

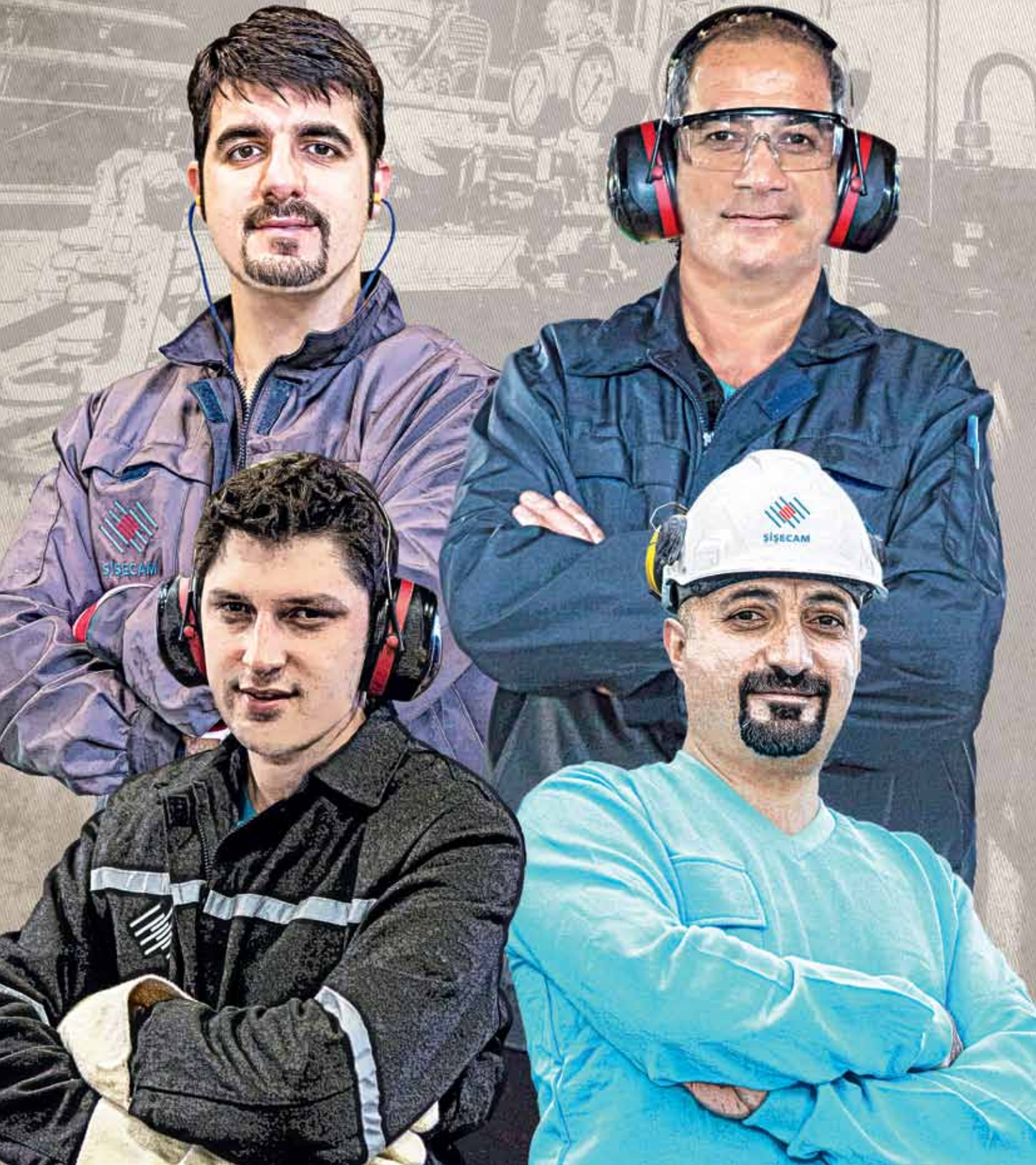
TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

2015 ANNUAL REPORT



80

*Adding value to life
for 80 years*



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 over 21,000 people, selling its products to 150 countries, which constitute 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 80 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.



ŞİŞECAM CREDIT RATING

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

GLOBAL STANDING*

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

ŞİŞECAM CORPORATE GOVERNANCE RATING

18 December 2015
9.35

(*) Based on installed capacity.

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FINANCIAL INDICATORS

Summary of Statement of Financial Position

	2014		2015	
	TRY m	USD m	TRY m	USD m
Current Assets	5,657	2,440	6,570	2,260
Non-Current Assets	6,693	2,886	9,093	3,127
Total Assets	12,350	5,326	15,663	5,387
Current Liabilities	1,902	820	2,311	795
Non-Current Liabilities	3,209	1,384	3,849	1,324
Equity	7,239	3,122	9,503	3,268
Equity Holders of the Parent	5,692	2,455	7,467	2,568
Non-Controlling Interests	1,547	667	2,036	700
Total Equity and Liabilities	12,350	5,326	15,663	5,387

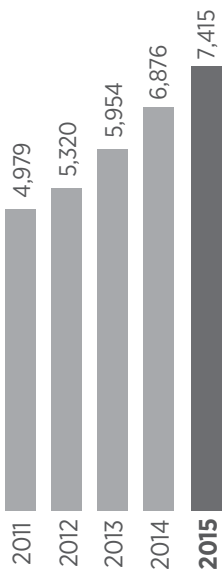
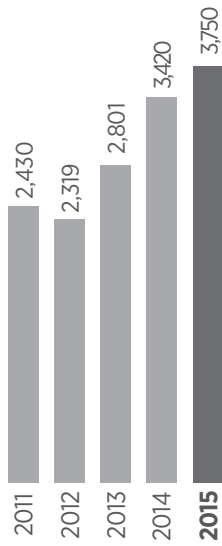
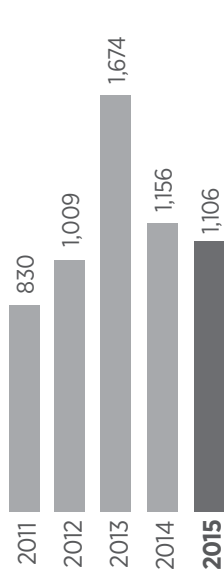
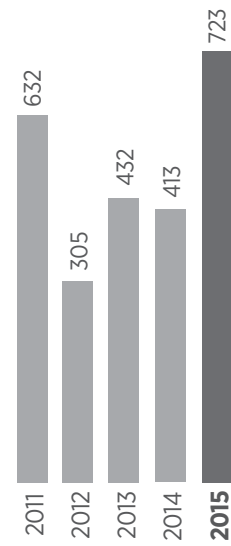
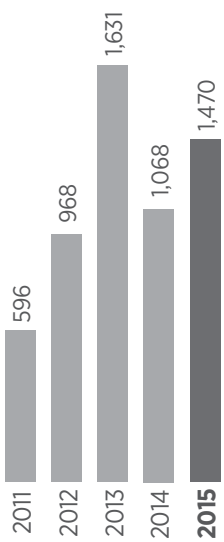
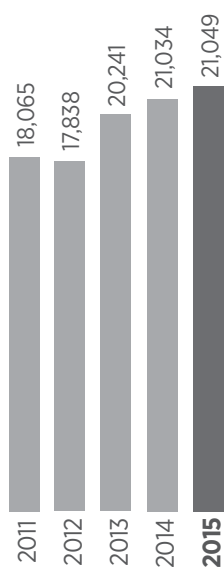
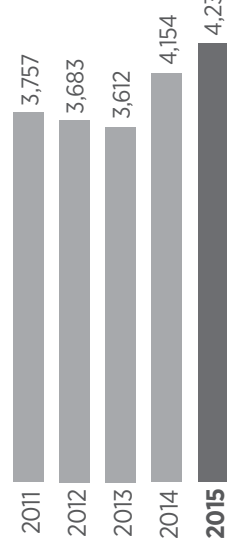
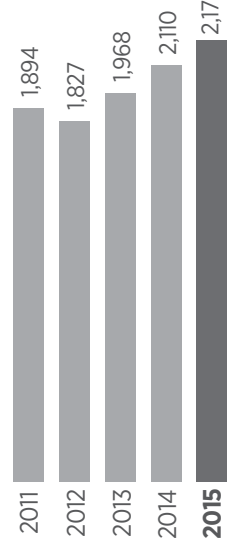
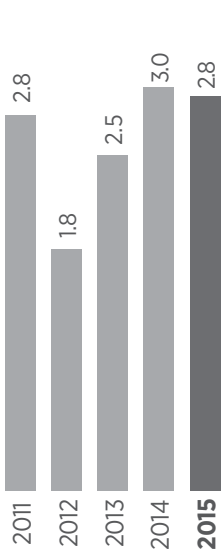
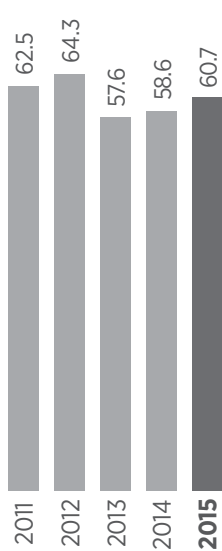
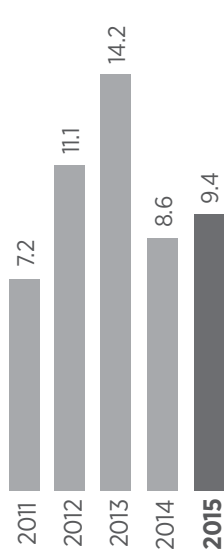
Summary Statements of Income

	2014		2015	
	TRY m	USD m	TRY m	USD m
Revenue	6,876	3,145	7,415	2,727
Cost of Sales	(5,003)	(2,288)	(5,236)	(1,926)
Gross Profit from Trading Activity	1,873	857	2,179	801
Operating Expenses	(1,220)	(558)	(1,299)	(478)
Operating Income	653	299	880	323
Income from Investing Activities (Net)	24	11	146	54
Operating Profit Before Financial Expenses	677	310	1,026	377
Financial Expenses (Net)	(182)	(84)	(127)	(47)
Profit Before Tax from Continued Operations	495	226	899	330
Tax Income	(75)	(34)	(94)	(34)
Taxes on Income	(171)	(78)	(180)	(66)
Deferred Tax Income/(Expense)	96	44	86	32
Profit for the Period	420	192	805	296
Attributable to:				
Non-Controlling Interests	7	3	82	30
Equity Holders of the Parent	413	189	723	266
Earnings Before Interest and Taxes (EBIT)(*)	677	310	1,026	377
Depreciation	688	315	738	271
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(*)	1,365	625	1,764	648
Net Cash from Operations	768	351	823	303
Net Financial Debt	1,068	461	1,470	506

Financial Ratios (%)

	2014	2015
Current Assets/Current Liabilities	3.0	2.8
Equity/Total Equity and Liabilities	58.6	60.7
Total Liabilities/Equity	70.6	64.8
Net Financial Debt/Total Equity and Liabilities	8.6	9.4
Net Financial Debt/Equity	14.8	15.5
Gross Profit/Revenue	27.2	29.4
EBITDA(*)/Revenue	19.9	23.8
EBIT(*)/Revenue	9.8	13.8
Net Financial Debt/EBITDA(*)	0.8	0.8

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

SALES REVENUE (TRY m)**INTERNATIONAL SALES (TRY m)****INVESTMENTS (TRY m)****EQUITY HOLDERS OF THE PARENT (TRY m)****EBITDA (TRY m)****NET FINANCIAL DEBT (TRY m)****EQUITY (TRY m)****NO. OF EMPLOYEES****GLASS PRODUCTION (000 Tons)****SODA PRODUCTION (000 Tons)****FINANCIAL RATIOS (%)****CURRENT ASSETS/ CURRENT LIABILITIES****EQUITY/TOTAL LIABILITIES AND EQUITY****NET FINANCIAL DEBT/TOTAL LIABILITIES AND EQUITY****EBITDA/SALES REVENUE**

ŞİŞECAM IN BRIEF



ŞİŞECAM FLAT GLASS

Operating in the field of flat glass within Şişecam Group, Şişecam Flat Glass ranks 5th in the world and 2nd in Europe in its own industry, in terms of production capacity. The Group conducts its activities in 4 main branches of business, which include architectural glass (flat glass, patterned glass, mirror, laminated glass and coated glass); autoglass, encapsulated glass and glass for other vehicles; solar glass; and glass for home appliances.

With its plant inaugurated in 1981, Şişecam Flat Glass became the first company across a broad region spanning from Eastern Europe and the Balkans to the Middle East and North Africa to use the modern float technology in production. Since then, the Company has been a pioneer in the development of flat glass, both in Turkey and in the region, introducing many firsts to the industry.

The Group realized significant quality and capacity increases in the 1980s when it entered global markets; it expanded its operations abroad, envisioning regional leadership and a multifocal production approach by opening its Trakya Glass Bulgaria EAD plant in Bulgaria in 2006. In 2009, Şişecam Flat Glass took a strategic step by opting to conduct its flat glass operations in Egypt and Russia in partnership with Saint-Gobain — one of the world's largest players in the sector; it also commissioned its Automotive Glass Plant in Bulgaria in 2010, as well as laminated and coated glass facilities in 2013.

The Group acquired shares in the HNG Float Glass Limited (HNG) company in India in 2013, while continuing its expansion in Europe by acquiring the Richard Fritz Holding company. Şişecam Flat Glass also invested in two new plants in Russia and Romania to produce automotive glass.

Meanwhile, the Group has continued its domestic investments and currently provides products for the construction, automotive, solar, and home appliance industries through its 11 float lines, production plants in 9 different countries, joint ventures, and expanding product range. Şişecam Flat Glass conducts its operations in accordance with the vision of “being a fast growing global flat glass company with its strong brands and innovative solutions.”

ŞİŞECAM GLASSWARE

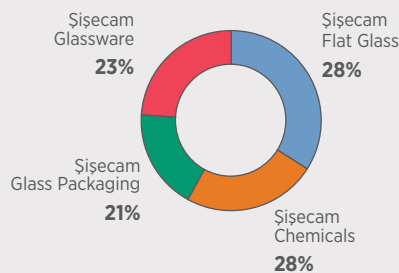
Paşabahçe, the first company founded by Şişecam Group, currently ranks 3rd in the global and 2nd in the European glassware industry, owing to its solid distribution channel structure, broad product range, superior production capability, and customer-focused strategic approach.

