efforts, the Group achieved savings of about TRY 18.7 million in Turkey and TRY 15.4 million in foreign operations.

Turkey

In 2016, the Group executed a busy capital investment program focused on modernization, cold end and quality control at its plants in Turkey. As energy expenses make up a significant portion of our costs, we aimed to generate energy via recycling of wasted heat. The heat lost at funnels can now be used through wasted heat boilers for hygiene and heating purposes in order to provide substantial energy savings.

Russian Federation

In 2016, the Glass Packaging Group (Russia) met its sales performance expectations by achieving recent years' highest operational profitability and sales revenue in local currency.

The cold repair performed on furnaces at the Ruscam Gorokhovets and Ufa Plants raised the production continuity and efficiency to the targeted levels. In addition, improvements in productivity and quality levels are achieved by applying the industrial automation system "Vertech" at all the active plants.

Georgia

With the commissioning of a new furnace with 30 thousand tons/year capacity in 2014, the Mina Plant's production capacity reached a total of 60 thousand tons/year. The plant continued production with the same tonnage and quality level in 2016, particularly for the mineral water, wine, and nonalcoholic beverage sectors.

Award-winning quality,
environmentally
responsible practices

New Product Designs from the Award-Winning Design Center

Şişecam Glass Packaging holds a significant position in glass container production globally and in Turkey with its innovative and creative approach. The Group has continued to support its customers with the Product Design Center since 2006. The Center has been awarded 63 times in 10 years for its original designs. Şişecam Glass Packaging meets the diversified glass container demands of consumers and brands with its long-standing experience, industrial design and advanced engineering skills. In 2016, 456 design works were made in 25 projects to develop the functions of glass containers. The Product Design Center cooperates with our Printing Facility and leaders of the R&D sector to increase the value-added product offerings and improve customer and consumer benefit. The Center also makes patent applications with new product development projects and develops new markets by expanding its existing markets with different system designs. The Product Design Center remained a solution partner of customers in 2016 by considering the design process as a whole and targeting the consumer.

We Continue to Add Glass to Life

Besides its corporate website, Şişecam Glass Packaging renewed its website hayatacamkat.com in 2016. Online since 2012, the site functions as a separate web platform aimed at raising consumer awareness on glass packaging. The website now has a updated web interface and a dynamic design.

Focusing on consumers, the Adding Glass to Life website aims at increasing social awareness about how healthy, reliable, ecofriendly and prestigious glass packaging is in fun and attractive ways. The platform also stays active in social media (Facebook, Instagram, YouTube) by offering contests, posting on important dates and sharing interesting news with its followers.

Şişecam Glass Packaging’s “Glass Packaging is Health” Conference

As one of the world’s largest glass packaging producers, Şişecam Glass Packaging hosted the “Glass Packaging is Health” conference which emphasizes the environmental and economic importance of the use of glass packaging, particularly to human health. Adeline Farrelly, General Secretary of the European Glass Container Federation (FEVE) and Prof. Dr. Dieter Schrenk, one of Europe’s leading scientists in food chemistry and technology participated in the conference held on April 1, 2016.

Environmental Practices

Şişecam Glass Packaging is aware of its responsibility to protect the environment and believes that we should leave a habitable world for future generations. This approach is one of the core principles of the Company’s strategic management and has been 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 legislation and according to sustainability principles.

In order to assess the environmental impacts arising from its own business activities as well as its suppliers’ impact on the natural environment, Şişecam Glass Packaging conducts supplier audits planned by the head office and performed jointly by three plants in Turkey. Action plans are prepared for the breaches found in audits covering quality, environment, job health and safety management systems and process topics. Suppliers’ improvement performances are closely monitored. During the reporting period, 27 suppliers were audited under this effort, and action plans were requested for the breaches discovered.

As Şişecam Glass Packaging operates in a highly energy-intensive sector, it regards reduction of energy consumption and increasing energy efficiency as top priority issues. Reducing greenhouse gas emissions and waste and conserving natural resources are also top priorities for the Company.

Studies for Use of Cullet

Embracing the concept that glass is the most natural and healthy package material, Şişecam Glass Packaging conducts all its business activities to add value to people and the environment with the understanding of eco-friendliness and sustainability. Şişecam Glass Packaging plans to increase the use of recycled glass (cullet) amount and quality at production plants in order to minimize the consumption of resources. Quality and quantity premiums will continue to be implemented, and cullet suppliers will be supported and continuously improved. As a result of the efforts in this area, the Company procured 162 thousand tons of recycled glass in 2016.

DESIGN AWARDS

Kestane Natural Spring Water Bottle – 3 Awards:

- The Crescent and Stars of Packaging Competition: Competency Award + Silver Award
- Design Turkey Competition: Superior Design Award
- WPO: Worldstar 2017 Award

Kemal Kükrer Salad Dressing Bottle – 2 Awards:

- The Crescent and Stars of Packaging Competition: Competency Award
- Design Turkey Competition: Superior Excellence Award

Hatay Soda Bottle (Işın Meşrubat) – 1 Award:

- Design Turkey Competition: Good Design Award

Frida Mineral Water Bottle – 1 Award:

- Design Turkey Competition: Good Design Award



EXPECTATIONS AND OBJECTIVES FOR 2017

In response to the changing dynamics in the global and Turkish glass packaging market, Şişecam Glass Packaging will maintain its market leading position in Turkey while pursuing sustainable profit and value creation to become a global player in 2017.

While Şişecam Glass Packaging carries out various activities to boost glass packaging consumption with respect for people, nature and the environment, it will also focus on developing competitiveness both in domestic and foreign markets as a leading glass packaging company.

By establishing “Smart Factories” through high automation in advanced production network and facilities, developing a “Learning Enterprise” structure among the Company’s facilities and providing Industry 4.0 compatibility; production efficiency will be achieved in every area. Şişecam Glass Packaging combines its technological superiority with an innovative and authentic approach. The Company will continue to play an important role in the future of all stakeholders, particularly our employees and customers, as was the case since its founding.

Achieving operational excellence with improvements and innovation in the management of processes will be one of the Group’s important focus areas in 2017.

ANADOLU CAM SAN. A.Ş. CONSOLIDATED INDICATORS* (TRY M)

	2015	2016
Sales	1,552	1,767
International Sales	619	757
Gross Profit	328	394
Operating Profit before Financial Expenses	178	502
Equity Holders of the Parent	51	457
EBITDA	393	747
Net Financial Debt	1,002	747
Equity	1,747	1,911
Total Assets	3,750	4,417
Investments	323	332
Number of Employees	4,338	4,353

* Including Anadolu Cam San. A.Ş., JSC Mina, OOO Ruscam, OOO Ruscam Glass Packaging Holding, Anadolu Cam Investment B.V., OOO Ruscam Management Company, OOO Ruscam Glass, Merefa Glass Company Ltd., OOO Energosystems, CJSC Brewery Pivdenna, Balsand B.V., PAO Ruscam Pokrovsky, Anadolu Cam Yenisehir San. A.Ş., Anadolu Cam Eskişehir San A.Ş., Omco Istanbul, AC Glass Holding B.V.



**ŞİŞECAM
CHEMICALS**

A TOUCH OF TRUST

We focus on life with our sustainable production and environmentally-sensitive manufacturing processes. We deliver trust and quality with all our components while leading the industry with our world-class products.

Şişecam Chemicals bolsters its powerful global market position with the high quality of its products and services, market diversification, and successful performance in target markets. The Company also focuses on energy efficiency, environmental protection, and continuous improvement.



AN OVERVIEW OF 2016

In 2016, both the Turkish economy and the world economy were affected by political and economic risks that came to forefront. While the economies of Russia, China and Brazil continued to lose momentum, global economic growth decreased during the year. The United States presidential election in the last quarter of the year led to uncertainty about future US economic policies, further increasing the risks to the global economy. Meanwhile, the Euro area maintained its moderate economic growth, despite the banking crisis and constitutional referendum in Italy, the deepening debt crisis in Greece, and Brexit.

Developments in the Soda Sector

A regional analysis of the world soda ash market in 2016 reveals that the biggest increase in demand was seen in the Indian sub-continent (4%), followed by the Middle East and Central Europe (3%), the Company's key export markets. In China, which accounts for about 40% of global soda ash consumption, demand growth remained below forecasts in 2016, due to declining flat glass output, caused by the downturn in the construction industry. Meanwhile in Russia, a major soda ash producer, local manufacturers capitalized on the effects of the foreign exchange rate which bolstered exports, and undertook operational improvements to boost their capacity utilization rates during the year.

In 2016, the glass industry, which accounts for 51% of global soda ash consumption, realized a demand rise of about 1.5-2%, while global demand in the detergent industry, the second largest user of soda ash, went up 2%, albeit with some regional differences.

In Turkey, glass was still the largest end use for soda ash in 2016. The Turkish glass industry's demand for soda ash remained stable, maintaining the same level of previous years. On the other hand, the detergent industry's demand continued to rise, as local detergent manufacturers expanded their sales to the Middle East and neighboring countries both to the east and west. Textile industry demand was stable to shrinking throughout the year, due to foreign exchange rate fluctuations, a decline in textile exports to Europe and Russia, and the unfavorable effects of tourism losses on Turkish textile markets. Demand for sodium bicarbonate grew in 2016, in parallel with the cross border trading activities of feed and food manufacturers, which use sodium bicarbonate in production, and the effect of Iran, Iraq and Syria, which purchase this product from Turkey.

Developments in the Chromium Chemicals Sector

The leather, metal plating, wood preservatives and pigment manufacturing industries, which use chromium compounds in production, continued to experience a slowdown, with contraction and plummeting demand in some regions. As a result, competition further intensified.

While commodity prices began to rise in fourth quarter 2016, the price of chrome ore, a key raw material used in the production of chromium chemicals, also rose sharply. This effect was reflected in the prices of chromium chemicals. The Turkish leather industry was significantly affected by the political crisis between Turkey and Russia. Even after July, the real sector began to sink deeper into stagnation in the second half of the year and the Turkish lira steeply depreciated against major currencies. While the Turkish leather industry continued to contract in 2016, the metal plating sector maintained its growth rate of recent years.

ACHIEVEMENTS IN 2016

Steady Performance

With operations in six countries, Şişecam Chemicals maintained its steady performance due to capital investments in its existing plants, despite heightened political and economic uncertainty around the world in 2016. Strategies for market diversification and expansion in target markets had a positive effect on sales revenues. Compared with the prior year, the Group's annual consolidated sales revenue increased by 11% and international sales went up 9%.

17% Increase in Soda Products Sales Revenue

Soda supply and demand remained in a state of balance across the world in 2016, which was a very successful year for the soda product group. Soda sales revenue went up 17% (on a TRY basis) over the previous year. Solvay Sodi, the Group's joint venture company, produced 2.3 million tons of soda products at its plants in Mersin, Bosnia & Herzegovina, and Bulgaria. Soda Sanayii A.Ş. the fourth largest manufacturer in Europe and among the top 10 in the world made 65% of its total sales from these three plants to international markets.

When compared to its international competitors, Soda Sanayii enjoys several advantages. These include rich resources of raw material, energy management system, product quality, high level of operational efficiency, and proximity to the port.

The Company completed the capital investment to expand the capacity of its Mersin Soda Plant, commissioned a new steam generating facility, and undertook efforts to ensure continued supply of raw materials. Şişecam Soda Lukavac in Bosnia & Herzegovina, the rising star of the region with its increased production capacity and market penetration, further bolstered its market position in Southeast Europe.

**Europe's 4th largest
and the world's 10th
biggest soda producer**

Soda Sanayii has its own 252-MW Cogeneration Plant, which supplies process steam. The plant generated 3.9 million tons of steam and sold 1.9 billion kWh of electricity in 2016.

Sustainable Sales Performance in the Chromium Product Group

Growth rates and areas of usage in the leather, metal plating, wood preservatives, and pigment manufacturing industries, which use chromium compounds as input, have varied regionally. In 2016, the leather industry contracted in Asian countries while European and US markets remained stable. South American and African markets recorded some growth, albeit at lower levels. Pigment manufacturing industries in Asia posted positive growth while metal plating industries in Asia and the US demonstrated some recovery, compared to prior years. Ongoing conflicts in neighboring countries had a negative impact on all industries in Turkey, including the leather, impregnated products and metal plating sectors.



Raw material production for a wide range of products, from the leather industry to the feed sector, from detergents to metal plating

Despite these developments, the chromium chemicals product group performed well in 2016, achieving all its sales revenue targets. Şişecam Chemicals expanded its market share in Asia and the Far East with products offered to pigment and leather manufacturing industries. The Company also increased its penetration in leather markets in South America and South Africa. Şişecam Chemicals exceeded its sales target for sodium bicarbonate, in terms of both units and revenue. The Company boosted its market share in China and other Asian countries as well as in Europe through effective sales and marketing activities. The Company's chromic acid sales also rose over the previous year with the expansion of country and the customer portfolios; meanwhile, chromium III sales remained stable, coming in at the same level as 2015. Şişecam Chemicals maintained its market share in the basic chromium sulfate segment, despite contraction in the domestic market. The Company increased its chromic acid sales significantly by undertaking efforts to improve sales performance.

Şişecam Chemicals produces chromium chemical products at the Kromsan Chromium Compounds Plant in Mersin/Turkey, which is the Group's main manufacturing hub, in addition to its plants in China and Italy. The Group generated 85% of its total chromium sales revenue from exports. Thanks to its advanced manufacturing technology, high capacity utilization, product development efforts, capability of achieving consistently high quality in manufacturing, widespread sales network, and high environmental standards, the Kromsan Chromium Compounds Plant maintained its leadership position in 2016.

Cromital S.p.A., Şişecam Chemicals Group's subsidiary in Europe, manufactures and sells basic chromium sulfate in liquid and powder form. The Company is the market leader in Italy, Europe's biggest leather processing industry. This facility is also a major European supplier of liquid chromic acid, liquid sodium bichromate and chromium III chemicals, which are used in the metal plating industry. Cromital is the only facility in Italy to have been granted a permit for treating and recovering chromium wastewater generated by the metal plating industry. As a result, the Company contributes to environmental protection efforts by recovering and reusing chromium in its production. Since 2013, Cromital has provided sodium bicarbonate to leather industry and flue gas treatment companies. The Company continued its operations successfully in 2016.

As a major exporter of soda ash and chromium products to the EU, in 2016, Şişecam Chemicals fulfilled its obligations under the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation No. EC/1907/2006, a highly important EU regulation. The licensing process for the chromic acid product under REACH, which was initiated in 2012, continued with the official license application filed with the European Chemicals Agency in May 2015 and studies continued in 2016. The process is expected to be finalized in first quarter 2017. During the reporting year, two more companies were added to the chromium nitrate registration file, which has the highest number of registrations in 2016.

Şişecam Chemicals participated in the All China Leather Exhibition held in Shanghai in 2016. In addition to 20 countries, numerous companies from various parts of China participated in the Exhibition, where Soda Sanayii A.Ş. presented its leading brands TANKROM® and Ecol-tan®, which are aimed at the leather industry, to international participants.

Şişecam Chemicals was the Bronze Sponsor of the 5th Global Feed & Food Congress held in April 2016. The event gave Şişecam Chemicals the chance to come together and further strengthen its relationships with leading companies in the industry and create new sales opportunities. Additionally, Şişecam's CEO was appointed President of the European Soda Ash Producers Association (ESAPA) in 2016.

Highlights of 2016 Investments

Şişecam Chemicals and its subsidiaries continue to undertake modernization efforts, particularly in the soda ash and chromium production facilities. These investments aim to bolster operating performance, reduce energy costs and boost productivity in line with the Company's goal of achieving profitable growth. In 2016, Şişecam Chemicals' capital investment spending amounted to about US\$ 60 million.

The Company completed the investment to expand the capacity of its Mersin Soda Plant by 80 thousand tons and commissioned the new calciner and supplementary equipment in 2016. In addition, the Company continued to invest in salt facilities to support increased production capacity and ensure continued supply of raw materials. In 2016, the Company also completed and commissioned the new steam generation plant, an investment project initiated in fourth quarter 2014 to reduce energy costs and further reinforce the Company's competitive power. Meanwhile, a second production line was commissioned

at the Kromsan Plant along with continued efforts to neutralize technology waste. In first quarter 2016, the Company commissioned a new steam boiler at Şişecam Soda Lukavac Plant in Bosnia & Herzegovina to improve energy efficiency, reduce costs, and ensure compliance with environmental laws and regulations in production. Infrastructure improvement and modernization efforts also continued throughout the year, coupled with investments in alternative salt sources.

Şişecam Chemicals' R&D efforts 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 expanding the product portfolio with high value added products and boosting the Company's competitive advantages by reducing costs and improving productivity. In 2016, the Company executed product development and modeling projects in the soda product group, while working to improve process and product quality in the chromium product group. Laboratory and pilot-scale tests were conducted to develop new leather chemicals.

CAMIŞ MADENCİLİK

Production and Sale of 3.8 Million Tons of Industrial Raw Materials

Operating under Şişecam Chemicals with more than 600 employees, the Group's mining enterprises provide raw materials to glass, glass fiber and soda ash factories located in Turkey and abroad. Boasting a broader product range thanks to new processes, the mining companies continue to produce raw materials for the glass, ceramic, cement, silicate and solar glass industries.

In 2016, the mining enterprises produced and sold 3.8 million tons of products at their mine sites and raw material processing facilities in Egypt, Bosnia & Herzegovina and various parts of Turkey. The mining companies commenced operations at Zafarana Sandpit and Sand Processing Facility in Egypt to provide raw materials for the Group's solar glass production and at Çine Harımcık Breaking and Sieving Facility to support feldspar sales in domestic and overseas markets.

Camış Madencilik aims to expand with new projects in industrial raw materials and base metals in Turkey and abroad in line with the Group's growth strategies.

Leading chromium chemicals producer

CAM ELYAF

A Manufacturer that Increasing Sales Revenue in the Expanding Domestic Market

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

In 2016, Cam Elyaf generated 29% of its total sales revenue from export markets. In parallel with the government's efforts to support domestic production in the wind power industry, the Company aims to further boost direct roving sales as part of projects that have been approved and are awaiting approval. As a result, the Company evaluated opportunities to increase capacity by investing in a new production facility.

In 2017, Cam Elyaf plans to continue focusing on productivity in the domestic market which has been expanding steadily. The Company also aims to increase its total sales revenue, especially in strategic, high margin product groups, such as mats and multi-end roving.

OXYVIT

Oxyvit Kimya, the only Vitamin K3 producer in Europe, maintained its strong market position in 2016. The share of export sales in the Company's total sales reached 94% while a large portion of sales were made to the European market. In 2017, the Company will continue diversifying its markets while further expanding export sales to South America.

Sales of the Company's other product, sodium metabisulphite, also increased year on year, in terms of both quantity and revenue. About 70% of total production was sold abroad. In 2016, Oxyvit Kimya continued selling its products to existing customers while also commencing exports to new markets in Europe, South America and Asia. In 2016, the Company's sodium metabisulphite sales rose 21% while sales revenue went up 35% on a TRY basis.



EXPECTATIONS AND OBJECTIVES FOR 2017

The supply demand balance struck in 2016 in the soda ash industry, especially in the Europe, is expected to continue throughout 2017. Global demand growth of 2% is projected for soda according to growth projections of glass, mainly flat glass and other industries served. Demand increase in the Indian continental shelf and Africa is expected to maintain a level of 4-5% in 2017 with the impact of growth in the glass and detergent industries. With expected growth rates of around 3%, these markets are followed by Middle East region in which especially the glass industry is improving. In parallel with the stable course in Europe, the volume in the Western European market is projected to follow a stable trend while expectations in Central and Eastern Europe are rather more optimistic due to the good performance of the detergent industry in these areas.

In line with soda industry related developments, the highly competitive environment is expected to continue into 2017. In consequence, Soda Sanayii will carry on with projects that focus on cost management, effective supply processes, and energy efficiency. The company aims to expand the share of sales in international markets through the continuance of operational efficiency and effective service provision to global customers via long-term agreements.

The chromium chemicals industry expects to see the price of chrome ore, which began to rise in fourth quarter 2016, maintain its uptrend, especially in the first half of 2017. Depending on commodity prices, the price of chrome ore will most likely remain higher than its 2016 levels.

Competition in the global chromium chemicals market is expected to continue while the value of the chromium chemicals in global markets will reach higher levels compared to previous years. No further contraction is foreseen in the industries that the Group serves. In line with its growth strategy in the chromium industry, the Group aims to further expand its market and bolster its competitive advantages by increasing sales, in terms of both quantity and revenue, via optimal capacity utilization, operational efficiency and cost reduction. Şişecam Chemicals will maintain its presence and boost its strengths in export markets, which the Group has diversified in recent years, by entering all country markets that use chromium chemicals. In keeping with its role and responsibilities of being a global player, the chromium product group will maintain its customer focus in all sales and marketing activities. Another priority for the Group is developing new products via the use of environmentally friendly technologies.

The mining ventures realized more than 650 thousand tons of raw material sales outside Şişecam Group in 2016 and predict further increases in this quantity in 2017. Nevertheless, growth and mining investments are planned to continue with new projects in base metals in 2017. Among our priority targets is the reinforcement of the Company's reliable raw material supplier status in domestic and foreign markets.

CHEMICALS GROUP COMBINED INDICATORS* (TRY M)

	2015	2016
Sales	2,118	2,348
International Sales	1,202	1,306
Gross Profit	547	686
Operating Profit before Financial Expenses	413	569
Profit/Loss for the Period	442	611
EBITDA	531	691
Net Financial Debts	(565)	(783)
Equity	2,562	3,016
Total Assets	3,266	3,833
Investments	268	182
Number of Employees	2,710	2,676

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

SODA SANAYİ A.Ş. CONSOLIDATED INDICATORS* (TRY M)

	2015	2016
Sales	1,772	1,983
International Sales	1,091	1,214
Gross Profit	475	588
Operating Profit before Financial Expenses	408	531
Equity Holders of the Parent	434	576
EBITDA	500	629
Net Financial Debts	(548)	(731)
Equity	2,185	2,603
Total Assets	2,812	3,317
Investments	227	170
Number of Employees	1,556	1,576

* Including Soda Sanayii, Şişecam Bulgaria Ltd., Oxyvit Kimya, Şişecam Soda Lukavac, Cromital, Şişecam Chem Investment B.V., Solvay Şişecam Holding AG.

RESEARCH AND TECHNOLOGICAL DEVELOPMENT

Şişecam Science and Technology Center and Corporate Research and Technological Development (R&TD)

Expanding and growing stronger both qualitatively and quantitatively, Şişecam Group R&TD identifies opportunities for new technology and product development in addition to technology and product optimization in existing, adjacent and transformational business areas. Using its human resources and infrastructure in close alignment with Şişecam strategies, R&TD tests the feasibility of these opportunities in a laboratory environment with a focus on commercialization. Effective cooperation with the Group's production and marketing units significantly increased the productivity of corporate R&TD in 2016.

Şişecam corporate R&TD activities are executed in close collaboration with regional laboratories and production groups via the Şişecam Science and Technology Center. Effectively utilizing R&D Center incentives under Law numbered 5746, Şişecam Science and Technology Center is Turkey's largest and most capable glass science and technology laboratory. It is also one of the few laboratories in Europe in this field. One-hundred and fifty-one highly skilled researchers – 37% of whom possess graduate degrees – work in 27 specialized laboratories and offices, where the equipment is continuously updated, modernized and improved. In 2016, our Science and Technology Center ranked eighth among 127 R&D Centers in the R&D Performance Index listing compiled by the Republic of Turkey's Ministry of Science, Industry and Technology.

In the competition to develop new products and technologies, ATGB (Research and Technological Development Presidency) guides and leads the whole R&TD function of Şişecam Group. The aim is to capitalize on the common interest provided by the infrastructure, while leveraging common understanding, common methodology, shared memory (integrated database), knowledge, skills, and competencies, at the maximum level.

Operational Excellence: From Raw Materials to Final Product

The annual capacity of the 45 active furnaces initiated by the Melting Technologies and Engineering Department's researchers – with know-how and technological competence that ranges from design to procurement, installation, and commissioning – climbed to 4.8 million tons. In 2016, cold repair processes of a flat glass (TR4), glassware (PE-A) and two glass packaging (RG-A and RU-B) furnaces and revision of 11 production lines was completed in full. Additionally, the first unique Borcam coloring line was successfully implemented in the Borcam glassware furnace and the corresponding design patent application was filed.

Up to 9% energy savings was achieved in a glassware furnace compared to oxy-fuel combustion thanks to the European Union LIFE+ Program co-funded Eco-HeatOx project, which involves preheating oxygen and natural gas supplied to the furnace by recovering the waste heat of the flue gas. Oxy-fuel technology is listed as the best available technique (BAT) in the European Commission's best available techniques (BAT) reference document (BREF). To further extend and improve the benefits of this pioneering technology in the glassware sector, the Company

applied for a European Union LIFE+ grant with a total budget of EUR 2.8 million for the "CleanOx - Reactant preheating by radiative heat exchangers project" that targets up to 13-18% energy savings compared to the oxy-fuel furnace.

Actual production data is evaluated on an annual basis by the international institutes and academic organizations working on glass. Şişecam Flat Glass and Glass Packaging furnaces have cut energy consumption and carbon emissions per ton of glass – key sectoral indicators since 1995 – by 15-25%. In the 2016 evaluation, Şişecam furnaces ranked in the top 10% among furnaces that use energy in the most efficient way. As part of Industry 4.0 practices, the first phase of the effort to establish an integrated furnace database was completed with the aim of enhancing the life and performance of the furnace and boosting digitalization by expanding different parameters at the furnaces and sensor applications. The modeling and simulation competency was significantly strengthened, which provided customers with high quality products and reassured the image of being a designer business partner. Numerous outputs were supplied to the design- and production groups.

The Glass Technology Department made 33 alternative raw material assessments in 2016, partnering with efforts to cut costs, increase quality and boost efficiency for the production groups. Experimental studies on high temperature observation, different temperature profiles for the flat glass and glass packaging furnaces, and optimization of sulphate/anthracite ratios were executed to improve melting performance. The effects of raw materials on melting and quality were evaluated in detail with data obtained from flat glass furnaces in the domestic market. Three composition optimization studies were conducted and implemented for the Glassware Group to improve the properties of glass or reduce costs.

Experimental studies were executed in the laboratory environment as part of the new color efforts. Higher production efficiency and glass quality were ensured with problem-free transition processes. In addition, a decrease in the transition period for the 17-color transition campaign of the Flat Glass Group, and six-color transition campaign of the Glass Packing Group, under colored production campaigns of the production groups. As for the Glassware Group, glass coloring studies were conducted from forefearth.

As part of the studies conducted by the Coating Technologies Department's Surface Technologies Management, conditions required for the flat glass surface not to be corroded during delivery were determined in the laboratory environment by a simulation run for glass delivery conditions for overseas countries.

The project to examine the effects of coating process parameters on the structure of thin films, their optical and mechanical properties continued in 2016. Against this backdrop, the planned studies for the two layers used in the multi-layer low-e systems were completed. In the project, which aimed to analyze the kinetic growth mechanisms of the thin metallic films produced by the magnetron sputtering method, the thickness of continuous film-forming of the metallic films was determined and the optical properties were specified.



Innovative studies that provide competitive advantage in the race for new products and technologies

The search for new surface-sensitive characterization methods to shed light on product development, quality control, and problem solving studies will continue in 2017. International collaborations were formed for this purpose, adhesion properties of the layers in thin film coating systems were analyzed through the acoustic wave method, and the usability of the GDOES method in chemical analysis was discussed.

The effects of different techniques on the glass surface used in the dealcalization process applied to increase the hydrolytic resistance of the inner surface of the bottle were compared by examining the results of more than one of the characterization methods, and the most effective technique was used in the factories.

New Products/Production Technologies

As an alternative to traditional privacy glass, which was previously produced in two campaigns for automotive glass, a second, lighter green-colored privacy glass was produced for a new customer upon the requested specification. The product was delivered to the customer.

For the Glass Packing Group, production of dark amber colored glass and dark green Thai glass was made for the first time for Berlin Packaging Company. The productions were well received.

In addition to experimental studies in the laboratory environment, a trial production was conducted under the PK-E3 line campaign, in order to obtain red colored glass on the borosilicate glass with the method of coloring from the forefearth. In parallel, a red color with marble effect and light/dark gray colors were also obtained for Borcam under laboratory conditions. The trial production of the referenced glasses is planned in 2017. A patent application was filed for "Borosilicate Glass with Snow Visual Effect," which has already been offered for sale.

Experimental studies continue on transparent glass ceramic glass, which can be placed directly on a flame, as well as work for the production of the specified compositions in the pilot furnace.

In 2016, two new low-e 51/29 and 58/32 performance products were developed within the temperable product group produced by the vacuum coating method for architectural applications. Predominantly for spandrel applications, two new spandrel 20 and 30 performance products were developed, which do not require edge stripping in the application of Isicam (thermopane). The patent application for the temperable 58/32 performance product, developed in response to the request by the Istanbul Third Airport Project, was completed. The Third Airport Project was acquired based on this product. The 41/27 royal blue-like and low-reflection temperable heat and solar control featured low-e products were prepared for the transfer process for production.

Reference product performance in athermic and heatable athermic products for automotive applications was attained. The 1.6 mm thin bottom glass coating stage for the preparation of customer samples was reached.

In 2016, the studies of the Atmospheric Coating Department for production groups were conducted in coordination with the development, production, design, marketing and sales departments. These studies related to innovative, smart products with atmospheric coating that were transformed into commercial products to meet market demand. The products included gold, silver, copper gilding effect coatings; gold and rose reflective coatings; phosphorescent (green, blue) effect coatings; thermochromic (red, blue) coatings; and cost advantage matte coating systems in the Glassware Group. Other new products developed under this effort were temperable paint systems and new blue colored product with pyrolytic method in the Flat Glass Group; transparent red colored product resistant to pasteurization conditions and bright white matte coated products for high alcohol group in the Glass Packaging Group.

National and International Integration/Intellectual and Industrial Rights and Patents

The Company included the studies about thin float glass strengthening via chemical tempering in the scope of its research and technology development activities in 2016. In this context, the project application, titled “Third-generation glass toughening: Ultra strong sheet glass for large-area applications through super-efficient side selective ion exchange,” made to Germany’s Federal Ministry of Education and Research (BMBF) and the 2+2 international support program (TEYDEB 1509) was accepted. The project was launched on October 1, 2016. Efforts to establish a laboratory for two different chemical tempering technologies accelerated in Q4 2016.

International partnership was established and preliminary work was initiated as part of the project to eliminate the use of primer application in auto glass encapsulation process in an effort to switch to a more environment-friendly and cost-efficient manufacturing technique.

In 2016, four patents were registered and 29 patent applications were filed on behalf of the Company.

Ongoing Projects under the TÜBİTAK – ARDEB 1003 Support Program:

“Analysis of the Effects of Additive Elements on Zinc Oxide Glass Coatings Which Are Roughened with the Sputtering Method, and Development of Photovoltaic Applications” “Development of Nano Metal Glass Hybrid Nanocomposites”

Projects under the TÜBİTAK – TEYDEB 1501 Support Program: “Enhancement of Glass Fiber-Polymer Interface Bonding Force with Nanoparticles” (Completed)



New Applications:

“Providing Fuel Saving and NOx Reduction Through Continuous O2, CO, H2O, Temperature Measurement on the Port Axis”
“Development and Pilot Production of the Low Thermal Expansion Coefficient, Flame Proof, Glass Ceramic Material with Glass Appearance for the First Time in Turkey”
“Development of Antibacterial Glass with Blended Silver, Strontium and Copper Additive by Classical Melting Method”
“High Performance, Commercializable, Innovative Glass Development with Significant Weight Reduction to Provide Fuel Savings in Passenger Vehicles”

Projects under the TÜBİTAK – TEYDEB 1511 Support Program:

“Development of Glass Systems and Components with Wavelength Selector and Low Heat Diathermancy Coefficient” (The project with 75/35 performance and 1 U value and targeting low-e system is now completed.)

Projects under the HORIZON 2020 for the 2 + 2 Support Program with Germany:

In 2016, strengthening of thin flat glass by chemical tempering became an R&TD activity. The project application – titled “Third-Generation Glass Toughening: Ultra Strong Sheet Glass for Large Area Applications Through Super-Efficient Side-Selective Ion Exchange” – was submitted to the Germany Ministry of Education and Research (BMBF) and the 2+2 international support program (TEYDEB 1509); the project has been accepted. Project work started on October 1, 2016. In fourth quarter 2016, preparations to establish a laboratory involving two different chemical tempering technologies were accelerated.

In order to provide basic information for 2017-2021 product requirements, three TEYDEB 1505 project applications were prepared with Eskişehir University, Gebze Technical University, and Gazi University. The subject matters were titled: “Development of All Solid State Electrolytic Electrochromic Glass Systems”; “Improvement of Heat Control Glass System Yield by Magnetic Sputtering Method”; “Development of Antireflective Coating with Sputtering Technique for Soda Lime Silicate Glass Surfaces.”

The projects on next generation glasses patterned at nano level, applicable to the photovoltaic solar cells, were completed in 2016. This project was titled “Development of Superior Performance Glasses Patterned at Nano Scale for Photovoltaic Energy Systems.” The patent application for the output of the project, which was supported by the Republic of Turkey, Ministry of Science, Industry and Technology, and carried out in partnership with ODTÜ-GÜNAM, has been filed.

Additionally, TEYDEB 1509 project – titled “Development of High-Performance Photovoltaic Modules for Integrated Systems in Buildings “ and supported under SOLAR ERA.NET international support program – was completed in 2016.

Infrastructure Development and New Analysis Techniques

The Grazing Incident X-ray Diffraction (GIXRD) method and the X-ray Reflectivity (XRR) method provided by the new XRD device, which was brought into the Science and Technology Center (BTM) Laboratories in 2016, have enhanced the characterization capabilities to develop single layer and multi-layer thin film coatings. With GI-XRD and XRR measurements made by using the appropriate configuration, the features of thin films – such as grain size, coating thickness, coating density, and surface roughness – were defined, bringing new insight on development studies. In addition, the phase contents of materials can be precisely measured by the Rietveld method quantitatively.

In 2016, the BTM (Science and Technology Center) X-ray Fluorescence Spectrometer XRF device was renewed. With the new XRF device, the calibrations for the analysis of the different elements have been completed; an XRF system, which can be a referee between 10 XRF devices within the Group, has also been set up.

Developing Knowledge, Skills and Competencies of Human Resources

In 2016, Şişecam launched a new graduate program together with Gebze Technical University (“GTÜ”), as the first industry-university cooperation in the country to provide highly qualified human resources for the glass industry. The courses under this program – titled “Glass Science and Technology” – were jointly prepared by GTÜ and Şişecam R&TD. Şişecam BTM laboratories can be used for thesis studies by students.

Each R&TD staff member ranking as assistant researcher and above is required to participate in more than two national and international events on average each year to increase their competency and skills, and create a potential for business cooperation. At these events, a total of 44 papers were presented, one of which was a poster. Three papers were also published in the international referenced Journal of Sol-Gel Science and Technology, Kanch, and Energy Procedia.

“Glass Science and Technology Education,” ongoing since 2013, was redesigned in 2016, enriched with technical tours. It was relaunched as 10-day programs in April 2016 and December 2016 along with the participation of 25 engineers in total. In addition,

“Glass Science and Technology Education for Chief Engineers,” designed as a 5-day program and initiated for the first time in 2016, was completed with the attendance of 17 chief engineers.

Şişecam Academy’s “Melting Workshop” was conducted in two stages with practical and theoretical applications under the “Furnace Firing Systems” topic in 2016. In addition to Şişecam experts, expert professionals from international companies were also invited to the workshop. The aim was to inform furnace operating engineers on subjects regarding the fundamentals and practices of high firing techniques with high yield and emission reduction. The workshop was held with a total of 47 participants: 17 from factories, three from the Sustainability Department and 27 R&TD employees.

Additionally, the Company conducted the “Flat Glass Production Process” seminar (with 21 participants) and “Distributor and Forehearths/Customer Oriented Solutions” (with 18 participants) seminar during the year.

“Industrial Property Rights: Basic Concepts and Patent Processing Stages” training (with 30 participants), provided by the Turkish Patent Institute, was administered in 2016.

The Melting Kinetics Unit, within the Research and Technological Development Presidency, conducted a lecture in a course on the “Float Glass Production, Basic Problems and Developments” during the eighth (July 4-7, 2016) summer school, which is held every year at Montpellier University (France) by the International Glass Commission (ICG).

The 31st Glass Symposium was held with the theme “Glass in the Sustainable Future” at İş Bank Tuzla Technology and Operations Center Auditorium. During the symposium – in which nine internationally recognized representatives of the glass industry participated as guest speakers – a total of 66 papers were presented, including 53 oral presentation and 13 poster presentations thirteen sessions were conducted in four parallel halls. A total of 313 participants attended the symposium, including 67 academics from 20 universities in and outside Turkey, 17 persons from eight companies/associations, and attendees from Şişecam. A total of 18 papers were presented by the Research and Technological Development Department during the symposium.

“Şişecam Sessions” were held during four national congresses and conferences, in line with the strategies and operating areas of the Groups.

- The IRENEC 2016 7th International 100% Renewable Energy Conference, held on May 26-28 at İstanbul Türkan Saylan Cultural Center, was attended with five presentations.
- The NanoTr-12 Nanotechnology and Nanoscience Conference, held on June 3-5 in Kocaeli/Darica, was attended with three presentations.

- The 32nd International Physics Congress of the Turkish Physics Society was held on September 8 in Bodrum/Muğla. During which, Prof. Dr. Şener Oktik, the Chief Research and Technological Development Officer, was the moderator of “The Expectations of Industrial Research and Technological Development/Production and Industry from the Learning Outcomes of Physics/Physics Engineering” Panel. The congress was attended with seven presentations.

- The Science and Application of Thin Films Conference & Exhibition (SATF2016) was held on September 19-23 in İzmir. The conference was attended with seven presentations and stands were opened by the Company.

ENVIRONMENT AND ENERGY

We Work for a Sustainable World

Operating in line with the principle that its energy and environmental performance is one of the core components of its sustainable success, Şişecam actively pursues the UN Sustainable Development Goals (UN SDGs). The planned projects are integrated into all the operations globally, taking into consideration the SDGs performance indicators. All studies are conducted with a focus on energy efficiency, renewable energy use, carbon emissions and waste recovery and are prioritized within the framework of our sustainability strategy. These targets are realized within an effective governance structure.

The sustainability function under the Şişecam Corporate Development and Sustainability Department continues intensive studies to contribute to the Group's environmental and energy management strategies, policies, implementation monitoring, and leading to sustainable energy solutions through energy efficiency, and renewable energy practices. The Group's Sustainability Committee was established with the objectives to mainstream sustainability principles with a holistic approach. The Committee members are Chief Corporate Development and Sustainability Officer (President), Production Vice Presidents of Business Units, Sustainability, Human Resources, Industrial Relations, Corporate Communication Directors and the Innovation Manager. The Committee conducts its studies through five working groups: Environment, Energy & Water, Occupational Health & Safety, Innovation, and Corporate Social Responsibility. The Sustainability Committee's working groups' areas of work are planned in line with and are an integrated part of the Group production activities nationally and internationally.

Environmental and Energy Performance monitoring is executed and coordinated by the Group Environment and Energy Management Units, respectively. To this end, at least one Energy Officer and Environmental Officer or Environmental Management Unit at each production facility is responsible to implement the practices within the production facilities within the scope of management systems outlined in the respective ISO standards.

All Group companies' operations are in line with ISO 14001 Environmental Management System and ISO 50001 Energy Management System principles, in and outside Turkey. National operations are fully certified; while 76% of the international facilities have ISO 14001, and 19% have ISO 50001 certifications, all international operations aim to be certified to a full extent.

Energy Efficiency

The Sustainable Energy Monitoring System (SEOIS) was established in 16 factories to online monitor energy consumption, which contributes global sustainability targets. The system is managed centrally at the Headquarter level, and it allows a comparative management and identification of potential improvement instantaneously. The implementation of SEOIS is planned to be fully integrated in all Group factories globally; it is considered a major breakthroughs in our digitalization. The instantaneous energy consumption measurement forms an important database for the identification and monitoring of the Company's energy efficiency saving potentials and opportunities for projects as well. Energy efficiency projects are considered as one of the most important investment items. All Group factories benefiting from the SEOIS system are also ISO 50001 certified. The Group's core principle is to select high efficient equipment as part of its sustainable investment strategy.

Energy audits were completed at all national factories, while factories operating in other countries will be audited in 2017. Energy saving opportunities identified through energy audits were translated into practical solutions; improvements within the operations continue.

As part of the Group's sustainable solutions, the ORC (Organic Rankine Cycle) facility was established at three plants (Trakya Cam Mersin and Bulgaria, Glass Packaging Yenişehir). The ORC is benefiting from the high waste heat potential, with 10 MW electricity production capacity, resulting in a EUR 3 million saving by the end of 2016. Additionally, natural gas consumption saving was also realized originating from the heating generated from hot water production. The existing 5 MW waste heat power plant at the Trakya Cam Yenişehir Plant continues its production. In 2017, waste heat energy recovery projects implementation will continue based on feasibility studies. Opportunities for the use of renewable energy sources are closely considered. The 6 MW-power, roof type solar energy panel's project and connection agreements have been realized; it is planned to be commissioned by end-2017. The Solar Energy Project brings not only energy saving advantages, but also contributes to other sustainable environmental solutions such as Green House Gas (GHG) emission reduction.

Research and development is intensified to expedite factories digitalization and to convert operations in robust, efficient ways in line with Industry 4.0. With the robot inventories, renewal and development efforts were initiated. Development studies are ongoing in the expansion of automation in production.



Production with a Focus on Sustainable Environment and Energy

Carbon Emissions

The Group being an energy intensive sector, and recognizing that carbon emission is directly related to climate change, environmental protection efforts are undertaken with a focus on monitoring and reduction of carbon emissions.

While actions to optimize the energy consumption and improve greenhouse gas emission performance are identified, carbon emissions from processes are regularly monitored, and the data obtained is reported annually via the Carbon Disclosure Project (CDP).

CDP, recognized as the world's most prestigious and widespread environmental initiative, is a platform through which companies can submit their climate change strategies. The CDP reports are used by international institutional investors for companies' assessment in this regards. Şişecam has reported to CDP since 2011. The Company ranked among the 50 participant companies from Turkey reporting to the platform in 2016. Carbon emissions performance regarding the Group's operations in Turkey and Bulgaria, as well as detailed information on the strategy followed. Risk and benefit analyses carried out in this regard are disclosed to the public in accordance with the principle of transparency. According to the evaluation made by CDP, Şişecam is rated at the highest level in the Management category with its practices, policies, and strategies related to climate change.

Waste Recovery

The waste management approach includes comprehensive practices that support reducing waste at its source, recycling and reuse. Additionally, efforts are being actively pursued with stakeholders to expand recycling culture by realizing awareness studies.

In Şişecam Group, 99% of the total waste generation was composed of non-hazardous waste. In the glass production plants, non-hazardous waste constituted 91% of the total waste and 97% of the non-hazardous waste was recovered through licensed companies. All recyclable waste has been processed in the recycling facilities, and recycled into the production line. Other waste was sent to the facilities, which have the necessary documents and permits, in a transparent and responsible manner.

52% of the packaging materials used for products, which were delivered to the market during the year 2015, was collected and recycled by authorized organization in 2016. More than 13 thousand tons of paper, cardboard, plastic, and wood were recycled. Additionally, the authorized organization beside to recycling, it is also organizes awareness raising activities targeting students etc.

Glass Recycling

Şişecam Group works to improve the glass recycling infrastructure in Turkey. It supports the transition to a “recycling society” domestically while also monitoring activities abroad. “Glass and Glass Again,” one of Turkey’s most comprehensive sustainability and social responsibility projects, which was launched in 2011. With the aim of raising the glass recycling ratio to European levels, it continues to work in cooperation with local administrations and licensed companies on the following topics: raising public awareness for separate collection of glass packaging waste at its source; improving the infrastructure for collecting glass packaging waste; modernizing recycling facilities; and increasing capacities.

Aiming to move forward its efforts on glass recycling, Şişecam Group took an important step with the European Bank for Reconstruction and Development (EBRD) in mid-2016. Under the business alliance with the EBRD, Şişecam Çevre Sistemleri A.Ş. was established to speed up the modernization of glass waste collection and recycling companies, and transfer of know-how to the sector, as well as financial support. While the ratio of glass cullet in production in 2011 was 8%, Şişecam Group helped boost this ratio to 20% by end-2016. The Group aims to increase this ratio to 45% with significant support provided to the recycling sector over the next five years. With the progress that will be achieved in coming five years, the ratio of glass cullet involved in production will triple, reaching to 435 thousand tons per year. In addition to environmental protection, the contribution made to the country’s economy will increase exponentially with these efforts.

By end of 2016, investing in a sustainable future with glass recycling, Şişecam Group has:

- Realized cooperation with 175 district municipalities in 22 cities;
- Offered 17,400 bottle banks for the use of municipalities.



With the recycled glass, the Group has:

- Saved 740 thousand tons of glass to be landfilled as waste;
- Achieved energy savings at a level that would meet the heating and hot water needs of 31,100 households;
- Prevented carbon dioxide emissions equivalent to the withdrawal of 266,500 automobiles from the roads;
- Prevented carbon dioxide emissions equivalent to air clarified by 22,860,000 trees.

Environment and Energy Workshop

Şişecam Group’s Third Environment and Energy and Workshop, aiming to evaluate and consolidate proposals to boost environmental performance and energy efficiency in 2017, was held on November 28, 2016 with the participation of 53 managers and experts (15 female, 38 male) from the Group companies in Turkey.

99% of total waste generated is non-hazardous

Sustainability Reports of the Group and Business Units

Şişecam Group’s Sustainability Report outlines the sustainability approach of the Group within the scope of economic, environmental and social indicators. It also consolidates information on economic, environmental and social performance indicators in national factories. Additionally, four sustainability reports for each of the publicly traded companies within the Group are published. All reports are available on the companies’ web sites.

Borsa Istanbul (BIST) Sustainability Index

Şişecam has been a company with ethical values, transparency, an accountable management style, and responsible approach to its stakeholders since its founding. The Company was included in the “November 2016-October 2017 BIST Sustainability Index” which was established after an evaluation among the first 50 companies trading on Borsa Istanbul. In this process, activities such as success in the field of corporate sustainability, management approach, economic value created, employee participation, occupational health and safety, environment, combating climate change, and contribution to social development were evaluated according to international sustainability criteria. The successful performance of the Group enabled it to be listed in the BIST Sustainability Index.

HUMAN RESOURCES

Şişecam Group, which ranks among the leading industrial enterprises in the world with 21,715 employees in 13 countries, sees highly qualified human capital as the cornerstone of sustainable success. It is the key to creating value on a global scale by expanding the Group's innovative corporate culture.

Şişecam Group aims to attract and retain people who are innovative, collaborative, and have the capability to create value on a global scale for sustainable success. All human resource practices are based on equality of opportunity, including in recruitment, compensation, career and performance management, training and development.

Recruitment Systems

The main objective of the recruitment system at Şişecam Group is to attract the right talent to the Group. Şişecam Group's business and development opportunities are shared with the candidates via employer brand management efforts. The Group ensures that trainees take active part in projects via the long term project internship program, and eventually become part of the Group.

With the New Graduate Training Program, a career and development program in the field of finance has been initiated by the Group. In order to communicate with young talent, the group holds university interviews, case studies, seminars, and stand activities. Recruitment processes are managed taking into account the required competencies and potential of the candidate; job applications are evaluated by means with proven validity and reliability.

Performance Management

The Performance Management System is used to promote a continuous and steady success oriented performance culture, support the transformation of personal achievement into corporate success, and realize the corporate goals. The system works in an integrated structure with the vision, mission, and strategies of Şişecam Group. With the implementation of the Corporate Scorecard, strategic goals are cascaded to personal goals, and a success-focused performance culture is constantly supported. The Performance Management System is continuously developed to achieve people-focused, fast and reliable results for all employees. The PMS is being extended to overseas companies as well. At Şişecam Group, performance management is conducted with a technological infrastructure that enables the objective evaluations of employees and managers.

Career Development

Şişecam Group offers 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. Career management practices in Şişecam Group are managed through a global technological infrastructure. Additionally, as part of the Assessment and Development Center practices, in which both the white and blue collar employees can take part, competence analyses are conducted, and development plans are formed.

Talent Management System

Şişecam Talent Management System was designed and implemented in 2016 to support sustainability in Şişecam Group and increase the added value to be created through human capital. The Talent Management System aims to attract the required talent, retain the talent needed within the Group by enabling them to fulfill their potential, and raise the leaders of the future to ensure the sustainable success of Şişecam Group.

Our Values

The values of Şişecam Group-which aims for a pioneering future in the field of glass and its operating areas-are formulated to create innovative solutions with its business partners, make a difference with its technology and brands, and respect the individual and the environment in line with its vision of being a global company. Our values are as follows:

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

Our Competencies

Şişecam Group aims to leave a mark also through the leaders it has cultivated and that it will raise, while conducting operations in 13 countries.

Aiming to sustain its high corporate performance and contribute to the success of the Group, the Global Leadership Model "ATLAS" was devised in 2015. With this effort, leadership strategy has been defined to raise and develop the leaders of the future. The Global Leadership Model "ATLAS" project redefined the required competencies for employee and leadership. The Group plans to increase the applicability of the model and spread its areas of use. The model plays an important role at every stage, from the selection and evaluation of the employees, to the development of employees and raising the leaders of the Group.

Business Climate and Internal Communication

Şişecam Group undertakes a variety of practices and projects to foster a participatory corporate culture where employees can share ideas and suggestions, be informed of developments in the Group, and communicate effectively. In the process of the relocation of Şişecam headquarters to Tuzla in 2016, the "Şişecam is Moving" communication initiative was executed to inform employees accurately and effectively about the



A global family consisting of more than 21 thousand employees in 13 countries, with a commitment to produce the best every day

relocation process. The effort provided effective information flow about the opportunities offered by the headquarters and the changes it will bring to working life at the Group. The initiative aimed to render a positive business climate sustainable during this transition process.

As another initiative to foster this culture; "Şimdi!" (Şişecam Social Activity Club) aims to provide employees of the Group with a pleasant and efficient time at work, strengthen their social relations and synergy, while transforming employee happiness into productivity. More than 100 social activities were organized in the Group's Turkey facilities in 2016.

Recognition, Rewarding and Suggestion Systems

Şişecam Group rewards employee projects that have a positive impact on business processes and results, and which make a difference. Employees' added value ideas for the Group are evaluated by the Suggestion Development System. Employees are remembered for their special occasions, appreciated for exemplary behavior as a part of the Recognition System.

Compensation Management System

Şişecam Group has adopted a remuneration policy which is fair, competitive in relation to market conditions and that supports a steady, high performance. The Group targets creating a positive and competitive working environment by keeping the loyalty of its current employees at a high level while aiming to incorporate the required human resource. The Group's compensation management system is based on market salaries, current salary structure and compliance with ability to pay, individual performance, and business grade.

Şişecam Academy

The foundations of the Şişecam Academy were laid in 2015 to contribute to the corporate goals of the Group and improve human resource competencies/employee commitment. Working with an understanding of a business partner, Şişecam Academy continued to enrich and expand its training/

development opportunities based on job families and positions in 2016.

The "Leadership School," based on the Global Leadership Model, has reached 450 employees, working as Director, Manager, Chief and Technician/Foreman, while the first foreign implementation was launched in Russia in fall 2016. The "Sales School" for Sales Representatives and Chiefs, "Human Resources Certificate Program" for developing strategic human resources employees of the future, and the "Glass School," which includes Engineers and Chiefs, are among the activities carried out in 2016.

The "Internal Trainer Certificate Program" aims to transfer the intellectual and practical know how of the Group to related employees. Some selected trainings will be carried out by internal trainers.

In order to support the development of our stakeholders, the "Flat Glass" and "Glassware" Dealer Trainings Programs were conducted in cooperation with Boğaziçi University. Additionally, the design and development stages of the "Supply Chain School," "Marketing School" and "Finance School" were completed, and are scheduled for launch in the coming year.

With the investments made in alternative training technologies, e-learning modules are starting to be produced within the Group. Easier access to information was provided through blended training methods. Development resources that support classroom trainings such as book summaries, articles and videos are shared through the "Academy Portal." The "Agent 4141 - Information Security" training was launched, using the gamification technique for the first time. In 2016, 38 e-learning modules were opened for white collar workers, with 15,783 total participations.

In 2016, the Group's average training per person was 31.6 hours for white collar, and 20.7 hours for blue-collar employees.

INDUSTRIAL RELATIONS

Şişecam Group works towards the provision of industrial relations with a focus on competitiveness and efficiency, which is compatible with current working conditions.

The Vision of the Group 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 labor accord based on trust and dialogue in the workplace, by working with the trade unions;
- To conduct studies for more effective occupational health, and safety in the workplace under the “People First” philosophy.

At Şişecam Group, industrial relations are conducted with 10 related labor unions in three business lines under the coordination of the Directorate of the Group Industrial Relations within Human Resources Directorate.

Collective Bargaining Agreements

In Turkey, six collective bargaining agreements were concluded in total, with two agreements for businesses, three agreements for workplaces, and a Group collective bargaining agreement including 10 factories throughout the Group. As for international operations, seven collective bargaining agreements were concluded in total, including three workplace agreements in Bulgaria, one workplace agreement for the Posuda Plant in Russia, one workplace agreement for the Glascorp Plant in Romania, one workplace agreement for Soda Lukavac Plant in Bosnia & Herzegovina, and one workplace agreement for the Fritz Aszod Plant in Hungary. Among the collective bargaining agreements, which last between one and three years, the negotiations for the expired agreements started at the end of 2015 and at the beginning of 2016. The collective bargaining negotiations were concluded in line with Group's interests.

Against this backdrop, in 2016;

- The 17th Term Business Collective Bargaining Agreement negotiations, held with Petrol-İş trade union for Soda San. A.Ş., were concluded with an agreement on 05.05.2016, and the Collective Labor Agreement was signed. The Collective Bargaining Agreement will remain in force for two years between 01.01.2016 and 31.12.2017.
- The 2nd Term Workplace Collective Bargaining Agreement negotiations, held with Kristal -İş trade union for Eskişehir Plant of Anadolu Cam Eskişehir San. A.Ş., were concluded with an agreement on 28.06.2016, and the Collective Labor Agreement was signed. The Collective Bargaining Agreement will remain in force for three years between 01.01.2016 and 31.12.2018.

- The validity of the 24th Term Glass Group Collective Bargaining Agreement, covering 10 workplaces in total, ended on 31.12.2016. The 25th Term Glass Group Collective Bargaining Agreement negotiations started with the first meeting held on 12.12.2016 with the Kristal-İş trade union.
- The validity of the 16th Term Denizli Cam Workplace Collective Bargaining Agreement, ended on 31.12.2016. The 17th Term Denizli Cam San. A.Ş. Workplace Collective Bargaining Agreement negotiations started with the meeting held on 25.01.2017 with the Çimse-İş trade union.
- The validity of the 2nd Term Trakya Polatlı Cam San. A.Ş. for the Polatlı Plant Workplace Collective Bargaining Agreement ended on 31.12.2016. The 2nd Term Trakya Polatlı Cam San. A.Ş. Workplace Collective Bargaining Agreement negotiations started with the meeting held on 26.01.2017 with the Kristal-İş trade union.

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

Against this backdrop, in 2016:

- At the Posuda Ltd. Plant, a 1-year Collective Bargaining Agreement with the Proofkom Trade Union was signed on 23.06.2016, covering the 01.01.2016-31.12.2016 period.
- For three workplaces located in Bulgaria, 14-month Collective Bargaining Agreements with the Podkrepa Trade Union were signed on 22.04.2016, covering the 01.04.2016-30.06.2017 period.
- At the Soda Lukavac Plant, a 2-year Collective Bargaining Agreement with the Non-Metal Trade Union was signed on 26.01.2016, covering the 01.01.2016-31.12.2017 period.
- For Fritz Holding's Hungary Aszod Plant, a Collective Bargaining Agreement with the AMASZ Trade Union was signed on 21.10.2015 for a period of one year.
- At the Glasscorp Plant located in Romania, a 1-year Collective Bargaining Agreement with the Glasscorp Labor Union was signed on 17.01.2017, covering the 01.02.2017-31.01.2018 period.



A vision that prioritizes the continuity of labor harmony, by stating: “People First”

Legislation and Coordination Studies

As in previous years, meetings were held with the coordination of the Directorate of Industrial Relations in 2016, and the related units were informed about the changes in legislation in both labor law, and in occupational health and safety. During the coordination and educational meetings that were held, developments in industrial relations and the problems in implementation were evaluated, while information was exchanged.

In 2016, informational meetings were held in the area of labor law for senior executives of Şişecam Group; informative booklets prepared on this subject were distributed to the executives.

Activities to announce and comment on the implementation of laws, regulations and collective bargaining provisions in the workplace continued in 2016.

Meetings were held at the factories where employees and trade unions were informed about the sectoral positions of the groups.

In 2016, dialogue meetings continued to be initiated with labor unions to ensure the continuity of labor harmony in Şişecam Group operations.

OCCUPATIONAL HEALTH AND SAFETY

ŞİŞECAM OCCUPATIONAL HEALTH AND SAFETY POLICY

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

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

In this direction, we declare and undertake:

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

General Manager

Occupational Health and Safety Practices

Aiming to foster a Şişecam Occupational Health and Safety culture, the Group conducted projects and studies in 2016 both in response to legislation and global developments. In addition to these projects, support on OHS issues continued to be provided to all business units.

Audits for Occupational Health and Safety issues, which were included as part of workplace audits conducted by the Internal Audit Office in 2015, continued in 2016.

Together with the Internal Audit Office, audits were performed in 2016 at the following factories affiliated with the Group:

- Trakya Cam San. A.Ş. Trakya Plant
- Trakya Yenisehir Cam San. A.Ş.
- Denizli Cam San. A.Ş.
- Soda Lukovac d.o.o.
- Glass Corp S.A.
- Trakya Glass Bulgaria EAD Autoglass-Glass Processing Plant
- Trakya Glass Bulgaria EAD Flat Glass Plant
- Oxyvit Kimya Sanayii A.Ş.

The Occupational Health and Safety Audit Reports, prepared as a result of the audits conducted, were sent to the Internal Audit Office as well as the relevant group managements.

1- Studies were initiated at Trakya Glass Bulgaria EAD Flat Glass Plant to define the point of view on work safety. The point of view of the employees was identified after:

- Making face-to-face interviews with the employees and reporting detections;
- Carrying out an OHS survey for blue-collar employees;
- Performing site observations and inspections on technical issues for the determination of current situation;
- Examining three-year work accidents in the plant and making a root-cause analysis.

2- Occupational Health and Safety Week Celebrations

The Occupational Health and Safety Week events, held locally since 2013, were organized to cover all operations in Turkey and abroad in 2016. The paintings by the blue collar staff's children with the theme "Occupational Health and Safety: When My Mom/My Dad Is at the Plant" were evaluated. Six children in Turkey and six children abroad were presented with awards. The awards ceremony was held with the participation of senior management, the young award recipients and their families.

3- Inspections and controls were implemented in terms of occupational health and safety during the construction and relocation process of Tuzla Headquarters.

Weekly inspections were conducted in terms of occupational health and safety throughout the construction process, which started after the decision to move to the Tuzla Headquarters. Related reporting prepared in coordination with the OHS experts of the contractor firm were communicated to the Construction Directorate. The OHS activities that need to be executed pursuant to legal regulations after relocation started to be implemented rapidly. The studies continue with sensitivity and awareness formed among all employees.



Steady steps taken towards the development of occupational health and safety culture

4- Occupational health and safety trainings were provided to employers of Isicam (thermopane) producers, who are Trakya Cam's business partners.

A training program was prepared with the theme "Occupational Health and Safety Particular to Glass" for Isicam producer and dealer employers, who are business partners of Trakya Cam. Trainings organized in İstanbul, İzmir, Ankara, Adana, and Trabzon were attended by 175 persons from 120 dealers in these regions. During the training, OHS legislation, legal obligations, technical issues to pay attention to during glass processing, and issues that dealers should pay attention to and follow in the OSGB (Common Health and Safety Unit) services they receive were explained to attendees.

5- OHS Volunteer studies started in the factories in Turkey. OHS Volunteer studies were initiated in all plant units to increase awareness and ensure sensitivity that the occupational health and safety rules are obeyed as a regular habit during working hours.

6- The OHS Training Subjects portal was created within Şişecam Academy to enrich the content of OHS Trainings and to provide easy access.

The OHS Training Portal was created within Şişecam Academy Library to be accessible by all OHS Specialists and Workplace Doctors. The aim of this effort is to enrich the content used in OHS trainings given in the factories and increase sharing. The topic-based portal has started to be used in the Group's domestic factories.

INFORMATION AND COMMUNICATION TECHNOLOGIES

By prioritizing value creation within the Group, Information Technologies has set its strategic focus areas. In 2016, it carried on its portfolio through its IT service approach, which is compatible with the business units' expectations and needs, in line with Şişecam and IT strategies, providing cost saving and adding value, reducing risk, emphasizing legal and administrative liability requirements, and adopting technological developments and trends.

In 2016, value adding efforts such as projects and infrastructure services, which support business models that add value to our stakeholders and enable Group Companies to realize their flexibility, cost and efficiency targets in core operating areas, stood out.

The following were key priorities in 2016:

- Determination of technology strategy and focus areas,
- Lean and speed in the supply chain processes,
- Digitalization and lean in planning processes,
- Adaptation of digital vision and strategies,
- Efficient reporting,
- Integrated business planning approach,
- CRM.

Renewed Şişecam Technology Strategies..

A comprehensive study was initiated in June 2016 in order to determine the Technology Strategy of Şişecam Group. The Şişecam Technology Strategy Roadmap was established by examining the expectations and needs of the Groups, along with the international technological trends and innovations.

During the study, all needs and expectations of Şişecam Group were determined in the field with participants, from the heads of the departments to the foremen in the factories. After the study, "Smart, Digital, Productive" for Şişecam Group and "IT 2.0" Technology Strategies for IT, were formed and shared with the senior management. IT 2017-2021 Strategies were presented along with outcomes of this study.

Smart Şişecam -> Analyzer of Big Data, Enabler of Efficient Reporting with a Focus on Data Quality

The goal of the Smart Şişecam approach is to enable forecasts and modeling by identifying ownership of quality data, channeling it through required data patterns, analyzing and efficiently reporting it.

The Group Strategic Performance Indicators study enabled a single cockpit where the Group Financial KPI performances could be easily monitored. Detailed reports were presented to business units through a visual interface by expanding business intelligence practices. Under this strategy, Supply Chain Dashboard Reports were created to provide good quality data in a common format, from a single point for the Flat Glass and Glass Packaging Group. The Management Cockpit environment was developed as a set of operational reports on the results of the financial and logistic activities of the Chemicals Group and the Ruscam Group. Cockpit implementation of Financial Performance Reporting was developed. The HR Management Reporting System was established in order to ensure effective use of HR SAP systems. Authority Limit Reports were realized according to the published Authority Limits Table.

Digital -> Prioritizing Digitalization, Implementing Internet of Things, Focusing on Industry 4.0...

At Şişecam, Sales, Procurement, Production, Shipment, Finance, and Quality processes are aimed to be digitalized in real-time and realized simultaneously with an Industry 4.0 vision. A comprehensive road map is aimed, ranging from driverless forklifts to intelligent robots, from augmented reality applications to corrective maintenance, from internet of things to product simulations. In 2016, studies within this scope were initiated with the support of senior management, and the projects and processes selected according to the resources and priorities were transferred to the digital environment.

Quality Document and Management Systems at the Glassware and Glass Packaging Groups were moved to paperless, digital medium. Within the framework of Şişecam's digital vision, the Group's web sites' revisions have been completed, and republished. Processes such as RFID labeled product packages and warehouse areas, product placement through readers installed on forklifts, automatization of collection and shipment operations have been completed at the Flat Glass plants in Turkey and started operations.

The e-commerce logistics and financial process were designed to enable e-sales of Nude brand; e-commerce operations have started at www.nudeglass.com. The transfer of the flue gas values, which has to be measured as per legislation published by the Ministry of Environment and Urbanization, as well as gathering of the flue gas emission data in the factories on the digital medium, have been completed, and their submission to the Ministry have begun. The project aiming to manage the internal and external, financial and operational risks within the Group/units and facilities as well as the risks of compliance management has been finalized, and the process started to be managed on the digital environment. Mobile application solutions have been disseminated across the Group with the aim of easing use and speeding up processes by including HR Leave of Absence applications, Procurement Request, Proposal and Order Approvals, Document Management Transition, eBA Expense Receipt, eBA Starting Out to Work, eBA Energy Expenditures.

Productive Şişecam -> Uninterrupted, Sustainable, Lean, Effective Processes...

Value added productivity is aimed by providing access to the desired information through user friendly, flexible and easy-to-use interfaces, where the needs of business units are more closely identified, services are seamlessly provided, lean processes are involved, and infrastructure along with applications are consolidated. In this context, various projects have been taken into production in 2016, and innovation projects are in development.

The studies regarding Business Processes (ERP) Conversion Projects, S&OP Integration and Integrated Business Planning Projects continued. A CRM infrastructure has been developed for sales, marketing and customer services operations at the Flat Glass/Basic Glass and Paşabahçe Mağazaları A.Ş. by transitioning to the new version of the Chemicals Budgeting and Planning System: Lean principles and renovation were provided in sales, production planning, inventory balance, purchasing planning, investment planning, expense planning, cost, financing and financial processes. The Success Factors Succession module has been disseminated outside Turkey with implementations in Bosnia and Bulgaria. Within the Flat Glass Group, the planning software, which will help to make strategic decisions on the digital medium by carrying out the capacity fill rate per line and requirement planning of business areas in line with five year plan, has been launched into production.



Information and Communication Technologies supporting business models aiming to add value with speed, cost and efficiency goals

IT 2.0 -> Next Generation IT: Agile, Value Added Services, Focusing on Business Units Satisfaction, Using Shared Wisdom, Directing Business Units Technologically

Through the Information Technologies 2.0 strategy, the aim is to expand the "Possible" culture, to establish more agile, more flexible, and closer relationships with our stakeholders with a 2-Way (Bi-Modal) IT approach, to emphasize seamless service and business continuity with mobile solutions closely measuring business unit satisfaction and user experience, and to ensure cyber security. Additionally, the Information Technology 2.0 strategy carries out Technology and IT Communications, through the IT Communication Program, which was launched to share technology and IT performance with business units, make IT's contribution to the Group visible, and create value for business units. In this context, various projects have been initiated in 2016; within the 2017-2021 Strategy Road Map, the transition to IT 2.0 will continue to be felt effectively.

IT Professionals have successfully passed International Certificate Examinations (such as ITIL, SAP, SIM Strategy, CCSA, Oracle, Prince2, ISO 20000) after their training; they received 20 occupational specialization certificates in order to increase the level of knowledge and service quality. Under the goals of "Realizing Innovative Ideas" at Şişecam, 20 new ideas and projects, which have been initiated by IT, were launched. Corporate Cloud services continued to be invested in; in addition to IT Service Management applications, Office 365 Outlook e-mail access and 16 web sites were opened to the access of blue-collar employees via the cloud environment. Required systematic and procedural studies were realized within the scope of ISO/IEC 27001:2013 ISMS Certification process; six companies were certified in Phase 1, while other companies reached the final step in the documentation work. In order to better measure IT Service Quality and Performance, ITIL and COBIT-based, best-of-breed software has begun to be installed. After smartphones, the management of handheld terminals was also included in the scope of the Management and Security of Mobile Devices. Some 617 mobile devices were managed in application security, distribution and secure access to corporate resources.

Under the Relocation Program of Şişecam Headquarters to Tuzla, faster and more flexible working environments were enabled by implementing new technologies. Corporate wireless network access is provided in all work areas through the Wireless Network Access Project. Visitor internet access was provided for visitors in accordance with Law 5651. Access to the common telephone directory, and use of voice and video communication facilities were provided via the telephone systems in the new offices. The integration of video conferencing systems and video phones were provided through the Skype application, with a dynamic, flexible communication medium prepared. Information screens and LED screens for use in presentations, Video Conferencing Systems, telephones providing video calls, and wireless video transmission facilities have been provided on all floors, and in exterior meeting rooms, while meeting rooms equipped with new technologies have been prepared. For Şişecam Headquarters, Corporate TV and channel broadcasting facilities, which serve as video wall, digital poster, news broadcast and message board, have been put in use in the TV café, dining hall, kitchen and social areas. Within the Green IT concept, 30% paper and cost savings were achieved through the use of ID cards for printing out as well as application of quotas. The secure receipt of print outs was provided in compliance with IS27001 information security policies. Reduction of the carbon footprint and financial savings were achieved through savings on paper, while raising the awareness of environment consciousness through employees.

New Businesses (M&A, Merger, Divestitures)

As part of company divestitures and merger efforts, M&A IT Due Diligence study, CA Eskişehir Factory IT divestiture study, incorporation of Şişecam Flat Glass Italy as a new legal entity to Group IT infrastructure and Group business processes, ERP system transitions required for Pokrovsky Ruscam Holding merger and Şişecam Otomotiv A.Ş. divestiture, the installation of SAP-ERP of Şişecam Çevre A.Ş. and integration work with Şişecam have been completed.

CORPORATE SOCIAL RESPONSIBILITY

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 Archeology 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 history-enthusiasts 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 12 collections – including Ottoman, Blue and White on Glass, Artistic Writing on Glass, Enameled Glass, Mosaics, Anatolian Civilizations, 7, Ashura, Istanbul, Crystalline Chinas, Talking Moneys/Coins, and Zevk-i Selim – have been arranged to date. History-Culture-Glass Collections continue to expand with new series and designs such as “Folk Dances” and “Palace Cuisine.”

Paşabahçe Mağazaları released a new collection named “Omnia” in 2015, when Paşabahçe celebrated its 80th anniversary, in addition to its History-Culture-Glass Collections. With the Omnia Collection, traditional glassware products such as Çeşm-i Bülbül (Eye of the Nightingale), Beykoz, and Nazarlık (Evil Eye) were interpreted with a modern style and offered for the appreciation of glass enthusiasts.

Serçe Harbor 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 Harbor Glass Wreck, which played a major role in advancing underwater archaeology, glass manufacturing and recycling.

The Serçe Harbor 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 35 years ago. The excavation findings included two tons of broken glass nuggets and about one ton of glass cullets, 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 program, Şişecam awarded scholarships totaling TRY 3,678,742 to staff and their children in 2016.

In addition, Şişecam constructed the Private Şişecam Vocational and Technical Anatolian High School in Mersin with the aim of educating more young people in a vocation. The facility was built in conjunction with the “Project for Improving Vocational Education” conducted by the Governor's Office of Mersin. Located on the Tarsus Organized Industrial Site and comprising 24 classrooms and one workshop, the high school was donated by Şişecam to the Ministry of National Education. Some 486 students attended the school in the 2015-2016 academic year.

CONTRIBUTION TO ENVIRONMENTAL VALUES

Forestation

Areas between five to ten acres within the sites of the Group's facilities are set aside as forest area while Şişecam Memorial Forests are also brought to life in all regions where the Group conducts operations. To this end, Camış Madencilik A.Ş. boasts a Şişecam Memorial Forest that has reached 1,489 acres (368 dunams) in a culmination of forestation efforts initiated in 2000 in the Yalıköy area, where its pit and facilities are located. Thanks to its sapling planting activities launched in the Cankurtaran region, Denizli Cam Sanayii ve Ticaret A.Ş. created a mini forest with grown trees on an area of 12 acres (three dunams). There are approximately 6,500 trees and saplings on the plant site, nearly 50% of which is wooded area.

Soda Sanayii A.Ş. initiated planting activities in 2006 in the Mersin region. Efforts to set aside forest areas and plant trees continue to be carried out every year. During the 11th Tree Planting Festival in 2016, 3 thousand saplings were planted by the families of employees and retirees. Some 37 thousand trees have been planted since the festival commenced.

Project for the Protection of the Population of Kazanlı Sea Turtles

The Kazanlı coast in Mersin province stands out as one of the world's most important spawning areas of endangered sea turtle species. Under the Project for the Investigation, Examination and Protection of the Populations of Kazanlı Sea Turtles in Mersin Province, ongoing since 2007 in cooperation with Soda Sanayii A.Ş. and Mersin University, protection is provided for the nesting sites of the endangered species “Caretta Caretta” and “Chelonia Mydas” turtles. Thanks to this



A unique project, bringing the past of the glass to today and into the future: Glass Works Collection

critical initiative, the number of nests has increased steadily since 2007, with 1,705 sea turtle nests recorded in 2016 – an all-time high.

In addition, as part of the efforts to raise awareness, the Company educated the local population on the subject while carrying out initiatives to protect the endangered sea turtles.

The Kazanlı Beach Spring Cleaning event, held with the participation of Soda Sanayii A.Ş. employees in collaboration with Mersin University academics on May 19, 2016, resulted in 500 volunteers helping to clean the sea turtles' living environment.

The “Glass and Glass Again” Project

Launched in 2011 by Şişecam in cooperation with ÇEVKO Foundation and local governments, the “Glass and Glass Again” project is one of the most comprehensive sustainability

and social responsibility initiatives in Turkey. Designed to create change in social behavior and support the transition to a recycling aware society, the project 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.

In 2016 under the project, 4,500 glass recycling bins were produced and 30 thousand students were trained on glass recycling. During the 2011-2016 period, 233 thousand primary school students have received training in recycling under the “Glass and Glass Again” project. In addition, a total of 17,400 glass bottle bins have been donated and 740 thousand tons

of glass packaging waste have been recycled. The resulting reduction in carbon emissions is equivalent to taking 266,500 cars off the roads while the amount of energy saved was enough to meet the heating and hot water needs of 31 thousand households. Şişecam also collaborated with 175 district municipalities in 22 provinces to raise social awareness on the issue, improve the infrastructure for collection, and streamline facilities for glass recycling.

Glass and Glass Again Receives “Green Point Industry Award”
The Şişecam Group was presented with the Green Point Industry Award in recognition of its efforts under the “Glass and Glass Again” initiative. The competition was held for the third time by the ÇEVKO Foundation this year, under the “Social Responsibility Practices with an Environment Theme” category.

In order to increase public awareness, communication outreach for the project was designed with a 360 degree approach, with efforts continuing to support recycling activities throughout the year. Under the project, attention was drawn to the issue with different communication activities aimed at the target mass audience. The campaign emphasized the importance of glass recycling for a sustainable future. Examples from the communication activities executed as part of the project included:

World of the Glass Activity

During this activity, elementary school children had the opportunity to observe and experience the recycling process, which they have been informed about in practice. The process begins from glass packaging production, coming to the table as a beverage, entering the recycling process as glass waste, and then going through production again.

World of the Glass efforts were conducted around the “Don’t Dump That Power” theme along with the cooperation of the supported municipalities. In total, some 13 thousand children and their families were informed about glass recycling.

Street Market Activity

The importance of recycling and its contribution to the environment was communicated to homemakers in a pleasant and unique way via street market activities, where beverages were offered in glass packaging on the counters, which were built in the street markets. These efforts – during which an invitation was extended with the message “Bring the empty bottle, save the future” – resulted in the recycling of thousands of glass bottles and raised awareness among some 6 thousand people.

Glass and Glass Again, Istanbul Child and Youth Art Biennial Workshop Sponsorship

The Glass and Glass Again Project sponsored a workshop during the 4th Istanbul Children and Youth Art Biennial. The artworks of children and young people from Turkey and abroad met with attendees of the Biennial. The event was organized by the Palet Culture Art and Education Association with the corporate partnership of the Provincial Directorate of National Education and the Educational Volunteers Foundation of Turkey (TEGV) between April 19 and May 23.

Şişecam Group’s Glass and Glass Again Workshop was designed around the Biennial’s 2016 concept “Awakening Service,” and focused on generating awareness about recycling and the environment. The importance of glass recycling



and the contribution of recycling to the environment was communicated to the young participants via plastic arts and applied activities carried out during the workshop. Throughout the Biennial, the glass recycling bins were painted with the help of children together with instructors. The glass bottle bins were transformed into glass-saving heroes and received a great deal of positive attention.

Under Şişecam Group’s sponsorship efforts:

- Şişecam set up the Glass and Glass Again Workshop in Antrepo-I where the Biennial took place.
- The interior design of the workshop was shaped by designs that describe the glass recycling adventure and recycling benefits.
- Thanks to the special design of the workshop, awareness was raised among the visitors of the Biennial about Glass and Glass Again as well as recycling.
- Art activities were prepared to reinforce the importance of glass recycling. These activities were performed by special art instructors at 14 workshop sessions for 8-12 year old children
- An interactive computer game, which was specially designed for children, could be played by visitors via the screen placed inside the workshop area. With the computer game, the children have contributed to preserving natural resources by throwing glass bottles in the glass bottle bins.
- During the Biennial, Şişecam’s Glass and Glass Again Workshop welcomed 5 thousand visitors, by hosting project recycling events and other activities. A total of 25 thousand people were granted access through the Biennial.

Glass and Glass Again on Social Media!

Glass and Glass Again Facebook and Instagram accounts were launched in April to reinforce Şişecam Group’s approach on protection of the environment and nature and to enable the project to reach a wider audience. The social media accounts inform followers about glass recycling and provide information about communication activities. Moderators also answer questions from followers about recycling.



One of Turkey’s most comprehensive sustainability and social responsibility projects: Glass and Glass Again

Glass and Glass Again worked to increase the number of followers of its social media accounts, garnering 17,500 on Facebook by end-December. The project’s Instagram account also continues to attract interest.
Instagram / CamYenidenCamProject
Facebook / camyenidencam

CONTRIBUTION TO SPORT

Şişecam Çayirova Sport Club

The Çayirova Sports Club was originally founded by Şişecam under the name Çayirova Sailing Sports Club with the objective of attracting young people to sports and contributing to the physical and moral development of youth through sports activities. After having started operations at the Çayirova 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 120 athletes and managers, the Club trains young athletes in the sports of sailing, rowing and canoeing. In 2016, the Club sent five athletes and one trainer cano branch in addition to three rowers and one trainer to the National Rowing Team.

The Club rowing team members achieved successful results in the international competitions that they attended in 2016, winning one gold, three silver, and three bronze medals. In the Youth European Championship held in Lithuania, our girls competed for the first time in the A finals and were ranked

sixth. In the Turkish Championship, they won one gold and three bronze medals.

The sailing team also recorded successful results in 2016. The Club’s athletes participated in a total of 24 races under the Turkish Sailing Federation program during the 2016 season – 12 local, 10 national and two international. The sailing team won 24 gold, 30 silver, and 17 bronze medals at these events. In the Pirat League of Turkey, the sailing team members placed first in the youth category and fourth in the adult category. These athletes were selected to the 2017 Pirat National Team and qualified to participate in the European Championship to be held in Germany.

Şişecam Çayirova Sports Club’s canoe team had a successful season with the awards it won in national and international competitions in 2016. The Club’s team won one gold and one bronze medal in the International Canoe Sprint Races attended by eight countries in Antalya; five gold, four silver and one bronze in the Turkey Flat Water Canoe Cup races; four gold, six silver, and one bronze in the Turkey Flat Water Canoe Championship; three gold, two silver, and one bronze in the Flat Water Canoe Olympic Hopes races. One Club athlete – Abbas Anıl Şen – raced with the national team in the finals during the Olympic Hopes Regatta race held in Hungary. He placed eighth among 36 athletes in his category. The Club’s canoe team members won four gold, five silver, and three bronze medals in the Sea Canoe Turkish Championship in May. They once again went on to win the Championship Cup, as they do every year, by leaving all other clubs behind in the overall rankings.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES



Effective risk management and internal audit processes in an intensive domestic and international competitive environment

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, intensified international conflicts of interests, security problems triggered by the geopolitical factors, technological developments, also called the fourth industrial revolution, dramatic consequences of climate change and social problems have turned the world into a place, which harbor different political, economic, and environmental risks compared to the past.

The fact that global risks begin to affect the lives of people, companies and governments in new and unusual ways differentiates the point of view on the risks all over the world and has greatly increased the importance of risk management as a discipline. In this context, as in previous years, the effectiveness of risk management and internal audit processes was constantly monitored in 2016, and the two functions that constitute important elements of corporate governance were managed with a wider perspective and more effectively. Within this framework, our Group takes a proactive approach to managing existing and potential risks and continues its audit activities with a risk-focused perspective.

At Şişecam Group, risk management and internal audit activities have been structured under the parent company. The activities are directly reported to the Board of Directors of the parent company in coordination with the CEOs, managing the core operational areas. The results of regular and planned meetings held with the “Risk Committee”, the “Audit Committee”, and the “Corporate Governance Committee”, which have been established in Şişecam Group companies listed in 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 and environment of Şişecam Group, 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. In 2016, 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 as one of the results of the mentioned conditions and to effectively manage the ambiguities caused by global developments. In this context, the scope of the integrated risk management platform, MicroSCOPE, which has been launched accordingly, has been expanded and the risk management and insurance functions were ensured to be handled in a much higher coordination. The time spent in the field was increased in order to manage risks more effectively and disseminate risk culture.

The activities of the risk management function, organizationally located under the parent Company, are realized in a manner to ensure absolute compliance with legal requirements. Coordination with Group CEOs who manage key areas of the Group's activities is ensured in a similar manner to that of previous years, namely to manage risks on the basis of action plans in accordance with the determined and prioritized risk appetite; the reporting activities to ensure healthy monitoring of the process are also 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.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş. CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2016 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)

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



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

Report on the Türkiye Şişe ve Cam Fabrikaları A.Ş. Financial Statements

1. We have audited the accompanying consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the “Company”) and its Subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Consolidated Financial Statements

2. Group’s management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor’s Responsibility

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

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor’s professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code (“TCC”) No: 6102; auditor’s report on the early risk identification system and committee has been submitted to the Company’s Board of Directors on 6 March 2017.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company’s bookkeeping activities for the year from 1 January to 31 December 2016 is not in compliance with the code and provisions of the Company’s articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

İstanbul, 6 March 2017

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Consolidated Statement of Financial Position
at 31 December 2016 and 31 December 2015

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

ASSETS	Notes	31 December 2016	31 December 2015
Current Assets			
Cash and cash equivalents	6	3.205.423.164	3.144.342.101
Financial assets	7	56.820.745	2.634.402
Trade receivables	10,37	2.043.928.684	1.404.874.592
– Due from related parties	37	32.059.603	15.460.616
– Other trade receivables	10	2.011.869.081	1.389.413.976
Other receivables	11,37	49.578.899	30.671.614
– Due from related parties	37	-	3.545.561
– Other receivables	11	49.578.899	27.126.053
Derivative instruments	12	831.014	89.509.896
Inventories	13	1.959.873.426	1.669.185.184
Prepaid expenses	14	172.770.928	85.265.922
Current income tax assets	35	33.565.530	11.664.753
Other current assets	26	167.204.122	131.296.178
Subtotal		7.689.996.512	6.569.444.642
Assets held for sale	34	203.848	203.848
Total Current Assets		7.690.200.360	6.569.648.490
Non-current Assets			
Financial assets	7	1.081.127.635	79.408.878
Other receivables	11	30.630.753	40.027.518
Investments accounted for under equity accounting	16	601.400.436	562.724.279
Investment properties	17	582.132.240	534.318.624
Property, plant and equipment	18	8.633.325.814	7.347.837.880
Intangible assets	19,20	147.607.897	130.499.614
– Goodwill	20	38.157.768	32.197.437
– Other intangible assets	19	109.450.129	98.302.177
Prepaid expenses	14	72.659.975	136.720.703
Deferred tax assets	35	300.462.046	233.497.108
Other non-current assets	26	12.948.792	28.179.844
Total non-current Assets		11.462.295.588	9.093.214.448
TOTAL ASSETS		19.152.495.948	15.662.862.938

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Consolidated Statement of Financial Position
at 31 December 2016 and 31 December 2015

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

LIABILITIES	Notes	31 December 2016	31 December 2015
Current Liabilities			
Short term borrowings	8	1.166.033.425	658.119.434
Short term portion of long term borrowings	8	821.241.355	582.730.322
Trade payables	10,37	969.120.087	755.880.423
– Due to related parties	37	74.442.378	57.994.292
– Other trade payables	10	894.677.709	697.886.131
Liabilities for employee benefits	24	28.541.748	22.114.028
Other payables	11,37	138.203.964	44.687.752
– Due to related parties	37	5.092.827	3.642.577
– Other payables	11	133.111.137	41.045.175
Derivative instruments	12	41.581.851	1.557.339
Deferred income	14	125.310.071	89.758.933
Current income tax liabilities	35	63.112.233	25.839.649
Short term provisions	22,24	64.756.877	52.736.477
Other current liabilities	26	166.193.892	77.688.707
Total Current Liabilities		3.584.095.503	2.311.113.064
Non-current Liabilities			
Long term borrowings	8	3.792.914.424	3.373.302.917
Other payables	11	38.749.792	58.349.795
Deferred income	14	60.953.732	51.834.910
Provisions for employment benefits	24	278.419.503	261.989.161
Deferred tax liabilities	35	67.740.062	103.736.766
Total Non-current Liabilities		4.238.777.513	3.849.213.549
Total Liabilities		7.822.873.016	6.160.326.613
EQUITY			
Equity holders of the parent	27	8.546.311.584	7.466.335.836
Equity holders of the parent		2.050.000.000	1.900.000.000
Adjustments to share capital		241.425.784	241.425.784
Share premium		527.051	527.051
Other comprehensive income/(expense) not to be reclassified to profit or loss		1.672.914.261	1.640.971.007
– Gain/(loss) on revaluation and remeasurement		1.672.914.261	1.640.971.007
– Revaluation gain/(loss) on tangible assets		1.671.014.581	1.641.917.323
– Funds for actuarial gain/(loss) on employee termination benefits		1.899.680	(946.316)
Other comprehensive income/expense to be reclassified to profit or loss		476.995.012	106.972.504
– Currency translation differences		477.575.378	115.048.155
– Hedging reserves		(832.955)	(8.148.982)
– Gain/(loss) on revaluation and classification		252.589	73.331
– Revaluation and/or classification gain/loss on financial assets		252.589	73.331
Restricted reserves		99.057.518	80.717.155
Retained earnings		3.262.034.117	2.772.959.150
Net profit for the period		743.357.841	722.763.185
Non-controlling Interests	27	2.783.311.348	2.036.200.489
Total Equity		11.329.622.932	9.502.536.325
TOTAL LIABILITIES AND EQUITY		19.152.495.948	15.662.862.938

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Income

for the Years Ended 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	28	8.421.668.181	7.415.128.590
Cost of sales (-)	28	(5.891.553.333)	(5.236.172.104)
Gross profit from trading activity		2.530.114.848	2.178.956.486
General administrative expenses (-)	29,30	(756.362.516)	(691.048.377)
Marketing expenses (-)	29,30	(912.295.919)	(757.874.683)
Research and development expenses (-)	29,30	(73.977.214)	(63.243.943)
Other operating income	31	488.731.974	471.871.795
Other operating expenses (-)	31	(283.724.705)	(322.895.795)
Income from investments in associates and joint ventures	16	105.911.824	64.634.209
Operating profit		1.098.398.292	880.399.692
Income from investing activities	32	223.262.869	193.949.918
Expenses from investing activities (-)	32	(11.657.671)	(48.125.101)
Operating profit before financial income and expenses		1.310.003.490	1.026.224.509
Financial income	33	1.108.320.379	1.588.443.745
Financial expenses (-)	33	(1.243.944.063)	(1.715.085.365)
Profit/loss before tax from continued operations		1.174.379.806	899.582.889
Tax income/expense from continued operations		(134.351.171)	(94.716.442)
– Taxes on income	35	(206.437.229)	(180.429.041)
– Deferred tax income	35	72.086.058	85.712.599
Profit for the period		1.040.028.635	804.866.447
Attributable to			
– Non-controlling interest	27	296.670.794	82.103.262
– Equity holders of the parent	27	743.357.841	722.763.185
Earnings per share	36	0,3626	0,3526