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

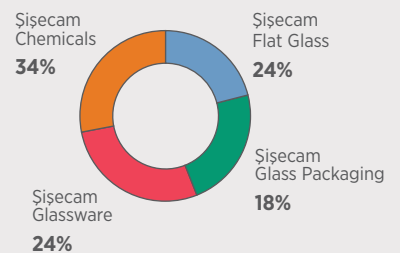
As Şişecam Glassware Group's dominant company, Paşabahçe carries out its production operations at its domestic plants in Kırklareli, Mersin, Eskişehir, and Denizli, as well as abroad, in Bulgaria and in the Russian Federation. Paşabahçe Mağazaları A.Ş., Company's professional chain store management business, stands as the leading retailer in Turkey in its field, offering a wide product range in tabletop and kitchenware. Camiş Ambalaj, which is amongst the leading companies in the paper/cardboard packaging industry in Turkey, is another company operating under Şişecam Glassware.

Focusing its manufacturing, design, and marketing activities in three different market segments, namely household, HORECA and industry sectors, Paşabahçe intends to assert a more efficient presence in these market segments through its broad product range, robust production capability, and efficiency in new territories with high market potential. Paşabahçe aims to further reinforce the strength of its brand to become the global glassware leader, the products of which are known and preferred worldwide.

SALES REVENUE



INTERNATIONAL SALES





ŞİŞECAM GLASS PACKAGING

Şişecam Glass Packaging, a producer of designed glass packaging of different colors and sizes for the food, beverage, spirits, pharmaceutical and cosmetics sectors, has a history that dates back to 1935 when the first production facility in Paşabahçe, Beykoz was established. After operating out of this facility for approximately 35 years, production activities were relocated to the Topkapı Plant in 1969, a move which was due to the rapid growth in the soft drinks industry, the increase in the bottle demand of the pharmaceuticals industry, and the expansion of glassware production at the Paşabahçe Plant. Subsequently, the Group embarked upon a period of rapid and steady growth.

A significant step in the growth process was the acquisition of Anadolu Cam Sanayii A.Ş. in Mersin in 1976, where the NNPB (light bottle) production technology — a critical milestone in glass packaging production technology — was implemented in 1988. All companies and plants operating under Şişecam Glass Packaging were reorganized under Anadolu Cam Sanayii A.Ş. in 2000. The Group further reinforced its leading position with the establishment of the Yenişehir, Bursa and Eskişehir Plants in 2006 and 2013, respectively. A new furnace with a 90,000-ton annual capacity was fired at the Eskişehir Plant in 2015.

Şişecam Glass Packaging made its first foreign investment with the acquisition of the Mina Plant in Georgia in 1997, in line with its objective to become an international glass packaging supplier, and as a regional leader with more than a 50% turnover generated from foreign operations through the investments in and collaborations with surrounding countries. This foreign investment was followed by the Gorokhovets, Pokrovsky, Ufa, Kirishi, and Kuban Plant investments in 2002, 2004, 2005, 2008 and 2009, respectively, with the goal of capitalizing on the dynamic structure offered by the Russian market. Finally, in 2011, an existing glass packaging plant in Merefa, Ukraine, was purchased, enabling the Group's overseas production capacity to increase to 1.3 million tons annually.

Currently, Şişecam Glass Packaging has an annual production capacity of 2.3 million tons, making it the largest glass packaging manufacturer in Turkey, and the 4th largest in the world as well as in Europe. The company maintains its production with a total of 10 plants, with 3 plants located in Turkey, 5 in Russia, 1 in Ukraine, and 1 in Georgia.

ŞİŞECAM CHEMICALS

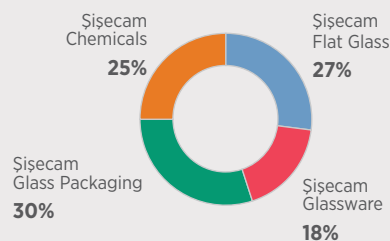
The fundamental operations of the Chemicals Business, one of four business segments of Şişecam Group, are carried out by Soda Sanayii A.Ş. (Soda Sanayii), founded in 1969 to produce soda ash, which is one of the main raw materials of the glass industry. The chemicals manufactured at the Mersin Soda Plant and at the Kromsan Chromium Compounds Plant, which joined the Group in 1982, are used as the main inputs for various products, aside from those used in glass production, from detergents to the chemical industry and from leather to the pharmaceutical industry.

The Company became a partner of the privatized Bulgarian soda ash producer Sodi in 1997 through a joint venture with Solvay, and raised its share to 25% in subsequent years. In 1998, Camiş Egypt Mining Ltd. Co. was founded in Egypt to produce industrial raw materials. In 2003, Soda Sanayii's representative office in China was incorporated into Sisecam Shanghai Trading Co. Ltd. In 2005, Soda Sanayii went into a partnership with Cromital, an Italian company which produces chromium chemicals, subsequently acquired the remaining shares in 2011 to become Comital's sole owner. In 2006, the Company acquired the Lukavac Soda Plant, a soda ash production plant in Bosnia and Herzegovina.

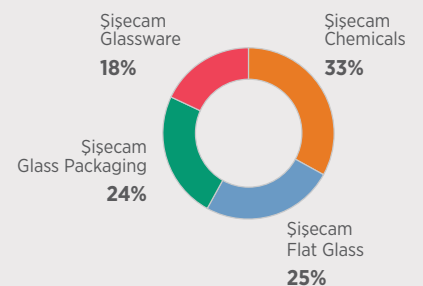
Achieving a production volume of almost 2.2 million tons of soda products at its Mersin and Bosnia plants and in Bulgaria at the Solvay Sodi plant through its joint ventures, the Company is now the 4th largest soda ash producer in Europe and the 10th in the world. As a leading producer in this field, Soda Sanayii maintains its production of chromium chemicals at the Kromsan Chromium Compounds Plant and Cromital SpA facilities in Italy.

Currently, the Group also produces glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives, and sodium metabisulfite, in addition to soda ash and chromium chemicals, carrying out its activities in 6 countries. Soda Sanayii successfully implements its environmental, health, and work safety management systems under the "Responsible Care" initiative, a voluntary practice specific to the chemical industry. Through its responsible approach, the Company continuously invests in the environment, meeting its own energy requirements through its energy generation station, as well as realizing electricity generation and a sales volume of approximately 1.7 billion kWh per year.

INVESTMENTS



EBITDA



SHAREHOLDER AND INVESTOR RELATIONS

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

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, webcast tele-conferences and participations in road shows and conferences.

While, investor relations' activities are conducted in a transparent, proactive, rapid, and at an equal level of disclosure to all investors, concentration and improvement of the activities are also our major focus points in order for the investors and analysts to have a better understanding of our Group. Within this scope, in 2015, the Group participated in a total of 5 domestic and international conferences addressing shareholders and bondholders and held one-on-one meetings focusing on the operations and financials with close to 250 existing and potential investors.

Furthermore, in 2015, two webcasts were held to share 2014 year-end and 2015 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 80 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:

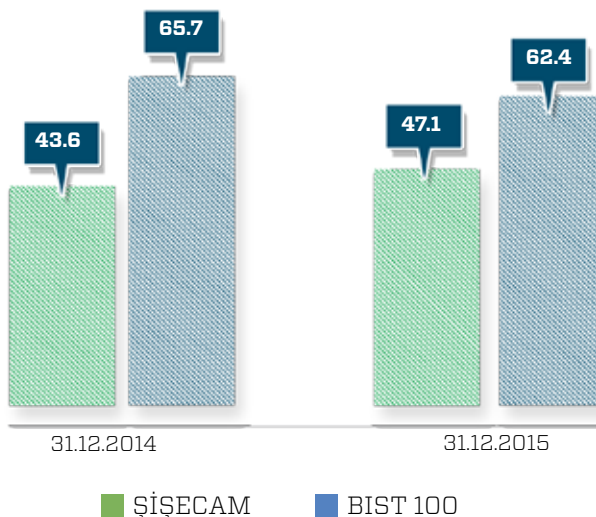
- Consolidating leadership in its fields of activity in Turkey and other geographies where it has presence,
- Securing sustainable growth and profitability through consistent strategies aimed at increasing share value,
- Increasing resilience against economic volatilities and potential risks on the back of its well-balanced product portfolio and operations spanning different geographies,
- On the back of 80 years of proven track record, restructuring, partnerships with international players, sustainable and profitable organic and inorganic growth, the Group is committed to continue improving its performance.

2015 was a challenging year for the capital markets and "Borsa İstanbul 100" index closed the year with a 15% loss. In 2015, lowest Şişecam share price level seen on the market was TRY 2.65 and the highest level was TRY 3.62. Şişecam shares declined by 2% in nominal terms, outperforming the index.

In the same period, BIST 30 index and BIST Holding index declined by 18% and 11%, respectively.

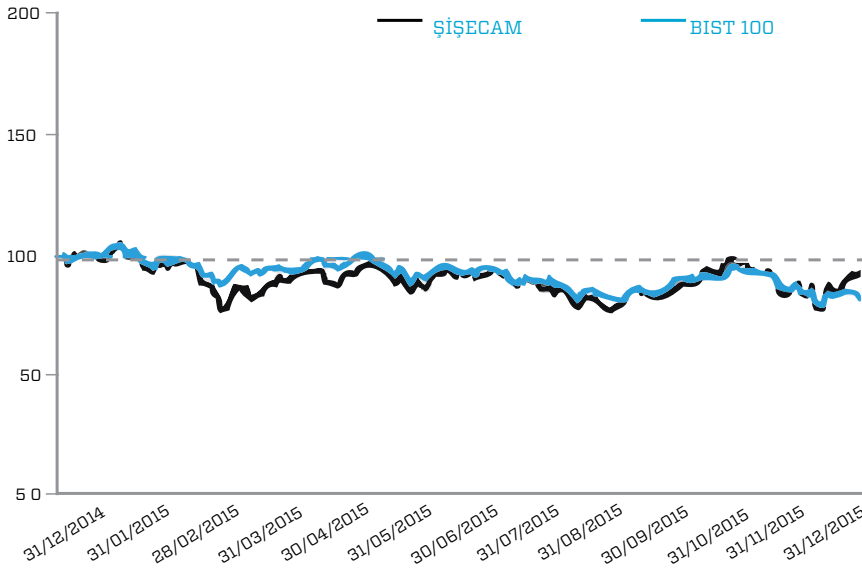
During the same period, the share of foreign investors in Borsa İstanbul decreased by 3.3 points, while the share of long term foreign institutional investors in Şişecam increased from 43.6% to 47.1%.

FOREIGN INVESTOR SHARES (%)



AS OF 2015 YEAR END, BIST HOLDING INDEX VALUE DECLINED BY 11%, BIST 100 INDEX BY 15 % AND BIST 30 INDEX BY 18%. DURING THE SAME PERIOD, DECREASE IN ŞİŞECAM SHARE VALUE REMAINED LIMITED AT ONLY 2%.

PERFORMANCE OF THE ŞİŞECAM SHARE IN COMPARISON WITH BIST 100*



*1 January 2014 = 100

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 18, 2015. Accordingly, our Company's Corporate Governance Rating , which we disclosed as 92.78 (9.28 over 10) on December 29, 2014, increased to 93.53 (9.35 over 10), as a result of our continuous efforts in improving our Company's compliance with the corporate governance principles in 2015. This rating is highly significant in that it endorses our Group's long-going and traditionally extremely high corporate governance standards.

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

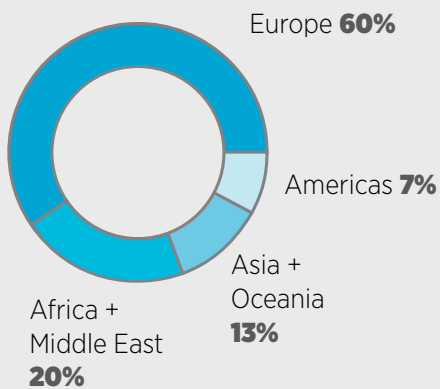
Main sections	Weight	Note
Shareholders	0.25	95.36
Public Disclosure and Transparency	0.25	95.81
Stakeholders	0.15	95.51
Board of Directors	0.35	89.75
Total	1.00	93.53

Investor Relations contact information:

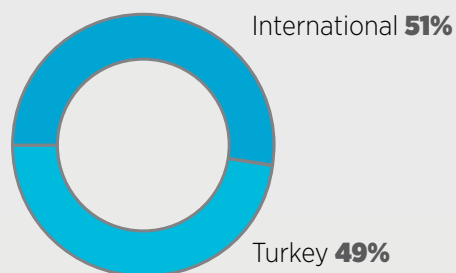
e-mail: SC_IR@sisecam.com
Telephone: (90) 212 350 3262
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GLOBAL PRESENCE OF ŞİŞECAM

REGIONAL DISTRIBUTION OF INTERNATIONAL SALES



DISTRIBUTION OF SALES



■ Şişecam's export destinations in 2015.