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Comprehensive Income

for the Years Ended 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Profit/loss for the Period	27	1.040.028.635	804.866.447
Other Comprehensive Income:			
Items not to be reclassified to profit or loss on other comprehensive	27	99.725.387	1.601.083.387
Revaluation gain on tangible assets		109.155.689	1.746.700.056
Funds for actuarial gain/loss on employee termination benefits		4.553.499	10.030.583
Items not to be reclassified to profit or loss on other comprehensive			
Income from investments accounted for under equity accounting		208.087	2.757.397
for under equity accounting			
Deferred tax loss		(14.191.888)	(158.404.649)
Items to be reclassified to profit or loss on other comprehensive	27	361.235.675	89.736.147
Currency translation differences		351.819.066	115.690.261
Fair value gain/ (loss) on financial assets		188.692	(11.345)
Gains/(losses) on cash flow hedging		11.546.690	(32.429.170)
Deferred tax gain/ (loss)		(2.318.773)	6.486.401
Other Comprehensive Income/ (Loss)		460.961.062	1.690.819.534
Total Comprehensive Income		1.500.989.697	2.495.685.981
Attributable to			
– Non-controlling interest		314.051.792	362.163.266
– Equity holders of the parent		1.186.937.905	2.133.522.715
Earnings per share	36	0,5790	1,0407

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Consolidated Statements of Changes in Equity
for the Years Ended 31 December 2016 and 2015
(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Paid-in Capital	Adjustment to Capital	Treasury Shares (-)	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Attributable to Equity Holders of the Parent	Non Controlling Interest	Equity
Balance at 1 January 2015	1.700.000.000	241.425.784	527.051	358.303.237	(21.156.777)	70.442.411	2.929.708.408	413.194.370	5.692.444.484	1.546.815.081	7.239.259.565
Transfer	-	-	-	-	-	10.274.744	402.919.626	(413.194.370)	-	-	-
Total comprehensive income/ (loss)	-	-	-	1.282.630.249	128.129.281	-	-	722.763.185	2.133.522.715	362.163.266	2.495.685.981
Capital increase	200.000.000	-	-	-	-	-	(200.000.000)	-	-	8.960.832	8.960.832
Dividends	-	-	-	-	-	-	(90.000.000)	-	(90.000.000)	(20.617.298)	(110.617.298)
Increases/decreases due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	37.521	-	-	(328.558.661)	-	(328.521.140)	328.521.140	-
Transactions with non-controlling interest	-	-	-	-	-	-	58.889.777	-	58.889.777	(189.642.532)	(130.752.755)
Balance at 31 December 2015	1.900.000.000	241.425.784	527.051	1.640.971.007	106.972.504	80.717.155	2.772.959.150	722.763.185	7.466.335.836	2.036.200.489	9.502.536.325

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

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Consolidated Statements of Changes in Equity
for the Years Ended 31 December 2016 and 2015
(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Paid-in Capital	Adjustment to Capital	Treasury Shares (-)	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Attributable to Equity Holders of the Parent	Non Controlling Interest	Equity
Balance at 1 January 2016	1.900.000.000	241.425.784	527.051	1.640.971.007	106.972.504	80.717.155	2.772.959.150	722.763.185	7.466.335.836	2.036.200.489	9.502.536.325
Transfer	-	-	-	-	-	18.340.363	704.422.822	(722.763.185)	-	-	-
Total comprehensive income/ (loss)	-	-	-	68.412.104	370.022.508	-	5.145.452	743.357.841	1.186.937.905	314.051.792	1.500.989.697
Capital increase	150.000.000	-	-	-	-	-	(150.000.000)	-	-	-	-
Impact of the merge including the entities and under common control	-	-	-	-	-	-	432.830	-	432.830	136.272	569.102
Dividends	-	-	-	-	-	-	(250.000.000)	-	(250.000.000)	(90.784.497)	(340.784.497)
Increases/ decreases due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	(36.468.850)	-	-	(403.753.266)	-	(440.222.116)	440.222.116	-
Transactions withnon-controlling interest	-	-	-	-	-	-	582.827.129	-	582.827.129	83.485.176	666.312.305
Balance at 31 December 2016	2.050.000.000	241.425.784	527.051	1.672.914.261	476.995.012	99.057.518	3.262.034.117	743.357.841	8.546.311.584	2.783.311.348	11.329.622.932

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

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Consolidated Cash Flows Statements
for the Years Ended 31 December 2016 and 2015
(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		844.917.611	713.670.664
Net profit for the period	27	1.040.028.635	804.866.447
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		716.606.298	706.273.159
– Depreciation and amortization	3,18,19	809.641.194	738.188.919
– Adjustments for impairments/reversals	10,11,13,18,26	34.533.796	62.653.310
– Changes in provisions	22,24	73.700.033	61.528.773
– Dividend income	32	(15.253)	(1.611.440)
– Interest income and expenses	8,31,33,37	81.400.341	156.015.889
– Unrealized exchange loss/ (gain) on cash and cash equivalents.	31,33	(75.537.931)	(120.989.622)
– Adjustments for fair value loss/ (gain)	7,32	(200.948.536)	(108.019.833)
– Income from associates (net)	16	(105.911.824)	(64.634.209)
– Adjustments for tax income/ losses	35	134.351.171	94.716.442
– Gain/ losses on sale of tangible assets	32	(10.641.409)	(72.070.572)
– Other adjustments related to profit/loss reconciliation	26	(23.965.284)	(39.504.498)
Changes in net working capital		(491.362.819)	(313.106.187)
– Increases/decreases in trade receivables	3,10,27,31,37	(555.934.898)	(182.079.137)
– Increases/decreases in other receivables	11,16,31,37	(14.074.728)	(11.647.312)
– Marketable securities held for sale	12,33	105.557.253	8.229.407
– Increases/decreases in inventories	3,13	(286.180.871)	(253.950.108)
– Increases/decreases in trade payables	10,31	200.156.071	82.869.735
– Increases/decreases in other payables	11,14,26,27,37	96.313.308	25.716.680
– Other increases/decreases in net working capital	14,26,27	(37.198.954)	17.754.548
Cash flows from operating activities		1.265.272.114	1.198.033.419
– Interest paid	8,31,33,37	(251.569.334)	(261.537.113)
– Interest received	31,33,37	77.434.562	36.360.842
– Employment termination benefits paid	24	(41.754.358)	(42.871.649)
– Taxes paid	35	(204.465.373)	(216.314.835)

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Consolidated Cash Flows Statements
for the Years Ended 31 December 2016 and 2015
(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
B. CASH FLOWS FROM INVESTING ACTIVITIES		(1.812.227.767)	(877.982.809)
– Cash inflows from the sale of shares in other entities or funds or debt instruments	7	43.365.877	12.024.756
– Cash out flows due to purchase of shares in other entities or funds or debt instruments	7	(962.533.528)	(28.807.304)
– Cash out flows due to the acquisition a subsidiary	3	(124.208.930)	-
– Proceeds from sale of tangible and intangible assets	8,18,19	119.819.641	136.768.185
– Cash outflows due to purchases of tangible and intangible assets	8,18,19	(1.158.437.652)	(1.105.876.065)
– Proceeds from sale of assets held for sale	11	952.365	952.365
– Advances given	14	(195.221.956)	(354.270.759)
– Proceeds from advances given	14	265.197.810	326.955.795
– Dividend income	16,26,32	81.440.786	60.804.083
– Interest received	6,32,33	109.218.774	74.232.265
– Other cash inflows/outflows	10,11,26	8.179.046	(766.130)
C. CASH FLOWS FROM FINANCING ACTIVITIES		364.564.376	16.357.101
– Proceeds from changes in ownership rate of subsidiaries that do not result in control cease	27	689.785.471	85.496.102
– Cash out flows due to changes in ownership rate of subsidiaries that do not result in control cease	11,27	(49.039.961)	(123.641.359)
– Proceeds from issue of the instruments regarding to share and other equity	27	-	8.960.832
– Proceeds (cash outflows) from impact of the merge of the entities and under common control	27	19.745	-
– Proceeds from borrowings	8	1.622.990.990	1.692.352.214
– Repayments of borrowings	8	(1.557.283.161)	(1.534.771.653)
– Financial leases paid	8	(1.124.211)	(1.421.737)
– Dividends paid	27	(340.784.497)	(110.617.298)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(602.745.780)	(147.955.044)
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		625.872.830	515.130.443
NET (INCREASE)/(DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		23.127.050	367.175.399
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	3.140.566.060	2.773.390.661
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	3.163.693.110	3.140.566.060

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
at 1 January - 31 December 2016
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

1. Group’s Organizations and Nature of Operations

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the “Group”) consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the “Company”), 61 subsidiaries, 4 joint venture and 2 associates.

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

The Group was established 81 years ago by Türkiye İş Bankası A.Ş. (“İş Bankası”) in Turkey, being one of the largest Turkish private commercial banks. The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. (“BİST”), formerly named as İstanbul Stock Exchange (“İSE”), since 1986. As of 31 December 2016, İş Bankası holds 65,47% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

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

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

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 adress: sisecam@hs03.kep.tr
Web site: www.sisecam.com

Trade Register Information of the Company

Registered at: İstanbul Ticaret Sicil Memurluğu
Registry no: 21599
Central Legal Entity Information System: 0-8150-0344-7300016

Personnel structure of the Group

	31 December 2016	31 December 2015
Personnel paid by monthly	6.733	6.791
Personnel paid by hourly	14.982	14.258
Total	21.715	21.049

953 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 2015: 955 employees).

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
at 1 January - 31 December 2016
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

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, and patterned glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and sales of flat glass	Turkey
Şişecam Otomotiv A.Ş. (2)	Production and sales of automotive glass	Turkey
Trakya Glass Bulgaria EAD	Automatic production and sales of flat glass, laminated, coated glass, and mirror	Bulgaria
Şişecam Flat Glass Italy S.R.L (3)	Production and sales of flat glass	İtalya
Şişecam Automotive Bulgaria EAD	Production and sales of automotive glass and white goods	Bulgaria
Glasscorp S.A.	Production and sales of automotive glass and white goods	Romania
Trakya Autoglass Holding B.V.	Finance and investment company	Holland
Trakya Investment B.V.	Finance and investment company	Holland
Şişecam Flat Glass Holding B.V. (4)	Finance and investment company	Holland
TRSG Glass Holding B.V.	Finance and investment company	Holland
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	Holding services	Germany
Richard Fritz Spol S.R.O.	Glass encapsulation production and sales services	Slovakia
Richard Fritz Prototype+Spare Parts GmbH	Glass encapsulation production and sales services	Germany
Richard Fritz Kft	Glass encapsulation production and sales services	Hungary

Joint Ventures	Nature of business	Country of registration
HNG Float Glass Limited	Production and sales of flat glass and 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. (5)	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Eskişehir Oluklu Mukavva Sanayi A.Ş. (6)	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	Holland
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 (Shangai) Trading Co. Ltd.	Sales and marketing services	China

Türkiye Şişe ve Cam Fabrikaları A.Ş.
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. (1)	Production and sales of glass packaging	Turkey
Anadolu Cam Yenişehir Sanayi A.Ş.	Production and sales of glass packaging	Turkey
Anadolu Cam Eskişehir Sanayi A.Ş.	Production and sales of glass packaging	Turkey
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 Ruscam	Production and sales of glass packaging	Russia
OOO Ruscam Glass	Production and sales of glass packaging	Russia
OOO Energosystems	Leasing of industrial materials	Russia
CJSC Brewery Pivdenna	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine
JSC Mina	Production and sales of glass packaging	Georgia

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

Chemicals Group

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

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

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

Other

Subsidiaries	Nature of business	Country of registration
Camış Limited	Foreign purchasing services	England
SC Glass Trading B.V.	Import and sales services	Netherlands
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey
Şişecam Enerji A.Ş.	Storage and sales of natural gas and electricity trade	Turkey
Camış Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Şişecam Çevre Sistemleri A.Ş. (4)	Collection, sorting, processing, recycling	Turkey

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
at 1 January - 31 December 2016

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

1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

(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	BİST 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 2016, Türkiye Şişe ve Cam Fabrikaları, Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Soda Sanayii A.Ş. are traded in BIST-30, BIST-50 and BIST-100 respectively. Denizli Cam Sanayii ve Tic. A.Ş. is traded in BIST-ALL shares national index.

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, completed the Periodic Revision Report on Corporate Governance Rating. The corporate governance rating score of 93.53 (9.35 out of 10) that we declared on 18 December 2015 was revised upward to 94.41 (9.44 out of 10) on 16 December 2016 after continuous improvement efforts our company made in the field regarding 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	As of 16 December 2016	As of 18 December 2015
Shareholders	%25	95,36	95,36
Public disclosure and transparency	%25	96,98	95,81
Stakeholders	%15	96,70	95,51
Board of directors	%35	90,92	89,75
Average rating	%100	94,41	93,53

Türkiye Şişe ve Cam Fabrikaları A.Ş. is included in the scope of 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 1 July 2016. (The company is placed in the first group according to the World Corporate Governance Index (WCGI) which was published by SAHA on 7 August 2015)

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
at 1 January - 31 December 2016

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

1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

- (2) Within the scope of the article 159 and 179 of the Turkish Commercial Code No. 6102, the provisions of article 19 and 20 of the Corporate Income Tax Law (ITL), 6362 numbered Capital Market Law (CML) and 11-23.2 numbered “Mergers and Divisions Communiqué” (Communiqué) provisions of The Capital Markets Board, in the Trakya Cam Sanayii A.Ş., approval No. 29833736-1 İ.06-E.5106 dated 29 April 2015 is granted by Capital Markets Board to the announcement prepared pursuant to the CML and Communiqué in the simplified spin off which will take place by the transfer of all assets, liabilities, rights and obligations situated in the business integrity of the auto glass business within the structure of Trakya Cam Sanayii A.Ş., one of the subsidiaries of the Group. Spin off transaction is approved in the extraordinary genel meeting held on 27 June 2016.
- (3) The company established a 100% owned subsidiary on 2 May 2016 in Italy, starting operations on 31 October 2016 by acquisition assets of Sangalli Vetro Porto Nogaro in Italy, including its financial debts.
- (4) Şişecam Flat Glass Holding B.V. is established on 11 November 2016 and Şişecam Çevre Sistemleri A.Ş. is established on 6 April 2016.
- (5) In the extraordinary general meeting held on 28 June 2016, it was decided to merge nonconsolidated subsidiary Company Paşabahçe Yatırım ve Pazarlama A.Ş., which is accounted for under non-current financial assets since it is not material for consolidated financial statements, with Paşabahçe Mağazaları A.Ş.
- (6) Camiş Ambalaj Sanayi AŞ's, company's subsidiary's, assets, liabilities, rights, and duties which are in the business of corrugated packaging, were transferred to Eskişehir Oluklu Mukavva Sanayi AŞ, which has been recently established through a spin-off with giving shares to owners values of the Tax Procedural Law dated 30 June 2016 within the framework of Article 19 (3) b of the Corporate Tax Law no. 5520, Articles 159-179 of the Turkish Commercial Code, provisions of the “Communique on Procedures and Principles regarding Partial Spin-off of Joint Stock Companies and Limited Liability Companies” issued by the Ministry of Finance and Ministry of Industry and Commerce. The spin-off was accepted in the extraordinary general assembly meeting held on 27 December 2016 and made official on 2 January 2017.

In the scope of reorganizing of shareholder structure, Glass Packaging Group merged PAO Ruscam Pokrovsky, one of our subsidiary, in OOO Ruscam Glass Packaging Holding on 28 November 2016.

In accordance with the Board of Directors' Decision No. 27 of Paşabahçe Cam Sanayii ve Tic. A.Ş.,one of our subsidiary, dated 14 October 2016, it was decided that the Mersin Factory in Paşabahçe Cam Sanayii ve Tic. A.Ş. legal entity ceases its operating on 14 November 2016.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
at 1 January - 31 December 2016

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

1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

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

Subsidiaries of Flat Glass Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Trakya Cam Sanayii A.Ş.	69,45	69,45	69,79	69,79
Trakya Yenışehir Cam Sanayii A.Ş.	100,00	74,03	100,00	74,32
Çayırova Cam Sanayii A.Ş.	100,00	91,40	100,00	91,50
Trakya Polatlı Cam Sanayii A.Ş.	100,00	74,03	100,00	74,32
Şişecam Otomotiv A.Ş.	100,00	69,45	-	-
Trakya Glass Bulgaria EAD	100,00	69,45	100,00	69,79
Şişecam Flat Glass Italy S.R.L	100,00	69,45	-	-
Şişecam Automotive Bulgaria EAD	100,00	69,45	100,00	69,79
Glasscorp S.A.	100,00	69,45	90,00	62,81
Trakya Autoglass Holding B.V.	100,00	69,45	100,00	69,79
Trakya Investment B.V.	100,00	69,45	100,00	69,79
Şişecam Flat Glass Holding B.V.	100,00	69,45	-	-
TRSG Glass Holding B.V.	70,00	48,62	70,00	48,85
Trakya Glass Rus AO	100,00	48,62	100,00	48,85
Automotive Glass Alliance Rus AO	100,00	69,45	100,00	69,79
Automotive Glass Alliance Rus Trading OOO	100,00	69,45	100,00	69,79
Trakya Glass Rus Trading OOO	100,00	48,62	100,00	48,85
Richard Fritz Holding GmbH	100,00	69,45	100,00	69,79
Richard Fritz Spol S.R.O.	100,00	69,45	100,00	69,79
Richard Fritz Prototype+Spare Parts GmbH	100,00	69,45	100,00	69,79
Richard Fritz Kft	100,00	69,45	100,00	69,79

Joint Venture of Flat Glass Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
HNG Float Glass Limited	50,00	34,73	50,00	34,89

Associates of flat Glass Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Saint Gobain Glass Egypt S.A.E.	30,00	20,84	30,01	20,95

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
at 1 January - 31 December 2016

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

1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

Subsidiaries of Glassware Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Paşabahçe Cam Sanayii ve Tic. A.Ş.	84,01	84,01	84,01	84,01
Paşabahçe Mağazaları A.Ş.	100,00	76,05	100,00	75,77
Camiş Ambalaj Sanayii A.Ş.	100,00	99,98	100,00	99,98
Eskişehir Oluklu Mukavva Sanayi A.Ş.	100,00	99,98	-	-
Denizli Cam Sanayii ve Tic. A.Ş.	51,00	42,84	51,00	42,84
Paşabahçe Investment B.V.	100,00	84,01	100,00	84,01
Paşabahçe Bulgaria EAD	100,00	84,01	100,00	84,01
OOO Posuda	100,00	84,01	100,00	84,01
Paşabahçe S.R.L	100,00	84,01	100,00	84,01
Paşabahçe (Shangai) Trading Co. Ltd.	100,00	84,01	100,00	84,01

Subsidiaries of Glass Packaging Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Anadolu Cam Sanayii A.Ş.	78,45	78,45	79,12	79,12
Anadolu Cam Yenisehir Sanayi A.Ş.	100,00	81,68	100,00	82,25
Anadolu Cam Eskişehir Sanayi A.Ş.	100,00	81,68	100,00	82,25
AC Glass Holding B.V.	100,00	78,45	100,00	79,12
Anadolu Cam Investment B.V.	100,00	78,45	100,00	79,12
Balsand B.V.	100,00	78,45	100,00	79,12
OOO Ruscam Management Company	100,00	78,45	100,00	79,12
OOO Ruscam Glass Packaging Holding	100,00	78,45	100,00	79,12
OOO Ruscam	100,00	78,45	100,00	79,12
OOO Ruscam Glass	100,00	78,45	100,00	79,12
PAO Ruscam Pokrovsky (*)	-	-	100,00	79,12
OOO Energosystems	100,00	78,45	100,00	79,12
CJSC Brewery Pivdenna	100,00	78,45	100,00	79,12
Merefa Glass Company Ltd.	100,00	78,45	100,00	79,12
JSC Mina	100,00	78,45	99,86	79,01

(*) PAO Ruscam Pokrovsky was merged with OOO Ruscam Glass Packaging Holding on 28 November 2016.

Joint Ventures of Glass packaging

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	50,00	39,22	50,00	39,56

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1. Group’s Organizations and Nature of Operations

Companies Included in the Consolidation

Subsidiaries of Chemicals Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Soda Sanayii A.Ş.	60,67	60,67	83,58	77,87
Cam Elyaf Sanayii A.Ş.	100,00	96,57	99,01	95,62
Camiş Madencilik A.Ş.	100,00	100,00	100,00	100,00
Madencilik Sanayii ve Tic. A.Ş.	100,00	99,66	100,00	99,56
Şişecam Bulgaria EOOD	100,00	60,88	100,00	77,99
Cromital S.p.A	100,00	61,08	100,00	78,10
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Şişecam Soda Lukavac D.O.O.	100,00	60,88	89,30	69,64
Şişecam Chem Investment B.V.	100,00	60,88	100,00	77,99

Joint Ventures of Chemicals Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Oxyvit Kimya Sanayii ve Tic. A.Ş.	50,00	32,30	50,00	40,04
Rudnik Krechnjaka Vijenac D.O.O.	50,00	50,00	50,00	50,00

Associates of Chemicals Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Solvay Şişecam Holding AG	25,00	15,22	25,00	19,50

Other Subsidiaries of the Group

Company’s name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Camiş Limited	100,00	95,20	100,00	95,20
SC Glass Trading B.V.	100,00	100,00	100,00	100,00
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	83,78	100,00	84,09
Şişecam Çevre Sistemleri A.Ş.	90,00	90,00	-	-

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2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting 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 framework published by POAASA on 2 June 2016.

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

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

Preparation of Financial Statements in Hyperinflationary Periods

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

Going Concern

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

Comparatives and Restatement of Prior Periods’ Financial Statements

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

Financial statements of foreign subsidiaries

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

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2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The foreign currency exchange rates used in the translation of the foreign operations within the scope of consolidation are as follows:

Döviz Cinsi	31 December 2016		31 December 2015	
	Period End	Period Average	Period End	Period Average
US Dollars	3,51920	3,01809	2,90760	2,71907
Euros	3,70990	3,33755	3,17760	3,01871
Bulgarian Lev	1,89684	1,70646	1,62468	1,54344
Egyptian Pounds	0,19400	0,31914	0,37273	0,35348
Russian Rubles	0,05732	0,04506	0,03961	0,04456
Georgian Lari	1,32961	1,27522	1,21408	1,19773
Ukrainian Hryvnia	0,12943	0,11814	0,11088	0,12152
Bosnian convertible mark	1,89684	1,70646	1,62468	1,54344
New Romanian Leu	0,81310	0,73900	0,69730	0,67544
Hungarian Forint	0,01193	0,01072	0,01015	0,00974
Chinese Yuan	0,50375	0,45153	0,44545	0,43011
Indian Rupee	0,05179	0,04492	0,04384	0,04239

Consolidation Principles

The consolidated financial statements include the accounts of the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş., its subsidiaries (collectively referred to as the “Group”) on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

Subsidiaries

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

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

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

Note 1 sets out all subsidiaries included in the scope of consolidation and it shows their ownership and effective interests (%) as of 31 December 2016 and 31 December 2015.

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.

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2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2016, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

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 31 December 2016 and 31 December 2015. Joint Ventures are accounted for under equity accounting method.

Associates

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

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

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

Available-for-sale investments

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

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

2.2 Statement of Compliance to IAS/TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2016 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.

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements

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2. Basis of Presentation of Consolidated Financial Statements

2.3 Significant changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The accounting policies except the situation stated below used in the preparation of these consolidated financial statements for the period ended 31 December 2016 are consistent with those used in the preparation of financial statements for the year ended 31 December 2015.

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 31 December 2016 are consistent with those used in the preparation of financial statements for the year ended 31 December 2015.

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. In this scope, the statement of cash flows presented with comparative information for the period between 1 January- 31 December 2016 is reclassified in accordance with the resolution numbered 30 TAS framework published by POAASA on 2 June 2016.

2.5 Amendments in International Financial Reporting Standards (“IFRS”)

The Group has applied new standards, amendments and interpretations to existing IAS/ IFRS standards published by IASB and TASC/IFRIC that are effective as at 1 January 2016 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2016 and in year ends to 31 December 2016.

a. The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2016:

- Amendment to TFRS 11, ‘Joint arrangements’ on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.
- Amendment to TAS 16, ‘Property, plant and equipment’ and TAS 38, ‘Intangible assets’, on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- TFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendments to TAS 27, ‘Separate financial statements’ on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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2. Basis of Presentation of Consolidated Financial Statements

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

a. The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2016:

- Amendments to TFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, Non-current assets held for sale and discontinued operations' regarding methods of disposal
 - TFRS 7, Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
 - TAS 19, Employee benefits' regarding discount rates
 - TAS 34, Interim financial reporting' regarding disclosure of information.
- TAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements.
- TFRS 10 "Consolidated Financial Statements" and TAS 28 "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities.

b. Standards, amendments and interpretations effective after 31 December 2016:

- Amendments to TAS 7 "Statement of cash flows" on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments TAS 12 "Income Taxes", effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- Amendments to TFRS 2, "Share based payments" on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- TFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Amendment to IFRS 15, "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

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2. Basis of Presentation of Consolidated Financial Statements

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

b. Standards, amendments and interpretations effective after 31 December 2016:

- TFRS 9 "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- TFRS 16 "Leases", effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendments to TFRS 4 "Insurance contracts" regarding the Implementation of IFRS 9 "Financial Instruements", effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - 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 IFRS 9 is applied before the new insurance contracts standard is issued; and,
 - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.
- Amendment to TAS 40, "Investment property" relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:
 - TFRS 1, "First-time adoption of IFRS", regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
 - TFRS 12, "Disclosure of interests in other entities" regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
 - TAS 28, Investments in associates and joint ventures regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- IFRIC 22, "Foreign currency transactions and advance consideration", effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This standard is not expected to have a significant effect on the financial position and performance of the Group.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Revenue recognition

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

Sales of Goods

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

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

Services Provided

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

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

Interest Income

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

Dividend income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared. Divident payable are accounted in the financial statements as liability after the approval of general assembly.

Inventories

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

Property, plant and equipment

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 stated 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.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost of the property, plant and equipment. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group’s accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use. Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Expected useful life, residual value and amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18).

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

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

	Useful life
Land improvements	5–50 years
Buildings	7–50 years
Machinery and equipment	2–30 years
Motor vehicles	3–15 years
Furniture and fixtures	2–20 years
Other tangible assets	3–20 years

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

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

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

Intangible assets

Intangible assets acquired

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

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2.6 Summary of Significant Accounting Policies

Intangible assets

Computer software

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

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

Customer Relationships

The customer relationships and contracts acquired in a business combination are accounted for at fair value at the date of transaction. Contracted customer relationships are amortized by the straight-line method in accordance with their expected useful lives (3 years) and carried at cost less accumulated amortization. When an indication of impairment exists, the Group compares the carrying amount of the intangible asset with its net realizable value which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income.

Intangible assets acquired in a business combination

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

Mining assets

Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine are recognized in the statement of comprehensive income.

In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income. Depreciation starts when the asset is in a location and condition necessary for it to be capable of operating in the manner intended by the management.

Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of tons of ore extracted during the period by the remaining proven and probable mine reserves in terms of tons for attributable area of interest. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

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).

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2.6 Summary of Significant Accounting Policies

Intangible assets

Development costs

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

Investment Properties

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

Assets Classified as Held for Sale

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

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

Derivative Financial Instruments

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Derivative Financial Instruments

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as “hedging reserves”. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

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.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Borrowing costs

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

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

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

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

Related Parties

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

Offsetting

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

Financial Assets

Classification

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

Receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date (Note 7).

Held to maturity financial assets

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

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2.6 Summary of Significant Accounting Policies

Financial Assets

Recognition and measurement

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

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

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

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

Trade receivables

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

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

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

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

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2.6 Summary of Significant Accounting Policies

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.

Other financial liabilities

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

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

Trade payables

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

Business combinations and Goodwill

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

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

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

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

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2.6 Summary of Significant Accounting Policies

Business combinations and Goodwill

Transactions with non-controlling interests

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

Foreign Currency Transactions

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

In preparing the financial statements of the individual entities, transactions in 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.

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

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

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.

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2.6 Summary of Significant Accounting Policies

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).

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; flat glass, glass-ware, glass packaging, chemicals, and other included export-import and insurance services. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. The evaluation of geographical performance by the management is performed in terms of Turkey, Russia, Ukraine, Georgia, and Europe. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under “Other” do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

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

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

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity (Note 35). In such case, the tax is recognized in shareholders' equity

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Current and deferred income tax

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Main temporary differences are arisen from the difference between the book value and taxable base of property,plant and equipment, the non-deductible expense accruals and corporate taxance.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

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

Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated statements of income (Note 24).

The liabilities related to employee termination benefits are accrued when they are entitled.

Statement of Cash Flows

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

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Treasury Shares

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued and is shown as treasury shares in the consolidated balance sheet. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the company's equity holders.

Dividends

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

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY 180.101.402 (31 December 2015: TRY 151.054.662) results from temporary differences as of 31 December 2016 that are arising from the tax allowances and can be used as long as the tax allowances continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2016, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 300.325.907 (31 December 2015: TRY 234.562.840) (Note 35).

In the Board of Directors' meeting held on 30 December 2015, it has been decided to revalue the properties (land and buildings) which are valued at “Cost Method” within the scope of Turkish Accounting Standards (TAS) 16, with “Revaluation Method” based on the revaluated amounts as at 30 September 2015 and effective from the financial statements as of 31 December 2015, and apply this policy for the all Group Companies.

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2015 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.

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

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 2015, if the value determined in the expert’s report was higher/lower by 1%, the comprehensive income of the period would have been TRY 16.419.173 lower/higher.

Revaluation gains from land and buildings were accounted for under “Gain/loss on revaluation” in equity and revaluation loss were accounted for under “Expenses from investing activities (-)” in the income statement.

The Company has revalued the properties accounted for within the scope of TAS 40 “Investment Property” and revaluation gain were accounted for under income from investment activities in the income statement (Note 32). Deferred tax liability was calculated from the amount by 5% (25% taxable amount by 20% tax rate) which is recognized in the income statement by considering the possibility of sale in the subsequent period and tax exemption by 75% 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 accounting of land and buildings in accordance with fair value model on the financial statements as of 31 December 2015 in are explained in terms of both operating segments and countries as follows:

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

Asset	Flat Glass	Glassware	Packaging	Chemicals	Other	Total	Note
Investments accounted for under equity accounting	80.942	-	-	1.796.440	-	1.877.382	
- Oxyvit Kimya San. ve Tic. A.Ş. Properties	-	-	-	1.796.294	-	1.796.294	16
- HNG Float Glass Ltd. Properties	899.622	-	-	-	-	899.622	16
- Currency translation difference impact	2.677	-	-	-	-	2.677	
- Loss on revaluation	(631.813)	-	-	-	-	(631.813)	
- Current year depreciation impact	-	-	-	181	-	181	
- Tax impact on profit/(loss)	(189.544)	-	-	(35)	-	(189.579)	
Investment properties	51.611.049	-	-	-	56.408.784	108.019.833	
- Gayirriya property located in Gebze, Kocaeli	51.611.049	-	-	-	-	51.611.049	17
- Beykoz property located in İncirköy, Beykoz	-	-	-	-	56.408.784	56.408.784	17
Property, plant and equipment	473.961.877	431.106.142	462.225.857	260.511.807	56.408.784	1.708.332.647	
Properties located in Turkey	377.921.546	428.999.777	274.538.194	259.699.798	80.526.964	1.421.686.279	
- Gain on revaluation	378.321.586	429.925.466	274.699.079	264.608.461	80.846.842	1.428.401.434	
- Land	269.232.241	333.997.169	257.431.369	251.419.669	79.664.353	1.191.744.801	
- Building	109.089.345	95.928.297	17.267.710	13.188.792	1.182.489	236.656.633	18
- Loss on revaluation	(86.147)	-	-	(4.938.320)	(266.389)	(5.290.856)	18
- Land	-	-	-	(2.465.342)	-	(2.465.342)	18
- Building	(86.147)	-	-	(2.472.978)	(266.389)	(2.825.514)	18
- Additional depreciation per valuation reports	(313.893)	(925.689)	(160.885)	29.657	(53.489)	(1.424.299)	18
Properties located in Europe	48.545.668	10.833.126	-	812.009	-	60.190.803	
- Gain on revaluation	55.923.734	10.809.010	-	1.878.336	-	68.611.080	
- Land	5.246.590	1.809.473	-	1.457.067	-	8.513.130	18
- Building	47.880.773	8.459.047	-	327.345	-	56.667.165	18
- Currency translation difference	2.796.371	540.490	-	93.924	-	3.430.785	
- Loss on revaluation	(7.759.603)	-	-	(341.179)	-	(8.100.782)	18
- Land	(7.440.821)	-	-	(36.789)	-	(7.477.610)	18
- Building	(318.782)	-	-	(304.390)	-	(623.172)	18
- Additional depreciation per valuation reports	141.388	64.811	-	(704.275)	-	(498.076)	18
- Currency translation difference impact of loss on revaluation and depreciation	240.149	(40.695)	-	(20.873)	-	178.581	
Properties located in Russia, Ukraine and Georgia	47.494.663	(8.726.761)	187.687.663	-	-	226.455.565	
- Gain on revaluation	47.854.560	4.651.913	197.181.069	-	-	249.687.542	
- Land	-	5.233.255	16.083.486	-	-	21.316.741	18
- Building	53.834.870	-	201.179.834	-	-	255.014.704	18
- Currency translation differences	(5.980.310)	(581.342)	(20.082.251)	-	-	(26.643.909)	
- Loss on revaluation	(344.356)	(12.549.668)	(6.551.615)	-	-	(19.445.639)	
- Land	-	-	(66.345)	-	-	(66.345)	18
- Building	(344.356)	(12.549.668)	(6.485.270)	-	-	(19.379.294)	18
- Additional depreciation per valuation reports	(297.990)	443.782	(3.045.386)	-	-	(2.899.594)	18
- Currency translation difference impact of loss on revaluation and depreciation	282.449	(1.272.788)	103.603	-	-	(886.736)	
Total Assets	525.653.868	451.106.142	462.225.857	262.308.247	136.935.748	1.818.229.862	

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

Liabilities	Flat Glass	Glassware	Packaging	Chemicals	Other	Total	Note
Deferred tax liabilities	46.883.441	35.027.668	51.089.039	14.315.800	6.976.179	154.292.127	
- Charged to statement of profit or loss	1.030.233	(2.869.134)	(1.943.192)	(1.080.775)	2.756.463	(2.106.405)	
- <i>Investment properties</i>	2.580.552	-	-	-	2.820.439	5.400.991	17
- <i>Other</i>	(1.629.788)	(2.599.834)	(1.772.708)	(1.086.278)	(63.976)	(7.152.584)	
- <i>Currency translation differences</i>	79.469	(269.300)	(170.484)	5.503	-	(354.812)	
- Charged to other comprehensive income	45.853.208	37.896.802	53.032.231	15.396.575	4.219.716	156.398.532	27
- <i>Land</i>	14.246.232	17.927.457	15.953.586	12.716.690	3.983.218	64.827.183	
- <i>Buildings</i>	31.245.719	20.031.564	40.971.934	2.670.493	236.498	95.156.208	
- <i>Currency translation differences</i>	361.257	(62.219)	(3.893.289)	9.392	-	(3.584.859)	
Long-term liabilities	46.883.441	35.027.668	51.089.039	14.315.800	6.976.179	154.292.127	
Gain on revaluation and remeasurement	300.756.227	355.104.598	333.321.718	210.364.109	76.627.127	1.276.173.779	
- Investments accounted for under equity accounting	899.622	-	-	1.796.294	-	2.695.916	16,27
- Non-controlling Interests	(271.816)	-	-	(357.808)	-	(629.624)	27
- Properties located in Turkey	378.321.586	429.925.466	274.699.079	264.608.461	80.846.842	1.428.401.434	27
- Properties located in Europe	53.127.363	10.268.520	-	1.784.413	-	65.180.296	27
- Properties located in Russia, Ukraine, Georgia	53.834.870	5.233.255	217.263.319	-	-	276.331.444	27
- Currency translation differences	(3.183.932)	(40.852)	(20.082.258)	93.924	-	(23.213.118)	27
- Deferred tax impact	(45.853.207)	(37.896.801)	(53.032.232)	(15.396.577)	(4.219.715)	(156.398.532)	27
- Non-controlling Interests	(136.118.259)	(52.384.990)	(85.526.190)	(42.164.598)	-	(316.194.037)	27
Currency translation differences	667.009	(1.297.322)	260.118	(31.041)	-	(401.236)	
- Impact of investments accounted for under equity accounting	2.273	-	-	-	-	2.273	
- <i>Other</i>	664.736	(1.297.322)	260.118	(31.041)	-	(403.509)	
Profit for the period	39.361.712	(8.710.069)	(6.315.625)	(4.063.235)	53.367.180	73.639.963	
Equity holders of the parent	340.784.948	345.097.207	327.266.211	206.269.833	129.994.307	1.349.412.506	
Non-controlling Interest	137.985.479	50.981.267	83.870.607	41.722.614	(34.738)	314.525.229	
- Funds of revaluation	136.390.075	52.384.990	85.526.190	42.522.406	-	316.823.661	27
- <i>Investments accounted for under equity accounting</i>	<i>271.816</i>	-	-	<i>357.808</i>	-	<i>629.624</i>	27
- <i>Other</i>	<i>136.118.259</i>	<i>52.384.990</i>	<i>85.526.190</i>	<i>42.164.598</i>	-	<i>316.194.037</i>	27
- Based on profit or loss for the period	1.816.614	(1.656.862)	(1.669.553)	(804.458)	(34.738)	(2.348.997)	
- <i>Investment properties</i>	<i>4.169.455</i>	-	-	-	-	<i>4.169.455</i>	
- <i>Investments accounted for under equity accounting</i>	<i>(124.084)</i>	-	-	<i>15</i>	-	<i>(124.069)</i>	
- <i>Other</i>	<i>(2.228.757)</i>	<i>(1.656.862)</i>	<i>(1.669.553)</i>	<i>(804.473)</i>	<i>(34.738)</i>	<i>(6.394.383)</i>	
- Currency translation difference	(221.210)	253.139	13.970	4.666	-	50.565	
- <i>Investments accounted for under equity accounting</i>	<i>404</i>	-	-	-	-	<i>404</i>	
- <i>Other</i>	<i>(221.614)</i>	<i>253.139</i>	<i>13.970</i>	<i>4.666</i>	-	<i>50.161</i>	
Total Equity	478.770.427	396.078.474	411.136.818	247.992.447	129.959.569	1.663.937.735	

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

Consolidated statement of profit or loss	Flatglass	Glassware	Packaging	Chemicals	Other	Total	Note
Depreciation and amortization for the period	(470.495)	(417.095)	(3.206.271)	(674.618)	(53.489)	(4.821.968)	18
Income from investments accounted for under equity accounting	(821.357)	-	-	146	-	(821.211)	
Income from investing activities	51.611.049	-	-	-	56.408.784	108.019.833	17,32
- Gain on revaluation of investment properties	51.611.049	-	-	-	-	51.611.049	17,32
- Çayirova property located in Gebze, Kocaeli	-	-	-	-	56.408.784	56.408.784	17,32
- Beykoz property located in İncirköy, Beykoz	(8.190.106)	(12.549.668)	(6.551.615)	(5.279.500)	(266.389)	(32.837.278)	32
Expenses from investing activities	(7.440.821)	-	(66.345)	(2.502.131)	-	(10.009.297)	32
- Loss on revaluation of lands	(749.285)	(12.549.668)	(6.485.270)	(2.777.369)	(266.389)	(22.827.981)	32
- Loss on revaluation of buildings							
Deferred tax gain/ (loss)	(950.765)	2.599.834	1.772.708	1.086.278	(2.756.464)	1.751.591	
Impact of profit for the period	41.178.326	(10.366.929)	(7.985.178)	(4.867.694)	53.332.442	71.290.967	
Non-controlling Interests	1.816.614	(1.656.860)	(1.669.553)	(804.459)	(34.738)	(2.348.996)	
- Investment properties	4.169.455	-	-	-	-	4.169.455	
- Investments accounted for under equity accounting	(124.084)	-	-	15	-	(124.069)	
- <i>Other</i>	<i>(2.228.757)</i>	<i>(1.656.860)</i>	<i>(1.669.553)</i>	<i>(804.474)</i>	<i>(34.738)</i>	<i>(6.394.382)</i>	
Equity holders of the parent	39.361.712	(8.710.069)	(6.315.625)	(4.063.235)	53.367.180	73.639.963	

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

Consolidated statement of other comprehensive income	Flatglass	Glassware	Packaging	Chemicals	Other	Total	Note
Profit for the period	41.178.326	(10.366.929)	(7.985.178)	(4.867.694)	53.332.442	71.290.967	27
Other comprehensive income:							
Items not to be reclassified to profit or loss on other comprehensive	437.146.302	407.489.588	418.847.908	252.886.515	76.627.127	1.592.997.440	27
- Gain on revaluation of property, plant and equipments	482.099.887	445.386.389	471.880.140	266.486.798	80.846.842	1.746.700.056	
- Items of investment accounted for under equity accounting not to be reclassified to the profit or loss on other comprehensive	899.622	-	-	1.796.294	-	2.695.916	
- Deferred tax gain/ (loss)	(45.853.207)	(37.896.801)	(53.032.232)	(15.396.577)	(4.219.715)	(156.398.532)	
Items to be reclassified to profit or loss on other comprehensive	667.009	(1.297.322)	260.118	(31.041)	-	(401.236)	27
- Currency translation differences	667.009	(1.297.322)	260.118	(31.041)	-	(401.236)	
Other comprehensive income/loss	437.813.311	406.192.266	419.108.026	252.855.474	76.627.127	1.592.596.204	
Total comprehensive income	478.991.637	395.825.337	411.122.848	247.987.780	129.959.569	1.663.887.171	
Distribution of total comprehensive income							
- Non-controlling interests	136.390.075	52.384.990	85.526.190	42.522.406	-	316.823.661	
- Equity holders of the parent	342.601.562	343.440.347	325.596.658	205.465.374	129.959.569	1.347.063.510	

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3. Business Combinations

The Group established a new company named Şişecam Flat Glass İtaly S.R.L in Italy and the new company acquired the assets of the Sangalli Vetro Porto Nogaro company in Italy for EUR 52.016.661 and also includes its financial debts on 31 October 2016. The acquisition price was calculated considering temporary amounts and the certain amount will be determined and the payments will be completed within nine months (there was no business combination under IFRS 3 in 1 January-31 December 2015 period).

The acquisition is performed in an asset acquisition in form. However, considering that the group of assets constitutes a business, the acquisition meets the business combination criteria in accordance with IFRS 3 Business Combination in substance.

The Group aimed to gain a large share of market in Italy and support its target of production and sale of flat glass in Europe.

The fair value of net asset on the date of acquisition is as follows;

	Fair value
Trade receivables	25.159.226
Inventories	21.379.502
- Raw materials	11.587.482
- Finished goods	9.792.020
Total current Assets	46.538.728
Property, plant and equipment	238.538.774
Intangible assets	82.250
Total non-current Assets	238.621.024
Total Assets	285.159.752
Short term portion of long term borrowings	7.669.681
Total Current Liabilities	7.669.681
Long term borrowings	101.371.715
Provisions for employment benefits	125.186
Total Non-current Liabilities	101.496.901
Total Liabilities	109.166.582
Net Assets	175.993.170
Total cash paid	124.208.930
Total cash to be paid	51.784.240
Total Purchase Price	175.993.170
Goodwill	-

Şişecam Flat Glass Italy S.R.L contributed TRY 45.886.620 in revenues after the acquisition, as included in the consolidated statement of income. Had the entity been included in the consolidation as of 1 January 2016 and additional net revenue of TRY 274.839.068 would have been recognized.