SALES IN
150
COUNTRIES



INTERNATIONAL
SALES

1.3
BILLION USD

PRODUCTION CAPACITY OF ŞİŞECAM

4.2 MILLION TONS
OF GLASS PRODUCTION

2.2 MILLION TONS
OF SODA ASH PRODUCTION

3.6 MILLION TONS
OF INDUSTRIAL RAW
MATERIAL PRODUCTION

Şişecam Group Production Plants in Turkey

ŞİŞECAM FLAT GLASS

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

ŞİŞECAM GLASSWARE

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

ŞİŞECAM GLASS PACKAGING

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

ŞİŞECAM CHEMICALS

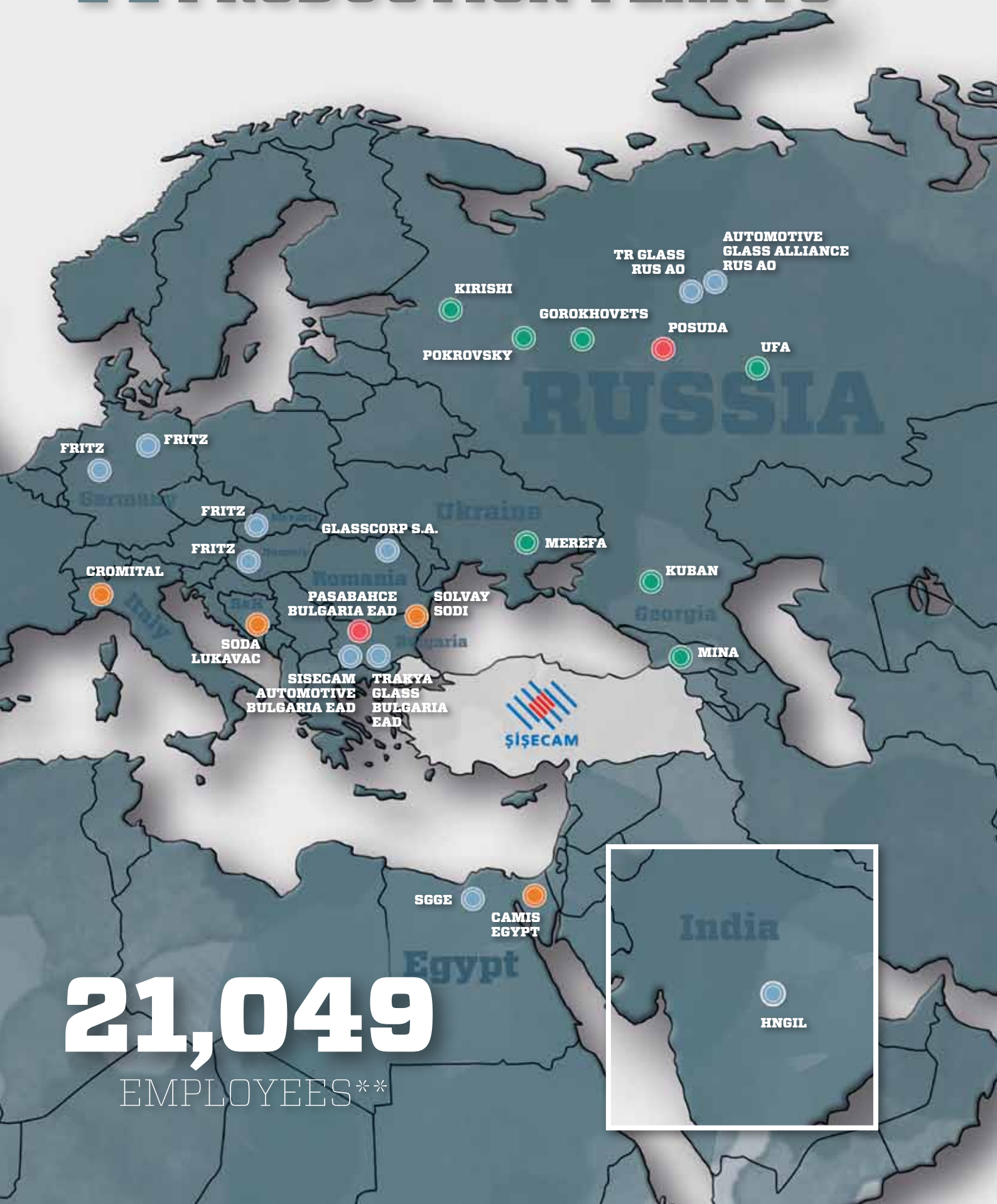
Soda San. A.Ş.	Soda Plant - Mersin Kromsan Chromium Compounds Plant - Mersin
Camiş Madencilik A.Ş.	The provinces where the company operates: Aydın, Balıkesir, Bilecik, İstanbul, Karabük, Kırklareli, Mersin
Cam Elyaf San. A.Ş.	Gebze Plant - Kocaeli
Oxyvit Kimya San. ve Tic. A.Ş.	Mersin Plant

* As at year-end 2015, 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 2015, 40% of Şişecam Group employees are based abroad.



13 COUNTRIES
44 PRODUCTION PLANTS*



21,049
EMPLOYEES**

TO OUR SHAREHOLDERS



Dear Shareholders,

Sişecam, the only global player operating in all key areas of the glass industry, continues its journey to become of the greatest glass manufacturers in the world, 80 years after its humble beginning as a small enterprise. In 1935, Şişecam was launched with the driving force of Türkiye İş Bankası to establish a domestic glass industry in the country. At the start, the company was able to produce a mere, labour-intensive 3,000 tons of products, including bottles and glasses. Now, Şişecam Group has more than 21,000 employees in 44 plants, including 19 domestic and 25 foreign, and produces flat glass, glassware, glass packaging, and chemicals. Şişecam is among the world's leading glass producers, with total annual production capacity of 5 million tons.

Globally, Şişecam Group is among the top-five flat glass, the top-three glassware, top-four glass packaging, top-10 soda ash and the number-one chromium chemicals producers in the world. Its strategic objective is ranking among the world's top-three manufacturers. To achieve this aim, the company is maintaining new domestic and foreign investments and represents Turkey proudly in the world.

I am proud to inform you that Şişecam has combined its 80 years of knowledge and experience with contemporary production technologies and management models. It is a role-model for private industry organisations in Turkey by continuously enhancing

itself, learning in the process, and successfully transforming intellectual gains into assets. The Group has the required competency and facilities to sustain and expand its presence against international competition through its technological abilities, human resources, and business models.

Dear Shareholders,

At present, our world is experiencing a critical period that includes both structural risks and opportunities. It is a world in which unprecedented economic and political conditions prevail. The effects of the 2008 economic crisis are still not thoroughly understood eight years later. 2015 was etched in history as a time when the process of recovery decelerated, growth projections were halted, and geopolitical risks increased. As of December 2015, the American Federal Reserve's gradual increase of interest rates was a positive factor in driving recovery from an environment of volatility, which had caused fluctuations and concerns in global markets for a long time. Meanwhile, capital outflows flow due to a more challenging global financial situation accelerated from emerging markets, which had already been suffering withdrawals of significant investments since 2005.

The slowdown in mid-2015 in China – the second-largest economy in the world and the engine of the global economy in recent years – is a major development that has hurt the balance of global markets. According to IMF data, the signals of turbulence from China, which has been single-handedly responsible for 35% of total growth in the global economy in the past five years, the pressure of falling commodity prices, and the appreciation of the US dollar all led to increased concerns regarding emerging economies.

In the Euro Zone, which has been struggling with a prolonged recession, the recurrence of slowed economic growth as of the third quarter of the year impelled the European Central Bank to adopt new measures in addition to a monetary expansion programme implemented since 2014. This was a factor in the extension of the asset purchase programme until March 2017. The positive influences of measures taken at the end of the year reinforced projections for another rebound in the zone's economy.

Another issue that preoccupied the world, at least as much as the economic agenda in 2015, was increasing geopolitical risks and political developments that reshaped international relations. For years, instability has dominated the Middle East, where civil wars in Syria and Iraq, a massive refugee crisis, proxy power struggles between the USA and Russia, and rising tensions between Iran and Saudi Arabia have all further damaged the economy. Turkey has also felt its effects of these negative circumstances in neighbouring countries on the political, economic and social fronts.

Meanwhile, the removal of the international embargo imposed on Iran for more than 10 years has been a positive development that has opened this large market to the world. It is a development that is also expected to have a significant effect on the country's commercial relations with Turkey.

Turkey felt the negative impact of global market ambiguity and fluctuation in 2015. This was seen in the depreciation of the TRY, an increase in unemployment, a stubborn inflation level, and export figures falling short of expectations. Meanwhile, Turkey's economy grew beyond predictions during the first three quarters of the year, with an increase of 3.4% in GNP, maintaining its rating at investible level. The pressure of political uncertainty caused by impending general elections ended in November.

Following the change in the global financial currents in 2015, net portfolio outflows were also experienced in Turkey. During the year, the Turkish lira depreciated by 25% against the US dollar and 12% against the euro. Due to either the slowdown in growth, or the reduction in revenues in many destination countries for Turkey's exports, export revenues decreased by 10.2% over the year, while the impact of the drop in energy prices – vitally important for the glass industry – resulted in a 50% improvement in the foreign trade deficit over the same period.

Dear Shareholders,

With the volume of the world glass industry approaching USD 150 billion, 5-6% average annual growth is expected in the medium term. The growth of the glass industry, which has shifted towards emerging markets, demonstrates higher performance than the global economy. This is also the case for countries in our region that are in many respects below the saturation point.

Automotive, construction and household appliances are leading industries that define the direction of the economy. They also rely on input from the glass industry. Among them, automotive saw significant growth in Turkey and Europe in 2015. The European automotive market grew by 8.2% during January-October 2015, while Turkey's automotive industry saw much higher growth than seen in the general economy, reaching record levels in sales, production, and exports. In 2015, 1.36 million vehicles were manufactured in Turkey, amounting to 16% growth over the previous year. Meanwhile, sales of passenger cars and light commercial vehicles increased by 26.1%.

The construction industry continued to be the engine of the economy in terms of its share in GNP. According to data supplied for 2015 by TUIK, the national statistics agency, home sales increased by 10.6% over the previous year. Turkey's household appliances industry, in which Turkey is the second-largest manufacturer in the world after China, grew by 6% in the domestic and foreign market in 2015, achieving production of 23 million units.

The glass industry's relationship to multiple industries has been an advantage for our Group, which operates in all main areas of glass production. Meanwhile, Şişecam's realisation of its production activities in several countries has created an advantage in terms of currency diversity. Şişecam's main objective is the preservation of its current position in Turkey, while reinforcing its position in foreign markets and ranking among the top-three manufacturers in the world. In such a mature industry, intense competition among

global glass manufacturers reduces profit margins, compounded by a rapid concentration process. Şişecam's objective is to reinforce its presence, where control over the market is vitally important, and grow in existing and new markets.

In line with this approach and in order to secure its profitability and presence, maintain its competitive strength, and further leverage its activities, Şişecam has continued its versatile efforts towards increasing productivity while reducing costs and producing high value-added products in 2015. The required organisational improvements and developments in process management were made in accordance with operational perfection, while solid steps and new investments in energy productivity continued to be one of our most important areas of interest. Our Group's Research and Technical Development activities for value-added products, which provide us with a competitive advantage, have also continued throughout the year.

With its 80-year history, Şişecam has integrated strength gained from its past into a productive business model in line with current needs and the company will continue in its achievements towards building a bright future.

I would like to express my gratitude to our valuable shareholders, whose support we have always felt; our business partners, each one of whom has been a member of the Şişecam family; and, last but not least, to all of my colleagues, who have the biggest share in our Group's success.

Yours faithfully,



H. Ersin Özince
Chairman of the Board

TO OUR SHAREHOLDERS



Dear Shareholders,

Şişecam is one of the largest and most established companies created by the Republic of Turkey. During the 2015 operating cycle, we have continued propelling this venture on the course drawn up by the founder of our Republic. We have also maintained our determination to progress towards our objective of ranking among the top three companies in the global glass industry.

In the environment of ambiguities and instability in 2015, our priority was to rapidly adapt to new conditions in accordance with our projections on global developments and their potentially negative effects on Turkey. We also sought to mitigate complexities through balancing measures. A significant gain was achieved from the contribution made by our flexible management style, which we have adopted in order to eliminate the difficulties and ensure the development of Şişecam's competitive structure.

Together with the changing conditions in the global glass market, where consolidation and the pressure on cost and profit are increasing, the competition is also becoming harder day-by-day. Due to these rapidly changing circumstances, glass companies must review their existing structures as well as their *modus operandi*. Şişecam has focused on optimizing the geographical distribution of its production points, effectively managing its costs, and reinforcing its position in the industry by focusing on issues regarding operational excellence in 2015.

One of the most important elements of the Group's strategic plan is portfolio optimisation.

As a global group currently producing in 13 countries and marketing products to 150 countries, Şişecam devises versatile strategies thanks to unique internal dynamics and according to the economic realities of each country, which also goes into identifying production applications and price policies. Efforts to optimise

production points in order to increase effectiveness in sales markets were also effectively maintained in 2015. This practice allowed our Group to stand strong in the face of international competition and mitigated the effects brought on by the crisis. It has also been helpful in progressing towards a structure based on a profitability principle.

Efficiency is vital in the energy-intensive glass industry.

Energy is one of the critical inputs for the glass industry and energy saving is a priority in our efforts to effectively manage costs. We simultaneously make efforts monitor energy supply, energy consumption productivity, and value-added components of production. Our investments in converting waste heat into energy differentiate our Group in this field to the point where we can satisfy our own energy requirements. These investments will continue in the forthcoming years through new projects and international collaborations.

Specific conditions in the world and our production region make operational excellence one of our agenda priorities.

Sustainable operational perfection, which we consider to be a holistic concept, covers all our fields of operations and business procedures. This is reflected in our relations with all of our stakeholders. At the forefront of our activities in 2015 were our operational excellence projects, developed in line with objectives such as increasing our competence in supply chain practices and stages of sales cycle; attaining excellence in our operations; building more accurate, faster, and healthier work systems with our business partners; and offering more satisfactory services to our customers. The Group's organisational structure was also updated in line with these objectives.

The current system has enabled the establishment of a more flexible and solution-oriented structure in relations between production and sales, as well as in the supply chain. It has enhanced our Group's abilities to take faster and more effective decisions and has enabled the more effective management of our organisation in accordance with the competitive structure. Our moves towards revision and improvement of our organisation to respond to the current conditions and requirements will also continue in the future, and our efforts in this respect will increase even more along with the realisation of new projects.

Our domestic and foreign production capacity in the glass packaging, flat glass, glassware, and fibreglass industries has exceeded 5 million tons.

Şişecam is the only global glass company that operates in all three sectors of the glass industry: flat glass, glassware and glass packaging. Our Group has performed according to our 2015 expectations, not only in these three fields but also in the soda ash and chromium chemicals production sectors. We have strived to fulfil our targets through intense efforts and recuperative action to mitigate the impact of fluctuating foreign exchange rates.

Our Group produced 4.2 million tons of glass in 2015, the same as the year before. Our consolidated net sales were TRY 7.4 billion, with 51% of turnover obtained from international sales. In the 2015 operating year, we produced 2.2 million tons of soda ash and 3.6 million tons of industrial raw materials – a 16% increase on the previous year in soda ash sales revenues on a TRY basis. Critical matters for our Group include increasing production volume through new investments and enhancing the productivity of our existing facilities. To this end, Şişecam invested TRY 1.1 billion in 2015. As a result, our profitability continued increasing in 2015 together with expanding capacity utilisation ratios. Our

consolidated EBITDA margin increased by 4 points to 24%, compared with the previous year, reaching TRY 1.8 billion.

Our Group will continue taking balanced action towards growth, one that creates sustainable value under current circumstances that limits companies' appetites for new investments. It will also replace aggressive growth scenarios in the glass industry with more prudent approaches.

We maintain our belief that current international problems impacting our region will be normalised in the future as a result of economic realities and common interests.