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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 2016	BİST Best Purchase Price	BİST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3,82	3,83	7.851.500.000
Trakya Cam Sanayii A.Ş.	2,84	2,84	2.641.200.000
Anadolu Cam Sanayii A.Ş.	2,63	2,64	1.172.160.000
Soda Sanayii A.Ş.	5,29	5,29	3.967.500.000
Denizli Cam Sanayii ve Tic. A.Ş.	13,30	13,30	79.800.000

31 December 2015	BİST Best Purchase Price	BİST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3,18	3,19	6.061.000.000
Trakya Cam Sanayii A.Ş.	1,80	1,81	1.619.950.000
Anadolu Cam Sanayii A.Ş.	1,65	1,66	737.040.000
Soda Sanayii A.Ş.	4,20	4,23	2.791.800.000
Denizli Cam Sanayii ve Tic. A.Ş.	11,09	11,10	66.600.000

The Rate of Shares Traded in BIST (%)	31 December 2016	31 December 2015
Türkiye Şişe ve Cam Fabrikaları A.Ş.	34,04	34,46
Trakya Cam Sanayii A.Ş.	30,92	30,57
Anadolu Cam Sanayii A.Ş.	21,40	20,74
Soda Sanayii A.Ş.	39,31	16,63
Denizli Cam Sanayii ve Tic. A.Ş.	48,96	48,96

Our Company signed a Service Agreement with İş Yatırım Menkul Değerler A.Ş. within the scope of Liquidity Provider activity which was issued in the Circular of Borsa İstanbul numbered 466 to increase the liquidity in the traded shares of our subsidiary Trakya Cam Sanayii A.Ş. and Anadolu Cam Sanayii A.Ş. Liquidity Provider Service is a market practice which supports liquidity in the shares to which it is applied. This activity is expected to make a positive contribution to the daily trading volume and depth of Trakya Cam Sanayii A.Ş. and Anadolu Cam Sanayii A.Ş. which are traded at Borsa İstanbul.

Ongoing arrangements between the Company and İş Yatırım Menkul Değerler A.Ş. within the scope of “Liquidity Provider” activities as of 31 December 2016 are as follows:

Share title Subject to contract	Contract Date	Strike Unit	Strike Price	Rate of Share
Anadolu Cam Sanayii A.Ş.	28 December 2016	3.000.000	2,60	%0,676

İş Yatırım Menkul Değerler A.Ş. is performing activities as required by the applicable legislation and notify the Public Disclosure Platform every two weeks with regards to such transactions in Borsa İstanbul A.Ş.

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4. Interests in Other Entities

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 2016

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	2.601.702.871	1.951.729.358	1.673.616.031	29.657.691
Non-current assets	4.277.691.812	2.465.141.251	1.643.263.739	67.656.726
Total assets	6.879.394.683	4.416.870.609	3.316.879.770	97.314.417

Current liabilities	1.288.138.020	1.392.403.525	438.231.631	37.117.000
Non-current liabilities	2.004.535.411	1.113.743.115	275.933.212	5.314.400
Total liabilities	3.292.673.431	2.506.146.640	714.164.843	42.431.400

Non-controlling interests	293.437.827	107.980.787	3.978.588	-
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Net assets of the Company	3.293.283.425	1.802.743.182	2.598.736.339	54.883.017
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Dividend paid to non-controlling interests	11.250.000	6.000.000	488.296	-
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Profit/Loss for the period between 1 January and 31 December 2016

Revenue	3.016.237.618	1.767.001.316	1.982.947.494	64.202.412
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Profit/(loss) for the year	575.088.820	464.989.805	576.624.415	(8.916.188)
Other comprehensive income	(10.801.538)	(294.916.159)	90.795.028	(470.673)
Total comprehensive income/(loss)	564.287.282	170.073.646	667.419.443	(9.386.861)

Non-controlling interests	56.839.714	8.173.630	3.845.268	-
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Summary of cash flows for the period between 1 January and 31 December 2016

Cash flows from operating activities	338.754.484	99.299.839	438.048.570	7.677.099
Cash flows from investing activities	(418.060.171)	(36.700.369)	(157.757.111)	(7.650.423)
Cash flows from financing activities	(108.779.966)	(148.282.087)	(315.170.098)	(4.720)

Before currency translation difference	(188.085.653)	(85.682.617)	(34.878.639)	21.956
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Currency translation differences	172.334.516	198.726.284	147.428.010	(194.565)
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Change in cash and cash equivalents	(15.751.137)	113.043.667	112.549.371	(172.609)
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Cash and cash equivalents at the beginning of the period	1.168.141.407	675.746.150	857.317.812	228.745
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Cash and cash equivalents at the end of the year period	1.152.390.270	788.789.817	969.867.183	56.136
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Türkiye Şişe ve Cam Fabrikaları A.Ş.
Notes to the Consolidated Financial Statements
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

4. Interests in Other Entities

The statement of the financial position as of 31 December 2015

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Standalone
Current assets	2.100.402.091	1.418.216.304	1.432.692.660	28.725.872
Non-current assets	3.526.103.232	2.332.268.647	1.378.995.323	59.766.461
Total Assets	5.626.505.323	3.750.484.951	2.811.687.983	88.492.333
Current liabilities	767.016.880	958.557.543	367.547.367	17.336.425
Non-current liabilities	1.720.612.403	1.045.231.365	259.378.909	6.886.030
Total Liabilities	2.487.629.283	2.003.788.908	626.926.276	24.222.455
Non-controlling interest	249.477.738	105.882.198	28.465.501	-
Net assets of the Company	2.889.398.302	1.640.813.845	2.156.296.206	64.269.878
Dividend paid to non-controlling interests	9.750.000	7.561.125	353.011	-

Profit/ Loss for the period 1 January-31 December 2015

Revenue	2.118.194.118	1.551.957.888	1.771.758.211	76.495.859
Net profit/(loss) for the period	169.043.282	31.318.908	441.073.019	2.185.306
Other comprehensive income/(loss)	547.739.423	406.639.467	237.076.777	32.913.575
Total comprehensive income/(loss)	716.782.705	437.958.375	678.149.796	35.098.881
Non-controlling interests	46.143.435	(29.391.918)	9.548.466	-

Cash Flow Position for the period 1 January- 31 December 2015

Cash flows from operating activities	215.918.928	233.245.225	309.983.520	2.099.029
Cash flows from investing activities	(168.170.824)	(218.894.787)	(142.622.886)	(1.677.196)
Cash flows from financing activities	(224.899.233)	(97.898.910)	(89.873.907)	(379.478)
Before currency translation	(177.151.129)	(83.548.472)	77.486.727	42.355
Currency translation differences	218.869.056	202.215.593	132.022.200	(148.355)
Change in cash and cash equivalents	41.717.927	118.667.121	209.508.927	(106.000)
Cash and cash equivalents at the beginning of the period	1.126.423.480	557.079.029	647.808.885	334.745
Cash and cash equivalents at the end of the period	1.168.141.407	675.746.150	857.317.812	228.745

Türkiye Şişe ve Cam Fabrikaları A.Ş.
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

5. Segment Reporting

a) Operational segments

	1 January – 31 December 2016	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net external revenue	2.989.163.397	1.789.933.851	1.764.432.582	1.580.742.159	297.396.192	-	-	8.421.668.181
Inter group sales	27.074.225	13.555.587	2.568.739	766.823.464	460.126.395	(1.270.148.410)	-	-
Total net sales (*)	3.016.237.622	1.803.489.438	1.767.001.321	2.347.565.623	757.522.587	(1.270.148.410)	(1.270.148.410)	8.421.668.181
Cost of sales	(2.128.699.944)	(1.239.234.618)	(1.377.750.239)	(1.661.900.529)	(731.037.720)	1.247.069.717	1.247.069.717	(5.891.553.333)
Gross profit	887.537.678	564.254.820	389.251.082	685.665.094	26.484.867	(23.078.693)	(23.078.693)	2.530.114.848
Operating expenses	(666.137.233)	(553.515.378)	(303.394.792)	(235.524.721)	(15.293.952)	31.230.427	31.230.427	(1.742.635.649)
Other operating income	176.933.557	142.759.894	62.945.664	99.591.149	25.536.589	(19.034.879)	(19.034.879)	488.731.974
Other operating expenses	(93.528.951)	(57.063.996)	(54.459.718)	(68.546.918)	(12.596.366)	2.471.244	2.471.244	(283.724.705)
Income from investments in associates and joint ventures	24.454.840	-	8.286.427	72.990.857	-	179.700	179.700	105.911.824
Operating profit	329.259.891	96.435.340	102.628.663	554.175.461	24.131.138	(8.232.201)	(8.232.201)	1.098.398.292
Income from investing activities	410.427.497	4.814.521	389.488.875	14.921.462	74.764.307	(671.153.793)	(671.153.793)	223.262.869
Expenses from investing activities	(455.266)	(3.419.609)	(7.568.476)	(186.664)	(27.656)	-	-	(11.657.671)
Operating profit before financial income and expense	739.232.122	97.830.252	484.549.062	568.910.259	96.867.789	(679.385.994)	(679.385.994)	1.310.003.490
Financial income	287.495.826	28.391.867	491.572.648	265.944.694	164.946.319	(130.030.975)	(130.030.975)	1.108.320.379
Financial expenses (-)	(405.821.782)	(140.686.511)	(495.903.401)	(148.111.037)	(183.453.598)	130.032.266	130.032.266	(1.243.944.063)
Profit before tax from continued operations	620.906.166	(14.464.392)	480.218.309	686.743.916	80.360.510	(679.384.703)	(679.384.703)	1.174.379.806
Tax income/expense for the period	(23.800.416)	4.265.568	(30.933.448)	(75.962.388)	(9.609.589)	1.689.102	1.689.102	(134.351.171)
Profit for the period	597.105.750	(10.198.824)	449.284.861	610.781.528	70.750.921	(677.695.601)	(677.695.601)	1.040.028.635
Purchases of tangible and intangible assets	250.276.784	330.610.609	331.613.003	181.548.398	64.388.858	-	-	1.158.437.652
Depreciation and amortization charges (-)	(254.289.661)	(162.479.234)	(244.766.460)	(122.349.265)	(25.756.574)	-	-	(809.641.194)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (*)	993.521.783	260.309.486	729.315.522	691.259.524	124.624.363	(679.385.994)	(679.385.994)	2.119.644.684

*) 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 2016)

Total assets	7.154.913.656	3.264.671.094	4.425.230.232	3.832.719.536	4.527.901.881	(4.052.940.451)	(4.052.940.451)	19.152.495.948
- Investments accounted for under equity method	275.585.682	-	19.750.249	305.108.089	956.416	-	-	601.400.436
- Deferred tax assets	50.405.193	39.593.545	182.276.934	27.690.254	496.120	-	-	300.462.046
Total liabilities	3.317.521.309	1.501.598.175	2.526.426.947	816.599.683	1.656.659.344	(1.995.932.442)	(1.995.932.442)	7.822.873.016
- Deferred tax liabilities	29.702.473	7.119.733	15.894.720	1.076.324	21.112.195	(7.165.383)	(7.165.383)	67.740.062

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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

5. Segment Reporting

a) Operational segments

1 January – 31 December 2015	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net external revenue	2.417.201.405	1.665.987.979	1.550.409.192	1.457.295.554	324.234.460	-	7.415.128.590
Inter group sales	2.291.914	61.574.962	1.548.696	660.506.802	393.577.139	(1.119.499.513)	-
Total net sales (*)	2.419.493.319	1.727.562.941	1.551.957.888	2.117.802.356	717.811.599	(1.119.499.513)	7.415.128.590
Cost of sales	(1.734.184.671)	(1.146.252.099)	(1.220.697.077)	(1.570.312.685)	(655.437.896)	1.090.712.324	(5.236.172.104)
Gross profit	685.308.648	581.310.842	331.260.811	547.489.671	62.373.703	(28.787.189)	2.178.956.486
Operating expenses	(550.325.695)	(494.084.912)	(255.540.760)	(222.385.069)	(14.489.254)	24.658.687	(1.512.167.003)
Other operating income	146.955.698	159.887.648	71.354.684	92.431.303	17.714.280	(16.471.818)	471.871.795
Other operating expenses	(73.544.268)	(125.997.850)	(55.038.171)	(51.977.870)	(18.666.962)	2.329.326	(322.895.795)
Income from investments in associates and joint ventures	3.676.251	-	6.408.871	54.298.364	-	250.723	64.634.209
Operating profit	212.070.634	121.115.728	98.445.435	419.856.399	46.931.767	(18.020.271)	880.399.692
Income from investing activities	65.604.482	1.918.678	95.507.293	2.820.523	124.634.088	(96.535.146)	193.949.918
Expenses from investing activities	(8.796.251)	(12.786.781)	(16.991.167)	(9.254.614)	(296.480)	192	(48.125.101)
Operating profit before financial income and expense	268.878.865	110.247.625	176.961.561	413.422.308	171.269.375	(114.555.225)	1.026.224.509
Financial income	382.605.116	222.127.495	412.750.566	211.181.323	395.799.487	(36.020.242)	1.588.443.745
Financial expenses	(410.456.432)	(280.388.048)	(583.605.136)	(111.850.431)	(364.805.560)	36.020.242	(1.715.085.365)
Profit before tax from continued operations	241.027.549	51.987.072	6.106.991	512.753.200	202.263.302	(114.555.225)	899.582.889
Tax income/expense for the period	(35.462.146)	3.241.985	24.447.183	(70.516.416)	(15.948.200)	(478.848)	(94.716.442)
Profit for the period	205.565.403	55.229.057	30.554.174	442.236.784	186.315.102	(115.034.073)	804.866.447

Purchases of tangible and intangible assets	286.113.835	185.959.707	324.773.293	268.098.487	43.054.588	-	1.107.999.910
Depreciation and amortization charges (-)	(204.778.433)	(183.120.600)	(214.549.309)	(117.446.689)	(18.293.888)	-	(738.188.919)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	473.657.298	293.368.225	391.510.870	530.868.997	189.563.263	(114.555.225)	1.764.413.428

Statement of Financial position (31 December 2015)							
Total assets	5.549.464.302	2.719.215.436	3.422.912.300	3.265.544.211	3.712.012.091	(3.006.285.402)	15.662.862.938
- Investments accounted for under equity method	279.626.953	-	30.005.056	264.925.651	1.000.151	(12.833.532)	562.724.279
- Deferred tax assets	48.134.755	23.484.416	144.410.006	16.996.523	471.408	-	233.497.108
Total liabilities	2.434.853.134	1.033.716.119	1.992.843.627	704.005.397	904.144.436	(909.236.100)	6.160.326.613
- Deferred tax liabilities	60.502.570	9.998.953	22.123.279	1.323.041	17.609.410	(7.820.487)	103.736.766

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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

5. Segment Reporting

b) Geographical segments

1 January – 31 December 2016	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation Adjustments	Consolidated
Net external revenue	5.756.906.555	958.048.995	1.696.594.319	10.118.312	8.421.668.181	-	8.421.668.181
Inter group sales	201.853.320	12.334.826	210.842.317	17.662.754	442.693.217	(442.693.217)	-
Total net sales (*)	5.958.759.875	970.383.821	1.907.436.636	27.781.066	8.864.361.398	(442.693.217)	8.421.668.181
Cost of sales	(4.064.089.400)	(819.964.285)	(1.430.205.869)	(15.341.085)	(6.329.600.639)	438.047.306	(5.891.553.333)
Gross profit	1.894.670.475	150.419.536	477.230.767	12.439.981	2.534.760.759	(4.645.911)	2.530.114.848
Operating expenses	(1.242.161.775)	(141.175.096)	(365.312.938)	(12.257.039)	(1.760.906.848)	18.271.199	(1.742.635.649)
Other operating income	409.043.839	27.420.879	66.172.410	38.108	502.675.236	(13.943.262)	488.731.974
Other operating expenses	(217.827.124)	(52.263.287)	(13.674.559)	(162.864)	(283.927.834)	203.129	(283.724.705)
Income from investments in associates and joint ventures	25.789.237	-	80.122.587	-	105.911.824	-	105.911.824
Operating profit	869.514.652	(15.597.968)	244.538.267	58.186	1.098.513.137	(114.845)	1.098.398.292
Income from investing activities	304.788.249	8.689.285	534.196	-	314.011.730	(90.748.861)	223.262.869
Expenses from investing activities	(4.612.373)	(7.045.298)	-	-	(11.657.671)	-	(11.657.671)
Operating profit before financial income and expense	1.169.690.528	(13.953.981)	245.072.463	58.186	1.400.867.196	(90.863.706)	1.310.003.490
Financial income	843.478.981	259.510.801	8.188.780	1.731.449	1.112.910.011	(4.589.632)	1.108.320.379
Financial expenses	(864.539.604)	(348.002.109)	(34.153.115)	-	(1.246.694.828)	2.750.765	(1.243.944.063)
Profit before tax from continued operations	1.148.629.905	(102.445.289)	219.108.128	1.789.635	1.267.082.379	(92.702.573)	1.174.379.806
Tax income/expense for the period	(130.641.631)	10.615.105	(13.648.286)	(676.359)	(134.351.171)	-	(134.351.171)
Profit for the period	1.017.988.274	(91.830.184)	205.459.842	1.113.276	1.132.751.208	(92.702.573)	1.040.028.635

Purchases of tangible and intangible assets	754.654.765	198.244.682	204.819.609	718.596	1.158.437.652	-	1.158.437.652
Depreciation and amortization charges (-)	(472.618.766)	(162.883.380)	(174.009.348)	(129.700)	(809.641.194)	-	(809.641.194)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.642.309.294	148.929.399	419.081.811	187.886	2.210.508.390	(90.863.706)	2.119.644.684

Statement of Financial position (31 December 2016)							
Total assets	15.717.312.354	2.570.379.401	5.776.390.062	16.422.652	24.080.504.469	(4.928.008.521)	19.152.495.948
- Investments accounted for under equity method	259.070.092	-	342.330.344	-	601.400.436	-	601.400.436
- Deferred tax assets	164.741.063	124.697.710	11.023.273	-	300.462.046	-	300.462.046
Total liabilities	4.380.855.938	1.660.566.597	2.108.622.155	12.888.536	8.162.933.226	(340.060.210)	7.822.873.016
- Deferred tax liabilities	44.478.232	11.651.532	11.602.749	7.549	67.740.062	-	67.740.062

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

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5. Segment Reporting

b) Geographical segments

	Russia, Ukraine and Georgia			Consolidation Adjustments		
1 January – 31 December 2015	Turkey	Europe	Other	Total		Consolidated
Net external revenue	5.286.656.792	771.140.521	1.355.469.692	1.861.585	7.415.128.590	7.415.128.590
Inter regional sales	207.319.059	12.231.407	122.082.509	15.325.283	356.958.258	(356.958.258)
Total net sales (*)	5.493.975.851	783.371.928	1.477.552.201	17.186.868	7.772.086.848	7.415.128.590
Cost of sales	(3.745.817.486)	(708.578.724)	(1.118.964.505)	(8.404.995)	(5.581.765.710)	(5.236.172.104)
Gross profit	1.748.158.365	74.793.204	358.587.696	8.781.873	2.190.321.138	2.178.956.486
Operating expenses	(1.119.787.059)	(125.848.038)	(288.217.205)	(8.684.462)	(1.542.536.764)	(1.512.167.003)
Other operating income	388.320.774	48.325.456	53.003.015	26.423	489.675.668	471.871.795
Other operating expenses	(237.471.759)	(64.098.029)	(22.750.379)	(88.587)	(324.408.754)	(322.895.795)
Income from investments in associates and joint ventures	15.331.275	(16.556.441)	65.859.375	-	64.634.209	64.634.209
Operating profit	794.551.596	(83.383.848)	166.482.502	35.247	877.685.497	880.399.692
Income from investing activities	247.951.532	11.909.756	2.341.415	12.018	262.214.721	193.949.918
Expenses from investing activities	(11.480.906)	(11.986.370)	(24.657.825)	-	(48.125.101)	(48.125.101)
Operating profit before financial income and expense	1.031.022.222	(83.460.462)	144.166.092	47.265	1.091.775.117	1.026.224.509
Financial income	1.318.803.172	263.669.098	11.104.096	311.067	1.593.887.433	1.588.443.745
Financial expenses	(1.164.994.594)	(518.411.615)	(35.635.334)	-	(1.719.041.543)	(1.715.085.365)
Profit before tax from continued operations	1.184.830.800	(338.202.979)	119.634.854	358.332	966.621.007	899.582.889
Tax income/expense for the period	(142.294.703)	46.454.734	1.204.347	(80.820)	(94.716.442)	(94.716.442)
Profit for the period	1.042.536.097	(291.748.245)	120.839.201	277.512	871.904.565	804.866.447
Purchases of tangible and intangible assets	765.778.227	134.117.787	207.958.072	145.824	1.107.999.910	1.107.999.910
Depreciation and amortization charges (-)	(438.767.215)	(148.147.548)	(151.213.082)	(61.074)	(738.188.919)	(738.188.919)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.469.789.437	64.687.086	295.379.174	108.339	1.829.964.036	(65.550.608)
Statement of Financial position (31 December 2015)						
Total assets	13.339.725.511	1.894.292.491	4.469.101.494	10.265.138	19.713.384.634	15.662.862.938
- Investments accounted for under equity method	206.590.091	-	368.967.721	-	575.557.812	562.724.279
- Deferred tax assets	145.362.347	82.102.038	5.979.763	52.960	233.497.108	233.497.108
Total liabilities	3.408.383.530	1.332.677.231	1.645.059.748	6.301.702	6.392.422.211	6.160.326.613
- Deferred tax liabilities	81.686.283	11.820.405	10.230.078	-	103.736.766	103.736.766

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

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6. Cash and Cash Equivalents

	31 December 2016	31 December 2015
Cash on hand	281.249	489.688
Cash at banks	3.204.955.825	3.143.797.775
- Demand deposits	177.312.228	167.585.733
- Time deposits (with a maturity of three months or less)	3.027.643.597	2.976.212.042
Other liquid assets	186.090	54.638
	3.205.423.164	3.144.342.101

Time deposits

Currency	Interest rate (%)	Interest Maturity	31 December 2016	31 December 2015
US Dollars	%1,50-%4,40	January-March 2017	1.550.959.435	2.620.572.827
Turkish Lira	%9,70-%10,60	January-March 2017	841.820.954	94.344.417
EUR	%0,90-%1,80	January-March 2017	600.161.230	190.340.867
Russian Rubles	%7,75-%9,18	January 2017	20.178.604	62.339.636
Sterlin	%0,10	January-March 2017	14.327.790	-
Romanian Leu	%2,00	January 2017	195.584	-
Bulgarian Lev	-	-	-	8.614.295
			3.027.643.597	2.976.212.042

Cash and cash equivalents as of 31 December 2016, 31 December 2015 presented in the consolidated statement of cash flows are as follows:

	31 December 2016	31 December 2015
Cash and cash equivalents	3.205.423.164	3.144.342.101
Less: Interest accrual	(6.486.004)	(3.776.041)
Less: Restricted cash (*)	(35.244.050)	-
	3.163.693.110	3.140.566.060

(*) Represents the restricted cash balance held in Türkiye İş Bankası A.Ş. in order to provide collateral for the transactions with our natural gas suppliers (Note 23, 37).

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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7. Financial Assets

a) Current financial asset

Current financial asset	31 December 2016	31 December 2015
Financial assets held to maturity (*)	53.975.485	1.822.062
Time deposits with a maturity of longer than three months and shorter than one year (**)	2.845.260	812.340
	56.820.745	2.634.402

(*) Short term portion of the semi-annually yielding long term financial asset denominated in US Dollars.
(**) The aforementioned deposit is amounting BAM 1.500.000 with the interest rate of %1,10 - 2% will be due between 18 September 2017 and 29 December 2017.

b) Non-current financial asset

Available for sale financial assets	31 December 2016	31 December 2015
Financial investments not traded in an active market	51.659.530	51.659.530
Financial investments carried at market price	508.222	319.530
Unconsolidated subsidiaries	163.451	663.451
	52.331.203	52.642.511

Financial assets held to maturity	1.028.796.432	26.766.367
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Total non-current financial assets	1.081.127.635	79.408.878
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Movements of available for sale financial assets during the period are as below:

	30 December 2016	30 December 2015
1 January	52.642.511	82.490.121
Impact of merge with the under common control	(500.000)	-
Change in fair value	188.692	(11.345)
Transfer to assets held for sale	-	(29.836.265)
Sale of Available-for-sale investments	-	(1.787.091)
Provision of impairment no longer required	-	1.787.091
	52.331.203	52.642.511

Financial assets carried at market price	Rate of Share (%)	31 December 2016	Rate of Share (%)	31 December 2015
İş Finansal Kiralama A.Ş. (*)	<1	508.222	<1	319.530

(*) İş Finansal Kiralama A.Ş. is quoted in BİAŞ and it was revalued at the best bid price which is TRY 1,11 (31 December 2015: TRY 0,79). Non-cash capital increase amounting to TRY 70.000.000 has been realized completely from profit for the year 2015 by İş Finansal Kiralama A.Ş. and the portion attributable to the Group shares amonunting to TRY 53.389,77 of the capital increase has been accounted on 17 June 2016.

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7. Financial Assets

b) Non-current financial asset

Financial assets not traded in an active market	Rate of Share (%)	31 December 2016	Rate of Share (%)	31 December 2015
Trakya Yatırım Holding A.Ş. (1)	34,65	51.656.972	34,65	51.656.972
Bosen Enerji Elek.Üret.Oto.Pro.Grb. A.Ş.	<1	2.381	<1	2.381
Çukurova İnşaat Mak. Sanayii ve Tic. A.Ş.	<1	177	<1	177
		51.659.530		51.659.530

(1) Trakya Yatırım Holding A.Ş. is under the control of Türkiye İş Bankası AŞ and the Group does not have any significant influence or control power over this financial asset because the following criteria are not met:

- Representation on the board of directors or equivalent governing body of the investee,
- Participation in policy-making processes, including participation in decisions about dividends or other distributions,
- Material transactions between the investor and the investee,
- Interchange of managerial personnel or providing technical information required for the enterprise.

Unconsolidated subsidiaries	Rate of Share (%)	31 December 2016	Rate of Share (%)	31 December 2015
Şişecam Shanghai Trade Co. Ltd.	100,00	655.449	100,00	655.449
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
Paşabahçe Glass GmbH	100,00	68.699	100,00	68.699
Topkapı Yatırım Holding A.Ş.	80,00	51.796	80,00	51.796
Paşabahçe Spain SL	100,00	42.792	100,00	42.792
Paşabahçe USA Inc.	100,00	164	100,00	164
Paşabahçe Yatırım ve Pazarlama A.Ş. (*)	-	-	100,00	500.000
Impairment (-)		(867.532)		(867.532)
		163.451		663.451

Paşabahçe Glass GmbH, Paşabahçe Spain SL, Paşabahçe USA Inc., are subsidiaries incorporated internationally, engaging in the production, marketing and sale operations. The financial statements of these companies and the financial statements of Paşabahçe Yatırım ve Pazarlama A.Ş. and Topkapı Yatırım Holding A.Ş. are not included in consolidation due to their immateriality.

The ratio of total assets, revenues and net income of unconsolidated subsidiaries to consolidated total assets, revenue and net income is below 1%.

Impairment is allocated for whole carrying amounts of Mepa Merkezi Pazarlama A.Ş. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

(*) In accordance with the resolution of the extraordinary general meeting held on 28 June 2016, merged with, one of the Group subsidiaries, Paşabahçe Mağazaları A.Ş. The registration procedures related to the merger was completed on 15 July 2016 and finalized by publishing on the Trade Registry Gazette on 21 July 2016.

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7. Financial Assets

Held to maturity investments

Marketable security issuer	31 December 2016	31 December 2015
Türkiye İş Bankası A.Ş.	281.053.072	14.038.221
Türkiye Halk Bankası A.Ş.	199.912.582	-
Türkcell İletişim Hizmetleri A.Ş.	119.491.924	-
Türkiye Sınai Kalkınma Bankası A.Ş.	108.667.849	-
Arçelik A.Ş.	101.339.641	-
Türkiye Garanti Bankası A.Ş.	101.835.254	-
Türkiye Vakıflar Bankası T.A.O.	100.015.951	14.550.208
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	35.936.959	-
Yapı ve Kredi Bankası A.Ş.	19.703.930	-
Türk Telekomünikasyon A.Ş.	14.814.755	-
	1.082.771.917	28.588.429

Fixed yield securities held to maturity were accounted for by using effective interest rate with amortized costs. Aforementioned bond nature marketable securities are denominated in US Dollar and it is fixed rate payment with 6-month interval.

Financial assets held until maturity have an active market and the values according to market prices (dirty prices) are; is as follows:

Marketable security issuer	31 December 2016	31 December 2015
Türkiye İş Bankası A.Ş.	270.440.394	13.885.319
Türkiye Halk Bankası A.Ş.	192.809.620	-
Türkcell İletişim Hizmetleri A.Ş.	113.441.337	-
Türkiye Sınai Kalkınma Bankası A.Ş.	103.991.236	-
Türkiye Garanti Bankası A.Ş.	98.589.557	-
Türkiye Vakıflar Bankası T.A.O.	98.256.614	14.394.976
Arçelik A.Ş.	98.046.901	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	34.716.640	-
Yapı ve Kredi Bankası A.Ş.	19.835.106	-
Türk Telekomünikasyon A.Ş.	13.880.196	-
	1.044.007.601	28.280.295

The expiry dates of financial assets held to maturity are as follow:

Collection periods	31 December 2016	31 December 2015
Shorter than 3 months	7.449.780	-
3 – 12 Months	46.525.705	1.822.062
1 – 5 years	668.104.765	6.232.965
More than 5 years	360.691.667	20.533.402
	1.082.771.917	28.588.429

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7. Financial Assets

Held to maturity investments

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

	31 December 2016	31 December 2015
1 January	28.588.429	-
Additions	962.533.528	28.807.304
Revaluation differences	153.134.920	284.260
Disposals	(43.365.877)	-
Interest collection during the period	(18.119.083)	(503.135)
	1.082.771.917	28.588.429

Coupon interest rates and the redemption dates for financial assets held until maturity are as follows:

Marketable security issuer	ISIN code	Coupon interest Rate (%)	Redemption Date
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 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
Türkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15.10.2025
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	18.05.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22.04.2020
Arçelik A.Ş.	XS0910932788	5,000	03.04.2023
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13.09.2022
Türkiye Vakıflar Bankası T.A.O.	XS0849728190	6,000	01.11.2022
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5,500	27.10.2021
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3,375	01.11.2022
Türk Telekomünikasyon A.Ş.	XS1028951264	4,875	19.06.2024
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4,000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5,125	22.10.2019

The aforementioned marketable securities’ effective interest rate is 5,47% (31 December 2015: 6,47%) The amounts of held to maturity investments within the portfolios of İş Yatırım Menkul Değerler A.Ş. and İş Portföy Yönetimi A.Ş., which are calculated by the effective interest rate method, are as follows per each company:

	31 December 2016	31 December 2015
İş Portföy Yönetimi A.Ş.	988.258.272	-
İş Yatırım Menkul Değerler A.Ş.	94.513.645	28.588.429
	1.082.771.917	28.588.429

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8. Borrowings

Current financial liabilities	31 December2016	31 December 2015
Short term borrowings	1.166.033.425	658.119.434
Short term portion of long term borrowing	31 December 2016	31 December 2015
Short term portion of long term borrowings and interests	813.995.003	578.818.790
Bonds issued	7.409.764	5.324.698
Discount on issuance of bonds	(1.435.216)	(1.413.166)
Financial leases	1.271.804	260
Deferred financial lease liabilities costs (-)	-	(260)
Total short term portion of long term borrowings	821.241.355	582.730.322
Total current financial liabilities	1.987.274.780	1.240.849.756
Long term borrowings	31 December 2016	31 December 2015
Long term portion of long term borrowings	2.035.973.582	1.921.474.273
Bonds issued	1.759.600.000	1.453.800.000
Discount on issuance of bonds	(3.411.938)	(4.775.784)
Financial leases	752.780	2.804.428
Total non-current financial liabilities	3.792.914.424	3.373.302.917
Total financial liabilities	5.780.189.204	4.614.152.673

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

- On 29 June 2015, Standart&Poors declared the credit rating for the Company as “BB+” for TRY and foreign currency denominated long-term loans and changed the view of the loans from “static” to “negative” in accordance with the countries in the scope of rating methodology and restrictions of the parent company
- On 11 May 2015, Moody’s confirmed that the long-term credit rating and view of the Company as “BA1” and “static”, respectively.
- As a result of downgrading of Turkey credit rating and determined the view as “negative”, international credit rating agency Standard & Poor’s Rating Services (S&P) downgraded the Company’s credit rating in terms of long-term foreign currency from “BB+” to “BB” and changed the view from “negative” to “negative” on 26 July 2016 and revised the outlook from “Negative” to “Stable while it affirmed its “BB” long-term corporate credit rating on 7 December 2016.
- On 27 September 2016 International credit rating agency Moody’s completed the process of monitoring started on 20 July 2016 for the downgrading and confirmed the Company’s credit rating in terms of long-term foreign currency as “BA1” and the view as “stable”. In addition, the Company’s strong financial and liquidity profile, competitive position in Turkish market and generating the more than half of sales from export and international activities are stated in the press statement issued by Moody’s.

The Group has financial covenants regarding its liabilities.The Group meets the covenants as at the balance sheet date.

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8. Borrowings

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 periods for loans	31 December2016	31 December 2015
Less than 3 months	1.051.764.554	1.151.735.853
3 – 12 months	2.412.359.020	1.797.933.861
1 – 5 years	551.878.436	192.282.137
5 years and more	-	16.460.646
	4.016.002.010	3.158.412.497

The interest rate for the issued bonds amounting to TRY 1.762.162.610 is 4,25% (Effective interest rate 4,415%) and the coupon interest payments would be paid semi-annually in equal instalments. (31 December 2015: TRY 1.452.935.748).

The financial leases amounting to TRY 2.024.584 is paid up in equal monthly instalments (31 December 2015: TRY 2.804.428).

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

Short and long-term bank borrowings between 1 January – 31 December 2016 are summarized as below:

Bank borrowings	Capital	Interest	Commission	Total
1 January	3.142.987.365	21.250.140	(5.825.008)	3.158.412.497
Additions during the period	1.624.695.990	175.387.588	(1.705.000)	1.798.378.578
Currency translation differences	612.646.702	4.088.568	(578.863)	616.156.407
Subsidiary acquisition impact (Note 3)	109.041.396	-	-	109.041.396
Foreign exchange gain/(loss)	68.531.383	-	-	68.531.383
Payments during the period	(1.557.283.161)	(179.017.980)	1.782.890	(1.734.518.251)
31 December 2016	4.000.619.675	21.708.316	(6.325.981)	4.016.002.010

Bonds issued	Capital	Interest	Discount on Bonds	Commission	Total
1 January	1.453.800.000	5.324.697	(4.385.325)	(1.803.624)	1.452.935.748
Foreign exchange gain/(loss)	305.800.000	-	-	-	305.800.000
Additions during the period	-	66.613.882	-	-	66.613.882
Payments during the period	-	(64.528.815)	933.427	408.368	(63.187.020)
31 December 2016	1.759.600.000	7.409.764	(3.451.898)	(1.395.256)	1.762.162.610

Financial leases	Principal	Interest (-)	Total
1 January	2.804.688	(260)	2.804.428
Currency translation differences	344.367	-	344.367
Payments during the period	(1.124.471)	260	(1.124.211)
31 December 2016	2.024.584	-	2.024.584

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8. Borrowings

Financial liabilities movements for the period between 1 January and 31 December 2015 are summarized as below:

Bank borrowings	Capital	Interest	Commission	Total
1 January	2.660.461.761	27.264.003	(3.879.886)	2.683.845.878
Additions during the period	1.696.878.349	185.772.113	(4.526.135)	1.878.124.327
Foreign exchange gain/(loss)	247.584.929	-	-	247.584.929
Currency translation differences	72.833.979	798.724	(11.400)	73.621.303
Payments during the period	(1.534.771.653)	(192.584.700)	2.592.413	(1.724.763.940)
31 December 2015	3.142.987.365	21.250.140	(5.825.008)	3.158.412.497

Bonds issued	Capital	Interest	Discount on Bonds	Commission	Total
1 January	1.159.450.000	3.772.864	(5.275.701)	(2.211.993)	1.155.735.170
Foreign exchange gain/(loss)	294.350.000	-	-	-	294.350.000
Additions during the period	-	60.710.771	-	-	60.710.771
Payments during the period	-	(59.158.938)	890.376	408.369	(57.860.193)
31 December 2015	1.453.800.000	5.324.697	(4.385.325)	(1.803.624)	1.452.935.748

On 9 May 2013, the Group issued 7 year term, fixed interest bonds amounting to USD 500 million with the maturity date of May 2020. The interest rate for the bonds was determined as 4,25%. The capital payment of the bond would be made at maturity date.

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 million of Trakya Cam Sanayii A.Ş., USD 100 million of Anadolu Cam Sanayii A.Ş. and USD 50 million of Soda Sanayii A.Ş.), under the same terms and circumstances.

The Company quoted the bond amounting to USD 407.210.000 with the code of ISIN: XS0927634807, issued under Regulation S and the bond amounting to USD 92.790.000 with the code of ISIN: US90016AAA88, issued under Rule 144A on the Irish Stock Exchange and the issue certificate of the notes was provided by the CMB on 3 May 2013 and approved on 30 April 2013 with decision no 15/487. Citigroup, BNP Paribas, J.P. Morgan and HSBC acted as agencies for the issue of the bond. The procedures related to the sale of the bonds to foreign qualified investors were completed on 9 May 2013. The central safekeeping institutions of traded securities are Euroclear and Clearstream.

Financial leases	Principal	Interest (-)	Total
1 January	3.829.382	(4.464)	3.824.918
Currency translation differences	401.247	-	401.247
Payments during the period	(1.425.941)	4.204	(1.421.737)
31 December 2015	2.804.688	(260)	2.804.428

Capitalised finance expenses are as follows:

	1 January- 31 Decembe2016	1 January- 31 Decembe2015
Foreign exchange loss	-	1.835.780
Interest expense	-	288.065
	-	2.123.845

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8. Borrowings

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

31 December 2016

Currency	Maturity	Interest interval (%) (*)	Short Term	Long Term	Total
EUR	2017-2026	Euribor+1,10-6,00	1.005.998.502	1.488.254.784	2.494.253.286
US Dollars	2017-2026	Libor+2,15-4,50	177.685.792	1.938.290.973	2.115.976.765
Russian Rubles	2017-2021	9,90-16,00	592.571.072	283.962.880	876.533.952
Turkish Lira	2017-2023	10,90-12,20	183.773.082	62.700.000	246.473.082
Ukrainian Hryvnia	2017-2021	16,25-22,05	27.246.332	19.705.787	46.952.119
			1.987.274.780	3.792.914.424	5.780.189.204

(*) The weighted average interest rate for EUR is Euribor + 2,36%, for USD is Libor + 2,38%, for RUR is Mosprime + 3,18%, for UAH is 20,45% and for TRY is TRlibor + 2,15% (Average effective annual interest rate for Euro is 2,38%, for USD is 4,12%, for RUR is 12,28%, for UAH is 19,59% and for TRY is 11,20%).

31 December 2015

Currency	Maturity	Interest interval (%) (*)	Short Term	Long Term	Total
EUR	2016-2026	Euribor+1,10-6,00	689.952.631	1.468.470.723	2.158.423.354
US Dollars	2016-2023	Libor+2,15-4,50	181.865.748	1.706.920.098	1.888.785.846
Russian Rubles	2016-2021	9,90-16,00	346.761.670	175.836.237	522.597.907
Ukrainian Hryvnia	2016-2021	22,05-29,50	18.713.587	22.075.859	40.789.446
Turkish Lira	2016	10,04	3.556.120	-	3.556.120
			1.240.849.756	3.373.302.917	4.614.152.673

(*) The weighted average interest rate for EUR is Euribor + 2,56%, for USD is Libor + 2,45%, for RUR is Mosprime + 2,96%, for UAH is 22,96% and for TRY is 10,04%. (Average effective annual interest rate for Euro is 2,56%, for USD is 4,01%, for RUR is 13,40%, for UAH is 22,96% and for TRY is 10,04%).

The redemption schedule of the financial liabilities is as follows:

	31 December 2016	31 December 2015
Within 1 year	1.987.274.779	1.240.849.756
Within 1- 2 years	915.100.920	677.630.726
Within 2- 3 years	543.444.229	660.573.262
Within 3- 4 years	1.996.841.397	288.900.485
Within 4- 5 years	133.522.629	1.612.979.665
More than 5 years	204.005.250	133.218.779
	5.780.189.204	4.614.152.673

The weighted average maturity of the financial liabilities is 794 days (31 December 2015: 978 days).

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9. Other Financial Liabilities

None (31 December 2015: None).

10. Trade Receivables and Payables

Trade Receivables		
Current trade receivables	31 December 2016	31 December 2015
Trade receivables	2.039.590.316	1.406.463.041
Notes receivables	50.865.929	35.727.394
Due from related parties (Note 37)	32.059.603	15.460.616
Other trade receivables	297.903	235.500
Rediscount of notes receivable (-)	(10.669.431)	(8.574.853)
Provision for doubtful receivables	(68.215.636)	(44.437.106)
	2.043.928.684	1.404.874.592

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 and the average term for the remaining sales of basic glasses is 90 days for the periods between January-March 2016 and July-December 2016. (2015: 90 days). The Group has made sale with a term of 210 day covering the March-June period and 2% overdue interest rate is applied for the payments made after the due date (31 December 2015: 2%). The average sales term for auto glass and processed glass items is 45 days. (31 December 2015: 45 days). A portion of foreign sales are made in cash and the remaining portion receivable has average 45 days maturity. (31 December 2015: 45 days).

The average sales term for automatic glass items is 75 days (31 December 2015: 75 days) and a monthly overdue interest rate of 2% is applied for the payments made after the due date. (31 December 2015: 2%).

Glass packaging products have been sold on cash terms since 1 November 2009. For customers not paying in cash, a monthly interest of 1,25% for payment terms up to 121 days, and a monthly interest rate of 2% is applied for payments exceeding 121 days. The average sales term for domestic sales of glass packaging products is 64 days. (2015: 49 days). The average sales term for foreign sales of glass packaging products is 66 days (31 December 2015: 60 days).

Inter-group sales terms of soda products are 60 days (31 December 2015: 30 days). The applied average term of domestic external sales related to soda products is 55 days (31 December 2015: 49 days). Monthly 2% overdue interest is applied for the payments made after due dates (31 December 2015: 2%).

The average sales term for domestic sales of chromium products in foreign currency is 20 days (31 December 2015: 24 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (31 December 2015: 1%). Average sales term for export sales is 66 days (31 December 2015: 65 days).

The Group has recognized provision for doubtful receivables. Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date.

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10. Trade Receivables and Payables

The Group has no significant concentration on credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful receivables. The movement of the allowance for doubtful receivables is as follows:

	31 December 2016	31 December 2015
1 January	(44.437.106)	(37.154.309)
Charge for the period	(19.115.560)	(19.438.217)
Subsidiary acquisition impact	(10.344.279)	-
Currency translation differences	(3.357.898)	(899.653)
Collections	9.039.207	13.055.073
	(68.215.636)	(44.437.106)

The Group holds the following collaterals for trade receivables:

	31 December 2016	31 December 2015
Letters of guarantees	268.678.205	233.596.373
Promissory notes and bills	203.370.047	112.327.913
Direct debiting system	150.217.607	110.444.205
Cash	32.708.033	11.734.244
Mortgages	13.369.053	14.916.183
	668.342.945	483.018.918

As of 31 December 2016, TRY 253.730.240 (31 December 2015: TRY 219.807.405) of trade receivable amount was overdue but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2016	31 December 2015
1- 30 days overdue	158.619.638	117.503.505
1-3 months overdue	59.934.032	62.985.239
3-12 months overdue	27.817.170	23.734.904
1- 5 years overdue	7.359.400	15.583.757
Total overdue receivables	253.730.240	219.807.405
The part under guarantee with collateral, etc.	46.770.621	31.653.257

Trade Payables

Short term trade payables	31 December 2016	31 December 2015
Trade payables	898.025.217	700.214.682
Due to related parties (Note 37)	74.442.378	57.994.292
Other trade payables	595.945	202.169
Rediscount on notes payable (-)	(3.943.453)	(2.530.720)
	969.120.087	755.880.423

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11. Other Receivables and Payables

Other current receivable	31 December 2016	31 December 2015
Other receivables	36.685.393	21.382.397
Due from sales of financial asset (Note 27,34) (*)	7.099.447	952.365
Deposits and guarantees given	4.693.414	2.830.059
Due from personnel	1.380.979	2.220.448
Allowance for other doubtful receivables (-)	(275.495)	(258.387)
Rediscount on other notes receivables (-)	(4.839)	(829)
Due from related parties (Note 37)	-	3.545.561
	49.578.899	30.671.614

The movement of other doubtful receivables is as follows:

	31 December 2016	31 December 2015
1 January	(258.387)	(2.851.354)
Currency translation differences	(12.470)	(276.898)
Charge for the period	(4.638)	(151.422)
Collections	-	3.021.287
	(275.495)	(258.387)

Other non-current receivables	31 December 2016	31 December 2015
Due from sales of financial asset (Note 27,34) (*)	21.298.341	28.397.788
Receivable from tax office	9.666.919	14.490.314
Deposits and guarantees given	3.527.449	3.661.198
Rediscount on the other notes receivables	(3.861.956)	(6.486.678)
Allowance for other doubtful receivables (-)	-	(35.104)
	30.630.753	40.027.518

(*) Shares of Avea İletişim Hizmetleri A.Ş. were sold to Türk Telekomünikasyon A.Ş. at a nominal value of TRY 30.302.518 on 30 July 2015, remaining maturity as follows:

Collection periods	31 December 2016	31 December 2015
1 - 3 Months	7.099.447	952.365
1 - 5 years	21.298.341	28.397.788
	28.397.788	29.350.153

The movement of other allowance for doubtful receivables is as follows

	31 December 2016	31 December 2015
1 January	(35.104)	-
Currency translation differences	(4.830)	4.387
Collections	39.934	-
Charge for the period	-	(39.491)
	-	(35.104)

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11. Other Receivables and Payables

Other current payables	31 December 2016	31 December 2015
Payable in relation to the acquisition of a subsidiary (Note 3) (*)	56.781.448	-
Due to purchase of additional shares of subsidiary (Note 27) (**)	33.203.605	25.420.800
Deposits and guarantees received	32.280.733	11.534.272
Other payables	10.899.300	4.151.069
Other payables due to related parties (Note 37)	5.092.827	3.642.577
Rediscount on other notes payables (-)	(53.949)	(60.966)
	138.203.964	44.687.752

Other non-current liabilities	31 December 2016	31 December 2015
Due to purchase of additional shares of subsidiary (Note 27) (**)	37.099.000	57.196.800
Other payables	1.223.492	1.036.902
Deposits and guarantees received	427.300	199.972
Rediscount on other notes payables (-)	-	(83.879)
	38.749.792	58.349.795

(*) The net asset of the Sangalli Vetro Porto Nogaro in Italy was acquired for EUR 52.016.661 on 31 October 2016 and EUR 15.305.385 (=TRY 56.781.448) of total amount has not been paid as of reporting date.

(**) In accordance with the restructuring of our companies operating in Russia, it has been decided that the shares of Sudel Invest S.a.r.l. at a rate of 24,075% in the portfolio of the subsidiaries Anadolu Cam Investment B.V. and 49% in the portfolio of Balsand B.V. are acquired by AC Glass Holding B.V. established in Netherlands. In accordance with this decision, the share transfer of Sudel Invest S.a.r.l. was completed on 10 July 2015. Remaining part amounting to EUR 18 million of the maturity of payable attributable to share purchase amounting to EUR 66 Million is as follows (31 December 2015: EUR 26 million):

Payment period	31 December 2016	31 December 2015
3 - 12 Months	29.679.200	25.420.800
1 - 5 years	37.099.000	57.196.800
	66.778.200	82.617.600

A total of EUR 4.000.000 consulting agreement has been signed for share purchases.

Based on the agreement, EUR 1.000.000 and EUR 1.000.000 of the total payment amounting to EUR 2.000.000 have been paid respectively in 2015 and 2016 and EUR 1.000.000 of the remaining balance amounting to EUR 2.000.000 is planned to be paid in 2017 and remaining portion of EUR 1.000.000 is to be paid in 2018 in the return of the service.

The minority share of Glasscorp, one of our subsidiary, by %10 was acquired for EUR 3.950.000 on 17 October 2016, and EUR 950.000 (=TRY 3.524.405) of total amount is accounted under for short term other payables.

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12. Derivative Instruments

The Group has performed following transactions for cash flow hedging;

- With the aim of making the liabilities of Cam Ambalaj Group in Russia compliant with the assets in the currency and by hedging against the increase in companies’ interest rates, on 10 June 2016, the Group started using the Ruble again, with Rabobank for current EUR currency rates, floating rate loans cross-currency, and interest swap transactions, also the fixed the interest rates for loans’ maturity.

Hedging instruments include interest rates swaps that convert floating Libor rates +2,50% to a fixed rate of 12,71%, 3-month intervals for a EUR denominated borrowing with 2-year maturity of 70 million EUR , and cross currency swaps converting EUR denominated capital and interest payables into Russian Ruble denominated ones.

- The Group entered into a loan agreement with HSBC London in 27 November 2013 and fixed the interest rates of variable interest rate loans that were denominated in US Dollar along the maturity with the purpose of making the liability position of the companies located in Russia and operating under glass packaging segment compatible with their asset position in terms currency and hedging the companies against the possible increases in interest rates.

Hedging instruments include, interest rates swaps converting floating rate of Libor+2,55% to fixed rate of 9,30% with 3-month intervals for a USD denominated borrowing of USD 70 million with 3 year term and cross currency swaps with 33,1332 USD/ RUB parity converting USD denominated capital and interest payables into Russian Ruble denominated ones. Total amount has been realised as of 31 December 2016.

The Group signed the following agreements within the scope of its forward transactions for the period 1 January-31 December 2016.

- A foreign currency swap agreement with T. İş Bankası A.Ş. including the purchase of Turkish Lira by the sale of EUR 6 million that will be due on various dates between 16 January 2016 and 15 December 2016. EUR 6 million of aforementioned foreign currency swap agreement amounting to EUR 9,6 million has been realized as of 31 December 2016.

Additionally, EUR 4 million of the forward transaction by sale of Euro and purchase of TRY of the agreement signed with T. İş Bankası A.Ş. in 2015 was realized amounting to EUR 3,75 million in the period between1 January – 31 December 2016.

- A forward agreement for the purchase of Ruble by the sale of USD 2 million from 29 June 2016 to 29 July 2016 signed with HSBC has been realized as of 31 December 2016.

Additionally, a forward agreement for the purchase of Ruble by the sale of USD 6 million signed in 2015 has been realized as of 31 December 2016.

- A foreign currency swap agreement with HSBC including the purchase of Turkish Lira by the sale of EUR 12,5 million that will be due on various dates between 2 August 2016 and 31 December 2016. The full amount has been realized as of 31 December 2016.

- An agreement for the purchase of USD by the sale of EUR 7,5 million from 2 August 2016 to 30 September 2016 has been signed with HSBC. The full amount has been realized as of 31 December 2016.

- An agreement for the purchase of USD by the sale of EUR 3 million from 2 August 2016 to 30 September 2016 has been signed with Citibank. The full amount has been realized as of 31 December 2016.

- An agreement for the purchase of RUB by the sale of EUR 2 million from 17 November 2016 to 31 March 2017 has been signed with Citibank.

The Group signed the following agreements within the scope of its forward transactions for the period 1 January-31 December 2015;

- A foreign currency swap agreement with ZAO Citibank dated on 21 September 2015, including the purchase of Ruble by the sale of EUR 15 million and the purchase of Ruble by the sale of USD 6 million that will be due on various times until 31 August 2016,

- A foreign currency swap agreement with T. İş Bankası A.Ş. dated on 19 June 2015, including the purchase of Ruble by the sale of EUR 57 million that will be due on various times until 7 September 2015,

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12. Derivative Instruments

- A foreign currency swap agreement with T. İş Bankası A.Ş. dated on 16 March 2015, including the purchase of Turkish Lira by the sale of EUR 29 million that will be due on various times until 14 October 2016,

- A foreign currency swap agreement with T. İş Bankası A.Ş. dated on 12 June 2015, including the purchase of USD by the sale of EUR 24 million that will be due on various times until 14 December 2015,

- A foreign currency swap agreement with T. İş Bankası A.Ş. dated on 30 September 2015, including the purchase of Ruble by the sale of USD 10 million with different parities,

have been signed. As of 31 December 2015, EUR 116 million of aforementioned EUR 125 million purchase agreement was realized. In addition, USD 10 million was realized from USD 16 million sale agreement.

The transactions related to derivative instruments are as follows:

	31 December 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
Swap transactions	-	40.771.975	89.385.880	-
Forward transactions	831.014	809.876	124.016	1.557.339
	831.014	41.581.851	89.509.896	1.557.339

The transactions related to derivative instruments are as follows:

	31 December 2016	31 December 2015
1 January	87.952.557	84.341.541
Fair value changes charged to equity	11.546.690	(32.429.170)
Currency translation differences	5.596.839	(5.629.443)
Interest expense charged to statement of profit or loss	(1.338.946)	216.403
Foreign exchange gain/(loss) charged to statement of profit or loss (*)	(38.950.724)	49.682.633
Cash inflows/(outflows) due to realized foreign exchange gain/loss	(105.557.253)	(8.229.407)
Net asset/(liability)	(40.750.837)	87.952.557

(*) TRY 3.929.746 of foreign exchange gain recognized in consolidated statement of income amounting to TRY 38.950.724 in the period between 1 January-31 December 2016 was accounted in other operating income; the remaining amount of TRY 42.880.470 was accounted in finance expenses (TRY 1.930.030 of foreign exchange gain recognized in consolidated statement of income amounting to TRY 49.682.633 in the period between 1 January-31 December 2015 was accounted in other operating income; the remaining amount of TRY 47.752.603 was accounted in finance expenses).

13. Inventories

	31 December 2016	31 December 2015
Finished goods	1.178.150.710	1.015.179.217
Raw materials	508.130.061	424.673.323
Trade goods	141.527.374	107.876.141
Other inventories	78.724.068	49.780.643
Work in process	47.134.423	46.471.371
Supplies	33.415.530	26.170.194
Goods in transit	874.000	16.266.689
Provision for inventory write-down (-)	(28.082.740)	(17.232.394)
	1.959.873.426	1.669.185.184

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

	31 December 2016	31 December 2015
1 January	(17.232.394)	(19.889.480)
Provision for the year	(14.766.428)	(6.328.172)
Provision released	(2.105.703)	(380.490)
Currency translation differences	6.021.785	9.365.748
	(28.082.740)	(17.232.394)

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14. Prepaid Expenses and Deferred Income

Prepaid Expenses

Prepaid expenses in current assets	31 December 2016	31 December 2015
Order advances given for inventories	148.580.000	73.812.746
Prepaid expenses	24.190.928	11.453.176
	172.770.928	85.265.922

Prepaid expenses in non-current assets	31 December 2016	31 December 2015
Advances given for tangible and intangible assets	37.215.467	102.680.351
Prepaid expenses	35.444.508	34.040.352
	72.659.975	136.720.703

The movement of advances given for tangible and intangible assets is as follows:

	31 December 2016	31 December 2015
1 January	102.680.351	78.341.031
Advances given in the period	195.221.956	354.270.759
Currency translation differences	4.510.970	(1.805.250)
Paid in the period	(265.197.810)	(328.126.189)
	37.215.467	102.680.351

Deferred Income

Short term deferred income	31 December 2016	31 December 2015
Deferred income (*)	77.402.110	54.643.730
Order advances received	47.312.977	34.833.505
Other advances received	594.984	281.698
	125.310.071	89.758.933

Long term deferred income	31 December 2016	31 December 2015
Deferred income (*)	60.953.732	51.834.910

(*) TRY 5.671.474 of the amount of the short term deferred income and all amount of the non-current deferred income consists of the government incentive provided by the Romania government to Glasscorp SA and Bulgarian government to Trakya Glass Bulgaria EAD and Paşabahçe Bulgaria EAD (31 December 2015: in aggregate TRY 56.068.067 respectively to TRY 4.233.157, TRY 51.834.910).

15. Construction Contracts

None (31 December 2015: None).

16. Joint Ventures and Associates

Net asset values of Joint Ventures and associates accounted for under equity accounting method represented in the balance sheet of the associates are as follows:

Joint Ventures

	31 December 2016	31 December 2015
HNG Float Glass Limited	205.951.944	159.797.741
Rudnik Krechnjaka Vijenac D.O.O.	23.803.171	19.618.720
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	19.750.249	17.171.523
Oxyvit Kimya Sanayii ve Tic. A.Ş.	9.564.728	10.002.107
	259.070.092	206.590.091

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16. Joint Ventures and Associates

Associates

	31 December 2016	31 December 2015
Solvay Şişecam Holding AG	272.696.606	236.304.976
Saint Gobain Glass Egypt S.A.E.	69.633.738	119.829.212
	342.330.344	356.134.188

	601.400.436	562.724.279
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The Group's shares in investments accounted for under equity accounting method in the income statement are as follows:

Joint Ventures

	31 December 2016	31 December 2015
HNG Float Glass Limited	14.897.830	5.676.741
Rudnik Krechnjaka Vijenac D.O.O.	807.871	738.285
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	8.286.427	6.408.871
Oxyvit Kimya Sanayii ve Tic. A.Ş.	1.797.109	2.507.378
	25.789.237	15.331.275

Associates

	31 December 2016	31 December 2015
Solvay Şişecam Holding AG	70.565.577	51.303.408
Saint Gobain Glass Egypt S.A.E.	9.557.010	(2.000.474)
	80.122.587	49.302.934

	105.911.824	64.634.209
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Dividend income from joint ventures are as follows:

	31 December 2016	31 December 2015
Solvay Şişecam Holding AG	73.438.394	53.080.393
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	5.737.139	4.862.250
Oxyvit Kimya Sanayii ve Tic. A.Ş.	2.250.000	1.250.000
	81.425.533	59.192.643

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

	31 December 2016	31 December 2015
1 January	562.724.279	490.269.920
Net income for the period (net) from joint ventures and associates	105.911.824	64.634.209
Currency translation differences, net	11.870.468	69.456.803
Dividend income from joint ventures	2.274.450	6.823.350
Remeasurement gain/loss on employee benefit plans	44.948	61.480
Dividend income from joint ventures	(81.425.533)	(59.192.643)
Revaluation gain on tangible assets	-	2.695.916
Sale impact of joint venture and associate	-	(12.024.756)
	601.400.436	562.724.279

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16. Joint Ventures and Associates

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

HNG Float Glass Limited

	31 December 2016	31 December 2015
Current assets	119.593.372	54.344.999
Non-current assets	446.622.843	405.148.306
Total assets	566.216.215	459.493.305
Current liabilities	81.540.366	73.618.794
Non-current liabilities	72.771.962	66.279.029
Total liabilities	154.312.328	139.897.823

Net asset (including goodwill)	411.903.887	319.595.482
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Group’s share (%)		
– Direct and indirect ownership rate (%)	50,00	50,00
– Effective ownership rate (%)	34,73	34,89

Group’s share in net assets	205.951.944	159.797.741
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	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	221.883.866	214.665.207
Profit from continuing operations	29.795.659	11.353.482
Other comprehensive income/(loss)	62.512.746	52.643.018
Total comprehensive income/(loss)	92.308.405	63.996.500

The Group’s share in profit/(loss) from continuing operations	14.897.830	5.676.741
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Shares of Joint Venture in non-group parties are related to Hindusthan National Glass and Industries Limited.

The Group has consolidated the Joint Venture since 11 June 2013.

Rudnik Krecnjaka Vijenac D.O.O.

	31 December 2016	31 December 2015
Current assets	4.836.307	3.806.411
Non-current assets	50.448.895	43.523.192
Total assets	55.285.202	47.329.603
Current liabilities	7.016.275	7.604.178
Non-current liabilities	662.585	487.985
Total liabilities	7.678.860	8.092.163

Net asset (including goodwill)	47.606.342	39.237.440
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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)	23.803.171	19.618.720
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16. Joint Ventures and Associates

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

	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	17.027.418	15.587.954
Profit from continuing operations	1.615.743	1.476.570
Other comprehensive income/(loss)	6.753.159	4.310.228
Total comprehensive income/(loss)	8.368.902	5.786.798

The Group’s share in profit/(loss) from continuing operations	807.871	738.285
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Shares of Joint Venture in non-group parties are related to Fabrika Cementa Lukavac D.D. (FCL).

The Group has consolidated the Joint Venture since 10 December 2010.

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.

	31 December 2016	31 December 2015
Current assets	44.004.289	36.104.944
Non-current assets	8.627.968	8.521.422
Total assets	52.632.257	44.626.366

Current liabilities	8.918.267	6.718.390
Non-current liabilities	4.213.492	3.564.930
Total liabilities	13.131.759	10.283.320

Net assets	39.500.498	34.343.046
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Group’s share (%)		
– Direct and indirect ownership ratio (%)	50,00	50,00
– Effective ownership ratio (%)	39,22	39,56

Group’s share in net assets	19.750.249	17.171.523
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	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	70.914.853	63.322.024
Profit from continuing operations	16.572.854	12.817.742
Other comprehensive income/(loss)	58.875	107.587
Total comprehensive income/(loss)	16.631.729	12.925.329

The Group’s share in profit/(loss) from continuing operations	8.286.427	6.408.871
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Dividend distribution from retained earnings	11.474.277	9.724.501
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Dividend distributed to company’s share	5.737.139	4.862.250
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It has been decided on the Shareholders’ General Assembly Meeting held on 16 March 2016 the dividend would be paid on 31 March 2016.

Shares of Joint Venture in non-group parties are related to Omco International N.V.

The Group has consolidated the Joint Venture since 30 June 2001.

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16. Joint Ventures and Associates

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

[Oxyvit Kimya Sanayii ve Tic. A.Ş.](#)

	31 December 2016	31 December 2015
Current assets	22.021.352	19.045.486
Non-current assets	13.364.868	14.412.178
Total assets	35.386.220	33.457.664
Current liabilities	11.347.003	8.995.728
Non-current liabilities	4.909.761	4.457.722
Total liabilities	16.256.764	13.453.450
Net assets	19.129.456	20.004.214
Group’s share (%)		
– Direct and indirect ownership ratio (%)	50,00	50,00
– Effective ownership ratio (%)	32,30	40,04
Group’s share in net assets	9.564.728	10.002.107

	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	36.125.159	40.959.851
Profit from continuing operations	3.594.218	5.014.756
Other comprehensive income/(loss)	31.024	3.607.966
Total comprehensive income/(loss)	3.625.242	8.622.722
The Group’s share in profit from continuing operations	1.797.109	2.507.378
Dividend distribution from retained earnings	4.500.000	2.500.000

Dividend distributed to company’s share	2.250.000	1.250.000
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Shares of Joint Venture in non-group parties are related to Cheminvest Türkiye Deri Kimyasalları Sanayi ve Tic. A.Ş.

The Group has consolidated the Joint Venture since 30 August 1996.

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16. Joint Ventures and Associates

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

[Solvay Şişecam Holding AG](#)

	31 December 2016	31 December 2015
Current assets	331.392.011	325.550.925
Non-current assets	929.906.212	767.800.260
Total assets	1.261.298.223	1.093.351.185
Current liabilities	97.359.893	86.801.601
Non-current liabilities	50.962.447	41.824.165
Total liabilities	148.322.340	128.625.766
Non-controlling interest	22.189.461	19.505.515
Net assets	1.090.786.422	945.219.904

Group’s share (%)		
– Direct and indirect ownership ratio (%)	25,00	25,00
– Effective ownership ratio (%)	15,22	19,50
Group’s share in net assets	272.696.606	236.304.976

	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	774.095.630	672.885.111
Net profit from continuing operations	187.155.483	142.204.703
Dividend advances paid from profit	95.106.825	63.008.930
Profit from continuing operations	282.262.308	205.213.633
Other comprehensive income/(loss)	157.057.786	106.630.953
Total comprehensive income/ (loss)	439.320.094	311.844.586
The Group’s share in profit/(loss) from continuing operations	70.565.577	51.303.408
Dividend distribution from retained earnings	198.646.751	149.312.642

Dividend distributed to Group’s share	73.438.394	53.080.393
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Founded based on Bulgarian Republic laws, Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97,95% direct and indirect ownership of Solvay Sodi A.D., which was located in Devnya, Bulgaria.

The Group has consolidated the Associate since 23 July 1997.

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16. Joint Ventures and Associates

The summary of the financial statements of Associates is as follows :

Saint Gobain Glass Egypt S.A.E

	31 December 2016	31 December 2015
Current assets	79.111.078	115.969.544
Non-current assets	225.807.641	454.516.657
Total assets	304.918.719	570.486.201
Current liabilities	66.556.958	139.398.223
Non-current liabilities	6.249.300	31.838.500
Total liabilities	72.806.258	171.236.723
Net asset (including goodwill)	232.112.461	399.249.478
Group’s share (%)		
– Direct and indirect ownership ratio (%)	30,00	30,01
– Effective ownership ratio (%)	20,84	20,95
Group’s share in net assets (including goodwill)	69.633.738	119.829.212
	1 January -	1 January -
	31 December 2016	31 December 2015
Revenue	208.557.665	158.342.107
Profit from continuing operations	31.856.700	(6.665.222)
Other comprehensive income/(loss)	(207.131.787)	47.907.956
Total comprehensive income/ (loss)	(175.275.087)	41.242.734
The Group’s share in profit/ (loss) from continuing operations	9.557.010	(2.000.474)
Capital increases in the period (*)	8.138.070	26.334.260
The Group’s share in cash capital increase	2.274.450	6.823.350

(*) The Group decreased its share in Saint Gobain Glass Egypt S.A.E. from 30,01% to 30,00% by joining the capital increase of EGP 25.500.000 of the subsidiary made on 25 July 2016 with an amount of EGP 7.500.000. The capital share has been paid from capital advances given before 1 January 2015.

The Group has consolidated the Associate since 4 October 2012.

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17. Investment Properties

	31 December 2016	31 December 2015
Cost	56.442.450	56.442.450
Accumulated depreciation (-)	(32.319.769)	(32.319.769)
Net book value	24.122.681	24.122.681
Gain on revaluation and remeasurement at inception	402.176.110	402.176.110
Gain on change in fair value at the beginning of the year	108.019.833	-
Gain on change in fair value during the period	47.813.616	108.019.833
Total impact from revaluation	558.009.559	510.195.943
Fair value	582.132.240	534.318.624

The Group has classified Çayırova property located in Gebze, Kocaeli, as investment property due to the termination operational use as of 31 December 2012. The fair value of the property is determined as TRY 297.132.240 as of 31 December 2016 (31 December 2015: 269.318.624). Revaluation gains amounting to TRY 27.813.616 determined as a result of valuation are accounted for under “Income From Investment Activities” in the profit and loss statement. Deferred tax impact amounting to TRY 1.390.681 are accounted for under “Deferred Tax Income(Loss)” in the profit and loss statement. The fair value of the investment property of Çayırova is determined based on the valuations made by independent valuation company which are authorized by CMB and has required professional experience and up-to-date information concerning the classification and location of the investment property. The fair value of properties were calculated by using “ Cost Analysis”, “Direct Capitalization”, “Cash Flow Analysis” and “Market Reference Comparison” for lands where existing constructions have valid construction plan and/or occupancy permit. It has been reached the results by considering the region subject to revaluation of properties, the scarcity of similar land in the region, transportation relations, environmental restructuring and construction plan process ongoing in the region.

The Group has classified Beykoz property located in İncirköy, Beykoz, İstanbul as investment property due to the termination of operational use as of 30 June 2011. The fair value of the property is determined as TRY 285.000.000 as of 31 December 2016 (31 December 2015: TRY 265.000.000) Revaluation gains amounting to TRY 20.000.000 determined as a result of valuation are accounted for under “Income From Investment Activities” in the profit and loss statement. Deferred tax impact amounting to TRY 1.000.000 are accounted for under “Deferred Tax Income (Loss)” in the profit and loss statement. The fair value of the investment property of Beykoz is determined based on the valuations made by independent valuation company which are authorized by CMB and has required professional experience and up-to-date information concerning the classification and location of the investment property. The fair value of properties were determined by using “Cost Analysis”, “Direct Capitalization”, “Cash Flow Analysis” and “Market Reference Comparison”.

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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18. Property, Plant and Equipment

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January	1.507.647.651	394.393.675	1.997.141.467	8.137.504.220	64.697.388	421.335.530	562.562.183	436.026.073	13.521.308.187
Classification (*)	(4.500.618)	(553.591)	(12.779.171)	21.907.841	2.948	(3.993)	-	10.857.485	14.930.901
Currency translation differences	18.961.023	43.299.180	359.755.900	686.929.217	9.078.488	48.509.513	47.716.555	41.278.861	1.255.528.737
Subsidiary acquisition impact (Note 3)	10.051.236	-	41.710.285	182.682.569	63.338	3.298.870	732.476	-	238.538.774
Additions	49.969	1.682.623	1.697.279	104.494.091	765.090	39.046.605	60.247.222	913.141.313	1.121.124.192
Disposals	(6.002.040)	(186.571)	(3.869.414)	(162.488.254)	(1.705.000)	(24.773.039)	(44.851.243)	-	(243.875.561)
Transfers from construction in progress	8.386.866	18.482.06	95.596.193	820.962.415	1.772.262	38.824.124	100.717.826	(1.084.741.892)	-
Balance at 31 December 2016	1.534.594.087	457.117.522	2.479.252.539	9.791.992.099	74.674.514	526.237.610	727.125.019	316.561.840	15.907.555.230

Accumulated depreciation and impairment

Previously reported- 1 January	(10.397.073)	(208.608.607)	(43.138.834)	(5.195.742.585)	(39.728.948)	(292.009.060)	(383.845.200)	-	(6.173.470.307)
Classification (*)	398.801	1.079.532	1.395.744	(21.907.841)	(2.948)	3.993	-	-	(19.032.719)
Currency translation differences	(1.328.682)	(21.564.154)	(20.749.374)	(328.268.963)	(5.761.459)	(31.371.086)	(31.187.550)	-	(440.231.268)
Charge for the period (**)	-	(24.509.264)	(76.691.935)	(532.034.116)	(7.218.628)	(43.965.298)	(93.075.759)	-	(777.495.000)
Disposals	-	106.951	213.751	93.255.057	1.540.294	15.249.979	25.633.846	-	135.999.878
Balance at 31 December 2016	(11.326.954)	(253.495.542)	(138.970.648)	(5.984.698.448)	(51.171.689)	(352.091.472)	(482.474.663)	-	(7.274.229.416)

Net book value as of 31 December 2016	1.523.267.133	203.621.980	2.340.281.891	3.807.293.651	23.502.825	174.146.138	244.650.356	316.561.840	8.633.325.814
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Net book value as of 31 December 2015	1.497.250.578	185.785.068	1.954.002.633	2.941.761.635	24.968.440	129.326.470	178.716.983	436.026.073	7.347.837.880
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(*) The Group reconsidered the fully amortized property, plant and equipment and performed reclassifications and offsetting in the related accounts. The aforementioned changes have no impact on profit/(loss).
(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

The net book value of property, plant and equipment acquired via financial leasing in TRY 5.603.014. (31 December 2015: TRY 5.639.599). The Group did not engage in financial leasing contract in 2016.

No mortgage over lands and buildings due to bank borrowings exist (1 January – 31 December 2015: None).

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18. Property, Plant and Equipment

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January	109.426.850	320.701.456	1.914.328.964	7.445.244.091	51.697.833	346.986.798	511.664.055	665.259.521	11.365.309.568
Classification (*)	169.664.898	41.472.144	(174.941.945)	19.604.818	909.863	29.735.097	(27.869.620)	(99.947.520)	(41.372.265)
Currency translation differences	3.651.647	3.332.463	14.675.314	112.870.935	3.379.735	9.258.173	(3.600.718)	37.171.993	180.739.542
Additions (**)	136.552	304.388	19.363.120	52.508.842	2.119.946	28.260.606	19.319.498	940.612.635	1.062.625.587
Disposals	-	(32.311)	(29.039.577)	(133.978.354)	(2.956.511)	(18.984.850)	(42.329.916)	-	(227.321.519)
Revaluation (***)	1.221.574.672	-	(8.687.232)	-	-	-	-	-	1.212.887.440
Transfers from assets held for sale	3.193.032	-	3.460.503	-	-	-	-	-	6.653.535
Transfers to assets held for sale	-	-	-	(38.213.701)	-	-	-	-	(38.213.701)
Transfers from construction in progress	-	28.615.535	257.982.320	679.467.589	9.546.522	26.079.706	105.378.884	(1.107.070.556)	-
Balance at 31 December 2015	1.507.647.651	394.393.675	1.997.141.467	8.137.504.220	64.697.388	421.335.530	562.562.183	436.026.073	13.521.308.187

Accumulated depreciation and impairment

Previously reported- 1 January	-	(169.588.444)	(486.070.443)	(4.861.627.694)	(33.581.960)	(251.132.194)	(356.150.115)	-	(6.158.150.850)
Classification (*)	-	(18.796.876)	(27.540.130)	72.255.195	(167.337)	(15.461.631)	31.083.044	-	41.372.265
Currency translation differences	(387.776)	(161.446)	(10.124.920)	(49.062.934)	(2.025.430)	(6.206.816)	2.631.460	-	(65.337.862)
Charge for the period (****)	-	(20.067.496)	(62.956.787)	(501.762.260)	(6.308.691)	(33.933.618)	(87.846.189)	-	(712.875.041)
Impairment	(10.009.297)	-	(22.827.981)	(3.301.725)	-	(22.285)	-	-	(36.161.288)
Disposals	-	5.655	9.355.693	109.746.980	2.354.470	14.747.484	26.436.600	-	162.646.882
Transfers to assets held for sale	-	-	-	38.009.853	-	-	-	-	38.009.853
Revaluation (***)	-	-	557.025.734	-	-	-	-	-	557.025.734
Balance at 31 December 2015	(10.397.073)	(208.608.607)	(43.138.834)	(5.195.742.585)	(39.728.948)	(292.009.060)	(383.845.200)	-	(6.173.470.307)

Net book value as of 31 December 2015	1.497.250.578	185.785.068	1.954.002.633	2.941.761.635	24.968.440	129.326.470	178.716.983	436.026.073	7.347.837.880
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Net book value as of 31 December 2014	109.426.850	151.113.012	1.428.258.521	2.583.616.397	18.115.873	95.854.604	155.513.940	665.259.521	5.207.158.718
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(*) The Group reconsidered the fully amortized property, plant and equipment and performed reclassifications and offsetting in the related accounts. The aforementioned changes have no impact on profit/(loss).

(**) The financial expenses amounting to TRY 2.123.845 was capitalized (Note 8).

(***) As of 31 December 2015, Land and buildings were accounted for under net method in accordance with revaluation method as a result of the results of expert report dated on 30 September 2015. If cost approach were used, TRY 4.821.968 of amortization expense would be less and net book value of property, plant and equipment would be TRY 5.638.797.071 as of 31 December 2015.

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

No mortgage over lands and buildings due to bank borrowings exist (1 January – 31 December 2015: None).

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19. Intangible Assets

Cost	Rights	Mine fields	Development expense	Other	Total
1 January	132.387.417	13.135.203	66.153.790	20.783.212	232.459.622
Reclassification (*)	-	-	-	4.101.818	4.101.818
Currency translation differences	9.946.173	-	-	1.911.889	11.858.062
Subsidiary acquisition impact (Note 3)	-	-	-	82.250	82.250
Additions	16.971.407	-	17.257.555	3.084.498	37.313.460
Disposals	(94.542)	-	-	(1.339.229)	(1.433.771)
Balance at 31 December 2016	159.210.455	13.135.203	83.411.345	28.624.438	284.381.441
Accumulated depreciation					
1 January	(91.835.982)	(7.459.157)	(26.913.195)	(7.949.111)	(134.157.445)
Currency translation differences	(7.564.734)	-	-	(1.194.161)	(8.758.895)
Charge for the period (**)	(16.593.919)	(768.552)	(11.855.302)	(2.928.421)	(32.146.194)
Disposals	94.542	-	-	36.680	131.222
Balance at 31 December 2016	(115.900.093)	(8.227.709)	(38.768.497)	(12.035.013)	(174.931.312)
Net book value as of 31 December 2016	43.310.362	4.907.494	44.642.848	16.589.425	109.450.129
Net book value as of 31 December 2015	40.551.435	5.676.046	39.240.595	12.834.101	98.302.177

Cost	Rights	Mine fields	Development expense	Other	Total
1 January	116.774.117	13.135.203	39.861.254	13.020.771	182.791.345
Reclassification (*)	1.106.383	-	-	(1.106.383)	-
Currency translation differences	5.708.003	-	-	664.255	6.372.258
Additions	10.374.463	-	26.292.536	8.707.324	45.374.323
Disposals	(1.575.549)	-	-	(502.755)	(2.078.304)
Balance at 31 December 2015	132.387.417	13.135.203	66.153.790	20.783.212	232.459.622
Accumulated depreciation					
1 January	(75.289.111)	(6.690.605)	(17.225.439)	(7.035.321)	(106.240.476)
Reclassification (*)	(958.650)	-	-	958.650	-
Currency translation differences	(3.797.506)	-	-	(394.660)	(4.192.166)
Charge for the period (**)	(13.357.014)	(768.552)	(9.687.756)	(1.500.556)	(25.313.878)
Disposals	1.566.299	-	-	22.776	1.589.075
Balance at 31 December 2015	(91.835.982)	(7.459.157)	(26.913.195)	(7.949.111)	(134.157.445)
Net book value as of 31 December 2015	40.551.435	5.676.046	39.240.595	12.834.101	98.302.177
Net book value as of 31 December 2014	41.485.006	6.444.598	22.635.815	5.985.450	76.550.869

(*) The Group reconsidered the fully amortized intangible assets and performed reclassifications and offsetting in the related accounts. The aferementioned changes have no impact 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 2016	31 December 2015
1 January	32.197.437	29.057.791
Currency translation differences	5.960.331	3.139.646
	38.157.768	32.197.437

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

	31 December 2016	31 December 2015
Glasscorp S.A.	20.951.482	17.967.616
Cromital S.p.A	8.740.506	7.486.410
Richard Fritz Holding GmbH	5.397.905	4.623.408
OOO Ruscam Glass Packaging Holding	3.067.875	2.120.003
	38.157.768	32.197.437

21. Government Grants

Certain expenses regarding industries relating to R&D projects which have been certified by expert organizations are reviewed and evaluated so that a specific proportion of these expenses are considered as grants and can be refunded within the context of the Decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board’s Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

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

A memorandum for government incentive was signed between Trakya Glass Bulgaria EAD and Ministry of Economy and Energy on behalf of the Republic of Bulgaria under “Regulation of Investment Incentive and Implementation” of Bulgaria and “Government Incentive Legislation” of European Union.

Glass Corp S.A. utilizes government grants in Romania within this scope.

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22. Provisions, Contingent Assets and Liabilities

The total amount of the law suits as of 31 December 2016 filed and continuing against is approximately TRY 40.228.874 (31 December 2015: TRY 37.840.356). The Group has been defendant and plaintiff of more than one case within the ordinary operations during the period. According to the opinions of independent legal and tax advisors, the Group considers the possibility of incurring loss amounting to TRY 40.228.874 from the cases as remote as of 31 December 2016.

Collaterals, pledges and mortgages “CPM” given by the Company as of 31 December 2016 and 31 December 2015 are as follows:

31 December 2016					
The CPMs given by the Company	TRY Equivalent	USD	EUR	RUR	TRY equivalent of TRY and other currencies
A. CPM's given in the name of own legal personality	2.112.825	-	-	-	2.112.825
B. CPM's given on behalf of the fully consolidated companies	3.438.610.573	97.649.633	581.778.650	12.367.380.986	227.723.093
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	1.407.680.000	400.000.000	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	1.407.680.000	400.000.000	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	4.848.403.398	497.649.633	581.778.650	12.367.380.986	229.835.918

Percentage of other CPM's given by the Company to the Company's equity is 12,42% as of 31 December 2016.

(*) On 9 May 2013, The Group issued debt instrument (bond) with 7 year term and nominal amounting to USD 500.000.000 and the portions of issued fund amounting to USD 500.000.000 were transferred to our subsidiaries Trakya Cam Sanayi A.Ş. by USD 250.000.000, to Anadolu Cam Sanayii A.Ş. by USD 100.000.000, to Soda Sanayii A.Ş.by USD 50.000.000. 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 guarantee for third party benefit.

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22. Provisions, Contingent Assets and Liabilities

31 December 2015					
The CPMs given by the Company	TRY Equivalent	USD	EUR	RUR	TRY equivalent of TRY and other currencies
A. CPM's given in the name of own legal personality	1.746.702	-	-	-	1.746.702
B. CPM's given on behalf of the fully consolidated companies	2.647.028.977	95.595.818	575.633.942	12.845.116.180	31.145.111
C. CPM's given on behalf of third parties or ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	1.163.040.000	400.000.000	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	1.163.040.000	400.000.000	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	3.811.815.679	495.595.818	575.633.942	12.845.116.180	32.891.813

Percentage of other CPM's given by the Company to the Company's equity is 12,24% as of 31 December 2015.

(*) On 9 May 2013, The Group issued debt instrument (bond) with 7 year term and nominal amounting to USD 500.000.000 and the portions of issued fund amounting to USD 500.000.000 were transferred to our subsidiaries Trakya Cam Sanayi A.Ş. by USD 250.000.000, to Anadolu Cam Sanayii A.Ş. by USD 100.000.000, to Soda Sanayii A.Ş.by USD 50.000.000. 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 guarantee for third party benefit.

Put/call option agreements

Put/call option agreements were signed between the Company and European Bank for Reconstruction and Development (“EBRD”) on 10 November 2014 and 24 October 2014. Therefore, Company has put option for Paşabahçe Cam Sanayii ve Tic. A.Ş. (“Paşabahçe”) while it has granted a call option to EBRD. If Paşabahçe's public offering occurs until 24 October 2019, related put/call options will be invalid.

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22. Provisions, Contingent Assets and Liabilities

Short term provisions

	31 December 2016	31 December 2015
Accrued expenses	34.645.361	17.180.373
Litigation provisions	17.023.112	22.946.941
Provisions for employee benefits	10.123.828	9.992.796
Turnover premium	2.415.555	2.349.855
Other short term provisions	549.021	266.512
	64.756.877	52.736.477

23. Commitments

According to the agreements made among Türkiye Petrolleri Anonim Ortaklığı A.Ş. , Shell Enerji A.Ş. , Mersin Organize Sanayi Bölgesi, Aygaz Doğal Gaz Toptan Satış A.Ş., Boru Hatları ve Petrol Taşıma A.Ş. (BOTAS), Eskişehir Organize Sanayii Bölge Müdürlüğü, Palgaz Doğalgaz A.Ş. , Enerya Denizli Gaz Dağıtım A.Ş. , Akfel Petrol and Doğalgaz Mühendislik A.Ş., the Group has a commitment to purchase 1.007.136.266 sm3 of natural gas between 1 January 2017 and 31 December 2017 (31 December 2015: 1.433.985.760 sm3).

24. Employee Benefits

Short term liabilities for employee benefits

	31 December 2016	31 December 2015
Due to personnel	28.541.748	22.114.028

Short term provisions for employee benefits	31 December 2016	31 December 2015
Unused vacation provision	10.123.828	9.992.796

Long term provisions for employment benefits

Provision for employee termination benefits

	31 December 2016	31 December 2015
Domestic	271.636.223	256.749.702
Foreign	6.783.280	5.239.459
	278.419.503	261.989.161

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

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24. Employee Benefits

Long term provisions for employment benefits

Provision for employee termination benefits

The amount payable consists of one month's salary limited to a maximum of TRY 4.297,21 for each period of service as of 31 December 2016 (31 December 2015: TRY 3.828,37). TRY 4.426,16 which is effective from 1 January 2017, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2015: TRY 4.092,53 which is effective from 1 January 2016).

Liability of employment termination benefits is not subject to any funding as there isn't an obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans.

The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under funds for actuarial gain/loss on employee termination benefits.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2016 and 31 December 2015 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 6,00% (31 December 2015: 5,00%) and a discount rate of 11,50% (31 December 2015: 10,13%), the real discount rate is approximately 5,19% (31 December 2015: 4,89%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2016, turnover rate to estimate the probability of retirement is 90,87% (31 December 2015: 98,77%).

The movement of the employment termination benefits is as follows:

	31 December 2016	31 December 2015
1 January	261.989.161	244.269.164
Service costs	49.284.174	60.192.269
Interest costs	12.395.459	9.843.563
Currency translation differences	942.855	586.397
Subsidiary acquisition impact (Note 3)	125.186	-
Actuarial loss/(gain)	(4.562.974)	(10.030.583)
Payments made during the period	(41.754.358)	(42.871.649)
	278.419.503	261.989.161

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25. Impairment of Assets

Impairment of assets	31 December 2016	31 December 2015
Impairment of available-for-sale financial assets	100.484.668	100.484.668
Provision for doubtful receivables	68.215.636	44.437.106
Provision for inventory write down	28.082.740	17.232.394
Provisions for other current assets	275.495	258.387
Provision for other doubtful receivables	-	475.320
Provision for other non-current doubtful receivables	-	35.104
	197.058.539	162.922.979

The details of impairment of available-for-sale financial assets	31 December 2016	31 December 2015
Trakya Yatırım Holding A.Ş.	99.617.136	99.617.136
Şişecam Shanghai Trade Co. Ltd.	655.449	655.449
Mepa Merkezi Pazarlama A.Ş.	212.083	212.083
	100.484.668	100.484.668

26. Other Assets and Liabilities

Other current assets	31 December 2016	31 December 2015
Income accruals (*)	63.469.782	39.504.498
Deductible VAT on exports	49.443.570	44.140.937
VAT receivables	40.364.165	39.946.112
Work advances	1.278.216	739.216
Other	12.648.389	7.440.735
Provisions for other current assets (-)	-	(475.320)
	167.204.122	131.296.178

(*) It is the provision of damage compensation receivable amounting to TRY 59.890.463 (=EUR 16.143.417) as of 31 December 2016 from the insurance company due to fire outbreak in Paşabahçe Cam Sanayii ve Tic. A.Ş. Eskişehir Plant. Group management accounted income accrual based on the minimum amount to be received in accordance with the financial prudence.

Damage due to fire and income proceeded and to be proceeded are as follows;

	Turkish Lira
Damage in 2015	(66.573.248)
Cash inflow in 2015	30.113.945
Benefit in kind received in 2016	42.448.772
Income accrual for the year 2016	59.890.463
Total impact	65.879.932

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26. Other Assets and Liabilities

The movement of other current assets balance is as follows:

	31 December 2016	31 December 2015
1 January	(475.320)	-
Charge for the period	(647.170)	(534.720)
Currency translation differences	(65.400)	59.400
Collections	1.187.890	-
	-	(475.320)

Other non-current assets	31 December 2016	31 December 2015
Vat deductible	9.979.066	25.472.021
Advances given for the inventories	2.932.621	2.676.041
Other non-current assets	37.105	31.782
	12.948.792	28.179.844

Other current liabilities	31 December 2016	31 December 2015
Taxes and funds payables	57.892.020	28.254.736
Expense accruals	56.716.191	24.289.177
Social security withholdings payable	44.479.023	21.352.935
VAT and other payables	4.931.204	2.551.855
Other	2.175.454	1.240.004
	166.193.892	77.688.707

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”.

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27. Capital, Reserves and Other Equity Items

a) Capital/ Treasury Shares

The approved and paid-in share capital of the Company consists of 205.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

	31 December 2016		31 December 2015	
Registered capital ceiling	2.500.000.000		2.500.000.000	
Approved and paid-in capital	2.050.000.000		1.900.000.000	
	31 December 2016		31 December 2015	
	Amount	Share	Amount	Share
	TRY	(%)	TRY	(%)
Shareholders				
T. İş Bankası A.Ş.	1.356.202.347	66,15	1.249.376.486	65,76
Efes Holding A.Ş.	168.621.739	8,23	71.603.051	3,77
Anadolu Hayat Emeklilik A.Ş.	985.195	0,05	913.108	0,05
T.İş Bankası Mensupları Sos. Güv.Vakfı	-	-	84.680.512	4,46
Other (*)	524.190.719	25,57	493.426.843	25,96
Nominal capital (**)	2.050.000.000	100,00	1.900.000.000	100,00
Adjustment to share capital	241.425.784		241.425.784	
Total share capital	2.291.425.784		2.141.425.784	

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

(**) Issued capital of the Company increased from TRY 1.900.000.000 to TRY 2.050.000.000 and TRY 98.000.000 is obtained from 2015 profit. TRY 50.654.932,45 is obtained from real estate and affiliate share sales fund. TRY 1.345.067,55 is obtained from extraordinary legal reserves. The CMB Board decision on the issued TRY 150.000.000 was given on 24 June 2016 and registered on 30 June 2016. Dividend distribution was started on 1 July 2016 and deposited to the shareholders' account on 11 July 2016 due to the official religious holiday in Turkey.