Although the impacts of global events on countries where we operate and on international relations resulted in certain unpredictable outcome in 2015, we still maintain our hope and expectation for the normalisation of international relations in the long run because of shared interests. All of our enterprises abroad continue routine operations, i.e., producing, creating employment, responding to market needs and creating economic value. Our greatest wish is for these investments, created on the basis of long-term objectives, to proceed without being impacted by short-term instabilities.

In the new world order, each company must invest in technology to sustain its existence.

In order to compete on a global scale, our industry requires the diversification of product portfolios with value-added products and services, in addition to operational perfection. To do this, we have established Şişecam Science and Technology Centre – the only glass research centre in Turkey and one of the few in Europe – in Gebze-Çayırova at a cost of TRY 40 million in 2014. In our opinion, activities performed in this centre are critical and we have been continuously increasing our focus on these efforts accordingly.

Our centre conducts research and technology development activities related to every stage of glass production processes, from raw material to the finished good. Through this venture, we intend to increase competitive strength through investments in cost-reducing and efficiency-increasing products, in addition to new high-technology products in an effort to enrich our portfolio. Various research projects are being conducted in broad areas, ranging from the development of more economical and thermally, optically, and acoustically comfortable glass and coatings for buildings and automobiles to increasing mechanical strength and reducing weight of glass packaging, and from developing innovative and aesthetic glassware to new soda ash and chromium components.

Our objective is to ensure continuity of the progress we have achieved in research and technology development and ensure sustainability of high value-added production.

Our efforts to develop new products in 2015 continued with innovative and functional product projects in all groups. Developing glass and glass coating intended to create more comfortable spaces and reduce energy costs has remained one of our key objectives for the automotive and housing industries in the flat glass sector. Shatterproof glass bottles, antibacterial glass milk bottles, which increase the shelf life of fresh milk from three to six days, and glass baby bottles that change colour according to temperature are key projects for the Glass Packaging Group.

In 2015, our continuing projects in glassware bore new, innovative designs with a higher decorative appeal, including glasses, cups and vases that change colour according to the ambient

light and transform solar light into phosphorus light in the dark. One of our projects to reduce environmental sensitivity and energy costs, CRAFTM (Carbon Reduction by Auxiliary Firing Techniques for Glass Melter) aims to release much lower volumes of carbon dioxide and lower melting costs using new burning and control methods in glass furnaces. One of our key objectives will continue to be realising eco-friendly projects that allow for energy saving at our facilities through a collaboration with international organisations.

One of Şişecam's key priorities is a habitable and cleaner environment.

Glass is the most sustainable packaging material and with this in mind we rolled out the "Glass is Glass Again" project in 2011. It has become one of Turkey's most comprehensive sustainability and social responsibility projects and has continued successfully in 2015. We believe education is best way to turn waste glass collection into a share ideology and so we have thus far educated 203,000 primary school students since the beginning of the project. Furthermore, we donated 13,000 glass-recycling bins in collaboration with 134 district municipalities in 21 cities. As a result, more than 570,000 tons of glass was recycled. Put in other words, more than 2 billion glass bottles were saved from landfill sites. Our ratio of using recycled glass cullet as base material increased from 8% in 2011 to 19% in 2015. This ratio is expected to reach 23% by the end of 2016.

Our objective and expectations for 2016.

Under the current economic conditions, more challenges are predicted for the glass industry in the future, as with all other industries. Growth opportunities have been limited, while companies have had to examine their production structure and value creation processes even more. Şişecam's future objective remains reinforcing its global position and turning risks into opportunities. The company also aims to optimise knowledge and talent and emphasise competitive and operational excellence. The efforts continue through all opportunities available to us, particularly organic growth. We intent to uncompromisingly pursue our goal to become one of the top-three glass companies in the world.

Peace, justice, human rights, and democracy are the foundations of economic development. They are critical in ensuring stability in our region and in establishing an environment where the economy can develop further. In 2016, which we hope will bring many more positive developments in this respect, Şişecam Group will closely monitor developments in order to achieve its objectives and capitalise on opportunities in the best way possible.

I would like to take this opportunity to express my gratitude to all our stakeholders, particularly our shareholders and investors, as well as our employees for their valuable contribution during 2015 and for giving their continuous and unabated support through this critical period.

Professor Dr. Ahmet Kirman
Vice Chairman and CEO

BOARD OF DIRECTORS



H. ERSİN ÖZİNCE / CHAIRMAN

(62) 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 Özince also served as the Chairman of the Board of Directors of Şişecam Group. Özince was appointed Chairman of the Board of Directors for İşbank on April 1, 2012 and of Şişecam Group on April 15, 2011. Ersin Özince is a Board Member at TEMA – the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats, a member of IIEB – Institut Internationale d'Etudes Bancaires and IIF - Institute of International Finance, a Member of the Board of Trustees at Bilkent University and a Member of the Consultancy Board of WWF Turkey.



PROF. DR. AHMET KIRMAN / VICE CHAIRMAN AND CEO

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



İLHAMİ KOÇ / MEMBER ⁽¹⁾

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



PROF. DR. ATILLA MURAT DEMİRCİOĞLU / INDEPENDENT MEMBER ⁽²⁾

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



HALİT BOZKURT ARAN / INDEPENDENT MEMBER ⁽³⁾

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

**ZEYNEP HANSU UÇAR / MEMBER ⁽⁴⁾**

(44) 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. Uçar has been serving as the Subsidiaries Division Unit Manager since 2007. Having functioned as a Board Member and Auditor at various companies of Şişecam Group since 2010, she also holds seats on the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, İş Faktoring A.Ş. since July 29, 2013, İş Finansal Kiralama A.Ş. since July 30, 2013, and Camış Yatırım Holding A.Ş. since March 27, 2012, all being İşbank subsidiaries.

**SABAHATTİN GÜNCELER / MEMBER ⁽⁵⁾**

(64) 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, 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 in February 2011 he was appointed President of Şişecam Chemicals. Sabahattin Günceler was appointed as Board Member at the Ordinary General Assembly held on March 25, 2015.

**MEHMET ÖĞÜTÇÜ / INDEPENDENT MEMBER ⁽⁶⁾**

(53) Mehmet Öğütçü is a graduate of Ankara University, Faculty of Political Science, London School of Economics, and College d'Europe. Still active as the Chairman of the London-based Global Resources Partnership and East Med Advisors Group, he also serves as the "Special Envoy" of the Brussels-based intergovernmental energy organization Energy Charter, responsible for the Middle East and Asia. Öğütçü is an independent member of the Board of Directors of Genel Energy plc, an oil and natural gas exploration company listed on the London Stock Exchange. Holding the title of founding chairman of the Bosphorus Energy Club, he teaches energy geopolitics, competitiveness and investment for development at Harvard University, London School of Economics and Dundee University. His previous professional experience includes serving as Assistant Inspector at İşbank, Advisor to the Office of the Prime Minister, and career diplomat in Ankara, Beijing, Brussels and Paris. Öğütçü assumed duties in the senior management of the OECD and the Paris-based International Energy Agency. He also served in London as director in charge of relations with governments and business development strategies at the British Gas Group, one of the largest natural gas companies worldwide. He serves on the advisory boards of multinational energy, high-tech, train, security, communications and financial services companies such as Invensys, Dimetronics, Windsor Energy Group, NUMIS, and KCS. At the Ordinary General Shareholders Meeting on March 25, 2015, Öğütçü was appointed as Independent Member of the Board of Directors in accordance with the Corporate Governance Principles of the Capital Markets Board.

**İZLEM ERDEM / MEMBER ⁽⁷⁾**

(47) İzlem Erdem is a graduate of Marmara University, Faculty of Economics and Administrative Sciences Department of Economics (English). 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, 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 30, 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, Erdem was appointed as Member of the Board of Directors.

¹ 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 AND CEO



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

DR. REHA AKÇAKAYA / PRESIDENT, FLAT GLASS GROUP



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

CEMİL TOKEL / PRESIDENT, GLASSWARE GROUP



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

ABDULLAH KILINÇ / PRESIDENT, GLASS PACKAGING GROUP (TURKEY)



(49) Abdullah Kılınç graduated with a bachelor's degree in mechanical engineering from Middle East Technical University in 1990 and completed the Advance Management Programme of Harvard Business School in 2013. He joined Anadolu Cam Sanayii A.Ş. as 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 Container Company in Georgia in 1999. Brought to the position of Management and Sales HQ Business Development Manager of Anadolu Cam Sanayii A.Ş. in 2003, Kılınç then served as the General Manager of Ruscam Ufa Plant under the Glass Packaging Group, Operations Director of Russia Operations under the Glass Packaging Group, and Operations Director of the Glass Packaging Group. Kılınç has been serving as the President of Şişecam Glass Packaging (Turkey) since January 2014.

AYDIN SÜHA ÖNDER / PRESIDENT, GLASS PACKAGING GROUP (RUSSIA)



(53) Aydın Süha 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, Önder joined Şişecam Group on January 7, 2014, and was appointed as the President of Şişecam Glass Packaging (Russia) as of February 2014.

TAHSİN BURHAN ERGENE / PRESIDENT, CHEMICALS GROUP



(50) Burhan Ergene graduated with a bachelor's degree in mechanical engineering from İstanbul Technical University, in 1989. He completed the International Management Certificate Programme in İstanbul University, in 1990, and the Advanced Management Programme at the Harvard Business School in 2012. 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.



GÖRKEM ELVERİCİ / CHIEF FINANCIAL OFFICER

(40) Gökrem Elverici is a graduate of Middle East Technical University, the Faculty of Engineering-Department of Civil Engineering, and completed his MBA at Bilkent University. In 2015, Elverici completed the Advanced Management Programme 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. 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 12, 2014.



PROF. DR. ŞENER OKTİK / CHIEF RESEARCH & TECHNOLOGICAL DEVELOPMENT OFFICER

(61) Prof. Dr. Şener Oktik graduated in Physics in 1976 and received M.Eng. in "Applied Physics" in 1977 from Ankara University. He was awarded a PhD by the University of Durham (UK) in 1982. He received an associate professorship in 1986, a full professorship in 1995, worked as lecturer/research scientist/ top executive at Durham University (UK), Lecce University (Italy), Stuttgart University (Germany), Selçuk and Muğla Universities (Turkey) and as senior research scientist/ senior technologist/ expert and top executive at Imperial Chemical Industries PLC, BP Solar (UK), Industrial Research Labs of Durham University (UK), Anel Group, Arıkanlı Holding and served as a Vice Rector (1998-2002) and the Rector (2002-2010) for Muğla University, and joined Şişecam Group as the President of Research and Technological Development in 2012. He was a member of the Advisory Board of TUBİTAK, Marmara Research Center (2003-2005) and a member of the "Turkish Delegation" for "The Accession Process of Turkey to European Union to negotiate Research and Technology, Education and Culture chapters. The author/co-author of over 100 scientific and technical publications, Prof. Oktik is the Chief Research & Technological Development Officer in Şişecam Group since January 1, 2012.



ÖZLEM VERGON / CHIEF STRATEGY OFFICER

(42) 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. 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, Vergon is Chief Strategy Officer at Şişecam Group.



SERDAR GENÇER / CHIEF CORPORATE DEVELOPMENT AND SUSTAINABILITY OFFICER

(48) Serdar Gençer is a graduate of Middle East Technical University, Industrial Engineering Department in 1990. He holds his master's degree in finance at 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 positions, including Deputy Chief Executive between 2008 and 2013. Gençer joined Şişecam Group on August 1, 2013 as Sustainability Coordinator, and continues as Chief Corporate Development and Sustainability Officer and Chairman of the Board of Directors at Şişecam Enerji A.Ş.



DR. ATILLA GÜLTEKİN / CHIEF INFORMATION OFFICER

(50) Atilla Gültekin is a graduate of Istanbul Technical University, Department of Electronics and Communications Engineering, having received his MS at the same institution. 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 - Chief Technology Officer. Gültekin served as Project Coordinator and Chief Consultant at İşbank between February 2009 and July 2010. Since August 2010, Gültekin is the President of Information Technologies at Şişecam Group.



GİZEP SAYIN / CEO OFFICE COORDINATOR

(53) Gizep 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. 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 Manager-Chemicals Business in 2009 and as Vice President-Strategic Planning in February 2011. Since February 2015, Sayın has been serving as CEO Office Coordinator.





ŞİŞECAM FLAT GLASS

Despite the challenging economic conditions in the region and in the world, Şişecam Flat Glass maintained its strong position in the market in 2015, with enhanced market and customer-focused sales activities, its cost reduction efforts, its value-added product range, and effective use of operating capital.

2015 - AN OVERVIEW

The macroeconomic data in Europe in 2015 presents a mostly positive outlook. Due to the positive effects of the financial outlook, which improved with expansive monetary policies, recovering domestic demand and low oil prices, the economy is expected to grow by 1.6% in 2015 compared to the previous year despite the negative impact of geopolitical tensions and slowdown in global trade.

The construction industry, which grew by 2% during the year and maintained its stable trend, is also expected to continue its positive course in the near future. The economic and industrial growth trend reflected positively on flat glass demand and prices. However, the low-priced imports in the Balkan zone due to negative economic conditions in the surrounding regions have created market pressure on the industry.

In addition to the challenges created by the embargo imposed by Europe, the Russian economy also suffered from the decline in oil prices. Experiencing the worst period in the last decade, the economy shrank by 3.8%. A high rate of devaluation and economic challenges led to a decrease in flat glass consumption and created a price pressure in the market. A rebound was experienced in prices during the second half of the year when producers resorted to exports.

In addition to the existing negative political circumstances, decreasing oil prices have further challenged the economies of the countries in the Middle East and the North Africa region. Supply surplus and price decreases were experienced in the flat glass market due to the postponement of projects and payment difficulties in the construction industry of regional countries.

In India, the national economy maintained its high growth rate, thanks to the new government's positive approach. India's construction industry, growing in tandem with the country's economy, maintained its fourth position in the world thanks to the country's rapidly increasing population, the considerable housing deficit, and the new reforms supporting investments. As a result, the rapid growth in the country's flat glass market continued.

Growth beyond expectations

The postponement trend, dominant throughout the year in the construction industry, which is the main consumer of flat glass in Turkey, suppressed growth; however, a degree of growth was experienced in other industries that consume flat glass, mainly the automotive industry.

Due to the geopolitical risks in its periphery and scheduled elections, the Turkish economy remained cautious in the first half of the year but gained momentum with an increase in domestic demand and the stable post-election environment, growing beyond expectations. Following the 2.8% contraction



Europe's
2nd
the world's
5th
biggest
FLAT GLASS
producer

in the first quarter of the year, the construction industry's growth reached 0.4% during January-September period, with increases in the 2nd and 3rd quarter. The industry grew by 1% on average with the last quarter's positive impact. The growth is driven by building construction in the private industry backed by urban transformation projects.

Exports are the driving force of the automotive industry

In the automotive industry, the total market size in the EU and EFTA countries reached 16.4 million units in 2015, a growth of approximately 9.6%. Meanwhile, the total automotive market in Turkey grew by 25% on the previous year, reaching 1,011,000 units. Turkey's automotive exports grew by 12% to reach 992,000 vehicles in 2015 and production of motor vehicles recorded a 16% growth on the previous year, an increase of 1.4 million vehicles.

The increase in production in the home appliances industry continued

In 2015, the European home appliances industry grew by 3% on the previous year, particularly due to



the increase in built-in home appliances. The driver of this growth is the increasing demand for highly energy-efficient and smart devices. Production in the Turkish home appliances industry also increased by 9% on the previous year. According to data from the Association of Home Appliances Industrialists, refrigerator and oven production segments, to which Şişecam Flat Glass supplies products, increased by 3%.

ACHIEVEMENTS IN 2015

Increasing performance in all product groups

In 2015, Şişecam Flat Glass bolstered its competitive advantage and market position in all product groups and was able to increase its profitability. An economic growth performance beyond expectations was observed in 2015 despite the difficulty experienced due to the fluctuations in the global economy, and Şişecam Flat Glass maintained its objective of profitability optimization, dividend payment to shareholders, its strong position in all product groups and structured its marketing communication activities for maximal benefit.

The key drivers behind this success included market- and customer-oriented sales and marketing activities, cost-saving initiatives implemented across the entire Group, efficient utilization of working capital, and the expanding production infrastructure

and product range thanks to the rapidly developing range of value-added products.

Şişecam Flat Glass constantly backs its growth with an added-value product range, a customer-oriented, strong organizational structure, increased efficiency in all its processes, work procedures simplified through the use of integrated information technology, and effective decision-making mechanisms.

Industry highlights

Şişecam Flat Glass increased its total sales in 2015 by 8% in TRY, as a result of its customer-focused approach in the domestic and targeted architectural glass markets and through the contribution of its value-added products.

The Group's architectural glass sales in international markets increased by 26% on turnover (TRY) in 2015 on the previous year, with a wide product range and a customer-focused approach, making use of the mirror plant commissioned in 2015 in addition to the flat glass production, which began in Russia in 2014, and the additional capacity provided by the second flat glass line commissioned in the first quarter of the year in Bulgaria.

Şişecam Flat Glass continued expanding its customer portfolio with the contribution of the local offices in Europe, increasing its sales through additional capacity and value-added products, and strong

Production in four core business areas

ARCHI-
TECTURAL
GLASS
AUTOGLASS
SOLAR
GLASS
HOME
APPLIANCES
GLASS



Production in

9

countries

TURKEY
BULGARIA
RUSSIA
ROMANIA
GERMANY
HUNGARY
SLOVAKIA
INDIA
EGYPT

communication activities oriented towards creating a solution-oriented approach and awareness. Targeted sales quantities have been achieved with an approach enabling regular and continuous work in key markets such as Bulgaria and Romania, and making use of alternative means of logistics.

In Russia, the negative impact of the decrease in consumption was overcome by expanding customer portfolio and by taking advantage of alternative means of shipment, resulting in increases in sales and market share in a shrinking market. Moreover, export possibilities were also considered so long as profitability was maintained.

Without compromising on the principle of profitability, the sales of reflective and coated products among our value-added lines increased in the Middle East and North Africa, thanks to the advantages provided by the extensive product range. In the overseas markets, our company penetrated many new markets, including the USA and Canada, while sales in existing markets such as Brazil and South Korea were shaped by market conditions.

In India, the Company attained its sales targets in flat glass consumption, which increased through the contribution of the country's high economic performance and the growth in the construction industry. The sales and marketing activities to increase the sales of value-added reflective and Low-E coated products continued.

Despite the increasing competition caused by the convergence of manufacturers in our market as a result of the negative economic conditions and the decrease in consumption in neighboring countries, market share was maintained in the Turkish market as a result of decision-making oriented communication and business development activities; architectural glass sales increased by 4% on turnover (TRY).

In architectural glass, government authorities took action to prevent unfair competition and preserve the market as a result of our efforts against certain imports that damage the market with their low quality and/or prices.

Şişecam Flat Glass has completed its infrastructure for new projects in automotive glass planned for 2016. As a result of the synergy generated through our company's ongoing integration efforts with Richard Fritz in Germany, new encapsulation projects were acquired for the mass production of upper class vehicles slated to start in 2016 through 2020; this glass is planned to be mostly manufactured by the Group. With the completion of the investment in autoglass facilities in Romania and Russia, total autoglass sales increased by 25% on the previous year in terms of turnover (TRY).

Meanwhile, the total Turkey-International market turnover (TRY) for solar glass in 2015 increased by around 34%. Particularly, sales to foreign solar panel manufacturers started with the recently commissioned AR (Antireflective)-coated solar glass; orders received will continue to increase. The domestic product incentives provided for solar glass investments are expected to have a positive impact on solar glass sales.

New investments, new capacities

Şişecam Flat Glass spent TRY 286 million in investments in 2015 to further bolster its position in the Turkish market, while increasing the momentum of its investments and activities in international markets. During the year, in addition to the second float line (TB 2) at the Trakya Glass Bulgaria EAD, the company also commissioned a mirror line at Trakya Glass Rus AO company, our joint venture with Saint-Gobain in Russia.

The efforts to expand operations in the two new autoglass plants in Romania and Russia, both

TRAKYA CAM CONSOLIDATED INDICATORS* (TRY m)

	2014	2015
Revenue	2,019	2,118
International Sales	827	865
Gross Profit from Trading Activities	566	565
Operating Profit before Financial Expenses	366	216
Equity Holders of the Parent	283	159
EBITDA	517	392
Net Financial Debt	269	722
Equity	2,537	3,139
Total Assets	4,384	5,627
Investments	418	286
Number of Employees	5,908	6,229

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

FLAT GLASS BRANDS

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

AUTOMOTIVE GLASSES

- Şişecam Laminated Glasses
- Şişecam Tempered Glasses
- Şişecam Encapsulated Glasses
- Şişecam Sliding Glasses
- Şişecam Double Glazings

SOLAR GLASSES

- Şişecam Glass for Solar Panels
- Şişecam Glass for Solar Thermal Collector

HOME APPLIANCE GLASS

- Şişecam Cooking Glasses
- Şişecam Cooling Glasses

commissioned in late 2014, also continued in 2015, in line with the objective of creating new production capacities in order to become a strong automotive glass supplier and to meet the autoglass demand in target markets.

Steps to improve production competencies

Within the framework of the Group's sustainability approach, Şişecam Flat Glass has taken steps sensitive to human life, environmental protection, and saving resources and energy; the positive results of these efforts on the environment are presented to the public in detailed sustainability reports. Allocation of resources for the environment, occupational safety, and risk management continued to increase in 2015. Projects aimed at improving quality and efficiency were realized through the use of the 6-sigma approach, while significant steps were taken to reduce production costs through the projects conducted. Following the Yenışehir Plant, another power plant that generates power from

25%
INCREASE
on turnover
in total
autoglass
sales

waste heat was commissioned for the Bulgaria Plant in 2015, and the installation of the facility at the Mersin Plant was completed. In addition, the design of the solar energy power generation investment in the Mersin Plant has been completed, constituting another step in our efforts to capitalize on renewable energy sources; the project is scheduled to be commissioned in 2016.

In addition to production, Şişecam Flat Glass continues to work on ensuring cost savings based on processes and work methods. Paying particular attention to working capital management, the Group executes projects for the effective management of the entire supply chain.

Within this framework, projects were conducted in 2015 for the transformation of architectural glass production planning functions; in addition, the S&OP process was implemented to conduct all of the Group's operations, such as production,





TWO NEW HIGH PER- FORMANCE PRODUCTS providing thermal insulation and solar control

logistics, and sales, within a single coordinated framework. This project has in turn led to projects for cost optimization as well as improvement and efficiency of logistics and warehouse management. Furthermore, in an attempt to integrate capacity planning between architectural glass and autoglass businesses, the automotive glasses capacity planning process has been implemented.

Certain technical studies were carried out in 2015 to establish the areas where the glass-related requirements of Richard Fritz — the Group's new member, a leading player in terms of technology in the manufacture of encapsulated glass in the main automotive industry — overlap with Şişecam Flat Glass's efficiency and production capacity, and to develop a suitable supply plan. The ultimate goal is to enhance joint projects. From this standpoint, 2016 is set as a year in which the synergy and integration between Richard Fritz and Şişecam Flat Glass will be more effective.

New product initiatives

Şişecam Flat Glass produced and marketed two new high performance tempered glass products named "Şişecam Tempered Solar Low-E Glass Neutral 41/27" and "Şişecam Tempered Solar Low-E Glass Neutral 71/43" in 2015, and carried out patterned laminated glass production at its Yenışehir Plant.

As a result of intense R&D studies and new investments, the production of the new AR-Coated Solar Glass, which was developed in the solar glass

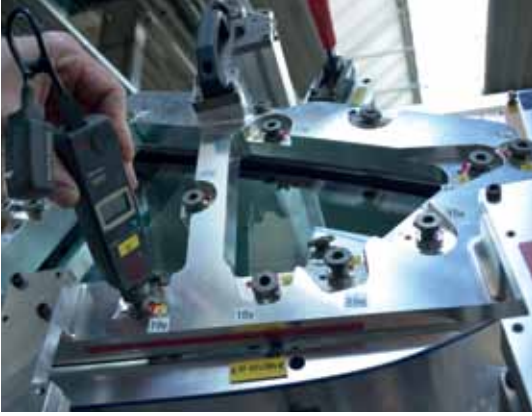
category, began at the Mersin Plant. Sales of AR-coated glass, which provides high performance and productivity by increasing light permeability in solar panels, is expected to increase in 2016.

Work on the installation and development of a production line for athermic coated windshields, which reduce cooling requirement thanks to low solar energy permeability, also continued in 2015. Furthermore, Şişecam Flat Glass continued its efforts to add a new product with a varying performance to its existing smoke-colored privacy product in the "privacy glass" segment; this type of glass increases comfort in a vehicle thanks to its low thermal permeability with light and solar control, and is also used in architectural applications for its ability to mitigate the cooling burden due to its low solar permeability. The first samples of hydrophobic and oleophobic autoglass were produced and shipped to customers. Development work continues on electrochromic glass.

Development of the lead-free brazing alloy for use on back-heated autoglass has successfully continued. For the electronic and automotive industries, test production of the first 1mm-thick float glass was conducted at the Trakya Plant.

Multidimensional public relations and communication activities

Şişecam Flat Glass configured its marketing communication activities in 2015 with a focus on generating maximum benefit, and by taking actions



according to the market's changing and developing needs; the company conducted effective promotion activities through the combination of different communication channels for different target groups, utilizing the most appropriate channel for each.

Many projects were supported technically through glass consulting services, and project-based support efforts were continued with solution-oriented approaches to increase the awareness of decision makers on the eco-friendliness and value-added qualities of products. As a result, inclusion of the products in many domestic and international projects was ensured.

Activities based on close relations were carried out through a number of different channels to increase product awareness and commitment among decision makers and end users. Our company held informative meetings in our efforts oriented towards public organizations, participated in workshops, and conducted studies with municipalities to enable the use of energy-saving, secure, and safe products in urban transformation projects.

EXPECTATIONS AND OBJECTIVES FOR 2016

Şişecam Flat Glass continued organic and inorganic investment efforts resulting in great progress in recent years, and intends to maintain its strong investment position in 2016 by closely monitoring the

opportunities in the market and by developing its activities through the efficient use of its capabilities.

To this end, the commissioning of a laminated line is planned for 2016 in order to increase value-added product diversity at the Polatlı Plant, the largest float line of the region, which has been operational since 2014. Meanwhile, a capacity increase is also planned at the Mersin Plant to meet the demand for Anti-Reflective Coated Solar Glass, produced for the first time in 2015.

Being a customer-focused global player, Şişecam Flat Glass will continue to prioritize high-quality product diversity, timely high-quality service, sustainability, and the environment in 2016, while developing new initiatives to further increase energy efficiency at all of its plants. Following the partnerships and acquisitions of recent years, the Group also aims to develop new products with varied performance for the architectural and automotive market through new investments as well as R&D activities in 2016.

The production of coated glass and highly reflective tempered solar control products with varying performances is intended for the architectural glass market, while commercial production of athermic coated products is planned to reduce air conditioning load in vehicles by reducing windshield heat exchange. Furthermore, the development initiatives pertaining to high technology glass, such as electrochromic and thermochromic, both defined as smart glass, will continue.

New projects for INCREASING EFFICIENCY at all plants





ŞİŞECAM GLASSWARE

Despite the shrinking global economy and the competitive environment, new cost-reducing investments in the glassware market and production technologies resulted in a successful year for Paşabahçe.

2015 OVERVIEW

The economic slowdown and currency devaluations affected the global trade and consequently the growth figures in 2015. Contraction in the glassware market continued as a result of low global economic growth and declining consumer demand in 2015.

Although expansionary monetary policy in the European Union and steps taken to resolve the Greek debt crisis resulted in a slight growth in the European market, consumer demand in the highly-competitive glassware market decreased, which was partially due to the impact of terrorism. Considering the effect of increasing imports from China, the economic stagnancy in Brazil, and shrinking consumption, the positive economic development due to reforms implemented by the US did not reflect on the glassware market. The civil war in Syria and regional political tension increased ambiguity and reflected negatively on the market. The economic problems experienced in the CIS region also had a negative impact on consumer demand. The tight monetary policy of the US in 2015 and the gradual slowdown of China's growth had a negative impact on Eastern and Southern Asia. Although the performance of India and Korea in 2015 mitigated this adverse effect, both consumer demand and prices in the Asian market decreased.

The political tension between Turkey and Russia brought trade relations to a standstill between the two countries. The decrease in oil and commodity prices and the impact of the sanctions imposed by Western countries caused the economic contraction to continue. Hence, only local players could gain a competitive advantage in the glassware market.