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

	31 December 2016		31 December 2015	
	Amount	Share	Amount	Share
	TRY	(%)	TRY	(%)
Shareholders				
T. İş Bankası A.Ş. Mensupları Munzam Sosyal				
Güvenlik ve Yardımlaşma Sandığı Vakfı	713.346.168	34,80	658.045.803	34,63
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	381.184.477	18,59	351.157.602	18,48
Other (*)	955.469.355	46,61	890.796.595	46,89
Nominal capital	2.050.000.000	100,00	1.900.000.000	100,00

(*) Other includes various shareholders and the publicly traded portion of T.İş Bankası A.Ş. shares.

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27. Capital, Reserves and Other Equity Items

b) Share premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 527.051 as of 31 December 2016 (31 December 2015: TRY 527.051).

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

	31 December 2016	31 December 2015
Gain/loss fund on revaluation and remeasurement	1.671.014.581	1.641.917.323
- Revaluation funds of land and buildings on revaluation	1.305.498.386	1.276.173.779
- Revaluation funds of investment properties	365.516.195	365.743.544
Actuarial gain / loss funds provision for employee termination benefits	1.899.680	(946.316)
	1.672.914.261	1.640.971.007

Revaluation funds of land and buildings on revaluation

The Group has revalued the land and buildings in accordance with “Financial Reporting in Hyperinflationary Economies” in year end 2004 and revalued the purchases after this date by cost method.

As of 31 December 2015, The Group decided to reevaluate the land and buildings in accordance with revaluation method in order to present with fair value, gain on revaluation is accounted for under equity by considering impact of deferred tax and non-controlling interest.

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

	31 December 2016	31 December 2015
1 January	1.276.173.779	-
Currency translation differences	109.155.689	-
Impact of investments accounted for under equity accounting	163.139	2.695.916
Impact of deferred tax	(13.281.188)	(156.398.532)
- Currency translation differences	(16.886.033)	(156.398.532)
- Impact of enacted tax rate change	3.604.845	-
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control cease	(36.209.731)	-
Impact of non-controlling interests	(26.134.790)	(316.823.661)
- Currency translation differences	(25.357.850)	(316.823.661)
- Impact of enacted tax rate change	(776.940)	-
Impact of property disposal	(4.368.512)	-
- Impact of fund	(6.685.510)	-
- Impact of tax	615.601	-
- Impact of non-controlling interests	1.701.397	-
Revaluation in the period	-	1.746.700.056
	1.305.498.386	1.276.173.779

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27. Capital, Reserves and Other Equity Items

c) Other Comprehensive Income not to be reclassified to profit (loss)

Revaluation funds of investment properties

Due to the change in their use, the Group transferred Beykoz properties located in İstanbul, İncirköy/ Beykoz district and Çayırova properties located in Kocaeli, Gebze/Çayırova to investment properties, which were accounted for under plant and equipment previously. The fair value increase recognized during the initial transfer was accounted for under “Gain/Loss on Revaluation and Remeasurement” in equity holders of the parent.

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

	31 December 2016	31 December 2015
1 January	365.743.544	365.747.752
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control cease	(227.349)	(4.208)
	365.516.195	365.743.544

Actuarial gain / loss funds provision for employee termination benefits

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 “Funds for actuarial gain/loss on employee termination benefits” under the equity.

The movement of the provision for employee termination benefits actuarial gain / loss funds is as follows:

	31 December 2016	31 December 2015
1 January	(946.316)	(7.444.515)
During the period	4.562.974	10.030.583
Impact of investments accounted for under equity accounting	44.948	61.480
Currency translation differences	(9.475)	-
Impact of deferred tax	(910.700)	(2.006.117)
Impact of non-controlling interests	(809.981)	(1.587.747)
Increase/ (decrease) of changes in ownership rate of subsidiaries that do not result in control cease	(31.770)	-
	1.899.680	(946.316)

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27. Capital, Reserves and Other Equity Items

d) Other Comprehensive Income to be reclassified to profit (loss)

	31 December 2016	31 December 2015
Currency translation differences	477.575.378	115.048.155
Hedging reserve	(832.955)	(8.148.982)
Financial asset revaluation fund	252.589	73.331
	476.995.012	106.972.504

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 2016	31 December 2015
1 January	115.048.155	(27.553.722)
Accounted under equity in the period	362.527.223	142.601.877
- Accounted for under other comprehensive income	351.819.066	115.690.261
- Impact of non-controlling interests	10.708.157	26.911.616
	477.575.378	115.048.155

Hedging reserves

It consists of the effective portion of cumulative change in the fair value of derivative financial instruments related to cash flow hedge.

The movement of hedging reserves is as follows:

	31 December 2016	31 December 2015
1 January	(8.148.982)	6.312.839
Effective portion of the derivative instrument charged to equity	11.546.690	(32.429.170)
Impact of deferred tax	(2.309.339)	6.485.831
Impact of non-controlling interests	(1.921.324)	11.481.518
	(832.955)	(8.148.982)

Revaluation fund on financial assets

The revaluation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

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27. Capital, Reserves and Other Equity Items

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

Revaluation fund on financial assets

The movement of the revaluation fund on financial assets is as follows:

	31 December 2016	31 December 2015
1 January	73.331	84.106
Change in fair values	188.692	(11.345)
Impact of deferred tax	(9.434)	570
	252.589	73.331

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 IFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year’s profits/losses.

Restricted reserves attributable to equity holders of the Parent	31 December 2016	31 December 2015
Legal reserves	99.057.518	80.717.155

f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 3.262.034.117 (31 December 2015: TRY 2.772.959.150) is TRY 85.712.719 (31 December 2015: TRY 86.590.893).

Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on “Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law”, principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

The profit shares in quoted partnerships are distributed to all available shared as of distribution date, equally at the rates of shares without considering the issue and acquisition dates.

Reserves subject to dividend distribution

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

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27. Capital, Reserves and Other Equity Items

f) Retained Earnings

Reserves subject to dividend distribution

	31 December 2016	31 December 2015
Net profit for the period	326.116.451	417.462.189
Special fund within the scope of Corporate Tax Law no: 5/1-e	-	(50.654.932)
Statutory net profit	326.116.451	366.807.257
I. legal reserves	(16.305.823)	(18.340.363)
Distributable profit for the period	309.810.628	348.466.894
Extraordinary reserves	85.712.719	86.590.893
	395.523.347	435.057.787

It has been decided in Ordinary General Assembly Meeting held on 25 March 2016 that a gross dividend amounting to TRY 250.000.000, equivalent of 13,15789% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 98.000.000, equivalent of 5,15789% of paid in capital will be distributed as bonus shares. It has also been decided that the date of payment of cash dividend will be 31 May 2016 and the bonus shares will be distributed after the completion of legal procedures.

g) Non-controlling interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries and joint ventures which are not fully owned, are separately accounted for as “Non-controlling Interests” in the consolidated financial statements by a reduction of related equity components. Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries and joint ventures, which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit/ (loss) section of the consolidated statement of income.

There is no capital contribution of the non-controlling interests for the period between 1 January and 31 December 2016. Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2015:

- The non-controlling interests participated in the capital increase of TRSG Glass Holding BV amounting to EUR 9.400.000, at its ownership rate by 30%.

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2016:

- On 14 March 2016, Şişecam Chem Investment B.V. acquired the 10,70% of the non-controlling shares of one of our subsidiaries, Şişecam Soda Lukavac DOO, at a nominal value of BAM 13.050.400 with an amount of EUR 2.812.105 (= BAM 5.500.000) in cash.
- On 17 March 2016, Anadolu Cam Sanayii A.Ş. acquired the 0,14% of the non-controlling shares of one of our subsidiaries, JSC Mina, at a nominal value of GEL 24.032 with an amount of USD 15.720 in cash.
- One of our subsidiaries, Anadolu Cam San. A.Ş. sold its shares of Soda San. A.Ş. with a nominal value by TRY 64.000.000 (at a rate of 9,70%) on 17 March 2016 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4,50 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 3.146.080.
- One of our subsidiaries, Anadolu Cam San. A.Ş. sold its shares of Soda San. A.Ş. with a nominal value by TRY 18.795.651,15 (at a rate of 2,85%) on 27 May 2016 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4,50 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 857.626.
- One of our subsidiaries, Trakya Cam Sanayii A.Ş sold its shares of Soda San. A.Ş. with a nominal value by TRY 67.224.607,68 (at a rate of 10,19%) on 27 May 2016 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4,50 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 3.176.363.
- The Company acquired the shares of Cam Elyaf Sanayii A.Ş., one of our subsidiaries, at a nominal value by TRY 592.974 (rate of <1%) which is in in the non-controlling interest with an amount of TRY 1.019.915 on cash on 31 May 2016 and 24 June 2016.

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27. Capital, Reserves and Other Equity Items

g) Non-controlling interest

- In the extraordinary general meeting held on 28 June 2016, it is decided to merge nonconsolidated subsidiary Company Paşabahçe Yatırım ve Pazarlama A.Ş., which is accounted for under non-current financial assets since it is not material for consolidated financial statements, with Paşabahçe Mağazaları A.Ş and registered on 15 July 2016. Increased paid in capital share amounting to TRY 194.253,84 has been given to Paşabahçe Cam Sanayii A.Ş. from Paşabahçe Mağazaları A.Ş because of the merge.
- A call option agreement signed with İş Yatırım Menkul Değerler A.Ş. within the scope of the Circular of Borsa İstanbul numbered 466 on 22 September 2015 at a price of TRY 1,79 per share for a total of 3.000.000 shares of Trakya Cam Sanayii A.Ş., one of our subsidiaries. The price and the amount of the aforementioned call option was determined approximately paid as TRY 1,6226 per share for a total of 3.117.318 shares due to the non-cash capital increase and dividend paid. The option exercised with a collection of TRY 5.058.268 on 21 September 2016.
- A call option agreement signed with İş Yatırım Menkul Değerler A.Ş. within the scope of the Circular of Borsa İstanbul numbered 466 on 22 September 2015 at a price of TRY 4,73 per share for a total of 1.000.000 shares of Soda Sanayii Sanayii A.Ş., one of our subsidiaries. The price and the amount of the aforementioned call option was determined approximately as TRY 3,8424 per share for a total of 1.136.363 shares due to the non-cash capital increase and dividend paid. The option exercised with a collection of TRY 4.366.353 on 21 September 2016.
- Within the scope of the restructuring efforts of our companies operating in the automotive sector, 10% of shares of Glasscorp SA located in Romania were acquired for a total of EUR 3.950.000. The considiration will be paid in instalments to Nordexo Manufacturing SRL. A portion of EUR 3.000.000 was paid on 17 October 2016. With this purpose, the Group increased the capital of Trakya Investment BV. The Group holds 100% of shares of Glasscorp SA after the acquisition of 10% share.
- Soda Sanayii A.Ş. shares with a TRY 186.751,56 nominal value (<1% rate) in the portfolio of Denizli Cam Sanayii ve Tic. A.Ş., one of our subsidiary, was sold for TRY 981.743 at the 5,24-5,26 price range on 27 December 2016. Transaction cost amounting to TRY 2.062 was incurred.
- The call option agreement was signed between the Company and İş Yatırım Menkul Değerler A.Ş. on 22 April 2014, within the scope of circular letter no. 466 of Borsa İstanbul. Shares of Anadolu Cam Sanayii A.Ş.,one of our subsidiary, are being traded at Borsa İstanbul National Market with 3.000.000 shares each and a TRY 1,89 exercise price. The option is realised by collecting TRY 5.670.000 on 29 December 2016.
- The company sold shares of Şişecam Çevre Sistemleri A.Ş. with a TRY 5.800.000 nominal value (%10 rate) to European Bank for Reconstruction and Development (“EBRD”) for TRY 5.800.000 on 28 December 2016.

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2015:

- One of our subsidiaries, Anadolu Cam Sanayii A.Ş. sold its shares of Soda Sanayii A.Ş. with a nominal value by TRY 16.443.500 (at a rate of 3,269%) on 5 March 2015 to domestic and foreign qualified investors in stock exchange market at a price by TRY 4,90 via special order. It has been decided that the gain on transaction would be considered within the scope of Corporate Tax Law no: 5/1-e. The transaction costs are TRY 634.514. Anadolu Cam Sanayii A.Ş. and Trakya Cam Sanayii A.Ş. will not sell Soda Sanayii A.Ş. shares in their portfolios in 180 days following the transaction date.
- On 2 April 2015, one of our subsidiaries, Anadolu Cam Sanayi A.Ş. acquired the Group companies on cash whose share rates are below 1% in the portfolio of the companies listed below.
 - » Anadolu Cam Sanayii A.Ş. acquired the shares of Anadolu Cam Yenişehir Sanayi A.Ş. at a nominal value of TRY 87.777,00 (respectively 29.259,00+29.259,00+29.259,00), which is in the portfolio of Cam Elyaf Sanayii A.Ş., Paşabahçe Cam Sanayii ve Tic. A.Ş. and Camiș Madencilik A.Ş. with an amount of TRY 391.485,00 on cash.
 - » Anadolu Cam Sanayii A.Ş. acquired the shares of Anadolu Cam Eskişehir Sanayi A.Ş. at a nominal value of TRY 68.182,50 (respectively 22.727,50+22.727,50+22.727,50), which is in the portfolio of Anadolu Cam Yenişehir Sanayi A.Ş., Şişecam Dış Ticaret A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. with an amount of TRY 68.811 on cash.
 - » Anadolu Cam Sanayii A.Ş. acquired the shares of Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. at a nominal value of TRY 2.000,00 (respectively 500,00+500,00+1.000,00), which is in the portfolio of Anadolu Cam Yenişehir Sanayi A.Ş., Camiș Madencilik A.Ş. and Company with an amount of TRY 16.100 on cash.

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27. Capital, Reserves and Other Equity Items

g) Non-controlling interest

- On 2 April 2015, one of our subsidiaries, Paşabahçe Cam Sanayii ve Tic. A.Ş. acquired the Group companies on cash whose share rates are below 1% in the portfolio of the companies listed below.
 - » Paşabahçe Cam Sanayii ve Tic. A.Ş. acquired the shares of Camiș Ambalaj Sanayii A.Ş. at a nominal value of TRY 12,00 (respectively 10,00+1,00+1,00), which is in the portfolio of Şişecam Sigorta Aracılık Hizmetleri A.Ş., Cam Elyaf Sanayii A.Ş. and Paşabahçe Mağazaları A.Ş. with an amount of TRY 32,00 on cash.
 - » Paşabahçe Cam Sanayii ve Tic. A.Ş. acquired the shares of Paşabahçe Yatırım ve Pazarlama A.Ş. at a nominal value of TRY 5.000,00 which is in the portfolio of the Company with an amount of TRY 24.350 on cash.
- On 2 April 2015, one of our subsidiaries, Soda Sanayii A.Ş. acquired the Group companies on cash whose share rates are below 1% in the portfolio of the companies listed below.
 - » Soda Sanayii A.Ş. acquired the shares of Oxyvit Kimya Sanayii Ve Tic. A.Ş. at a nominal value of TRY 3.351 (respectively 3.350,00+1,00), which is in the portfolio of Cam Elyaf Sanayii A.Ş. and Camiș Elektrik Üretim A.Ş. with an amount of TRY 138.865 on cash.
- On 2 April 2015, one of our subsidiaries, Trakya Cam Sanayii A.Ş. acquired the Group companies on cash whose share rates are below 1% in the portfolio of the companies listed below.
 - » Trakya Cam Sanayii A.Ş. acquired the shares of Trakya Polatlı Cam Sanayii A.Ş. at a nominal value of TRY 90.000,00 (respectively 30.000,00+30.000,00+30.000,00), which is in the portfolio of Şişecam Dış Ticaret A.Ş., Şişecam Sigorta Aracılık Hizmetleri A.Ş. and Trakya Yenişehir Cam Sanayii A.Ş. with an amount of TRY 131.400,00 on cash.
 - » Trakya Cam Sanayii A.Ş. acquired the shares of Trakya Yenişehir Cam Sanayii A.Ş. at a nominal value of TRY 75.000,00 (respectively 25.000,00+25.000,00+25.000,00), which is in the portfolio of Cam Elyaf Sanayii A.Ş., Şişecam Sigorta Aracılık Hizmetleri A.Ş. and Camiș Madencilik A.Ş. with an amount of TRY 150.000,00 on cash.
 - » Trakya Cam Sanayii A.Ş. acquired the shares of Çayırova Cam Sanayii A.Ş. at a nominal value of TRY 1.426,00 (respectively 10,00+10,00+1.406,00), which is in the portfolio of Şişecam Dış Ticaret A.Ş., Şişecam Sigorta Aracılık Hizmetleri A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. with an amount of TRY 40.028 on cash.
- On 2 April 2015, the Company acquired the Group companies on cash whose share rates are below 1% in the portfolio of the companies listed below.
 - » Company acquired the shares of Cam Elyaf Sanayii A.Ş. at a nominal value of TRY 2,00, which is in the portfolio of Camiș Elektrik Üretim A.Ş with an amount of TRY 5 on cash.
 - » Company acquired the shares of Şişecam Dış Ticaret A.Ş. at a nominal value of TRY 7.500,00 (respectively 2.500,00+2.500,00+2.500,00), which is in the portfolio of Cam Elyaf Sanayii A.Ş., Camiș Madencilik A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. with an amount of TRY 42.825 on cash.
 - » CompanyacquiredthesharesofCamișMadencilikA.Ş.atanominalvalueofTRY422,12(respectively206,06+10,00+196,06+10,00), which is in the portfolio of Cam Elyaf Sanayii A.Ş., Şişecam Dış Ticaret A.Ş., Camiș Elektrik Üretim A.Ş. and Trakya Cam Sanayii A.Ş. with an amount of TRY 31.810 on cash.
 - » Company acquired the shares of Madencilik Sanayii ve Tic. A.Ş. at a nominal value of TRY 501,00 (respectively 250,00+250,00+1,00), which is in the portfolio of Çayırova Cam Sanayii A.Ş., Şişecam Sigorta Aracılık Hizmetleri A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. with an amount of TRY 6.102 on cash.
 - » Company acquired the shares of Paşabahçe Cam Sanayii ve Tic. A.Ş. at a nominal value of TRY 5.044,20 (respectively 634,00+338,00+293,00+3.775,20), which is in the portfolio of Cam Elyaf Sanayii A.Ş., Şişecam Dış Ticaret A.Ş., Camiș Elektrik Üretim A.Ş., Camiș Madencilik A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. with an amount of TRY 23.656 on cash.
 - » Company acquired the shares of Şişecam Sigorta Aracılık Hizmetleri A.Ş. at a nominal value of TRY 7.520,00 (respectively 2.520,00+2.520,00+2.480,00), which is in the portfolio of Camiș Elektrik Üretim A.Ş., Camiș Madencilik A.Ş., and Paşabahçe Mağazaları A.Ş. with an amount of TRY 61.890 on cash.
- With the purpose of restructuring of the subsidiaries operating in Russia, Anadolu Cam Investment BV acquired the non-controlling interests of OOO Ruscam, one of our subsidiaries operating in Russia with a nominal value by RUB 4.076.000 and at a rate of 0,28% from El & El Ltd. Şti. at a price by RUB 4.076.000 on 9 July 2015 (TRY equivalent on 9 July 2015: 190.920).

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g) Non-controlling interest

- With the purpose of restructuring of the subsidiaries operating in Russia, Balsand BV acquired the non-group interests at a nominal value of RUB 9.785 less than 1 per thousand of PAO Ruscam Pokrovsky, one of our subsidiaries operating in Russia at a price by EUR 89.400 on 23 November 2015 (TRY equivalent on 23 November 2015: 270.436).
- In accordance with the share transfer agreement, the shares of Sudel Invest S.a.r.l. at a nominal value of TRY 8.705.280 which are in the portfolio of the subsidiaries Anadolu Cam Investment B.V. (24,075%) and TRY 62.372.315 which are in the portfolio of Balsand B.V. (49%) is acquired for 66.000.000 Euros (TRY equivalent on 10 July 2015 : TRY 195.102.600) with a four year payment plan starting on December 2015 by one of our subsidiaries, AC Glass Holding B.V. which is operating in Netherlands. In accordance with the share transfer agreement, the shares of Sudel Invest S.a.r.l. at a nominal value of TRY 8.705.280 which are in the portfolio of the subsidiaries Anadolu Cam Investment B.V. (24,075%) and TRY 62.372.315 which are in the portfolio of Balsand B.V. (49%) is acquired for 66.000.000 Euros (TRY equivalent on 10 July 2015 : 195.102.600) with a four year payment plan starting on December 2015 by one of our subsidiaries, AC Glass Holding B.V. which is operating in Netherlands EUR 40.000.000 portion was paid on 1 December 2015, remaining amount will be paid with a payment plan extended to 3 years. Beside, in this scope, OAO FormMat Associate and OOO Balkum Joint Venture, in the portfolio of Balsand B.V., which are accounted for under equity accounting was sold to Sudel Invest S.a.r.l on 10 December 2015.
- The shares of Avea İletişim Hizmetleri A.Ş. at a nominal value of TRY 28.407.980,44 within the portfolio of the Company at a rate of 0,3464% were sold to Türk Telekomünikasyon A.Ş. in amount of TRY 30.302.518 on 3 August 2015. TRY 952.365 of the total amount was collected on the transaction date. TRY 952.365 of the remaining balance amounting TRY 29.350.153 will be collected on 3 January 2016; TRY 7.099.447 will be collected on 3 January 2017; TRY 7.099.447 will be collected on 3 January 2018; TRY 7.099.447 will be collected on 3 January 2019 and TRY 7.099.447 will be collected on 3 January 2020.
- In our Board of Directors’ meeting held on 11 August 2015, it’s been resolved that Denizli Cam Sanayii ve Ticaret A.Ş.’s shares which was in our company’s portfolio with a nominal value of TRY 1.565.217,36 and in the portfolio of our subsidiary Soda Sanayii A.Ş. with a nominal value of TRY 973.043,47, an aggregate nominal value of TRY 2.538.260,83 (1.565.217,36+973.043,47) shall be sold without applying +/- 20% margin at Wholesale Market of Borsa İstanbul A.Ş as per the circular in relation to the operations in the Wholesale Market of Borsa İstanbul A.Ş. . The sale of shares will be executed by using the base price which will be determined by rounding up the average of the weighted average prices in the 10 business days prior to the last business day of the week before the application date to the nearest price tick. It’s also been decided that the share sale to Paşabahçe Cam Sanayii ve Ticaret A.Ş. shall be advised to the board of directors of this company and net profit resulting from share sale of the subsidiary shall be booked in accordance with the Article 5/1-e of the Corporate Tax Law. The sale transactions were completed as of 24 August 2015 in return for a payment of TRY 17.564.765.
- According to the service agreement with İş Yatırım Menkul Değerler A.Ş. dated 30 March 2015 within the scope of Liquidity Provider activity which was issued in the Circular of Borsa İstanbul numbered 466 to increase the liquidity in the traded shares of our subsidiary Soda Sanayii A.Ş, İş Yatırım Menkul Değerler A.Ş. used 1.312.100 shares with a price of TRY 4,24 per share. Total amount of TRY 5.563.304 was collected on 10 September 2015. The fee for the sales transaction charged is TRY 5.838.

The aforementioned material transactions have impacts on the effective capital structures of the related companies’ associates and subsidiaries. Their impact on the total equity is as follows:

	31 December2016	31 December 2015
Equity of the parents	142.605.013	(269.631.363)
Non-controlling items	523.707.292	138.878.608
Net effect of the sale and purchase of shares	666.312.305	(130.752.755)

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27. Capital, Reserves and Other Equity Items

g) Non-controlling interest

The values of net revenue from the transactions made with the non-controlling interests as of the transaction date are as follows:

	31 December2016	31 December 2015
Sale of shares		
- Soda Sanayii A.Ş.	673.257.203	85.496.102
- Şişecam Çevre Sistemleri A.Ş.	5.800.000	-
- Anadolu Cam Sanayii A.Ş.	5.670.000	-
- Trakya Cam Sanayii A.Ş.	5.058.268	-
A – Collection amount	689.785.471	85.496.102
Purchase of shares		
- Glasscorp S.A.	(13.429.605)	-
- Şişecam Soda Lukavac D.O.O.	(8.977.926)	-
- Cam Elyaf Sanayii A.Ş.	(1.019.915)	-
- JSC Mina	(45.720)	-
- Balsand B.V.	-	(144.034.982)
- Anadolu Cam Invesment B.V.	-	(51.067.618)
- OAO FormMat	-	(15.762.445)
- OOO Balkum	-	(4.922.456)
- PAO Ruscam Pokrovsky	-	(270.436)
- OOO Ruscam	-	(190.920)
B - Amount paid/(to be paid) on share purchase date	(23.473.166)	(216.248.857)
C (=A+B) - Net impact of share purchase and sales	666.312.305	(130.752.755)
Payment of share purchase payable of		
prior period in the current period (Note 11)	(29.091.200)	-
Share purchase payable in the current payable (Note 11)	3.524.405	82.617.600
Currency transalation difference (Note 11)	(294.500)	9.989.898
D - Change in share purchase payable in the current period	(25.861.295)	92.607.498
E (B+D) – Payment in the current period	(49.334.461)	(123.641.359)

h) Impact of sales of subsidiary

There is no sale of subsidiary during the period between 1 January and 31 December 2016 (1 January – 31 December 2015: None). Consolidation of nonconsolidated subsidiary as a result of the merger:

i) Consolidation of unconsolidated subsidiary in consequence of being business combination

Paşabahçe Yatırım ve Pazarlama A.Ş has been merged with Paşabahçe Mağazaları A.Ş. with the resolution of the Extraordinary General Assembly Meeting held on 28 June 2016. If the merger transaction were realised on 31 December 2015, the impact on the financials would have been as follows:

Cash and cash equivalents	19.745
Other receivables	981.043
Other current assets	68.695
Total Assets	1.069.483
Other current liabilities	381
Total Liabilities	381
Net Assets	1.069.102
Less: Net book value in the Group	(500.000)
Total impact on equity	569.102
Non-controlling Interests	136.272
Equity holders of the parent	432.830

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27. Capital, Reserves and Other Equity Items

i) Consolidation of unconsolidated subsidiary in consequence of being business combination

The impact on the statement of profit and loss for the period between 1 January-31 December 2015 would have been as follows:

Revenue	-
Cost of sales	-
Gross profit from trading activity	-
General administrative expenses	(43.983)
Other operating income	122.180
Operating profit/(loss)	78.197
Financial income	196.383
Financial expenses	(1.909)
Profit/(loss) before tax from continued operations	272.671
Tax expense for the period	(30.098)
Profit/(loss) for the period	242.573

28. Sales and Cost of Sales

	1 January- 31 December 2016	1 January- 31 December 2015
Sales		
Revenue	9.089.297.185	7.944.622.668
Other income	15.584.806	5.254.391
Sales discounts	(441.991.106)	(335.505.302)
Sales returns	(59.438.851)	(51.130.378)
Other sales discounts	(181.783.853)	(148.112.789)
	8.421.668.181	7.415.128.590
Cost of sales		
Direct materials	(2.481.750.641)	(2.259.357.461)
Direct labor	(474.345.943)	(427.930.173)
Production overheads	(1.514.807.453)	(1.348.278.963)
Depreciation and amortization	(712.700.977)	(654.078.375)
Change in work-in-progress inventories	663.052	19.037.027
Change in finished goods inventories	153.179.473	139.942.665
Cost of goods sold	(5.029.762.489)	(4.530.665.280)
	(788.689.584)	(644.512.895)
Cost of trade goods sold	(788.689.584)	(644.512.895)
Cost of services given (*)	(27.574.423)	(11.062.624)
Other costs	(45.526.837)	(49.931.305)
	(5.891.553.333)	(5.236.172.104)

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1January – 31 December 2016 amounts to TRY 7.576.567 (1 January – 31 December 2015: TRY 10.908.777).

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

	1 January- 31 December 2016	1 January- 31 December 2015
General administrative expenses	(756.362.516)	(691.048.377)
Marketing expenses	(912.295.919)	(757.874.683)
Research and development expenses	(73.977.214)	(63.243.943)
	(1.742.635.649)	(1.512.167.003)

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30. Expenses by Nature

	1 January- 31 December 2016	1 January- 31 December 2015
Indirect material costs	(28.050.499)	(24.451.668)
Salaries and wages	(462.970.701)	(422.011.184)
Outsourced services	(619.792.655)	(532.982.293)
Miscellaneous expenses	(542.458.144)	(459.520.091)
Depreciation and amortization	(89.363.650)	(73.201.767)
	(1.742.635.649)	(1.512.167.003)

31. Other Operating Income/ (Expenses)

	1 January- 31 December 2016	1 January- 31 December 2015
Other operating income		
Foreign exchange gains from other operating activities	203.389.663	223.558.783
Insurance claims (*) (Note 26)	72.626.485	85.251.096
Interest income from other operations	72.172.585	35.898.414
Gain on sales of raw materials	17.238.521	12.049.124
Investment incentive income	13.062.135	2.985.173
Gain on sales of scrap items	10.731.622	10.193.136
Provisions no longer required	10.267.031	17.863.451
Rediscount interest income on operating activities	8.641.852	1.333.764
Income from forward transactions	3.929.746	1.930.030
Brand incentive (Turquality) income	1.026.691	2.471.574
Commission income	254.754	291.801
Other	75.390.889	78.045.449
	488.731.974	471.871.795

	1 January- 31 December 2016	1 January- 31 December 2015
Other operating expenses		
Foreign exchange loss from other operating activities	(143.888.498)	(151.480.580)
Amount paid for tax amnesty (**)	(23.679.253)	-
Provision expenses	(19.767.368)	(20.163.850)
Loss from sales of raw materials	(17.522.860)	(8.268.489)
Rediscount interest expense on operating activities	(6.798.769)	(10.001.056)
Interest expense from other operations	(4.560.620)	(5.732.844)
Commission expenses	(4.515.924)	(1.283.100)
Government right – mining fund	(2.796.030)	(2.439.183)
Loss on sales of scrap items	(2.353.830)	(1.116.285)
Loss from liquidation of financial asset	-	(1.787.091)
Damage due to the fire outbreak	-	(66.573.248)
Other	(57.841.553)	(54.050.069)
	(283.724.705)	(322.895.795)

(*) The major part of the amount is related to the receivable of damage compensation from the insurance company due to fire outbreak on 26 May 2015 in in Paşabahçe Cam Sanayii ve Tic. A.Ş. Eskişehir Plant. Detail information is provided in Note 26.

(**) Within the scope of the Law on Restructuring of Certain Receivables No. 6736, which was adopted in Turkey on 3 August 2016 and promulgated in the Official Gazette on 19 August 2016, as a result of the tax inspections carried out in respect to previous periods, disputes were terminated by taking advantage of the deductions in the aforementioned law for the public receivables that are not finalized or are in trial, and the high level risks that would arise in case of future complaints were removed.

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32. Income and Expense from Investing Activities

Income from Investing Activities	1 January- 31 December 2016	1 January- 31 December 2015
Revaluation gains on investment properties (Note 17)	47.813.616	108.019.833
Profit on sales of tangible assets (*)	22.299.080	83.568.132
The revaluation difference of held to maturity financial assets (**)	153.134.920	284.260
Dividend income (Note 37)	15.253	1.611.440
Gain on sale of financial assets held for sale (***)	-	466.253
	223.262.869	193.949.918

(*) TRY 62.234.129 of the relevant gain in profit on sales of tangible assets for the period between 1 January – 31 December 2015 consists of the sales of building in Beyoğlu district of İstanbul on 4 June 2015 for 25 million USD equivalent in TRY. It was decided that net profit resulting from the sales transaction shall be booked in accordance with the Article 5/1-e of the Corporate Tax Law.
(**) Financial asset valuation difference includes interest gained from securities as well.
(***) It consists of the sales of the Avea İletişim Hizmetleri A.Ş. shares to Türk Telekomünikasyon A.Ş. on 3 August 2015. TRY 952.365 of the selling price amounting TRY 30.302.518 was collected on 3 August 2015. TRY 952.365 of the remaining balance amounting TRY 29.350.153 will be collected on 3 January 2016. Remaining amount of TRY 28.397.788 will be collected by payments would be paid annually in equal instalments until 3 January 2020. Relevant selling prices were discounted with market interest rate as of the balance sheet date. Discount amount was recognised under other operating expenses.

Expenses from Investing Activities	1 January- 31 December 2016	1 January- 31 December 2015
Loss on sales of tangible assets	(11.657.671)	(11.963.813)
Impairment of plant, property and equipment(*)	-	(36.161.288)
	(11.657.671)	(48.125.101)

(*) As a result of revaluation of land and building in accordance with revaluation method, total impairment amounting to TRY 32.837.278, which is respectively TRY 10.009.297 and TRY 22.827.981 for land and building, has been provided.

Machinery, equipment and fixtures which completed their technical useful lives and can not be repaired has been accounted for their cost less impairment and impairment change has been accounted for machinery and equipment TRY 3.301.725 and fixtures TRY 22.285 in total TRY 3.324.010 and reclassified to asset held for sale (Note 34).

33. Financial Income and Expenses

Financial Income	1 January- 31 December 2016	1 January- 31 December 2015
Foreign exchange income	1.009.239.145	1.511.811.304
- <i>Cash and cash equivalents</i>	625.800.400	870.687.248
- <i>Borrowings</i>	169.847.586	225.657.532
- <i>Bonds issued</i>	69.975.000	271.428.780
- <i>Derivative instruments</i>	114.660.948	87.211.126
- <i>Other</i>	28.955.211	56.826.618
Interest income	99.081.234	76.632.441
- <i>Time deposits</i>	93.809.654	75.953.610
- <i>Derivative instruments</i>	9.603	216.403
- <i>Other</i>	5.261.977	462.428
	1.108.320.379	1.588.443.745

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33. Financial Income and Expenses

Financial Expenses	1 January- 31 December 2016	1 January- 31 December 2015
Foreign exchange expenses	(997.132.125)	(1.464.829.915)
- <i>Cash and cash equivalents</i>	(205.012.140)	(340.248.679)
- <i>Borrowings</i>	(238.378.969)	(471.406.681)
- <i>Bonds issued</i>	(375.775.000)	(565.778.780)
- <i>Derivative instruments</i>	(157.541.418)	(39.458.523)
- <i>Other</i>	(20.424.598)	(47.937.252)
Interest expenses	(246.811.938)	(250.255.450)
- <i>Borrowings</i>	(175.387.588)	(185.484.048)
- <i>Bond issued</i>	(66.613.882)	(60.710.771)
- <i>Derivative instruments</i>	(1.348.549)	-
- <i>Financial leasing</i>	(260)	(4.204)
- <i>Other</i>	(3.461.659)	(4.056.427)
	(1.243.944.063)	(1.715.085.365)

Financial Income/Expense (Net)	1 January- 31 December 2016	1 January- 31 December 2015
Foreign exchange income / (expense)	12.107.020	46.981.389
- <i>Cash and cash equivalents</i>	420.788.260	530.438.569
- <i>Borrowings</i>	(68.531.383)	(245.749.149)
- <i>Bonds issued</i>	(305.800.000)	(294.350.000)
- <i>Derivative instruments</i>	(42.880.470)	47.752.603
- <i>Other</i>	8.530.613	8.889.366
Interest income / (expense)	(147.730.704)	(173.623.009)
- <i>Bank loan interest accrual</i>	(81.577.934)	(109.530.438)
- <i>Bond issued</i>	(66.613.882)	(60.710.771)
- <i>Financial leasing</i>	(260)	(4.204)
- <i>Derivative instruments</i>	(1.338.946)	216.403
- <i>Other</i>	1.800.318	(3.593.999)
	(135.623.684)	(126.641.620)

34. Assets Held for Sale

Cost	31 December 2016	31 December 2015
Plant, machinery and equipment	38.213.701	38.213.701
Accumulated Depreciation and Impairment		
Plant, machinery and equipment	38.009.853	38.009.853
Net Book Value	203.848	203.848

Cam Elyaf, subsidiary of the Group ceased its operations of the second oven in December, 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 “Asset held for sales and discontinued operations”. Provision has been accounted for the remaining amount.

Fixed assets accounted for under assets held for sale with the net book value amounting TRY 6.653.535 of Richard Fritz Holding GmbH, one of our subsidiaries, has been classified as property, plant and equipment due to the cancellation of sale and reuse of the fixed by the entity.

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34. Assets Held for Sale

Having previously accounted for as available for sale financial asset, “Avea İletişim Hizmetleri A.Ş.”, was classified as non-current assets held for sale in accordance with TFRS- 5 “Non-current assets held for sale and discontinued operations” as of the balance sheet date, since an active program for sale of shares was initiated.

According to, board of director’s resolution of our Company dated 29 April 2015 and with the number 48; it has been decided to sell all of our Company’s stake in Avea İletişim Hizmetleri A.Ş. (Avea) share capital to Türk Telekomünikasyon A.Ş. The shares represents 0,3464% of Avea’s capital and has a nominal value of TRY 28.407.980,44. The sale price of our Company’s stake is TRY 30.302.518, which will be paid approximately in 4.5 years with 6 installments after the share transfer date. The share transfer was finalized by the collection of consideration amounting to TRY 952.365 of the aforementioned sales amount on 3 August 2015. The remaining receivable amount of TRY 29.350.153 was accounted for as receivables in the statement of financial position by discounting as of balance sheet date and the rediscount amount was also accounted for under other operating expenses in the statement of profit or loss.

The movements of assets held for sale are as follows:

	31 December 2016	31 December 2015
1 January	203.848	6.653.535
Transfers from assets held for sale	-	29.836.265
Disposals	-	(29.836.265)
Transfers to to tangible assets	-	(6.653.535)
Additions	-	203.848
	203.848	203.848

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

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with CMB and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2016	31 December 2015
Deferred tax assets	300.462.046	233.497.108
Deferred tax liabilities (-)	(67.740.062)	(103.736.766)
Deferred tax assets (net)	232.721.984	129.760.342

Temporary differences	31 December 2016	31 December 2015
Useful life and valuation differences on		
tangible and intangible assets	1.611.424.326	1.515.204.174
Valuation of investment property	558.009.559	510.195.943
Derivative financial valuation	(40.750.837)	87.952.557
Corporate tax allowance	(1.501.629.536)	(1.172.814.199)
Carry forward tax losses	(1.070.805.281)	(873.709.242)
Employment termination benefits	(278.419.503)	(261.989.161)
Provision for inventory write-down	(64.115.671)	(43.815.487)
Other	(4.920.737)	(52.793.284)
	(791.207.680)	(291.768.699)

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

Deferred tax assets/(liabilities)	31 December 2016	31 December 2015
Useful life and valuation differences on		
tangible and intangible assets	(303.317.698)	(283.767.689)
Valuation of investment property	(27.900.478)	(25.509.797)
Derivative financial valuation	8.150.167	(17.590.511)
Corporate tax allowance	300.325.907	234.562.840
Carry forward tax losses	180.101.402	151.054.662
Employment termination benefits	55.587.846	52.325.047
Provision for inventory write-down	12.016.882	7.933.154
Other	7.757.956	10.752.636
	232.721.984	129.760.342

Deferred Tax Assets and Liabilities

The expiry dates of carry forward tax losses that are utilized are as follows:

	31 December 2016	31 December 2015
Within 1 year	6.153.935	1.601.082
Within 2 year	62.408.904	6.479.580
Within 3 year	36.249.830	62.443.613
Within 4 year	26.839.413	54.648.515
Within 5 year	40.009.892	44.724.793
Within 6 year	21.274.388	25.938.983
Within 7 year	14.201.702	84.395.388
Within 8 year	-	83.614.378
Within 9 year	-	198.834.397
Within 10 year	-	239.172.589
Carryover period	863.667.217	71.855.924
	1.070.805.281	873.709.242

Carry forward tax losses can be carried for 5 years in Turkey, 7 years in Romania, indefinite in Russia and Ukraine if will be offset from taxable profit in next years. However, loss cannot be deducted retrospectively from retained earnings.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 169.732.590 (31 December 2015: TRY 116.877.698).

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

	31 December 2016	31 December 2015
1 January	129.760.342	204.511.911
Charged to the statement of profit or loss	72.086.058	85.712.599
Currency translation differences	47.386.245	(8.545.920)
Charged to the equity (Note 27)	(16.510.661)	(151.918.248)
	232.721.984	129.760.342

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.

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

Corporate Tax

Turkey, corporate tax rate applied is 20% (31 December 2015: 20%).

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

Country	31 December 2016	31 December 2015
Bosnia-Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Georgia (*)	-	15,0
Italy	31,4	31,4
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	15,0	15,0
China	25,0	25,0
India	30,0	30,0
Holland (***)	20,0-25,0	20,0-25,0

(*) Corporation income tax has been abolished in Georgia and it is only subject to bonus share. Thus, deferred tax amount is zeroized.
(**) The tax rate in Tatarstan region of Russia is 2,0% while the tax rate in other regions is 20,0%.
(***) 20% of tax rate for the profit up to EUR 200.000 and 25% of tax rate for the exceeding portion are applied in Holland.

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income in 2016, (31 December 2015: 20%).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

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

An advance taxation of 19,8% has to be made on the investment allowance amount benefited basing on the investment incentive certificates received before 24 April 2003. Out of the investment expenses without incentive certificate made after this date, 40% of the ones directly related to the companies’ production activities can be deducted from the taxable revenue. Any advance tax deduction is not made from the investment expenses without investment incentive.

Investment Allowance

Investment allowances are not applicable after 1 January 2006. If companies' taxable incomes are not sufficient, the amount of unused investment allowance as of 31 December 2005 and the incentive allowances incurred from 1 January 2006 onwards, can be transferred to the following years in order to be deducted from the taxable revenues of the following years. Law No.6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. A 20% corporate tax is calculated on earnings after deducting investment incentives. The arrangements made with the Law No.6009 came into force in 1 August 2010 to be applied on income for the year 2010.

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

Corporate Tax Allowance Practice

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

Current period tax asset is TRY 33.565.530 (31 December 2015:TRY 11.664.753).

	31 December 2016	31 December 2015
Current tax provision	208.172.427	180.734.821
Prepaid taxes and funds (-)	(145.060.194)	(154.895.172)
Tax provision in the statement of the financial position	63.112.233	25.839.649

	1 January- 30 December 2016	1 January- 30 December 2015
Provision for corporate tax for current period	(208.172.427)	(180.734.821)
Currency translation differences	1.735.198	305.780
Deferred tax income	72.086.058	85.712.599
Tax provision in the statement of income	(134.351.171)	(94.716.442)
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	1.174.379.806	899.582.889
Effective tax rate	%20	%20
Calculated tax	(234.875.961)	(179.916.578)
Tax reconciliation		
- Non-deductible expenses	(43.942.606)	(40.686.783)
- Currency translation differences	(30.817.239)	5.702.695
- Derivative financial instruments	28.461.062	(4.099.864)
- The effect of the foreign companies that have different tax rates	16.519.923	(6.341.456)
- Dividends and other non-taxable income	(9.230.677)	90.632.653
- Corporate tax allowance	100.305.145	53.911.356
- Carry forward tax losses to be utilized	39.229.182	(13.918.290)
- Investment incentives	-	(175)
Tax provision in the statement of income	(134.351.171)	(94.716.442)

36. Earnings per share

	1 January- 31 December 2016	1 January- 31 December 2015
Earnings per share		
Average number of shares existing during the period (total value)	2.050.000.000	2.050.000.000
Net profit for the period attributable to equity holders of the parent	743.357.841	722.763.185
Earnings per share	0,3626	0,3526
Total comprehensive income attributable to equity holders of the parent	1.186.937.905	2.133.522.715

Earnings per share obtained from total comprehensive income	0,5790	1,0407
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The Company increased its paid-in-capital from TRY 1.900.000.000 to TRY 2.050.000.000 by issuing bonus shares amounting to TRY 150.000.000 to the existing shareholders from the retained earnings on 30 June 2016. 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. Accordingly the average number of shares used in the calculation of earnings per share for the period between 1 January and 31 December 2015 was determined by considering bonus shares issued.