Meanwhile in Turkey, the effect of political volatility was noted in the market in 2015, resulting in cautious consumer behavior. In 2015, the primary objective of leading glassware manufacturers was to maintain their market share in their main markets due to the contracting glassware market. Major players continued optimizing their business processes, while developing growth-oriented strategies in emerging markets.

ACHIEVEMENTS IN 2015

Investments

Şişecam Glassware's leading company, Paşabahçe balanced its position of being the world's leader in the glassware industry — a rank acquired in 2013 and maintained in 2015 — by balancing the challenging and competitive conditions of global markets with cost optimization and productivity maximization investments in high technology, and reinforcing the whole with a sustainable structure towards its objectives. The planned investment budget of USD 83.4 million for 2015 was realized as USD 42.1 million.

The investment to ensure technological improvement on production lines also continued effectively in 2015. New generation machinery to ensure technological innovation and productivity increase on high-capacity press lines and press



blowing capacity were ordered and are planned to be commissioned in 2016.

2015 was marked as a year when investments aimed at increasing the share of high value-added decorative products continued. A compact organic line to meet Russia's demand for organic-painted products was commissioned in August. In accordance with the investments to increase the capacity of the electronic UV printing machine which can print products with different, non-cylindrical geometries, a line was commissioned at the Kırklareli Plant, and 7 new machines, to be commissioned in 2016, were ordered.

With an innovative approach, an "Insert Glass" line that allows for different applications at the bottom of glass products was created and commissioned at the Eskişehir Plant.

The laser applications, which mark measurement lines, now make the printing of any logo possible on any product online. It enabled Paşabahçe's trademark logo, the double drops, to be transferred as trademark traceability on every product. Along with these, the "NUDE" logo, Paşabahçe's global design trademark, is now affixed on crystal products through laser use. Printing quality has been increased using uniquely designed lasers as a result of development initiatives conducted in logo printing on crystal products using a varied approach and technique. The number of lines with a laser-logo application reached 47 in 2015; all production lines will be equipped in the same manner in 2015.

**Europe's
2nd
the world's
3rd
biggest
GLASSWARE
producer**



The packaging systems described as “universal” and which can be used for freestanding and non-freestanding products have been developed under an initiative to increase automatic packaging at factories. Approximately a 60% automatic packaging rate is targeted with the 2015-2016 investments.

Investment in tempering technology also continued in 2015. The tempered wine-glass production line at the Eskişehir Plant has been renewed with a new generation tempering technology, which provides capacity and productivity increase.

R&D - Cost optimization - Production technologies

As a production and retail company with a high energy concentration, we continuously monitor energy consumption and energy efficiency and give priority to new technology investments that enable capitalization on wasted heat in addition to increasing productivity.

The Bulgaria B Furnace Life+Eco-Heat Ox initiative, launched in 2014 and supported through the EU Environment Fund, was commissioned in October 2015. As a result of the project, wasted heat provides 9% natural gas savings in Furnace B's melting process.

Continuous project development initiatives have been carried out to create new techniques that will ensure energy productivity increases in compressed air, pump and fan systems, the highest consumers of electric power. A new project to provide notable

saving on pumps was developed in 2015; its first application will be realized at the Kırklareli Plant in 2016.

New product development - Technological infrastructure

The Glassware Group always supports and develops its technology through the contributions of its own R&D groups and of Şişecam Research and Technological Development Administration (ATGB). Our R&D groups develop joint projects with domestic and foreign technology companies and universities to offer high-quality, new and unique products to the market. The first gray-scaled and color production of borosilicate glass was realized in the Kırklareli Plant. “Metallic coating” on borosilicate glass, and technological R&D studies for “red color production” continued. The project conducted for the automatic production of wine glasses boasting hand-made quality at the Kırklareli Plant has been completed. Through an innovative approach, the “Inset Glass” technique that allows for different applications at the bottom of glass products is intended to offer unique products to personal and corporate customers.

Activities to enhance the product portfolio with high value-added, new decorative products also continued throughout 2015. Joint projects with ATGB, “afterglow” (visible in dark after charged with light) and thermally color changing paints, gold, copper, silver effect paints, and COSMO (changing color according to perspective) paints were introduced as decorative technologies in 2015.

FIRST COLOR PRODUCTION in borosilicate glass



Differentiated Product Portfolio through INNOVATIVE DESIGN

Design activities

The Glassware Group's design activities in 2015 were focused on glass products, seasonally-themed products, and accessory and packaging designs. During this period, 163 design projects, 102 seasonally-themed pattern works and 35 accessory projects were realized for the Paşabahçe, Borcam, and Nude brands. The number of packaging design projects for the same period was 3,165.

The most noteworthy of all the product designs was with the "Threaded Products", which is also an ongoing development project. As a result of this new design approach, many accessories and different materials which could previously only be realised in glass using 'permanent fixings' can now be 'screwed together'. 'Threading' now means a modular approach to product development can be taken and various product alternatives can be derived from a singular glass product.

Collaboration with important external designers continued for the Nude brand and the resulting creations were included in the product portfolio. As an example, the "Mist" collection, designed by Tamer Nakışçı's won the Design Plus award in Ambiente.

In 2015, the "Glass Sphere Design Contest" was held for design students and the resulting designs were shared with the public. The contest, themed as "Design Your Need in Glass", allows Paşabahçe to expand the uses of glass, offering healthier and better environmental solutions for years to come with creative designs that change consumer living spaces. The winning 6 designs each received an award and were produced for exhibition in various shows and events.

The 2014 design workshop initiative, entitled "Glass is Tomorrow meets Nude", involving 11 different designers, was exhibited in France-St. Etienne, Italy-Milan and Sweden -Stockholm in 2015. Selected products were also compiled in a book.

Category management activities

Given that the value creation model begins with the marketing function and the extensive product

range of Paşabahçe requires effective management, a shift from a "Product Management System" to a "Category Management System" occurred in 2015. The organizational and structural changes this required were completed. Following the structural change, a new system was established reflecting the revised requirements and the implementation of the revised system in question was made one of the highest priority objectives for Paşabahçe. The main objectives of category management are now defined as firstly to create, protect, and manage the product portfolio, so enabling the most efficient and effective use of capacity and production skills within the category. Secondly to execute value-added projects to increase brand value and to profitably grow the category.

• Drinkware Category:

Tempering activities in the pulled stemware group have been successfully concluded. For the hot drinks category, 25 new tea sets were launched in 2015. Among them, the Kozan tea glass was highly popular in the domestic market, thanks to its outstanding design.

• Kitchenware Category:

Innovative products in two different applications were marketed in the ovenware category in 2015. In the Borcam Grill concept, a deep drainage base was added to the product with an additional small mold cost. As a result, the product was optimized for function allowing for the grilling of more delicious and healthier meat and vegetables using less oil. Furthermore, a granite design was applied to different Borcam products, reflecting a recent trend in kitchens. In the "Borcam Granite" series, offered in five different color options, the external surface, which does not touch the food, is coated with a special paint resistant to dishwasher and heat.

Developed for the premium jar category, the Homemade Jar Series with its vacuum-sealing covers, closed a gap in its category. This concept, popular among consumers, reached high sales figures with 4 sizes of jars in 2015.



GLASSWARE COMBINED INDICATORS* (TRY m)

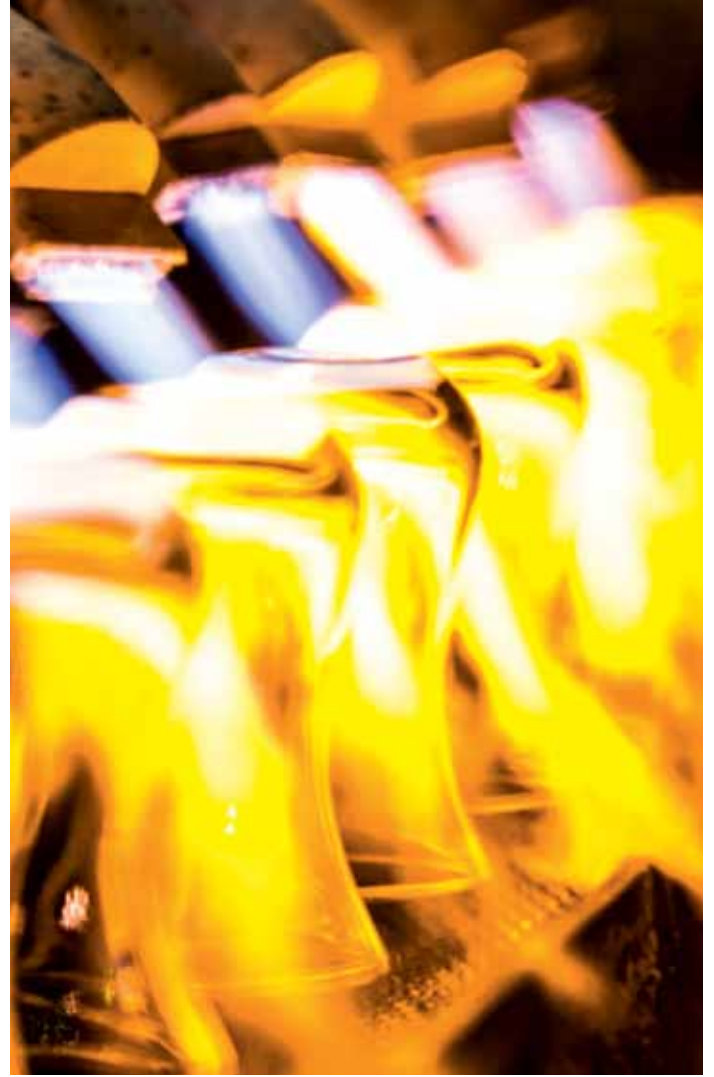
	2014	2015
Revenue	1,616	1,728
International Sales	872	847
Gross Profit from Trading Activity	505	581
Operating Profit Before Financial Expenses	78	110
Profit for the Period	48	55
EBITDA	209	293
Net Financial Debt	263	619
Equity	1,290	1,685
Total Assets	2,133	2,719
Investments	247	186
Number of Employees	6,980	7,144

*Including Camiř Ambalaj as well as Pařabahçe Cam.

PAřABAHÇE CAM CONSOLIDATED INDICATORS* (TRY m)

	2014	2015
Revenue	1,321	1,349
International Sales	864	838
Gross Profit from Trading Activity	412	455
Operating Profit Before Financial Expenses	51	65
Equity Holders of the Parent	26	18
EBITDA	155	175
Net Financial Debt	270	625
Equity	1,052	1,380
Total Assets	1,681	2,380
Investments	204	132
Number of Employees	6,404	6,572

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



Furthermore, creating synergy with with řiřecam Glass Packaging, covers using new patterns and convenient display boxes in 2 sizes of existing jars were introduced directly to the national markets under the Pařabahçe brand. It was decided to continue this project due to its highly successful sales.

- **Dinnerware Category:**

The “Gastroboutique” collection, consisting of 9 molds and used to allow individual servings of varying tastes in the household and in the catering segments, was designed and launched in 2015. The dinnerware category was enriched with blue and black colored plates and bowls. The items in the Lacy line were presented individually to the retail channel and as sets of multiple pieces and tea sets to the wholesale channel, so creating product differentiation in the category.

Some of the revenues obtained from the sales of the pink-capped Vita bottles were donated to the Turkish Breast Foundation (MEVA) to highlight breast awareness and the importance of early diagnosis. The project will continue in 2016.

- **Nude-Premium Category:**

Expansion of Nude retail and horeca product categories continued in 2015; and, in this regard, 90 new molds were developed.

- **Value Added Products Category:**

The competitive approach continued in 2015 in the value-added products category, which also includes licensed projects. The new decor applications, developed by the Research and Technological Development Administration were also used in the collections prepared for domestic and export markets within the scope of seasonal activities.

- **Brand communication activities**

In 2015, the Borcam in Color, Pařabahçe Tea Glasses, and Nude communication campaigns in Turkey and the Pařabahçe communication campaign in Italy were carried out through magazines and digital media channels. Nude and Pařabahçe advertisements were published in hospitality and retail sector magazines in Turkey and abroad. Furthermore, the advertising equivalent of domestic and foreign press clippings exceeded TRY 10 million.



Digital marketing activities, which are becoming gradually more important, continued with an increasing trend in 2015. The construction of the Nude e-commerce website began in the last quarter of 2015 and progress was achieved in all logistics, technological, and strategic issues. The website is scheduled to be online in the first half of 2016.

Social media accounts were consolidated under the Paşabahçe brand ensuring conformity with the brand identity. A separate communication plan was created for each platform in line with the brand communication strategy. Furthermore, collaborations with blogs and e-bulletins were conducted for the Nude brand.

In addition to the application of a standard social media schedule throughout the year, campaigns were also held to support projects implemented under other communication activities.

During the Istanbul Coffee Festival, sponsored by Paşabahçe, a social media campaign made the sponsorship activity even more visible using the hashtag “#iyikahveiyibardak” (“#goodcoffee goodglass”). Following the social media posts stating that Borcam is the most received gift, a hashtag contest named “Our National Gift” was held and drew big interest.

Many videos, catalogues and promotional materials were released during 2015, including highly creative works visual materials. Furthermore, an e-catalogue application was put into use to accelerate the transfer of visual materials from printed to digital media.

Also in 2015, the Paşabahçe and Nude brands participated in 12 international hospitality and retail sector fairs. In addition to the fairs, these brands were also promoted through a further 13 events. They also appeared in the press.

In parallel with the objective of increasing sales in the horeca sector, Paşabahçe and Nude collaborated with Turkey's leading cuisine and wine academies. In total 26 sponsorships were conducted, including conferences and events for final consumers, all of which increased brand visibility.

Paşabahçe became the main sponsor of the Istanbul Coffee Festival held in Haydarpaşa station on October 22-25, and of the Marketing Summit on December 9-10. Furthermore, Paşabahçe sponsored the Platinum Lounge during the International MARKA Conference held on December 16-17 with the Nude brand. Nude carried out branding and display activities in premium-segment hotels and restaurants in Turkey and Italy in 2015 to increase brand recognition and visibility both for catering professionals and consumers.

During Maison & Objet Fair in Paris in September 2015, Nude won “Les Découvertes” award, which is given to innovative brands. Moreover, Nude's elegant collections were on sale online at Wallpaper*STORE, the e-commerce portal of the world's most famous design, style, art, and fashion magazine.

Trade marketing activities

During domestic and export trade marketing activities in 2015, in-store brand communication and trade marketing activities were focused in order to obtain a share from the growing retail market and increase base sales in parallel with marketing strategies. This included continued efforts to maintain a leadership position in the shelf and display category, lead an increase in profitable sales and increase consumer interest at the moment of purchase decision.

RETAIL STORE OPERATIONS

Paşabahçe Stores is Glassware Group's specialist retail chain business segment and is among Turkey's leading retailers in this industry.

The number of Paşabahçe Stores increased to 49 located in 12 provinces with the opening of Göktürk, Caddebostan and Akbatı stores in Istanbul, Symbol in Kocaeli, Korupark in Bursa and Mavi Bahçe and Point Bornova in İzmir. A store was opened in Milan in order to expand retail operations and increase recognition of Paşabahçe brand on international markets. Paşabahçe Milan was given the Lombardia Investment Award in the field of retail in 2015.

A number of new products were developed and introduced during the reporting period, in parallel with customer needs and expectations. The launch of the new collection, Omnia, which blends conventional production methods with modern forms, was carried out in early December and it was also promoted with an exhibition which lasted for 10 days. Paşabahçe Stores account created an account on Instagram, one of the widely used online social media channels, and quickly gained more than 100,000 followers.

CRM projects were started in the previous year to further reinforce the customer oriented structure of Paşabahçe Stores and continued in 2015. Within the scope of the project, the shared Paşabahçe-Paşabahçe Stores call center was commissioned to resolve customer complaints and recommendations more effectively and quickly.

NUDE
awarded
by Paris
Maison&Objet
Fair

CAMIŞ AMBALAJ SAN. A.Ş.

Camış Ambalaj manufactures offset printed cardboard and laminated consumer packaging, high-quality “flexo” printed, hollowed consumer and handling packaging, trays and multiple packaging for automatic filling lines, and display units at its facilities in Istanbul and Eskişehir. It offers superior service with high-quality products to Şişecam Group companies and to other non-group companies.

As one of the leading paper-cardboard packaging production companies in Turkey, Camış Ambalaj maintained its competitive strength in the market, which slowed in the second half of 2015 due to political and economic developments.

Camış Ambalaj was given a Golden Award and a Golden Packaging Award, which is the special jury prize jury, for its Efes Xtra bottle packaging with a handle during the Ambalaj Ay Yıldızları Contest held by the Packaging Industrialists Association (ASD) in 2015. In the same contest, the Efes Light 6-pack bottle packaging with a handle won the Qualification Award and the same design merited a Worldstar 2016 Award during a packaging contest held by the World Packaging Organization (WPO).

Camış Ambalaj will further optimize its technology development skills in the future and sustain its efforts to offer effective solutions to customers in box design.

EXPECTATIONS AND OBJECTIVES FOR 2016

Risks and volatilities are projected to continue in 2016, particularly due to the negative reflection of the slowdown in China on commodity prices and capital markets in emerging countries, as well as to depressed oil prices. However, since US Federal Reserve continues its gradual interest increase and the Central Bank of Europe continues its expansive monetary policy, the global economy is expected to recover somewhat in 2016 compared with 2015. It is believed that the improvement in economy will have a positive effect on the glassware market, which will rebound in 2016. However, consumer demand may remain cautious due to risks and ambiguities in the economy.

With strengthening internal consumption in the US economy in the forthcoming period and its positive impact on the glassware market, as well as the mild rebound in the economy of European countries, strong competition in glassware market is projected to continue. The negative impact of the civil war in Syria on the glassware market is expected to continue, while the re-integration of Iran into the global economy is expected to have a positive impact on the market. Iran taking a place on the global market as a new player and potential commercial conflicts are believed to create new opportunities for the Turkish economy. Nevertheless, the threat of economic and political problems with



Russia and the arduous geopolitical situation in Turkey on the tourism industry are expected to influence the glassware market negatively. It is thought that the impact of the Russian situation on the market will continue.

In accordance with the developments and expectations in the market, Paşabahçe intends to maintain its market share in Turkey and obtain a competitive edge in its second main market, Russia, as a result of being a local player. It also aims to reinforce its domination of the important European market and increase its penetration in other markets with strong competitive strategies.

Paşabahçe considers providing a competitive structure in cost, differentiating it from its competitors with innovative and unique product designs, creating a profitable product portfolio and increasing the level of customer satisfaction are among its key priorities in 2016.

Paşabahçe plans to optimize its business processes in the short term and become a business model that creates value beyond the industry average in the medium and long term. The company progresses towards becoming the world's leading glassware company with operational excellence, value creation, competitive structure, market leadership and controlled growth strategies.

49
retail
stores





ŞİŞECAM GLASS PACKAGING

Şişecam Glass Packaging has maintained its leading position in the market in 2015 without losing focus on profitable growth with competitive strength obtained from innovative product development and process improvement to increase efficiency.

2015 OVERVIEW

The global economy started 2015 faced with uncertainties, and even though it partially recovered during the year, the downward trend continued. The volume of international trade decreased, causing a depression in commodity demand and prices.

The world's largest economy, the USA, rebounded in 2015 despite the negative outlook for the global economy. As a result, the possibility that the US Federal Reserve (FED) would increase interest rates impacted the global economy throughout the year. The FED did indeed increase rates in December 2015, when conditions proved suitable.

The US dollar gained value against other currencies once the FED began reconsidering its monetary expansion policy. While the US economy gained strength, the Euro Zone also began following a monetary expansion policy to mitigate low inflation, but with meagre results. In addition to the deflationary impact, economic risk caused by Greece and the migration crisis were additional negative factors on the European economy.

In addition to geopolitical risks, increasing due to the ongoing conflicts in the Middle East, sectarian tension between Iran and Saudi Arabia also grew. Normally, tension between these two countries is expected to increase oil prices. However, excess global supply and the slowdown of China's economy further suppressed crude prices and led to a horizontal prices trend. Although the oil price slump eased slightly in 2015, the decline continued later in the year, reaching a 12-year low. This had a negative impact on oil-exporting countries and consequently on the global economy.

Japan's low interest rates and a monetary expansion policy, due to the low inflation level in the Euro Zone, has yet to see success as inflation remained under the targeted 2% for 2015. China's economic slowdown had the highest impact on the global economy. After the value of the Yen decreased and competition from regional economies increased, the Chinese Central Bank devalued the Yuan throughout the year.

In addition to all these developments in the global market, the Turkish economy went through fragile times from an international and domestic political perspective, but achieved growth above expectations, partially recovering from 2014 levels.

Global developments and their effects on the glass packaging market

Increases in capacity and consolidation trends in the global glass packaging market and filler markets, to which the global glass packaging industry provides glass products, continued in 2015. This fact indicates that the global competition will become even more intense in the following years. The developments in glass packaging production technologies resulting from R&D, increasing concern for healthcare and conscious consumption in developing countries



helped growth in the global glass packaging market in 2015, bringing the total volume to USD 40 billion.

Densely populated Brazil and India performed above the average growth level of glass packaging in 2015. In China, negative economic developments had limited impact on the market.

Commodity products grew more rapidly in the Asia Pacific region, where glass packaging consumption in particular increased faster as well. Meanwhile, consumption in the Euro Zone was concentrated on innovative products. The pharmaceutical and cosmetics sectors grew despite their lower volumes, while the beer and spirits industries continued to be the drivers of the glass packaging market.

Pressures exerted by the USA and EU nations on Russia and the resulting economic slowdown meant decreased glass packaging production capacities in the country, causing the growth level of glass packaging to remain under the global average. Nevertheless, the dependence of the Georgian economy on Russia and a reflection of the downward course of Russia's economy on Georgia had a negative impact particularly on the beverage industry, one of the key dynamics of the glass packaging market.

Signals of a rebound in Ukraine's economy in 2015 and the decreasing tension between Ukraine and Russia compared with the previous year resulted in positive expectations for the future of the glass packaging market, similar to that of other industries.

Rising unemployment and inflation, troubles on the borders, political instability, and the fluctuations in foreign exchange rates in Turkey caused the 2015

**Europe
and the
world's
4th
largest
GLASS
PACKAGING
producer**



growth potential to remain under the target of 5%. It also reflected on the glass packaging market in a similar manner to almost all other industries. Also in 2015, the glass packaging market showed weaker development and a horizontal trend compared with previous years.

ACHIEVEMENTS IN 2015

Şişecam Glass Packaging continued to grow in 2015 despite domestic competitors increasing production capacities, the effects of global developments and internal market dynamics. With a sustainable and profitable growth approach, the group left behind a year marked by greater importance placed on intangible values. In addition, the group stayed on course with its innovative strategies targeted at globalisation.

Şişecam Glass Packaging regards the value offered to our customers as a top priority and remains the leading glass-packaging manufacturer in Turkey in terms of product diversity. The Group creates innovative and authentic designs in collaboration with its customers and manages to offer service beyond expectations.

The Group's sales increased by 3% on a quantity basis in 2015, although its net turnover was TRY 1,552 million in 2014. The devaluation of the Russian Ruble had an especially negative effect on turnover. Approximately 34% of net sales revenues were obtained from foreign operations.

Plants and capacities

Şişecam Glass Packaging has a total annual production capacity of 2.3 million tons in four countries: Turkey, the Russian Federation, Ukraine, and Georgia.

Operations in Turkey

The Group produces in 10 furnaces in Mersin, Bursa and Eskişehir. As the leading manufacturer in the market since incorporation, the Company continued to strengthen its competitive advantage with activities and projects in 2015.

The productivity of the Eskişehir plant in the Eskişehir Organised Industrial Zone reached desired levels in 2015 and although it is a new plant – commissioned in 2013 – it has already achieved competitiveness with its wide product range. From the smallest volume to the largest volume

Production in various volumes

FROM 6 CC
TO 15 L



THE HIGHEST SALES TONNAGE in Russian operations to date

production, Eskişehir has the required infrastructure to serve all markets and growth has continued in 2015. In the second half of the year, a third furnace was fired up with annual capacity of 90,000 tons.

The mineral water sector is the driving force of the glass packaging market and was the leading product line for Şişecam Glass Packaging. This segment accounted for approximately 80% of total sales, together with the food and spirits industries. Şişecam Glass Packaging opted to decrease the concentration of its mineral water production by focusing on other sectors. The Company also strengthened its sales with a better balanced sectoral sales distribution in order to secure the highest potential from developments in this competitive environment.

The Eskişehir plant is the only glass packaging producer to supply the pharmaceutical sector in Turkey under ISO Class 8 specifications. Furthermore, the Company created a competitive advantage by offering designed products at its decoration facility in Eskişehir, with an annual production capacity of 300 million units.

Priority issues in 2015 were the resistance of glass packaging, lightening of products, reducing process inputs and waste involved in manufacturing, using renewable energy, increasing glass recycling rates and new projects initiated within this scope. At all plants, momentum was given to various development and cost-saving initiatives with a particular focus on energy saving.

Operations abroad

The Group's Russian Federation unit – Glass Packaging Russia – remained the leading glass packaging manufacturer in Russia. Our collaboration since 2014 with Russkiy Standart, Russia's biggest vodka producer, continued in 2015. Glass Packaging

Russia was the first manufacturer to produce 187 ml wine bottles and 200 ml champagne bottles in Russia. In accordance with customer requests, the Company's competitive edge widened with decorative production which increased customer satisfaction in line with our objective of being a solutions partner.

After restrictions imposed on alcoholic drink consumption in the country, the Company shifted its sales and marketing focus towards the food sector, which has great potential. Due to the same restrictions, the 200,000-tonne capacity Pokrovsky facility, whose manufacturing operations were suspended by mid-2013, continued its current position of targeting the right production and maintaining the balance between sales and stocks in 2015.

The Company's facility in Ukraine was put on hold in December 2014 due to the expired lifetime of the existing furnace, as well as the economic and political uncertainties. The furnace is planned for recommissioning in the near future after investments in technology and modernisation. Şişecam Glass Packaging will continue to supply Ukraine from Russia, Georgia, and Turkey until stability is resumed.

In order to reinforce the activities of the Glass Packaging Group, a second furnace with an annual capacity of 30,000 tons was commissioned at the Mina plant in Georgia, the first international investment of Şişecam Glass Packaging. As a result of this investment, customer requests were responded to faster and the Group's market share in Georgia grew.

OMCO-İstanbul

OMCO Istanbul was founded as a result of collaboration with OMCO International NV (Belgium) to ensure the Group's specialisation in glass packaging

moulds and to increase productivity. The Company continued mould production in 2015 and efforts to increase exports throughout the year by developing its product range and improving service quality.

TRY 323 million investment

In 2015, Şişecam Glass Packaging successfully completed its modernisation and continued its investments in Turkey, Russia, Ukraine, and Georgia, totalling a capital expenditure of TRY 323 million. Investments in 2015 quickly and reliably served their intended purposes and were focused mainly on cost management, manufacturing productivity increases, production of lightweight bottles, and product quality improvement. Meanwhile, energy-saving initiatives were in progress. As a result of these projects, the Group secured savings worth TRY 13 million in Turkey and TRY 19 million in its multinational operations.

Turkey

In 2015, Şişecam Glass Packaging carried out modernisation, cold end, and quality-control revision investments in its Turkish plants. Energy costs are a major outlay and so centralised energy projects continued throughout the Group in 2015 with a focus on waste heat recycling. As a result, heat that was once lost is used for hygiene and heating by means of waste heat boilers.

Russian Federation

In 2015, Glass Packaging Russia's sales performance expectations were covered and the highest sales tonnage was achieved since the beginning of Russian operations. Due to the depreciation of the Ruble, Russian manufacturers redirected their filling activities to local establishments instead of neighboring countries. Decreasing alcoholic beverage imports reflected positively on sales. Cold repairs were implemented at furnaces in the Ruscam Gorokhovets and Ufa plants, which improved manufacturing productivity and increased efficiency levels.

Georgia

Together with the commissioning of the new furnace with a capacity of 30,000 tons per year in 2014, the plant's total production capacity reached 60,000 tons per year, which continued at the same level of tonnage and quality in 2015.

New products from the awarded Design Center

Holding an important place in the world and in Turkey with its innovative and creative stance on glass packaging manufacturing, Şişecam Glass Packaging has been providing support to its customers through its Product Design Center since 2006. The Center has won 56 awards in ten years for its authentic designs.

As a result of many years of experience in industrial design and advanced engineering knowledge, Şişecam Glass Packaging can meet the different glass packaging needs of consumers and brands with innovative and creative designs. During 2015, the Company created 595 designs in 31 projects to improve the function of glass packaging.