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37. Related Party Disclosures

T. İş Bankası A.Ş. is the main shareholder of the Group and retains the control of the Group. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated in consolidation and not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

Deposits and loans from related parties:

Deposits held on related parties	31 December 2016	31 December 2015
T. İş Bankası A.Ş.		
– Time deposits	2.905.800.892	2.853.184.620
– Demand deposits	12.037.663	77.967.346
	2.917.838.555	2.931.151.966

İşbank AG		
– Demand deposits	20.506.411	5.020.689
	20.506.411	5.020.689
	2.938.344.966	2.936.172.655

Borrowings received from related parties	31 December 2016	31 December 2015
IFC	341.361.822	334.750.140
T. İş Bankası A.Ş.	-	129.070.585
	341.361.822	463.820.725

Financial assets held to maturity:

Financial assets held to maturity	31 December 2016	31 December 2015
T. İş Bankası A.Ş.	281.053.072	14.038.221
Türkiye Sınai Kalkınma Bankası A.Ş.	108.667.849	-
	389.720.921	14.038.221

Coupon interest rates and nominal values of financial assets held to maturity is as follows:

Financial assets held to maturity:

			31 December 2016	31 December 2015
Marketable security issuer	ISIN code	Coupon interest rate (%)	Nominal Value (USD)	Nominal Value (USD)
T. İş Bankası A.Ş.	XS1390320981	5,375	44.464.000	-
T. İş Bankası A.Ş.	XS1079527211	5,000	21.900.000	-
T. İş Bankası A.Ş.	XS1508390090	5,500	13.200.000	-
T. İş Bankası A.Ş.	XS1003016018	7,850	-	4.404.000
			79.564.000	4.404.000
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	25.027.000	-
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	6.000.000	-
			31.027.000	-
			110.591.000	4.404.000

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37. Related Party Disclosures

Forward transactions:

Forward transactions	30 December 2016	30 December 2015
T. İş Bankası A.Ş.	(809.876)	124.016

A foreign currency swap agreement with T. İş Bankası A.Ş. including the purchase of TRY 13.203.930 by the sale of EUR 3.600.000 that will be due on various dates. The fair value of the related agreement is TRY (809.876) as of 31 December 2016. (An agreement has been signed including the purchase of TRY 13.431.100 by the sale of EUR 4 million as of 31 December 2015).

Receivables due from related parties:

Trade receivables due from related parties	31 December 2016	31 December 2015
Paşabahçe USA Inc.	9.143.593	2.358.283
Oxyvit Kimya Sanayii ve Tic. A.Ş.	6.242.532	4.766.136
Şişecam Shanghai Trade Co. Ltd.	6.141.004	3.318.735
Solvay Şişecam Holding AG	3.131.601	1.671.941
İş Merkezleri Yönetim ve İşletim A.Ş.	2.101.254	15.864
HNG Float Glass Limited	1.934.518	84.472
Saint Gobain Glass Egypt S.A.E	1.534.887	1.371.735
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	486.318	403.829
Bosen Enerji Elektrik Üret. Oto Pro. Grb. A.Ş.	399.146	-
T. İş Bankası A.Ş. ve İşbank AG	309.232	444.581
Paşabahçe Glass GmbH	200.357	139.833
Paşabahçe Spain SL	177.832	-
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	95.718	59.591
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	91.401	98.493
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	38.231	36.441
Fabrika Cementa Lukavac D.D. (FCL)	29.694	20.241
İş Yatırım Menkul Değerler A.Ş.	1.460	-
Anadolu Hayat Emeklilik Sigorta A.Ş.	825	-
Rudnik Krecnjaka Vijenac D.O.O.	-	667.325
Mepa Merkezi Pazarlama A.Ş.	-	3.116
	32.059.603	15.460.616

Other receivables due from related parties	31 December 2016	31 December 2015
Saint Gobain Glass Egypt S.A.E (*)	-	3.514.300
Sudel Invest S.A.R.L.	-	23.365
Yatırım Finansman Menkul Değerler A.Ş.	-	7.896
	-	3.545.561

(*) Amount consists of capital advance given.

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Payables due to related parties:

Trade payables due to related parties	31 December 2016	31 December 2015
Solvay Şişecam Holding AG	35.830.173	33.199.432
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	17.495.005	7.235.356
Oxyvit Kimya Sanayii ve Tic. A.Ş.	11.266.562	9.965.254
Anadolu Anonim Türk Sigorta Şirketi	5.463.054	5.318.464
İş Merkezleri Yönetim ve İşletim A.Ş.	2.815.478	838.496
Rudnik Krecnjaka Vijenac D.O.O.	1.092.467	1.015.329
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	328.788	224.048
İş Portföy Yönetimi A.Ş.	83.283	-
Paşabahçe USA Inc.	37.724	112.441
İş Yatırım Menkul Değerler A.Ş.	13.125	59.553
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	8.670	12.515
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	7.681	13.039
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	366	363
Kültür Yayınları İş-Türk Ltd. Şti.	2	2
	74.442.378	57.994.292

Other payables due to related parties	31 December 2016	31 December 2015
Mepa Merkezi Pazarlama A.Ş.	2.391.068	-
Saint Gobain Glass France S.A.	768.761	635.158
Paşabahçe Spain SL	247.384	123.332
Paşabahçe Glass GmbH	192.786	394.834
Denizli Cam Sanayii Vakfı	23.464	38.846
Paşabahçe Yatırım ve Pazarlama A.Ş. (*)	-	981.043
Other (**)	1.469.364	1.469.364
	5.092.827	3.642.577

(*) It is merged with Paşabahçe Mağazaları A.Ş. ,one of our subsidiaries, on 28 June 2016.

(**) Consisted of the accumulated dividend amount of the founding shareholders of Anadolu Cam Sanayii A.Ş., one of our subsidiaries.

Income and expenses from/ to related parties:

Interest income from related parties	1 January- 31 December 2016	1 January- 31 December 2015
T. İş Bankası A.Ş. ve İşbank AG	76.793.617	60.118.115
İş Portföy Yönetimi A.Ş.	4.949.321	-
Oxyvit Kimya Sanayii ve Tic. A.Ş.	300.385	152.643
Rudnik Krecnjaka Vijenac D.O.O.	9.894	50.327
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	2.377	-
İş Yatırım Menkul Değerler A.Ş.	-	24
Saint Gobain Glass Egypt S.A.E	-	259.433
	82.055.594	60.580.542

Interest expenses to related parties	1 January- 31 December 2016	1 January- 31 December 2015
T. İş Bankası A.Ş. ve İşbank AG	4.952.313	16.426.242
IFC	3.344.608	2.864.869
Türkiye Sınai Kalkınma Bankası A.Ş.	797.881	822.143
Oxyvit Kimya Sanayii ve Tic. A.Ş.	212.761	32.843
Mepa Merkezi Pazarlama A.Ş.	118.012	-
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	6.200	43.159
İş Finansal Kiralama A.Ş.	260	4.204
Paşabahçe Yatırım ve Pazarlama A.Ş. (*)	-	89.267
	9.432.035	20.282.727

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37. Related Party Disclosures

Income and expenses from/ to related parties :

Dividend income from related parties	1 January- 31 December 2016	1 January- 31 December 2015
İş Finansal Kiralama A.Ş.	15.253	11.440
Paşabahçe Yatırım ve Pazarlama A.Ş. (*)	-	1.600.000
	15.253	1.611.440

The revaluation difference of held to maturity financial assets	1 January- 31 December 2016	1 January- 31 December 2015
T. İş Bankası A.Ş.	39.746.639	99.851
Türkiye Sınai Kalkınma Bankası A.Ş.	17.308.637	-
	57.055.276	99.851

(*) It is merged with Paşabahçe Mağazaları A.Ş. ,one of our subsidiaries, on 28 June 2016.

Other income from related parties	1 January- 31 December 2016	1 January- 31 December 2015
İş Merkezleri Yönetim ve İşletim A.Ş. (1)	16.987.201	1.068.293
Paşabahçe USA Inc. (2)	5.989.901	190.384
Oxyvit Kimya Sanayii ve Tic. A.Ş. (3)	5.577.542	4.890.356
Anadolu Anonim Türk Sigorta Şirketi (4)	4.268.799	3.726.767
Bosen Enerji Elektrik Üret. Oto Pro. Grb. A.Ş.	3.993.192	-
Saint Gobain Glass Egypt S.A.E. (5)	3.881.802	5.210.918
Solvay Şişecam Holding AG (6)	3.077.275	2.913.891
Omco İstanbul Kalıp Sanayii Ve Tic. A.Ş.	924.594	2.003.473
HNG Float Glass Limited	694.038	83.842
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	693.820	576.328
Paşabahçe Glass GmbH	400.506	120.000
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	383.080	343.397
Rudnik Krecnjaka Vijenac D.O.O.	329.076	346.067
T. İş Bankası A.Ş. ve İşbank AG	279.347	287.187
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	153.541	83.969
Fabrika Cementa Lukavac D.D. (FCL)	73.182	25.930
Saint Gobain Glass France S.A.	9.420	-
Milli Reasürans T.A.Ş.	8.358	5.683
Türkiye Sınai Kalkınma Bankası A.Ş.	8.380	2.053
İş Yatırım Ortaklığı A.Ş.	4.567	8.592
Anadolu Hayat Emeklilik Sigorta A.Ş.	4.343	3.332
İş Portföy Yönetimi A.Ş.	2.324	3.184
Yatırım Finansman Menkul Değerler A.Ş.	1.737	-
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	1.571	194
İş Factoring Finansman Hizmetleri A.Ş.	1.049	320
İş Finansal Kiralama A.Ş.	855	880
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	709	334.299
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	128	60
TSKB Gayrimenkul Değerleme A.Ş.	127	1.625
Yatırım Finansman Yatırım Ortaklığı A.Ş.	-	1.400
Kültür Yayınları İş-Türk Ltd. Şti.	-	989
	47.750.464	22.233.413

(1) Consists of revenues from sales of energy.

(2) Consists of revenues from sales of glassware.

(3) Consists of revenues generated from sales of bichromate.

(4) TRY 4.203.440 of the total amount consist of insurance agency income that Şişecam Aracılık Hizm. A.Ş. generated between 1 January and 31 December 2016 (1 January – 31 December 2015: TRY 3.680.630).

(5) Consists of revenues generated from sales of soda.

(6) Consist of management and technic service income.

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37. Related Party Disclosures

Income and expenses from/ to related parties :

	1 January- 31 December 2016	1 January- 31 December 2015
Other expense to related parties		
Solvay Şişecam Holding AG (1)	184.955.399	159.090.154
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. (2)	29.191.782	26.592.520
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (3)	22.462.352	22.081.443
Rudnik Krecnjaka Vijenac D.O.O. (4)	10.880.736	9.114.769
İş Merkezleri Yönetim ve İşletim A.Ş. (5)	9.441.613	7.918.599
Anadolu Anonim Türk Sigorta Şirketi	4.346.067	2.917.265
Şişecam Shanghai Trade Co. Ltd.	2.355.834	2.035.038
Paşabahçe Glass GmbH	1.727.511	1.887.326
T. İş Bankası A.Ş. ve İşbank AG	1.298.086	2.456.424
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. ve Yard. Vakfı	975.405	942.638
Paşabahçe Spain SL	768.760	610.014
Oxyvit Kimya Sanayii ve Tic. A.Ş.	713.347	793.413
İş Yatırım Menkul Değerler A.Ş.	537.580	448.121
İş Portföy Yönetimi A.Ş.	522.888	-
Paşabahçe USA Inc.	518.523	673.409
Anadolu Hayat Emeklilik Sigorta A.Ş.	445.938	318.964
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	338.169	325.474
Kültür Yayınları İş-Türk Ltd. Şti.	24.824	45.436
OOO Balkum	-	4.193.518
Türkiye Sınai Kalkınma Bankası A.Ş.	-	47.250
	271.504.814	242.491.775

- (1) Amount consists of the purchases of soda from Solvay Sodi AD.
(2) Amount consists of glass mould expenses.
(3) TRY 22.102.020 of the total amount consists of rent expenses for İş Kuleleri, Kule 3 for the period of 1 January – 31 December 2016 (1 January – 31 December 2015: TRY 21.689.869).
(4) Amount consists of the expenses related with purchase of glass raw-materials (sand).
(5) Amount consists of the administrative and management expenses related with İş Kuleleri Kule 3, where the Group is located.

	1 January- 31 December 2016	1 January- 31 December 2015
Short-term benefits provided to key management		
Parent (Holding)	16.308.162	15.108.555
Consolidated entities	47.835.140	47.122.909
	64.143.302	62.231.464

Key management personnel are composed of top management, members of board of directors, general manager and general manager assistants and factory directors. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits between 1 January – 31 December 2016 and 1 January – 31 December 2015.

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38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

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

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

As of 31 December 2016 and 31 December 2015 the Group's net debt / total equity ratios are as follows:

	31 December 2016	31 December 2015
Financial liabilities and trade payables	6.749.309.291	5.370.033.096
Less: Cash and cash equivalents	(3.205.423.164)	(3.144.342.101)
Net debt	3.543.886.127	2.225.690.995
Total equity	11.329.622.932	9.502.536.325
Net debt / total equity ratio	%31	%23

The Group's general strategy is in line with prior periods.

b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via Accounting Department. The Group's cash inflows and outflows are monitored by the reports prepared on a daily, weekly and monthly basis and compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department, which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated.

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.1) Credit Risk Management

Credit risks exposed through types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Cash and cash equivalents
Maximum credit risk exposed as of balance sheet date					
31 December 2016 (*) (A+B+C+D+E)	32.059.603	2.011.869.081	-	80.209.652	3.204.955.825
- The part of maximum risk under guarantee with collaterals etc.	-	(668.342.945)	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	32.059.603	1.758.138.841	-	80.209.652	3.204.955.825
- The part underguarantee with collaterals, etc.	-	(621.572.324)	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	253.730.240	-	-	-
- The part under guarantee with collaterals, etc.	-	(46.770.621)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	68.215.634	-	275.495	-
- Impairment (-)	-	(68.215.634)	-	(275.495)	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
- Not past due (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.

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.1) Credit Risk Management

Credit risks exposed through types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Cash and cash equivalents
Maximum credit risk exposed as of balance sheet date					
31 December 2015 (*) (A+B+C+D+E)	15.460.616	1.389.413.976	3.545.561	67.153.571	3.143.797.775
- The part of maximum risk under guarantee with collaterals etc.	-	(483.018.918)	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	15.460.616	1.169.606.571	-	67.153.571	3.143.797.775
- The part underguarantee with collaterals, etc.	-	(451.365.661)	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	219.807.405	3.545.561	-	-
- The part under guarantee with collaterals, etc.	-	(31.653.257)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	44.437.106	-	293.491	-
- Impairment (-)	-	(44.437.106)	-	(293.491)	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
- Not past due (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.

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.1) Credit Risk Management

Guarantees received from the customers are as follows:

	31 December 2016	31 December 2015
Letters of guarantee	268.678.205	233.596.373
Direct debit system	203.370.047	110.444.205
Security cheques and bonds	150.217.607	112.327.913
Mortgages	32.708.033	14.916.183
Cash	13.369.053	11.734.244
	668.342.945	483.018.918

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

	31 December 2016	31 December2015
1-30 days overdue	158.619.638	117.503.505
1-3 months overdue	59.934.032	62.985.239
3-12 months overdue	27.817.170	23.734.904
1-5 years overdue	7.359.400	15.583.757
Total overdue receivables	253.730.240	219.807.405
The part secured with guarantee, etc. (-)	(46.770.621)	(31.653.257)

b.2) Liquidity Risk Management

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

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.

The following table details the Group's expected maturity for its financial liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table.

	31 December 2016					
	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	4.016.002.010	4.399.927.846	283.238.729	1.931.812.323	1.961.906.502	222.970.292
Bond issued	1.762.162.610	2.021.340.500	-	74.783.000	1.946.557.500	-
Financial Leases	2.024.584	2.024.584	319.952	951.852	752.780	-
Trade Payables	894.677.709	898.621.162	871.221.485	27.399.677	-	-
Due to related parties	79.535.205	79.535.205	79.535.205	-	-	-
Other financial liabilities	171.860.929	171.914.878	133.111.137	-	38.803.741	-
Total liabilities	6.926.263.047	7.573.364.175	1.367.426.508	2.034.946.852	3.948.020.523	222.970.292

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.2) Liquidity Risk Management

Liquidity risk tables

	31 December 2016					
	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative financial liabilities						
Cash inflows	831.014	831.014	831.014	-	-	-
Cash outflows	(41.581.851)	(41.581.851)	(189.532)	(189.532)	(41.202.787)	-
	(40.750.837)	(40.750.837)	641.482	(189.532)	(41.202.787)	-

	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	3.158.412.497	3.338.909.684	214.711.120	1.064.483.087	1.937.879.527	121.835.950
Bond issued	1.452.935.748	1.731.839.250	-	61.786.500	1.670.052.750	-
Financial Leases	2.804.428	2.804.688	-	260	2.804.428	-
Trade Payables	697.886.131	700.416.851	682.813.205	17.603.646	-	-
Due to related parties	61.636.869	61.636.869	61.636.869	-	-	-
Other financial liabilities	99.394.970	99.539.815	41.045.175	-	58.494.640	-
Total liabilities	5.473.070.643	5.935.147.157	1.000.206.369	1.143.873.493	3.669.231.345	121.835.950

	31 December 2015					
	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative financial liabilities						
Cash inflows	89.509.896	89.509.896	2.261.815	-	87.248.081	-
Cash outflows	(1.557.339)	(1.557.339)	-	-	(1,557.339)	-
	87.952.557	87.952.557	2.261.815	-	85.690.742	-

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates.

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:

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

b.3.1) Foreign currency risk management

Foreign Currency Position as of 31 December 2016					
	TRY equivalent	USD	EUR	TRY Equivalent of other Currencies	
1. Trade receivables	556.802.144	95.263.407	50.862.623	32.855.917	
2a. Monetary financial assets, (cash, and banks accounts included)	2.238.534.921	450.280.152	169.518.981	25.010.542	
2b. Non-monetary financial assets	53.975.484	15.337.430	-	-	
3. Other	126.439.982	13.480.149	21.000.312	1.091.585	
4. Current assets (1+2+3)	2.975.752.531	574.361.138	241.381.916	58.958.044	
5. Trade receivables	-	-	-	-	
6a. Monetary financial assets	1.028.868.719	292.358.695	-	-	
6b. Non-monetary financial assets	-	-	-	-	
7. Other	22.811.556	308.601	5.572.926	1.050.529	
8. Non-current assets (5+6+7)	1.051.680.275	292.667.296	5.572.926	1.050.529	
9. Total assets (4+8)	4.027.432.806	867.028.434	246.954.842	60.008.573	
10. Trade payables	228.569.665	36.455.077	26.020.003	3.745.349	
11. Financial liabilities	630.519.897	50.898.218	121.674.139	-	
12a. Other monetary liabilities	41.583.084	4.117.848	7.099.590	752.784	
12b. Other non-monetary liabilities	-	-	-	-	
13. Current liabilities (10+11+12)	900.672.646	91.471.143	154.793.732	4.498.133	
14. Trade payables	-	-	-	-	
15. Financial liabilities	2.746.391.009	551.745.542	216.902.908	-	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	-	-	-	-	
17. Non-current liabilities (14+15+16)	2.746.391.009	551.745.542	216.902.908	-	
18. Total liabilities (13+17)	3.647.063.655	643.216.685	371.696.640	4.498.133	
19. Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	(284.178.340)	-	(76.600.000)	-	
19a. Total amount of assets hedged	7.419.800	-	2.000.000	-	
19b. Total amount of liabilities hedged	291.598.140	-	78.600.000	-	
20. Net foreign assets / (liability) position (9–18+19)	96.190.811	223.811.749	(201.341.798)	55.510.440	
21. Net foreign currency asset / (liability) /(position of monetary items (=1+2a+5+6a– 10–11–12a–14–15–16a)	177.142.129	194.685.569	(151.315.036)	53.368.326	
22. Fair value of derivative instruments used in foreign currency hedge	(40.750.836)	-	(10.984.349)	-	
23. Export	2.106.581.248	383.475.879	251.516.175	109.768.722	
24. Import	615.025.813	89.329.968	98.928.914	15.239.733	

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

b.3.1) Foreign currency risk management

Foreign Currency Position as of 31 December 2015					
	TRY Equivalent	USD	EUR	TRY Equivalent of other Currencies	
1. Trade receivables	409.771.778	80.651.821	48.366.796	21.578.212	
2a. Monetary financial assets, (cash, and banks accounts included)	2.929.510.388	911.675.719	62.132.756	81.289.022	
2b. Non-monetary financial assets	-	-	-	-	
3. Other	21.979.637	3.155.702	3.839.398	604.047	
4. Current assets (1+2+3)	3.361.261.803	995.483.242	114.338.950	103.471.281	
5. Trade receivables	-	-	-	-	
6a. Monetary financial assets	26.766.368	9.205.657	-	-	
6b. Non-monetary financial assets	-	-	-	-	
7. Other	77.761.813	517.949	22.502.573	4.751.648	
8. Non-current Assets (5+6+7)	104.528.181	9.723.606	22.502.573	4.751.648	
9. Total assets (4+8)	3.465.789.984	1.005.206.848	136.841.523	108.222.929	
10. Trade payables	172.513.917	23.819.978	31.771.093	2.299.124	
11. Financial liabilities	462.854.197	63.034.432	87.983.158	-	
12a. Other monetary liabilities	28.890.800	3.242.001	5.539.024	1.863.555	
12b. Other non-monetary liabilities	-	-	-	-	
13. Current liabilities (10+11+12)	664.258.914	90.096.411	125.293.275	4.162.679	
14. Trade payables	-	-	-	-	
15. Financial liabilities	2.593.479.565	588.697.167	277.499.900	-	
16a. Other monetary liabilities	31.056	725	9.110	-	
16b. Other non-monetary liabilities	-	-	-	-	
17. Non-current liabilities (14+15+16)	2.593.510.621	588.697.892	277.509.010	-	
18. Total liabilities (13+17)	3.257.769.535	678.794.303	402.802.285	4.162.679	
19. Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	109.512.600	47.500.000	(9.000.000)	-	
19a. Total amount of assets hedged	155.556.600	53.500.000	-	-	
19b. Total amount of liabilities hedged	46.044.000	6.000.000	9.000.000	-	
20. Net foreign currency asset / (liability) (9–18+19)	317.533.049	373.912.545	(274.960.762)	104.060.250	
21. Net foreign currency asset / (liability) /(position of monetary items (=1+2a+5+6a– 10–11–12a–14–15–16a)	108.278.999	322.738.894	(292.302.733)	98.704.555	
22. Fair value of derivative instruments used in foreign currency hedge	89.385.880	30.742.152	-	-	
23. Export	2.030.097.830	401.558.010	275.355.952	107.013.726	
24. Import	756.390.407	113.135.139	140.450.113	24.789.884	

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

b.3.1) Foreign currency risk management

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

The table below presents the Group’s sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group’s management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign currency sensitivity

	31 December 2016			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	68.513.745	(68.513.745)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	68.513.745	(68.513.745)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(56.136.365)	56.136.365	525.464.087	(525.464.087)
5- EUR hedged from risks (-)	(28.417.834)	28.417.834	-	-
6- EUR net effect (4+5)	(84.554.199)	84.554.199	525.464.087	(525.464.087)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	5.336.833	(5.336.833)	126.302.046	(126.302.046)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	5.336.833	(5.336.833)	126.302.046	(126.302.046)
Total (3+6+9)	(10.703.621)	10.703.621	651.766.133	(651.766.133)

Türkiye Şişe ve Cam Fabrikaları A.Ş.
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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market risk management

b.3.1) Foreign currency risk management

Foreign currency sensitivity

	31 December 2015			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	93.839.561	(93.839.561)	-	-
2- USD hedged from risks (-)	13.811.100	(13.811.100)	-	-
3- USD net effect (1+2)	107.650.661	(107.650.661)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(92.882.116)	92.882.116	397.693.030	(397.693.030)
5- EUR hedged from risks (-)	(2.859.840)	2.859.840	-	-
6- EUR net effect (4+5)	(95.741.956)	95.741.956	397.693.030	(397.693.030)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	9.870.456	(9.870.456)	83.295.709	(83.295.709)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	9.870.456	(9.870.456)	83.295.709	(83.295.709)
Total (3+6+9)	21.779.161	(21.779.161)	480.988.739	(480.988.739)

b.3.2) Interest rate risk management

The Group’s exposure to interest rate risk is related to its financial liabilities. The Group’s financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased / decreased by 0,25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and non-controlling interest would decrease / increase by TRY 6.043.616 as of 31 December 2016 (31 December 2015: TRY 5.469.804).

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.2) Interest rate risk management

Interest rate sensitivity

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

	31 December 2016			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	6.237.399.110	230.110.770	6.467.509.880
Cash and cash equivalents	-	3.027.643.597	177.779.567	3.205.423.164
Financial assets	-	1.085.617.177	-	1.085.617.177
Available for sale financial assets	-	-	52.331.203	52.331.203
Trade receivables	-	2.011.869.081	-	2.011.869.081
Due from related parties	-	32.059.603	-	32.059.603
Other receivables	-	80.209.652	-	80.209.652
Financial liabilities	2.342.385.856	4.583.488.788	388.403	6.926.263.047
Bank borrowings	2.342.385.856	1.673.227.751	388.403	4.016.002.010
Bond issues	-	1.762.162.610	-	1.762.162.610
Financial leases	-	2.024.584	-	2.024.584
Trade payables	-	894.677.709	-	894.677.709
Due to related parties	-	79.535.205	-	79.535.205
Other payables	-	171.860.929	-	171.860.929

	31 December 2015			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	4.481.186.535	220.772.570	4.701.959.105
Cash and cash equivalents	-	2.976.212.042	168.130.059	3.144.342.101
Financial assets	-	29.400.769	-	29.400.769
Available for sale financial assets	-	-	52.642.511	52.642.511
Trade receivables	-	1.389.413.976	-	1.389.413.976
Due from related parties	-	19.006.177	-	19.006.177
Other receivables	-	67.153.571	-	67.153.571
Financial liabilities	2.283.529.948	3.189.418.180	122.515	5.473.070.643
Bank borrowings	2.283.529.948	874.760.034	122.515	3.158.412.497
Bond issues	-	1.452.935.748	-	1.452.935.748
Financial leases	-	2.804.428	-	2.804.428
Trade payables	-	697.886.131	-	697.886.131
Due to related parties	-	61.636.869	-	61.636.869
Other payables	-	99.394.970	-	99.394.970

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38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.3) Other price risks

Equity Price Sensitivity

The Group’s available for sale financial asset that are not consolidated, is traded at BIST 100 index.

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased / decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2016 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY 47.846 (31 December 2015: TRY 30.740 of increase/decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

Group’s sensitivity to equity share price has not changed materially when compared to the prior year.

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

	Assets and liabilities at amortized cost	Loans and receivables	Assets for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
31 December 2016						
Financial assets	4.291.871.355	2.043.928.684	52.331.203	-	6.388.131.242	
Cash and cash equivalents	3.205.423.164	-	-	-	3.205.423.164	6
Trade receivables	-	2.011.869.081	-	-	2.011.869.081	10
Due from related parties	-	32.059.603	-	-	32.059.603	37
Derivative financial assets	831.014	-	-	-	831.014	12
Financial investments	1.085.617.177	-	52.331.203	-	1.137.948.380	7
Financial liabilities	6.795.983.969	-	-	-	6.795.983.969	
Financial liabilities	5.780.189.204	-	-	-	5.780.189.204	8
Trade payables	894.677.709	-	-	-	894.677.709	10
Due to related parties	79.535.205	-	-	-	79.535.205	37
Derivative financial liability	41.581.851	-	-	-	41.581.851	12

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39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

31 December 2015	Assets and liabilities at amortized cost	Loans and receivables	Assets for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
Financial assets	3.263.252.766	1.408.420.153	52.642.511	-	4.724.315.430	
Cash and cash equivalents	3.144.342.101	-	-	-	3.144.342.101	6
Trade receivables	-	1.389.413.976	-	-	1.389.413.976	10
Due from related parties	-	19.006.177	-	-	19.006.177	37
Derivative financial assets	89.509.896	-	-	-	89.509.896	12
Financial investments	29.400.769	-	52.642.511	-	82.043.280	7
Financial liabilities	5.375.233.012	-	-	-	5.375.233.012	
Financial liabilities	4.614.152.673	-	-	-	4.614.152.673	8
Trade payables	697.886.131	-	-	-	697.886.131	10
Due to related parties	61.636.869	-	-	-	61.636.869	37
Derivative financial liability	1.557.339	-	-	-	1.557.339	12

Fair Value of Financial Instruments

31 December 2016				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	52.331.203	508.222	-	51.822.981
Derivative financial assets	831.014	-	831.014	-
Total	53.162.217	508.222	831.014	51.822.981

31 December 2015				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	52.642.511	319.530	-	52.322.981
Derivative financial assets	89.509.896	-	89.509.896	-
Total	142.152.407	319.530	89.509.896	52.322.981

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).

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40. Events after reporting period

- In the Board of Directors' meeting on 17 January 2017 the company decided to initiate the necessary processes in Şişecam Group to establish a fibre glass facility with a 70 thousand tonnes/year capacity and a nearly 400 million TRY investment in the fibre glass field, which is a main input of one of the leading sectors in Turkey after the automotive and textile sectors. This investment, which is being planned to be made in the second half of 2018, will be made by Soda Sanayii A.Ş.,one of our subsidiary.
- In the company's Board of Directors' meeting on 31 January 2017, within the scope of the company's 2017 financial planning (budget) as per Article 10 titled “Transactions which are common and continuous” of CMB’s Corporate Management Communiqué No. II-17.1, which was promulgated in the Official Gazette No. 28871 dated 3 January 2014 the following was predicted:
 - The proportion of the total amounts of common and continuous purchases anticipated to be made in 2017 by Anadolu Cam Yenişehir San. AŞ, one of our subsidiary, which is one of the Group's industrial organisations, to our company's sales costs in the last year's annual public financial statements will be more than 10%. Within this framework, it was also predicted that common and continuous purchase prices will be determined in line with previous years and market conditions within the framework of regulations related to transfer pricing.
 - This is also predicted that the proportion of the export registered sales amount in an account period, which are common and continuous between the Group's industrial organisations and our subsidiary Şişecam Dış Ticaret A.Ş., to cost and sales revenue in the company's last year's public financial statements will be more than 10%. For export registered sales expected to be made to Şişecam Dış Ticaret AŞ in 2017 by our Group's industrial organisation and our Group. We will use the same price with the prices applied to third parties. There will be a reasonable commission fee for service provided. Transaction conditions were evaluated to be in line with previous years and to be reasonable when compared to market conditions.
- Based on its statement dated 8 February 2017, Standard & Poor’s Rating Services (S&P), in accordance with the outlook revision on our parent Company, İşbank, due to the agency's negative outlook on Turkey, revised our Company's outlook from “stable” to “negative” while it affirmed our credit rating at “BB”.
- The minority share of Glasscorp, one of our subsidiary, by %10 was acquired for EUR 3.950.000 on 17 October 2016. EUR 3.000.000 and EUR 950.000 part of the total amount were paid respectively on 17 October 2017 and 17 January 2017.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
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40. Events after reporting period

- The validity period of the registered capital ceiling of the Group Companies which are subject to the registered capital ceiling expired on 31 December 2016. In February 2017, it was decided that the necessary permits will be obtained at the Capital Markets Board and the Ministry of Customs and Commerce, It has been decided to submit it to the shareholders’ approval at the first General Assembly Meeting to be held.

In this scope, application amounts of the registered capital ceiling of the Group Companies which are subject registered capital ceiling are as follows;

Company	Registered capital ceiling (Turkish Lira)	
	As of 31 December 2016	Submittal
Türkiye Şişe ve Cam Fabrikaları A.Ş.	2.500.000.000	4.000.000.000
Trakya Cam Sanayii A.Ş.	1.500.000.000	3.000.000.000
Anadolu Cam Sanayii A.Ş.	1.000.000.000	2.000.000.000
Soda Sanayii A.Ş.	1.000.000.000	2.500.000.000
Denizli Cam Sanayii ve Tic. A.Ş.	20.000.000	25.000.000

- The spin-off transaction of Camış Ambalaj Sanayi A.Ş., one of our subsidiary, is approved at the extraordinary general assembly meeting and Eskişehir Oluklu Mukavva Sanayi A.Ş. is established officially by registering on 2 January 2017. Accordingly to the resolution taken at the Company’s Board of Director’s meeting held on 28 February 2017, the shares of Eskişehir Oluklu Mukavva Sanayi A.Ş., one of our subsidiary, have been transferred as a whole to Mosburger GmbH, an associate of Austria-based Prinzhorn Holding conducting operations under Dunapack Packaging name for USD 50.400.000.

41. Other Issues that Significantly Affect the Financial Statements or Other Issues, Required for the Clear Understanding of Financial Statements

Approval of Financial Statements

The Group’s unaudited consolidated financial statements as of 31 December 2016 prepared in accordance with the Capital Markets Board’s Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Financial Controller and Reporting Director, Gökhan Güralp and the Financial Controller and Statutory Reporting Manager Murat Yalçın and approved for the public announcement by the Board of Directors on 6 March 2017.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
PROFIT DISTRIBUTION OF 2016

Dear Shareholders,

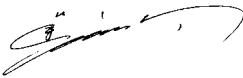
Our Company has closed 2016 accounting period with TRY 743.357.841 of profit.

We submit to your information and approval that our TRY 743.357.841 of net period profit, which was stated in 2016 consolidated financial statement that was prepared in accordance with the “Communiqué Regarding Financial Reporting in Capital Market” Serial II- 14.1 of Capital Market Board (CMB), to be segregated as follows in accordance with CMB’s regulations regarding profit distribution, 25th article of our Articles of Association and the considerations specified in our company’s “Profit Distribution Policy”;

1. Net Period Profit	743.357.841
2. Primary Legal Reserve	(16.305.823)
3. Net Distributable Period Profit	727.052.018
4. Donations Made within the year	2.393.708
5. Net Distributable Period Profit with the Addition of Donations, where the First Dividend will be Calculated	729.445.726
6. First Dividend to Shareholders	
- Cash	250.000.000
- Bonus Shares	140.000.000
Total Dividend	390.000.000
8. Excess Reserve	337.052.018

That TRY 250.000.000 of gross dividend, which accounts for 12,19512% of current issued capital, to be distributed in cash, That TRY 140.000.000 of gross dividend, which accounts for 6,82927 % of current issued capital, to be distributed as free shares, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share, that cash dividend payment date to be determined as 31 May 2017 and that the distribution of bonus shares following the completion of legal process considerations.

Kind Regards,



H. ERSİN ÖZİNCE
Chairman of the Board of Directors

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION I - DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Within the framework of the corporate governance principles stated in the Capital Markets Board's ("CMB") Communiqué Series II 17.1 regarding the Corporate Governance Communiqué which entered into force upon publication in Official Gazette No. 28871 dated 3 January 2014, this declaration reflects the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (the "Company") regarding determination of the duties, authorities, and responsibilities of the board of directors, subordinate committees, and managers; regarding shareholders, public disclosure, and transparency; and regarding regulation of relations with stakeholders.

Şişecam Group is an industrial group operating internationally in the flat glass, glassware, glass package, and chemicals segments. Şişecam currently operates in 13 countries, sells approximately half of its production to overseas buyers, and exports its products to 150 countries throughout the world. The Group is in the leading position in the Turkish market in all segments of glass production including flat glass, glassware, glass package, and fiberglass, and its operations cover soda and chrome composites.

Founded in 1935 by Türkiye İs Bankası A.Ş. upon a directive from Mustafa Kemal Atatürk, Şişecam is one of the most established industrial organizations in Turkey, with 82 years of corporate history. The Group is considered one of the most prominent manufacturers in the world in its field due to its scale, degree of specialization, and competitive activities.

Şişecam Group, which aims to become one of the top three companies in its sector, utilizes cutting-edge technology and innovations, continuously develops its products and production processes with R&D investments under its value creation strategy, and continuously expands its international production facilities, value-added products, and market share.

Combining its extensive experience with its ambitious vision Şişecam stays on course to become a global brand, shape its future with products and services that add value for stakeholders and shareholders, enrich, and make life easier, and which is people and environment-friendly.

As a global company in its business segment Şişecam has established management based on principles of equality, transparency, accountability, and responsibility. Its specialization and position among Europe's and the world's most prominent manufacturers, along with its compatible activities, are the clearest proof of the insight of its management.

Modern principles of management and industry, a high level of industrialization, and focus on the market and R&D are the key drivers of Şişecam's success and are the basic foundations of the Şişecam of the future. Şişecam Group aims to reinforce its vision of being the leading manufacturer in surrounding countries which is based on these principles by adopting corporate governance principles. Our company takes the utmost care to comply with capital markets legislation and Capital Markets Board (CMB) regulations in corporate governance implementations, and the principles, which were included in the appendix of the Corporate Governance Communiqué in the activity period that ended 31 December 2016, and which are not yet completely harmonized, have not caused any conflicts of interest among the stakeholders.

The explanations regarding corporate governance principles in the appendix to the Communiqué on Principles Regarding the Specification and Application of Corporate Governance that are non-compulsory for the Company are stated in the related sections of the report for the year that ended 31 December 2016.

- 1) The Company has announced publicly the dividend payment dates and capital increase history of last five years in Turkish and English on the web site.
- 2) Our parent company, Türkiye İş Bankası A.Ş., arranged an insurance policy with Anadolu Anonim Türk Sigorta Şirketi within the scope of "Executive liability insurance" for the failures that may be caused during the course of business by members of the board of directors in all group entities including the parent company's legal entity; our company and our company's subsidiaries, joint ventures, and affiliates; and the losses to occur thereof.
- 3) 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, completed the Periodic Revision Report on Corporate Governance Rating. The corporate governance rating score of 93,53 (9,35 out of 10) that we declared on 18 December 2015 was revised upward to 94,41 (9,44 out of 10) on 16 December 2016 after continuous improvement efforts our company made in the field regarding 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 revised headings are as follows;

Main headings	Weighted	Notes
Shareholders	% 25	95,36
Public disclosure and transparency	% 25	96,98
Stakeholders	% 15	96,70
Board of directors	% 35	90,92
Weighted average		94,41

The company is placed in the first group according to the World Corporate Governance Index (WCGI) which was published by SAHA on 1 July 2016.

- 4) In order to provide more accurate and effective information to company shareholders and stakeholders, the content of the official website has been expanded and investor presentations, the investor calendar, frequently asked questions, and related captions have been provided on the official website and updated regularly.
- 5) All related party transactions along with the nature and content of the transactions for 2016 were submitted to the board of directors. There were no significant or unusual related party transactions which were required to be submitted to the general assembly for approval in 2016 which were not approved by an independent board member.

Within the context of these implementations the Corporate Governance Principles Compliance Report for 2016 has been prepared in accordance with Decision No: 2/35 published in weekly newsletter No: 2014/2 on 27 January 2014 by the CMB, and has been introduced in sections as follows.

SECTION II. STAKEHOLDERS

2.1. Investor Relations Department

In order to comply with the rules regarding the responsibilities arising from Capital Markets Board regulations set by legislation, and in order to operate efficiently and effectively, a centralized structure has been implemented.

All requirements and responsibilities of Şişecam and other public companies, in accordance with the Turkish Commercial Code and capital markets board legislation, have been fulfilled with the supervision, orientation, and coordination of the "Investor Relations Department", which falls within the area of responsibility of Financial Affairs Group Director Mustafa Görkem Elverici in line with the corporate governance principles of the CMB. In this context, in accordance with CMB II- 17.1 No. Corporate Governance Communiqué of Article 11, Hande Özbörcek Kayaer, Department Manager, who holds a Capital Markets Activities Level 3 License and Corporate Governance with Rating License, and Başak Öge, Corporate Finance Investor Relations Manager, were appointed as responsible parties, and this mandate was disclosed to the public through the PDP on 11 April 2016.

The investor relations department plays an active role in protection of shareholding rights and in facilitating the use of those rights, particularly the right to a debriefing and the right to analyse. The main activities conducted within this scope are summarized as follows:

- a. Ensuring that the records relating to the written correspondence with investors and other information are kept in a correct, safe, and updated manner.
- b. Responding to the queries of shareholders requesting written information on the company.
- c. Ensuring the general assembly meeting is held in compliance with the applicable legislation, articles of association, and other company by-laws.
- d. Preparing the documents that might be used by shareholders in the general assembly meeting.
- e. Supervising the fulfilment of the obligations arising from capital markets legislation, including all corporate governance and public disclosure matters.

The investor relations department submits a report to the board of directors at least once a year on the activities it has conducted, including the assessments of investors and brokerage companies throughout the year.

Meetings and conference calls were held with domestic and foreign brokerage and asset management companies. One-on-one interviews were held with analysts. Investors can request information by contacting the investor relations department directly by sending an e-mail or filling out the information request form open to public on the Company's website. Records of written and oral information requests related to the requests are held by the Department of Investor Relations.

Information and disclosures were updated regularly on the Company website, with the aim of informing the public and shareholders.

Communications providing detailed information to investors regarding the activities of the Company in 2016 are summarized below.

- In 2016, we attended conferences regarding shares and bond investors organized by Bank of America Merrill Lynch (Miami), Citi (Frankfurt&Paris), Bank of America Merrill Lynch (London&New York), Ak Invenstment (Istanbul), BNP Paribas (London), HSBC (LONDON), Goldman Sachs (London), Is Investment (America, Europe), Raiffesen (London). We interviewed around 300 investors in total, including those interviewed at investor meetings held in our company headquarters.
- In March and August 2016, teleconferences were held via webcast in which 2015 year end and 2016 semi-annual results were evaluated in cooperation with investors and analysts and transcripts of our teleconferences were published in Turkish and English on our website.

In addition to the responsible party from the investor relations department, Treasury and Finance Director Barış Gökalg, of Financial Control and Reporting Director Gökhan Güralp, and Financial Control and Statutory Reporting Manager Murat Yalçın can be charged with tasks relating to investor relations if it is deemed necessary.

2.2. Shareholders’ Use of Information Rights

Shareholders are not discriminated against when making use of their right to obtain and evaluate information. Each shareholder has the right to obtain and evaluate information. There are no regulations under the articles of association that limit the right to receive information.

In 2016, written and verbal information requests from investors and shareholders were responded to in accordance with capital markets legislation, CMB regulations, and resolutions, and related information and documents, except for confidential information or trade secrets were, conveyed to investors and shareholders as required by the equality principles.

Within the framework of the laws and regulations in effect, the Company’s corporate web site is effectively utilized to ensure that the information rights of shareholders are expanded and may be used efficiently. Within this scope, the Company’s corporate web site, www.sisecam.com.tr, contains the information for shareholders that is suggested by the corporate governance principles and the regulatory authorities, in both Turkish and English.

Also, for the purpose of supporting the right of shareholders to obtain information, press bulletin given to the press by the Company and public statements by Company officials regarding quarterly operating results are presented to the shareholders on the corporate website under the “Investor Relations” section.

Though our articles of association do not govern the right of individual shareholders to demand a special auditor, to date no shareholder has submitted such a request.

2.3. General Assembly Meeting

The announcement of a general assembly meeting is made through the Public Disclosure Platform (PDP), the Electronic General Assembly System (EGAS), the corporate website of the Company, and the Turkish Trade Registry Gazette at least three weeks before the meeting in order to reach the maximum number of shareholders. In addition, before the general assembly meeting, “information documents” regarding agenda items are prepared and announced to the public. All announcements and notifications required by the Turkish Commercial Code (TCC), capital markets legislation, CMB regulations and decisions, and articles of association are made.

All announcements prior to the general shareholders’ meeting included information such as the date and time of the meeting and did not contain any ambiguity about the exact location of the meeting, agenda items of the meeting, the body issuing the invitation to the meeting, or the exact location where the annual report, financial statements, and other meeting documents could be examined. In this context, the annual report, financial reports, other documents forming the basis for agenda items, and the profit distribution proposal from the date of the announcement, were posted on the Company website and at Company headquarters to facilitate easy access by shareholders.

Along with the announcements to be made in accordance with legislation and the announcement of the general assembly meeting, on the Company’s corporate website, www.sisecam.com.tr, the following items are provided to shareholders in the

“Information Documents” section under “General Assembly Announcement and Documents” which is found in “Corporate Identity and Governance” in the “Investor Relations” section.

- a. The total number of shares and voting rights reflecting the company’s shareholding structure as of the date of disclosure, privileged share groups within company capital, voting rights, and the nature of privileges,
- b. Information on changes in management and activities of the company and its subsidiaries in the previous fiscal year, or changes planned for the upcoming fiscal period which may significantly affect company operations,
- c. Grounds for dismissal and replacement of board members, candidates’ backgrounds, posts held in the last decade, the nature and significance of their relationships with the company and related parties, their independence status, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner which would not result in any misinterpretations. Expressions like “other” and “various” were not used. Information submitted to the shareholders prior to the general shareholders’ meeting was related to the agenda items.

Subjects which the shareholders send to the investor relations department of the Company in writing are considered by the board of directors. There were no such requests within this period.

The utmost care is shown to hold general assembly meetings without causing inequality among the shareholders and to organize the meetings so as to make sure shareholders can participate at the lowest possible cost. Within this context, the time of the general assembly meeting is determined by considering traffic, transportation, and similar environmental factors. Electronic general assembly is also considered as an option which may increase the possibility for shareholders to participate in these meetings.

At the general assembly meeting agenda items were expressed in an unbiased and detailed manner and presented clearly and concisely to provide shareholders with the opportunity to express their opinions under equal conditions and raise any questions. The chairman made sure that each question was answered directly, providing the answers did not constitute trade secrets. If the question was not related to the agenda or was so comprehensive that it could not be answered immediately, the question was answered by the investor relations department as soon as possible in writing. No shareholders submitted written questions to the investor relations department on the basis of not having received an answer at the general assembly meeting in 2016.

Shareholders were informed if permission was granted to shareholders who control management, members of the board of directors, managers with administrative responsibility, their spouses, or relatives up to second degree blood relatives to execute transactions and compete with the holding and/ or its affiliates, to make commercial business transaction for themselves or on behalf of others, or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility, and this topic was included as a separate item on the agenda of the general shareholders’ meeting.

Any authorization for the board of directors to engage in activity within the scope of Articles 395 and 396 of the Turkish Commercial Code is included as a separate item on the agenda of the general shareholders’ meeting.

The members of the board of directors associated with issues of a special nature on the agenda, other relevant persons, authorized persons who were responsible for preparing the financial statements, and auditors were present to provide necessary information and answer questions at the general shareholders’ meeting.

If there is a significant change in the management and operation of the company, the public is informed within the frame of the regulation.

The Company’s articles of association were amended in compliance with corporate governance principles with respect to significant transactions and related party transactions defined in the corporate governance principles of the CMB and providing guarantees, pledges, and securities to third parties.

Within this context, in this period;

At our board of directors’ meeting of 4 March 2016, it was decided our company and Anadolu Cam Sanayii AŞ, one of our subsidiaries, would jointly and severally be guarantors to ensure that our subsidiaries Balsand B.V., which carry out activities in Holland, receive a loan amounting to 10 million EUR from Rabobank.

At our board of directors’ meeting of 24 June 2016, it was decided our company and Trakya Cam Sanayii AŞ, one of our subsidiaries, would jointly and severally be guarantors to ensure that our subsidiaries Richard Frtiz Holding GmbH, which carry out activities in Germany, receive a loan amounting to 15 million EUR from ING.

At our board of directors’ meeting of 30 June 2016, it was decided our company and Soda Sanayii A.Ş., one of our subsidiaries, would jointly and severally be guarantors to ensure that our subsidiaries Şişecam Soda Lukavac, which carry out activities in Bosnia and Herzegovina, receive a loan amounting to 10 million USD from IFC. 2,1 million USD of loan is used as of 31 December 2016.

The jointly and severally guarantee was extended for a year in October 2016 which was ensured by Our Company and Anadolu Cam Sanayii A.Ş., one of our subsidiaries, for the loan of Merafa Glass, which carry out activities in Ukraine, amounting to 20 million EUR received from EBRD.

At our board of directors’ meeting of 19 October 2016, it was decided our company and Trakya Cam Sanayii A.Ş., one of our subsidiaries, would jointly and severally be guarantors to ensure that our subsidiaries Şişecam Flat Glass Italy, which carry out activities in Italy, receive a loan amounting to 40 million EUR from ING. 25,5 million EUR of loan is used as of 31 December 2016.

Our company pledged regarding to the non-cash loan limit to provide loan amounting to 50 million TRY from Eximbank for Paşabahçe Cam Sanayii ve Ticaret A.Ş., one of our subsidiaries.

These transactions were agreed upon with the unanimous consent of the board of directors.

In the Ordinary General Assembly meeting, shareholders are informed about the donations provided during the period, and the approval for limits of donations is obtained. At the Ordinary General Assembly Meeting held on 25 March 2016, the donation limit for 2016 was determined to be TRY 10 million; accordingly, the total donations provided amount to TRY 249.922 in 2015.

Stakeholders and media are allowed to attend the general shareholders’ meetings. Şişecam’s general assembly meeting is held under the supervision of a representative from the Ministry, who is assigned by the Ministry of Customs and Trade. The general assembly meeting minutes, which are posted on the corporate website of the Company, are available for review by the shareholders in the Company’s head office and on the corporate website of the Company.

The general assembly is informed by way of a separate agenda topic regarding related party transactions, pledges, securities, and mortgages provided on behalf of third parties in the current period.

The ordinary general assembly meeting for 2015 was held 25 Mart 2016 with a quorum of 91,18%.

In the announcements and declarations regarding general assembly meetings, the following information is provided;

- a. The agenda, place, date, and time of the general assembly, and the principles for arranging letters of attorney and letter of attorney forms for the shareholders who will be represented by their attorneys;
- b. Whether the general assembly meetings will be held in a physical or electronic environment, and the information that assigning attorneys, making suggestions, expressing opinions, and voting during any general assembly meetings in the electronic environment will be done using the Electronic General Assembly System (EGAS) provided by the Central Registry Office (CRO), and that shareholders who would like to participate the general assembly in person or through their attorneys in the electronic environment shall make their preferences known in accordance with the principles of EGAS;
- c. Information regarding the requirement that shareholders who would like to participate in the general assembly must present their identities or letters of attorney in person or through their attorneys if they want to use their rights related to their shares registered in the “Shareholders List” in the Central Registry Office system; and,
- d. That the annual report, including financial statements, independent audit reports, the profit distribution proposal of the board of directors, and the previous and revised versions of the amendment text, if there will be any amendments to the articles of association, will be available for examination by the shareholders on the corporate website of the Company.

2.4. Voting Rights and Rights of Non-controlling Interests

There are no privileges stated in the articles of association regarding the use of voting rights. In accordance with the articles of association, each share has one voting right. If cross ownerships cause dominant relationships, the companies involved in the treasury shares may not use their voting rights unless there are indispensable conditions, such as the need for a quorum.

Türkiye Şişe ve Cam Fabrikaları A.Ş. does not have treasury shares.

All shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

There are no restrictions or obligations stated in the articles of association concerning the representation of a minority within management nor is there any provision that defines a minority as possessing shares accounting for less than 1/20 of the total shares of the company.

2.5. Dividend Right

The Company has a certain and consistent “Dividend Distribution Policy” determined by considering the Turkish Commercial Code, the Capital Markets Board Law, tax laws and other legislation the company is subject to and the provision of the articles of association. This policy has been submitted to the approval of shareholders at the general meeting and disclosed in the annual report and in corporate website of the Company.

Şişecam’s dividend distribution policy contains the minimum information necessary for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and that of the company.

The Profit Distribution Policy is as follows;
The dividend distribution policy of our company has been determined considering the Turkish Commercial Code, the Capital Markets Board Law, tax laws, other legislation the company is subject to, and the provisions of the articles of association.

Accordingly;

- a. The Company has determined that a minimum of 50% of its distributable net profit for each period, calculated at year end within the framework of the legislation on capital markets and other relevant legislation, is distributed in cash and/or in the form of bonus shares; the shareholders’ ordinary general assembly may resolve on a distribution which differs from the targeted percentage, taking into consideration matters such as economic conditions, investment plans, and cash position.
- b. The board of directors’ profit distribution proposals, which also contain the details stipulated in the arrangements pertaining to the Capital Markets Board and in the corporate governance principles, are, within the relevant statutory periods of time, disclosed to the public through the Public Disclosure Platform, the Company’s website, and activity reports.
- c. Cash dividends, which shall be distributed depending on the resolutions taken at the general assembly, are paid on the dates decided upon at the general assembly; the transactions, which are relevant to the dividends that shall be distributed in the form of bonus shares, are completed within the statutory periods of time stipulated in the arrangements pertaining to the Capital Markets Board.
- d. Within the framework of the profit distribution policy the dividends are equally distributed among all the shares existing at the date of distribution, regardless of issuance and acquisition dates.
- e. If the board of directors proposes the general assembly not distribute the profits, the grounds for this proposal and information on how the undistributed profits shall be utilized are announced to the shareholders at general assembly meetings.
- f. Under the profit distribution policy a balanced policy is followed which establishes a balance between the interests

of the shareholders and the interests of the Company.

- g. There are no privileged shares in terms of acquisition of shares from the profit.
- h. The articles of association do not allow for payment of dividends to members of the board of directors or to employees using the founder’s redeemed shares;
- i. In accordance with the articles of association, the board of directors can distribute profit advances, provided this is authorized by the general assembly and complies with the Capital Markets Law and regulations of the Capital Markets Board regarding this subject; the profit advance distribution authority, which is granted by the general assembly to the board of directors, is limited to the related year.

In 2016, dividends totalling (250+98) 348 million TRY have been distributed, of which 250 million TRY were cash and 98 million TRY were bonus shares.

2.6. Transfer of Shares

Neither the articles of association of the company nor any decisions adopted at the general shareholders’ meeting contain any provisions that impede the transfer of shares which are publicly traded.

SECTION III. PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company’s Website and Its Contents

The corporate website, www.sisecam.com.tr, is actively used as suggested by the corporate governance principles of the CMB in order to be in continuous contact with its shareholders and to maintain the company’s relationships with its shareholders more effectively. The information on this website is constantly updated by the investor relations department. The company’s corporate website has the same content with explanations within the framework of the provisions of the related regulations and there is not any conflicting or missing information on the site.

On the company’s corporate website www.sisecam.com.tr, which is available in Turkish and English, mandatory information is disclosed pursuant to the legislation. The following is included on the corporate website: segment information, information about products, annual and interim reports, financial statements, corporate governance compliance reports, the articles of association, trade register information, information about the latest shareholder and management structures, publicly disclosed material information, periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas from the general assembly meetings and lists of the participants and minutes for the general assembly meeting, a form for proxy voting at the general assembly meeting, the donation policy, the remuneration policy, the dividend distribution policy, the ethical rules of the company, frequently asked questions and the responses. Information on these topics can be accessed on the website for at least the last five years.

The shareholder structure of the company and the names of the people who hold more than 5% of the shares after the elimination of indirect or treasury shares are disclosed on the company’s website and are updated quarterly.

Turkey İş Bankası A.Ş. holds 66,15% of the issued shares of the company, amounting to TRY 2.050.000.000 as of 31 December 2016. Türkiye İş Bankası A.Ş. is the controlling shareholder and as of the date of this report there are individual shareholders who hold more than 5% of the company’s shares within its capital structure.

3.2. Annual Report

The annual report is prepared in order to provide complete and accurate information regarding the activities of the company to the public. The annual report for 2016 has been prepared based on the third clause of Article 516 of the Turkish Trade Act and Article 518 of the same act, in accordance with the minimum content specified in Article 8 of the “Communique of Principles Regarding Financial Reporting in Capital Market” of the Capital Market Board and the provisions of the “Regulations Regarding the Determination of Minimum Contents of Annual Activity Reports of the Companies” by the Ministry of Customs and Trade and the annual report has been independently audited.

The annual report contains the following information;

- a. The period covered by the report, the title of the company, trade registry number, contact information,
- b. The names of the chairman and the members of the board as well as committees and upper management,
- c. The sectors in which the company and its subsidiaries operate and information on its positions in these sectors,
- d. Information about the company’s functional units, general explanations related to their activities and performance and yearly developments,
- e. Progress on investments, the eligibility and status of government incentives,
- f. The changes to the articles of association in the current period,
- g. The Corporate Governance Principles Compliance Report,
- h. Information on related party transactions,
- i. Other relevant and beneficial information that is not included in the financial statements,
- j. The company’s organizational, capital and ownership structure and any changes made in the related accounting period,
- k. Information on all benefits provided to staff and the number of personnel,
- l. Information about the fact that no board members were involved in any transactions with the company on their own behalf or on someone else’s behalf within the framework of permission granted by the general shareholders’ meeting along with their activities within the scope of restraint of trade,
- m. The dividend distribution policy,
- n. Basic ratios that explain the company’s financial position, profitability and solvency, and,
- o. The company’s financing resources and risk management policies,

In addition to the matters specified in the legislation, information on the following matters is included in the annual reports;

- a) The external duties of board members and executives and the declaration of independence of the relevant board members,
- b) The members of the committees within the board and their working principles,
- c) The number of board meetings held during the year,
- d) Any changes to legislation which could significantly affect the company’s operations,
- e) Any major court cases against the company and their possible consequences, and,
- f) The benefits provided to employees, vocational training for employees, and other company activities that give rise to social results.

SECTION IV. STAKEHOLDERS

4.1. Informing the Stakeholders

The company recognizes the rights of stakeholders which were established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation or protected by contracts, the company protects the interest of stakeholders under good faith principles and within the capabilities of the company. Effective and expeditious compensation is provided in case of a violation of rights.

The website of the company is actively used to provide adequate information on policies and procedures that protect stakeholders’ rights.

The corporate governance structure of the company ensures that its stakeholders, including its employees and representatives, report their concerns about any illegal or unethical transactions to the management.

The company’s employees can raise any transaction that contradicts legislation and that is not ethically sound to audit committee and to the internal audit unit. An ethics hotline has been set up for stakeholders to raise any transactions deemed to contradict the law or the company’s ethical values to the audit committee, which is composed of independent board members. Complaints can also be sent via email, to etik@sisecam.com. A documented compensation policy has been established and disclosed to public for Şişecam.

Şişecam has created the framework for a compensation policy, though not a very detailed one, and has disclosed it to the public on the corporate web site.

In order to increase communication with the employees, two in-house periodicals, the “Şişecam Group Periodical” and the “Technical Bulletin” are published. In addition, subjects that are followed by the public are broadcasted on the “Corporate TV”. On the portal, which is available for in-house employees, instruction manuals and announcements regarding policies, procedures, instructions and systems that are in effect are submitted for the information of the employees.

4.2. Stakeholders’ Participation in the Company Management

The fundamental principles, which are embraced to allow for the participation of company employees in management, keeps all lines of communication open and eliminates all possible encumbrances. Practices such as “message to the general manager”, “Ethics Communication Line and Electronic Mail Address” and “idea factory” are used to this end.

The company maintains constant communication with its employees pays attention to their needs and creates various platforms and mechanisms by which employees can convey their opinions and comments.

These meetings play a significant role in the decision-making process of senior management. Expectations and demands from all of the stakeholders involved with the company are addressed based on the code of ethics and are resolved through mutual communication.

Even though these models and their applications are not incorporated in the articles of association, they are included in the “Şişecam Constitution”.

4.3. Human Resources Policy

The human resources policy of our company is put into writing and the regulations and procedures that are part of the policy are submitted into the internal portal which is available for employees to access.

It is ensured that recruitment and career planning are conducted on the basis of equality and transparency. These activities are carried out in line with the relevant provisions of the “Human Resources Systems Regulations”, the “Recognition Appreciation System” and the “Incentive System.”

The recruitment selection and placement centre has been working to attract university student, new graduates and other professionals by actively using all existing recruiting methods and techniques with branding and by organizing various communication activities at universities and other institutions. By modifying the Balance Score Card system, started by the Group in 2010, to include personal targets, the success-based performance culture is being converted into a success-based corporate culture. The foundation of the Performance Management System is to create value for the employee and to ensure that the value created by the employee serves the development and sustainability targets of the company.

Expectations for the individual employee and the requirements of the organization are discussed by means of the Career Development Plan, a part of the Performance Management System, in the career committees that are held regularly each year. Moreover, strategic career maps as well as the Group-based career and succession plans are developed using data from the Performance Management System.

Şişecam aims to add the necessary human resources to its organization while preserving a high level of loyalty among current employees, as well as creating a positive, equal and competitive working environment. There is no any complaint from employees including especially discrimination in 2016. Relations with employees are executed in the coordination of human resource department.

The compensation management system of the Group takes into account variables such as the wages in the market, the existing compensation structure and payment power, individual performance and job levels. A competitive and arm’s length compensation and benefits strategy based on awarding steady-high performance is the foundation of the systems. Compensation and benefits management is performed based on the criteria of knowledge, skills, and experience regardless of gender, religion, language, race, etc.

All employees of Şişecam are offered;

- An up-to-date competitive salary package that rewards success,
- A flexible and sustainable benefits package based on the employee’s needs and expectations,
- A social structure that provides a work-life balance,
- A productive and fostering working environment which leads to open communication, and
- Well-established and innovative development and career opportunities aiming towards global leadership.

Training and development activities are carried out to prepare employees in Şişecam Group for new positions, to support the skills necessary for their positions, and to support professional competence and self-development needs.

At the end of 2015, training and development activities were restructured under Şişecam Academy Şişecam Akademi works with central functions and groups like a business partner and has enriched and enhanced its training and development capacities as per job families and positions in 2016.

In this context, “Leadership School” formed based on the global leadership model was offered to 450 employees at the levels of manager, supervisor, and technician/foreman. It was launched abroad for the first time in Russia in autumn 2016. “Sales School” for sales representatives and sales supervisors, “Human Resources Certificate Programme” for the future strategic human resources employees, and “Glass School” for engineers and supervisors are among the activities performed in 2016.

“In-house Trainer Certificate Programme” aims to share the Group’s valuable knowledge and expertise with both new hires and current employees; and to get in-house trainers to provide some training that used to be provided by external parties.

With the aim of supporting development of our stakeholders in our ecosystem, we cooperate with Boğaziçi University for “Düzcam (Flat Glass)” and “Cam Ev Eşyası (Glass Houseware)” dealers’ trainings within the scope of Şişecam Akademi’s practices. In addition to the foregoing Schools and Programmes, the preparations for “Supply Chain School”, “Marketing School”, and “Financial Affairs Certificate Programme” projects have been completed and these projects are planned to be implemented in the new year.

As a result of the investments in the field of education technologies, e-learning modules started to be produced within the Group. With mixed training methods, education and development activities were expanded outside the class activities and access to information became easier. Accordingly, the resources for development, book abstracts, videos to support class trainings, and our employees’ special interests are shared through “Akademi Portal”. Drama technique was used for the first time in the preparation of “Ajan 4141 (Spy 4141)” training and a high participation rate was achieved. In 2016, 38 e-learning modules were opened for white collar workers and a total of 15.783 people participated.

In 2016, training per capita among white collar workers was 31,6 hours, among blue collar workers, it was 20,7 hours.

Across the Group, six collective bargaining agreements have been carried out domestically. These include one group collective bargaining agreement covering ten factories, two manufacturing plants and three workplaces. Internationally, agreements are in place covering the Trakya Glass Bulgaria EAD, Şişecam Automotive Bulgaria EAD, Paşabahçe Bulgaria EAD in Bulgaria, the Posuda factory in Russia, the Glascorp factory in Romania, Soda Lukavac d.o.o. and Rudnik Krechnjaka factories in Bosnia and Herzegovina and Richard Fritz Kft in Hungary. The effective duration period of these collective bargaining agreements vary between one and three years.

Coordination meetings on the subjects of implementing collective bargaining agreements, industrial relations and increasing productivity are held at the Group’s workplaces with the representatives of the following trade unions: Kristal-İş (the Glass, Cement, Ceramic and Soil Industries Workers’ Union of Turkey), T. Çimse-İş (the Ceramic and Pottery Industries Workers’ Union of Turkey), Selülöz-İş (the Cellulose and Wood Products Workers’ Union of Turkey) and Petrol-İş (the Petroleum, Chemical, Rubber Workers’ Union of Turkey).

Similarly, coordination activities are also carried out with trade unions organized at the workplaces abroad.

Efforts for adoption of Occupational Health and Safety culture continue with the projects that aim behavioural change at factories. The annual painting contest, which aims to sustain the occupational health and safety culture and includes families of blue collar workers, has become a tradition. Thanks to the work accident tracking system, the data useful for analysis of the root causes of all accidents at the factories are gathered in the system. With the data, “Şişecam work accidents report” is prepared annually. In addition, a system of preventive and corrective actions, which aims to eliminate the problems arising in relation to work accidents, compliance with OHSAS 18001, internal and external audits, and management issues, and allows the recording of the financial dimensions of the accidents is open for access. Factory work health and safety audits performed with the coordination of the Group’s Industrial Relations Directorate since 1995 started to be performed together with “Internal Audit Directorate”.

The tracking system of workplace accidents, which covers all workplaces and units, including the management and sales centres, is practiced with the integration of SAP system. Another pillar of the project, the CAPA system, ensures proper rectification of all failures to conform which present a risk of workplace accidents, arising from OHSAS 18001, managerial, internal. Sample factory checks initiated by the executive management also contribute to the adoption of work health and safety practices within the group. The Internal Audit Department started performing factory occupational health and safety audits. Projects related to changing behaviours are carried out in domestic and overseas factories to improve Şişecam’s occupational health and safety culture.

4.4. Codes of Conduct and Social Responsibility

Şişecam Group’s code of ethics were regulated and put into effect in order to provide a framework of honesty, transparency, confidentiality and objectivity and to be in compliance with the law in accordance with the board resolution no. 49 on 28 July 2010. This resolution covers guideline regulations that direct the relations of all Group employees with the customers, suppliers, shareholders and other stakeholders. These decisions were updated in accordance with the current requirements with the board resolution no. 33 on 28 March 2013 and no.59 on 28 June 2016. Şişecam’s ethical rules are publicly disclosed on the corporate web site. Internal audit directorate carries out periodical ethics audits to review the level of compliance to Ethical Rules throughout the Group.

The collection of 520 old glass artefacts as a reflection of a history of about 3.500 years, which Şişecam Group gathered with the aim of preserving cultural values, is registered at the Istanbul Archaeology Museum and exhibited at the exclusive museum area at Şişecam’s Head Office.

The Glass Hall of the Bodrum Underwater Archaeology Museum was opened in 1985 to visitors from around the world, under the sponsorship and safeguard of Şişecam.

The first of the History, Culture and Glass collections was presented in 1999 in Paşabahçe Stores and reflected the historical and cultural background of Anatolia through glass artwork. This project was initiated in line with the mission of the Şişecam Group to preserve and pass on cultural heritage to the

coming generations. So far, 500 different glass collection items with artistic value have been produced; each of these items has been produced in limited numbers. In this scope, So far, 12 collections were the Ottoman Collection, the Blue and White on Glass Collection, the Calligraphy on Glass Collection, the Mosaic Collection, the Anatolian Civilizations Collection, the Calligraphy on Glass Collection, the Patience and Reconciliation Collection, the Alliance of Civilizations Collection, the Mystery of Seven Collection, the Aşure Collection, the Istanbul Collection and the Talking Banknotes-Coins Collection and Zevk-i Selim.

In addition to its History-Culture-Glass Collections, Paşabahçe stores launched a new collection called “Omnia” in 2015, when Paşabahçe celebrated its 80th year. With the Omnia collection, traditional glass house ware such as Çeşm-i Bülbül, Beykoz, and amulet evil eye was interpreted in a modern way and offered to glassware lovers.

Şişecam awards an Education Incentive Scholarship to its employees and their children who are studying. Within this scope, 3.678.742 TRY in scholarships were awarded in 2016.

Kazanlı coast in Mersin is known as one of the most significant egg laying areas worldwide for endangered sea turtles. Within the scope of “Mersin province Kazanlı coast sea turtle population research, review, and preservation project” which continues since 2007 with the cooperation between Soda Sanayii A.Ş. and Mersin University, nesting zones of endangered Caretta Caretta and Chelonia Mydas turtles are preserved. As a result of the relevant efforts, the number of nests has steadily increased since 2007 and a record-breaking number of sea turtle nests, 1,705, was reached in 2016.

In addition to the awareness activities, the local people were informed about the issue and the activities to preserve endangered sea turtles continued.

At the Kazanlı coast spring cleaning activity held on 19 May 2016 with the cooperation of Mersin University instructors and the participation of Soda Sanayii A.Ş. employees, a team of 500 volunteers’ cleaned habitats of the sea turtles.

“Glass again glass” project, which has continued since 2011 with the cooperation of Şişecam Group with ÇEVKO Foundation and local governments, is one of the most comprehensive sustainability and social responsibility projects in Turkey. The project creates awareness about recycling of glass packages, develops glass package waste collection infrastructure, modernises the facilities where glass package wastes are collected and processed, and separates the glass package wastes mixed with domestic wastes before regular storing. Within the scope of the project, up to now, 233.000 elementary school students have been trained about recycling, 17.400 money boxes were given away and 740.000 tonnes of glass package waste was recycled. With the aim of increasing societal awareness about glass recycling, various communication activities were held throughout the year and the importance of glass recycling for a sustainable future was emphasised.

Şişecam Çayırova Sports Club, founded by Şişecam under the name of Çayırova Yelken İhtisas Spor Kulübü Derneği (Çayırova Sailing Expertise Sports Club Association), started its activities in 1982 at Çayırova social facilities with the aim of encouraging young people to do sports and contributing to development of their physical and moral capabilities; and achieved federate club status from the General Directorate of Youth and Sports in 1984.

Today, with its sports people and executive staff of around 120, the club contributes to Turkish sports by raising young sports people in the fields of sailing, rowing and canoeing. The club has not only been successful in these three fields through 2016 but also has raised five athletes and one coach for the national rowing team; and three athletes and one coach for the national canoeing team.

SECTION V. BOARD OF DIRECTORS

5.1. Structure and Constitution of the Board of Directors

Strategic decisions of the board of directors aim to manage the company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the company. The board Company represents and governed the Company within these principles.

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been determined in order to allow the board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other administrative role apart from the membership in Board of Directors. Most of the members of Board of Directors consist of non-executive members. Prof. Dr. Ahmet Kirman, General Manager, participates in the Board of Directors as an executive member. The chairman of the Board of Directors and the General Manager are not the person. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principals, there exist three independent members in the Board of Directors.

Independent members have been determined in accordance with procedures anticipated in the corporate governance principles on 12 January 2016 and proposed to Board of Directors at the same date. In the Board of Directors meeting held on 19 January 2016, no qualified opinion was issued related to the election of appropriate independent members in accordance with CMB notifications no: 29833736-100-E.1446 and dated on 5 February 2016.

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 2016, held on 25 March 2016. 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 30 March 2017, the board members will be elected in the aforementioned ordinary general assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows.

STATEMENT OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.

To the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,



PROF. DR. ATILLA MURAT DEMİRCİOĞLU

6 March 2017

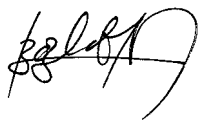
STATEMENT OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.

To the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,



HALİT BOZKURT ARAN

6 March 2017

STATEMENT OF INDEPENDENCE

Türkiye Şişe ve Cam Fabrikaları A.Ş.

To the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,



MEHMET ÖĞÜTCÜ

6 March 2017

Subsequent to General Assembly meetings, in which the members of Board of Directors are elected, Chairman and vice President of Board of Directors have been determined with the purpose of making decision on segregation of duties. As stated in the table below, there exists 1 executive and 8 non-executive members of the Board of Directors.

In accordance with Turkish Commercial Code Law no 395 and 396, the approvals with respect to participation of Chairman and members of the Board of Directors in the Company's area of activity, either in person or on behalf of others and their engagement to partnership of the companies operating in similar activities is given by the General Assembly.

The member of Board of Directors can express their opinion freely, without any influence. In accordance with Corporate Governance Principles, there are two female members in the Company's Board of Directors, who are Zeynep Hansu Uçar and İzlem Erdem. On the other hand, there is neither a target rate nor a target period defined but limited to the fact that the rate of female members of the board shall not be fewer than 25% and there has been no defined policy in order to meet those targets yet. The policy of Company is evaluated periodically and accordingly to the necessities.

The Company has subsidiaries and associates. Considering the fact that the involvement of members of Board of Directors in the management of these companies is for the interests of the Group, their responsibilities out of the Company are not limited and the out-of-company responsibilities of board members are explained below.

Name & Surname	Title	As-is Out of Group Responsibilities
Hakkı Ersin Özince	Chairman	Türkiye İş Bankası A.Ş. Chairman
Prof. Dr. Ahmet Kırman	Vice Chairman- General Manager	Chairman at 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. Trakya Glass Bulgaria EAD, Trakya Investment B.V., Fritz Holding GmbH, Anadolu Cam Investment B.V., OOO Ruscam Glass, OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Balsand B.V., TRSG Autoglass Holding B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., Şişecam Çevre Sistemleri A.Ş., OOO Posuda, AC Glass Holding B.V.
Mahmut Magemizoğlu	Member	Türkiye İş Bankası A.Ş. Vice General Manager, Anadolu Hayat Emeklilik A.Ş. Chairman, Milli Reasürans T.A.Ş. Chairman
Prof. Dr. Atilla Murat Demircioğlu	Member	Trakya Cam San. A.Ş. Independent member of the Board of Directors, Alexander von Humboldt Derneği Bursiyerleri Chairman, Yıldız Teknik Üniversitesi Member of the Board of Directors
Halil Bozkurt Aran	Member	Trakya Cam San. A.Ş. Independent member of the Board of Directors, Director of TEPAV Ticaret Çalışmaları Centre, The Bretton Woods Committee Member
Zeynep Hansu Uçar	Member	Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş., Trakya Cam San. A.Ş., Board Member, Camiş Yatırım Holding A.Ş Member of the Board of Directors
Sabahattin Günceler	Member	None
Mehmet Öğütçü	Member	Global Resources Partnership Chairman, The Bosphorus Energy Club Chief Executive Officer, Genel Energy plc ve Saudi Crown Investment Holding Member of the Board of Directors, Asia-Pacific and Middle East/ Persian Gulf Region Ambassador of Energy Charter Organization,, Windsor Energy Group, European Policy Forum, The Oil Council ve Beijing Energy Club International Advisory Member.
İzlem Erdem	Member	Türkiye İş Bankası A.Ş. İktisadi Research Department Manager, İş Portföy Yönetimi A.Ş. Vice President.

5.2. Fundamentals of Activities of Board of Directors

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 114 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 %99,32 in 2016. 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 2016 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.

5.3. The Number, Structure and Independence of the Committees Constituted in the Board of Directors

For effective duty and responsibility performance of the Board of Directors, the “Supervisory Committee”, “Corporate Governance Committee” and “Early Risk Identification System and Committee” have been constituted in accordance with the Corporate Governance Principles. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting and disclosed to the public on the same day.

Audit Committee members are selected from the independent members of the board. The chairman of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System and Committee and the Audit Committee consist of five, five and three members, respectively.

The Chairman of the Board of Directors and General Manager do not participate in the committee. There exists no executive member in the committees except for the manager of the “Department of Investor Relations” participating in the Corporate Governance Committee, in accordance with corporate governance principles. A member of the Board of Directors, who is independent, does not have any responsibility in two committees, simultaneously.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and is documented in written and recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors.

Being responsible for the company's accounting system, the independent audit and issue of financial information to public and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company's accounting and internal control and its independent audit and assessment of feedbacks of the company's employees related to the accounting and independent audit issues within the framework of a confidentiality. It declares its findings related to its tasks and responsibilities and related assessments and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company's accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company's responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 16 meeting in 2016. 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 5 meeting in 2016.

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.

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 2016.

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 Prof. Dr. Atilla Murat Demircioğlu (independent), Halil Bozkurt Aran (independent) ve Mehmet Öğütcü (independent).

The Corporate Governance Committee;

Chairman Prof. Dr. Atilla Murat Demircioğlu (independent), Zeynep Hansu Uçar, Sabahattin Günceler, İzlem Erdem and Hande Özbörçek Kayaer.

Early Risk Identification System and Committee;

President Prof. Atilla Murat Demircioğlu (independent), Mahmut Magemizoğlu who is assigned to member of Boards in accordance with article 363 of Turkish Commercial Code by submitting to the general assembly on 21 December 2016 on behalf of İlhami Koç resigned on 20 December 2016, Halil Bozkurt Aran (independent), Zeynep Hansu Uçar and Mehmet Öğütcü (independent).

5.4. Internal Control and Risk Management System

The financial crisis which started in 2008 and effects are still being felt today, intense international conflicts of interest, security problems triggered by geopolitical factors, technological developments which are also called fourth industry revolution, changes to business models resulting from digitalisation, and dramatic results of climate change and social problems caused different political, economic, and environmental risks globally compared to those of the past.

The fact that global risks started affecting people, companies, and states in new and unusual ways changed perspectives on risks around the world. The importance of risk management as a discipline increased considerably. In parallel with these developments, the efficiency of risk management and internal audit processes were reviewed in 2016 like previous years and these two functions, which form important elements of corporate governance, were closely managed. The Group continues its audit activities at a risk-based perspective and evaluates the available and potential risks proactively, under this structure.

At Şişecam Group, risk management and internal audit activities are structured under the parent company. The activities are performed in coordination with the Group Directorates that manage the main business fields of the group in affiliation with the parent company's board of directors. The results of the regular and planned meetings with the audit committee, early risk detection committee, and corporate governance committee structured in our publicly held companies are reported to the boards of directors in line with the legislation.

During the works performed for having a corporate structure, ensuring assurance to shareholders, protecting tangible and intangible assets, resources and environments of the Group, minimizing losses from uncertainty and having the maximum benefit from potential opportunities, relationship between the internal audit and risk management is maintained at a high level and aimed to support the decision process and increase the management efficiency.

Risk Management in Şişecam Group:

Risk management activities in Şişecam Group are executed fundamentally on the corporate risk management principles and a comprehensive and proactive approach is maintained. The Group focused on increasing the efficiency of risk management processes and invested in human resources and technology in 2016 in order to focus on boosting the efficiency of risk management processes in 2016. The scope of MicroSCOpe, an integrated risk management platform, was expanded to allow handling of the risk management and insurance functions with a higher coordination level. The time spent in the field for more effective risk management and expansion of the risk culture was increased.

The activities of the risk management function, which was organised within the parent company, are carried out in accordance with legal requirements. As in previous years, we coordinated with Şişecam Group's presidencies, which manage the group's main business fields, to manage the risks which were determined, prioritised, and included in an action plan in line with risk appetite. Reporting which enables the process to be followed up properly is performed in line with regulations.

Internal Audit in Şişecam Group:

The aim of the internal audit functions in our Group is to provide a healthy development for the Group Companies, to create unity in practice, to ensure that the operations are in line with both internal and external regulations and to ensure that correctional measures are taken timely. In accordance with the aforementioned purpose, for both domestic and abroad establishments of the Group; audit procedures are carried out.

Audit work is done according to the periodical audit programs which are approved by the Board of Directors. When creating audit programs; risk management studies are utilized, in other words “risk-based audit” exercises are applied.

5.5. Strategic Objectives of the Company

The process of definition of strategic goals of the Company and the evaluation and review of these strategic goals are initiated with the clarification of the set of Vision/Mission and Values by the Board of Directors.

The Company uses the term of Mission in determining which products are to be produced for whom and in which geographical regions those products are to be proposed. The term of Vision refers to an overall expression of the target and the desired positions that the company intends to arrive at. Within this context, The Board of Directors has defined the objective of the Group as follows: “To become a leading company in glass and its areas of activity, which produces creative solutions with its business partners, makes difference with its technology and brands and which is human and environmental-friendly, while planning to become the leading company in glass and other fields of activity”. Mission of the Company has been determined as “Adding value to life by producing quality and comfort creating products, being a respectful Company to human, nature and laws”. Determined values defined for throughout Şişecam and include all affiliates of the Group.

The Group determines its long-term goals in-line with the visions and missions and prepares its 5 years strategic plans and yearly budgets in accordance with the aforementioned goals and sets all employees' aims compatible with the budgets. At the end of every annual year, performances are evaluated in line with the goals.

5.6. Fiscal Rights

As indicated in the Articles of Association; rights, benefits and wages that are procured to the Members of the Board of Directors are established by the General Assembly. The monthly wages of the Members of the Board of Directors are determined and declared to the public in Ordinary General Assembly Meeting of year 2015 which was held at 25 March, 2016. Wage policy principles for the high level executives of the Company are stated in written form in the Ordinary General Assembly Meeting for Shareholders which was held at April 3, 2013 and are declared to the Shareholders of the company and posted to the website of the Company.

There are no payments done to the General Manager and other high level executives, which are fixed to revenue, profitability or any other essential indicators which could be considered technically as bonus. In addition to the cash payments such as wages, bonuses and welfare benefits; a once a year payment is made to the General Manager, CFO and other high level executives of the company; which is calculated by the Board of Directors by taking -the operational volume, essence of the operation of the company and degree of vulnerability of the company, size of the structure which is managed, the sector in which the company operates and also the inflation rate, overall wage level and the profitability of the Company- into consideration. Also a company vehicle is provided for the high level executives of the company.

To this extent, the total of the payments that are done to the Members of the Board of Directors and high level executives are declared to the public in the financial statement disclosures of our company, and the lack of an individual based breakdown of payments prevents any conflict of interests.

Şişecam does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

81. 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 2016,
- 3. Reviews, Discussions and Approval of the 2016 Balance Sheet and Income Statement Accounts
- 4. Approval of the election carried out in substitution for the Board of Directors’ member who has resigned within the year,
- 5. Acquittals of the Members of the Board of Directors,
- 6. Election of the Members of the Board of Directors,
- 7. Determination of the Compensations pertaining to the Members of the Board of Directors,
- 8. Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
- 9. Taking a Resolution on the Distribution Type and Date of the 2016 Profit,
- 10. Taking a resolution to amend the Articles of Association as determined in the attached Amendment Draft,
- 11. Taking a resolution on appointment of an independent audit company as per the Turkish Commercial Code and regulations of the Capital Markets Board,
- 12. 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 2017,
- 13. Furnishing information to the shareholders in respect of the securities; pledges and mortgages provided in favour of third parties.

Date: 30 March 2017
Location: İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947 Tuzla – İstanbul / Türkiye

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ARTICLE OF ASSOCIATION AMENDMENT DRAFT

Old Text CAPITAL : Article 7:	New Text CAPITAL: Article 7:
The Company has accepted the registered capital system in accordance with the Capital Market Law and started to apply this system with the consent of the Capital Market Board dated 4.3.1985 and numbered 93.	The Company has accepted the registered capital system in accordance with the Capital Market Law and started to apply this system with the consent of the Capital Market Board dated 4.3.1985 and numbered 93.
The Company’s registered capital ceiling is 2.500.000.000 Turkish Liras divided into 250.000.000.000 shares each with 1 (one) Kuruş of nominal value.	The Company’s registered capital ceiling is 4.000.000.000 Turkish Liras divided into 400.000.000.000 shares each with 1 (one) Kuruş of nominal value.
The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2012-2016 (5 years). Even if it will have failed to reach the permitted registered capital ceiling at the end of 2016; for the Board of Directors to resolve to increase the capital after 2016; for a previously permitted or a new ceiling amount, authorization must be received from the General Assembly through the consent of the Capital Market Board. In the event that such authorization is not received, the Company is extracted from the registered capital system	The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2017-2021 (5 years). Even if it will have failed to reach the permitted registered capital ceiling at the end of 2021; for the Board of Directors to resolve to increase the capital after 2021; for a previously permitted or a new ceiling amount, authorization must be received from the General Assembly through the consent of the Capital Market Board. In the event that such authorization is not received, the Company cannot increase the capital by the resolution of Board of Directors.
The Company’s issued capital is 2.050.000.000 Turkish liras and each of these amounts was divided into 205.000.000.000 shares, each with 1 kuruş nominal value, to the bearer. The 2.050.000.000 Turkish liras representing the issued capital was completely paid and fulfilled.	The Company’s issued capital is 2.050.000.000 Turkish liras and each of these amounts was divided into 205.000.000.000 shares, each with 1 kuruş nominal value, to the bearer. The 2.050.000.000 Turkish liras representing the issued capital was completely paid and fulfilled.
The shares constituting the capital are tracked through recording within the framework of the principles of dematerialization.	The shares constituting the capital are tracked through recording within the framework of the principles of dematerialization.

CAPITAL INCREASE, AMENDMENTS ON THE ARTICLES OF ASSOCIATION, AND PROFIT DISTRIBUTIONS IN THE PERIOD

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş. CAPITAL INCREASE, AMENDMENTS ON THE ARTICLES OF ASSOCIATION, AND PROFIT DISTRIBUTIONS IN THE PERIOD

During the reporting period, it was decided at the Ordinary General Assembly held on 25 March 2016 to distribute gross dividends in the amount of TRY 250.000.000 corresponding to 13,15789% of the existing paid-in capital in cash and gross dividends in the amount of TRY 98.000.000 corresponding to 5,15789% as bonus shares. As per the said decision, dividends in the amount of TRY 250.000.000 covered from 2015 profit was paid out to shareholders in cash on 31 May 2016.

During the reporting period, the Company's issued capital was raised from TRY 1.900.000.000 to TRY 2.050.000.000 within the existing authorized capital of TRY 2.500.000.000; out of the increment of TRY 150.000.000, TRY 98.000.000 was covered from the 2015 profit, TRY 50.654.932,45 from real estate and subsidiary sale fund and TRY 1.345.067,55 from extraordinary reserves.

The certificate of issue for the shares in the incremental amount of TRY 150.000.000 was approved with the Capital Markets Board of Turkey (CMB) decision no. 20/686 dated 24 June 2016, and shares distribution was made from 1 July 2016 to 11 July 2016 due to official and religious holiday. Within the scope of the capital increase mentioned above, "Article 7 – Capital" of the Company's Articles of Incorporation was amended as follows and the amendment text was registered on 30 June 2016.

**Capital
Article 7:
New Version**

The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and switched to the aforementioned system with the Capital Markets Board of Turkey (CMB) permission dated 4 March 1985 and numbered 93.

The Company's authorized capital is TRY 2.500.000.000, which is divided into 250.000.000.000 shares each with a nominal value of TRY 0,01.

The authorized capital permission granted by the CMB is valid from 2012 through 2016 (5 years). Even if the authorized capital so permitted is not reached by the end of 2016, in order for the Board of Directors to pass a capital increase resolution after 2016, it is mandatory to get authorizations from the General Assembly of Shareholders for a new period of time not to exceed 5 years, upon getting permission from the CMB for the previously permitted or a new maximum capital amount. The Company will be deemed to have exited the registered capital system in case of failure to obtain the said authorization.

The Company's issued capital is TRY 2.050.000.000, divided into 205.000.000.000 registered shares each with a nominal value of TRY 0,01. TRY 2.050.000.000 that makes up the issued capital is fully paid-in and covered. The shares representing the capital are tracked in dematerialized form within the frame of dematerialization principles.

The shares representing the capital are tracked in dematerialized form within the frame of dematerialization principles.

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 2016 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 2016, which would have required equalization of losses by reason of the transactions described above.

Common and Continuous Related Party Transactions for Year 2017

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 2017 (Budget);

In 2017, It is predicted that the total amount of the common and continuous transactions between the subsidiary Anadolu Cam Yenisehir San. A.Ş. and the Group's 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. In this context, it is envisaged that common and continuous purchase prices will be determined in accordance with previous years and market conditions within the framework of transfer pricing regulations.

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 2016 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 2016 fiscal year has been signed and approved by the members of the Company's Board of Directors on 6 March 2017.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT ON THE BOARD OF DIRECTORS’ ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH



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

Auditor’s Report on the Board of Directors’ Annual Report

1. We have audited the annual report of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the period ended 31 December 2016.

Board of Directors’ responsibility for the Annual Report

2. Group’s management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code (“TCC”) No. 6102 and Capital Markets Board’s (“CMB”) Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the “Communiqué”) and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor’s Responsibility

3. Our responsibility is to express an opinion on the Group’s annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué whether or not the financial information included in this annual report is consistent with the Company’s Group’s consolidated financial statements that are subject to independent auditor’s report dated 6 March 2017 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

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

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 “Going Concern”, we have not encountered any significant issue which we are required to be reported with regard to the inability of Türkiye Şişe ve Cam Fabrikaları A.Ş. to continue its operations for the foreseeable future.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

GÖKHAN YÜKSEL SMMM
Partner

Istanbul, 6 March 2017

DIRECTORY

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

ŞİŞECAM HEADQUARTERS

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www.sisecam.com

ŞİŞECAM FLAT GLASS

www.sisecamduzcam.com

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