ANADOLU CAM CONSOLIDATED INDICATORS* (TRY m)

	2014	2015
Revenue	1.555	1.552
International Sales	702	619
Gross Profit from Trade Activity	269	328
Operating Profit Before Financial Expenses	164	178
Equity Holders of the Parent	102	51
EBITDA	387	393
Net Financial Debt	599	1.002
Equity	1.523	1.747
Total Assets	3.040	3.750
Investments	221	323
Number of Employees	4.811	4.338

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



The Product Design Center works in collaboration with the Decoration Center and leading companies in the research, technology and design industry to increase its products added value and develop benefits for end consumers. The Center also develops new markets while enlarging existing ones, submits new patent applications and designs different systems.

The Product Design Center continued to target the end consumer and be a solution partner in industrial and graphic design and cap and closing technologies in collaboration with customers marketing departments.

More effective communication with campaigns and activities

The www.hayatacamkat.com website went live in 2012 to highlight the fact that glass is the healthiest and the most sustainable packaging material. The site was redesigned in March 2015 so it could continue providing visitors with information and updates. "Hayata Cam Kat" (Add Glass to Life) gained more followers on social media pages and performed successful activities in 2015.

Şişecam Glass Packaging hosted visitors from all over the world at the 21st International Packaging Industry Fair at its stand, which displayed the superior properties of glass and exhibited its products.

Şişecam Glass Packaging emphasised being the only glass packaging manufacturer in Turkey for the pharmaceutical industry to visitors at the CPhI Istanbul Pharmaceutical Exhibition held between June 3 and 5, 2015.

3rd Poster Design Contest

The Poster Design Contest was held for the third time in 2015 to emphasize the ability of glass to preserve content in an eco-friendly packaging

material and to highlight its sustainability, transparency and value for environmentally conscious consumers.

The theme of the contest was "Glass Packaging: There's Life Inside" following the themes of "A Glass Bottle and a Sustainable Future" and "Glass Packaging, Healthy Packaging" in 2013 and 2014, respectively.

The competition received 257 applications in 2015, bringing the total to 700 from 30 universities since 2013. The winner of the contest won TRY 7,500, with second and third prizes of TRY 5,000 and TRY 2,500 respectively.

Environmental Initiatives

Şişecam Glass Packaging is aware of its responsibility to protect the environment and believes that the next generations deserve to live in a better world. This approach is one of the key principles of the group's strategic management and is integrated in all phases of our processes. The group's objective is to carry out all environmental preservation activities with the approach of the Environmental Management System, in accordance with the principles of conformity to legislation and sustainability.

Since Şişecam Glass Packaging operates in an industry with high energy demand, it considers the reduction of use and the increase of efficiency among its highest priorities. Other priorities include decreasing total greenhouse gas emissions, reducing waste, and preserving other natural resources.

Project "Glass and Glass Again"

In 2011, Şişecam Glass Packaging, in cooperation with the ÇEVKO Foundation and local administrations, launched the "Glass and Glass Again," one of the most comprehensive sustainability and social responsibility initiatives in Turkey. The project aims

AWARDS

In 2015, Şişecam Glass Packaging continued the tradition of winning awards as in previous years, and collected a total of 10 awards at the Crescent and Stars, Asia Star, Pentaward and Worldstar Packaging Competitions.

Gagöz Beverage Bottle

"Competency Award" and "Silver Award" in the Crescent and Stars of Packaging Competition 2015; "Bronze Award" in the Pentawards.

Kavaklıdere Vinegar Bottle

"Competency Award", "Gold Packaging Award" and "Gold

Award" in the Crescent and Stars of Packaging Competition 2015; "AsiaStar 2015 Award".

Kemal Kükrer Turnip Juice Bottle

"Competency Award" and "Gold Award" in the Crescent and Stars of Packaging Competition 2015; "AsiaStar 2015 Award".

Sırma Ice Tea Bottle

"Competency Award" in the Crescent and Stars of Packaging Competition 2015; WPO Worldstar 2016 Award.

İBB Hamidiye Water Bottle

"AsiaStar 2015 Award".





to engender a community responsible for recycling by creating a social behavioural change. Since 2011, more than 200,000 primary school students were educated in recycling; approximately 12,900 glass banks have been donated to municipalities; and more than 578,000 tons of glass packaging waste has been recycled.

As a result, this initiative resulted in carbon emissions reduction equivalent to the removal of 208,000 automobiles from traffic and energy savings that would provide heating and hot water for 24,000 residences. Overall, in Turkey, the Company established cooperation with 134 district municipalities in 21 cities and support was extended to raise awareness among society, improve collection infrastructure and modernise glass recycling facilities.

Efforts towards increasing the use of glass cullet

Şişecam Glass Packaging supports the resource efficiency initiative set for sustainable growth in the EU 2020 strategy. Accordingly, the company targets an increase in the quantity and quality of recycled glass (known as cullet) and minimizes resource consumption. The main activities under the project include creating awareness of recycling among society, strengthening the infrastructure for sorting at the source and the modernisation of glass recycling facilities.

Şişecam Glass Packaging offers consultation for the integration of automatic sorters at recycling facilities. In addition, the Company encourages glass cullet suppliers to invest in automatic machinery by implementing a bonus system based on quality and quantity. To date, the support provided is

worth more than TRY 14 million since 2011. As an extension of the glass cullet improvement activities, an automatic control line was commissioned at the Eskişehir Plant. Şişecam Glass Packaging used 141,000 tons of recycled glass for production in 2015.

EXPECTATIONS AND OBJECTIVES FOR 2016

Şişecam Glass Packaging continues its efforts to be a global player as expressed in its vision to become one of the top three glass packaging companies in the world. This aim will be achieved by concentrating on operational excellence, process efficiency, cost improvement efforts in the short and medium term and on becoming a customer-oriented solution partner.

The Group has conducted activities to increase glass packaging consumption within the framework of respect to human, nature and environment, and has increased its strength in domestic and international markets as the leading company of the increasing competitive environment.

In addition to the joint research conducted with customers, Şişecam Glass Packaging will increase its recycling and RTD activities and maintain its respect for the environment and nature – differentiating the Group from its competitors. Having joined technological superiority with an innovative and authentic perspective, Şişecam Glass Packaging will continue to play a critical role both in the past and the future of all stakeholders, mainly including the employees and customers giving direction to markets and industries.

Objective:
MINIMIZING
THE USAGE
OF NATURAL
RESOURCES
by
increasing
the
quantity
and quality
of glass
cullet



The background of the image is a photograph of an industrial facility, likely a chemical plant. It features large, complex machinery with various pipes, valves, and structural elements. The scene is brightly lit, possibly by natural light from above, creating a high-contrast environment. The overall color palette is dominated by greys and whites of the industrial equipment, with some yellow accents visible in the lower-left corner, possibly from safety railings or structural components.

ŞİŞECAM CHEMICALS

In 2015, product and service quality, market diversification and penetration in target markets increased sales revenues, while Şişecam Chemicals continued planned capacity increases and renovation investments in accordance with growth objectives.

2015 OVERVIEW

In 2015, the growth rate of the global economy was at a lower level than projections. Despite the strong course of the US economy and sluggish recovery in the Euro Zone, the slowing Chinese economy and recessions in Russia and Brazil were influential in the aforementioned low growth environment.

Alongside regional differences, the soda sector follows a parallel course to the population and economic development in general. Approximately 3% growth was realised in 2015 and the sector's supply and demand balance remained stable despite fluctuations in different economies.

Considering regional demand development of soda products, the biggest increase was seen in Africa and the Middle East, with 5%, followed by India at 4% and Asia and South America with 3%. Approximately 1.5% growth was seen in soda demand from Europe in 2015, which is Soda Sanayii A.Ş.'s biggest export market.

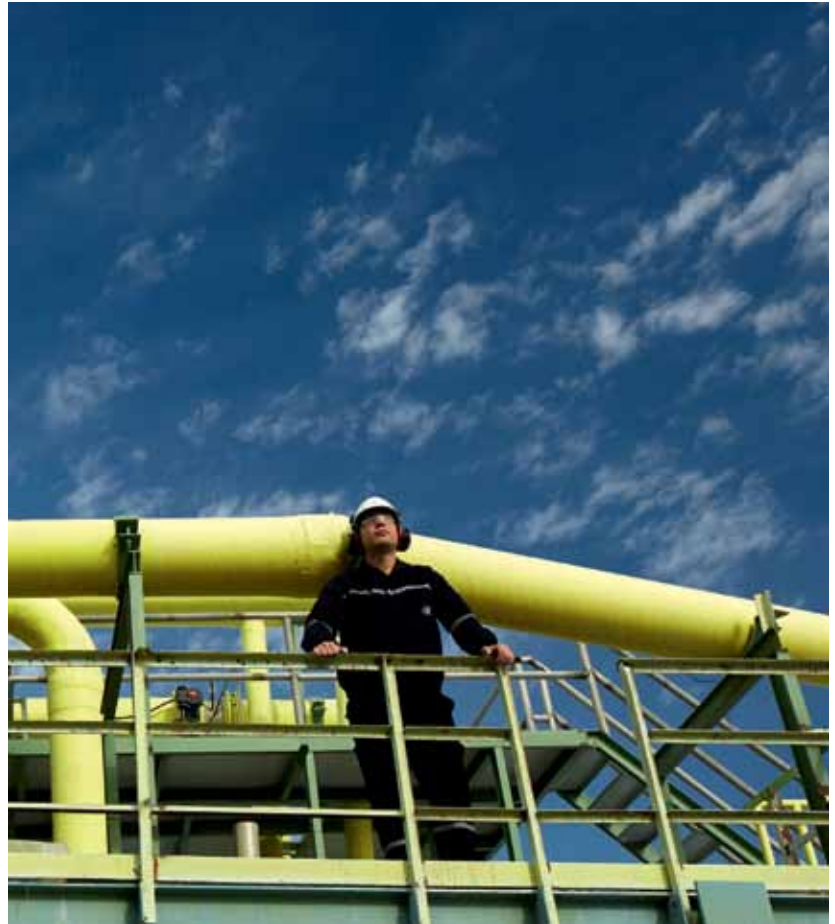
The glass industry accounts for 51% of global soda demand. An increase in demand was registered at approximately 3-4% in this sector, while the global demand for the detergent segment – the second largest end-consumer of soda – saw a 3% increase.

In China, which accounted for nearly 40% of global soda consumption, demand grew less than expected in 2015. In Russia – one of the major soda manufacturing countries – the depreciation of the rouble provided a cost advantage to local producers and enabled them to increase their capacity utilisation rates and compete against imported products.

In Turkey, the demand of the glass industry for soda ash followed a stable course in 2015, similar to the previous year. Demand of the detergent industry stayed brisk with the positive impact of exports to neighbouring countries on our southeastern border despite political and economic volatilities, whereas the demand of the textile industry was stable-to-shrinking throughout the year due to the fluctuations in foreign exchange rates, the depreciation of the rouble and political tensions with Russia. Meanwhile, the feed industry using the value-added sodium bicarbonate product as an input expanded in 2015, which in turn drove growth in demand for this product.

Developments in the chromium compounds sector

The recession in industries such as leather, metal plating, wood preservation, and pigment became more effective in 2015 compared to previous years. In addition, the challenges in developing economies, changing consumer habits, and demand stagnation in the USA and Europe resulted in regional contraction in these industries. The leather industry in Turkey, which is mainly export oriented shrank slightly compared to previous year due to tensions



between Russia and Ukraine and the economic recession in Russia, as well as the geopolitical issues in neighbouring countries. Still, Şişecam Chemicals increased its market share in the field of basic chromium sulphate. The strong performance of the European automotive industry in 2015 had a positive effect on the Group's sales figures.

ACHIEVEMENTS IN 2015

Consistent performance

With operations in six countries, Şişecam Chemicals sustained a consistent performance with investments in existing plants, despite global economic and political volatilities in 2015. Strategies for market diversification and expansion in target markets had a positive effect on sales revenues. Compared with the previous year, the Group's annual consolidated sales revenue increased by 9% and international sales increased by 18%.

16% increase in soda products sales revenues

Soda supply and demand was stable in the world throughout 2015, despite the downward trends in Russian and Chinese economies. The year ended successfully for the soda ash product group, with a 16% increase on the previous year's sales revenues on a TRY basis. The Company produced 2.2 million tons of soda products at the Mersin, Bosnia & Herzegovina, and Bulgarian joint venture Solvay

**Europe's
4th
the world's
10th
biggest
SODA
producer**



Sodi plants. The 4th largest manufacturer in Europe and among the top 10 in the world, Soda Sanayii A.Ş. made 66% of its sales from the aforementioned plants to the international market.

Compared with its international competitors, Soda Sanayii A.Ş. becomes prominent with its rich raw material resources, high level of operational efficiency, and advantageous logistics location near a port.

Capacity increases continued in accordance with ongoing investments at the Mersin Soda Plant. Production continued at full capacity to maintain shares in strategic markets. Similarly, market penetration expanded in parallel with capacity-increase investments and increased production at the Bosnian plant, which continued its strong position in southeastern Europe as the fastest-growing synthetic soda ash producer in the region.

Soda Sanayii A.Ş. fulfills its own process steam needs through an onsite cogeneration plant, which has a generation capacity of 252 MW. The plant generated approximately 4.2 million tons of steam as well as sales of 1.7 billion kWh of electricity in 2015.

Sustainable sales performance in the chromium product group

Similar to the previous year, stagnation continued in industries such as leather, wood preservation,

pigment and metal plating, which use chromium products as input, while there was even some regression in certain regions. The political and geopolitical conflicts in neighbouring countries throughout 2015 also had a negative impact on the leather, wood preservation, and metal plating sectors similar to all other industries in Turkey. Furthermore, due to decreasing demand following mergers and acquisitions in industries that the Group serves, and increasing raw material prices in 2015, large companies reduced inventories and maintained low production capacities to reduce average costs.

Despite these developments, the Company showed successful performance in 2015 and increased its market share, particularly in basic chromium sulphate, compared to the previous two years, which is attributed to the positive performance in domestic sales and in distribution infrastructure. Sales distribution channels of chromium acid were restructured in target markets. In this regard, the sales and marketing strategies implemented primarily in Europe and South America led to an increased market share in these regions, as well as a higher level of chromic acid sales.

Through its activities in Mersin, Italy and China in the chromium business line, Şişecam Chemicals increased the number of countries and customers it serves and derived 85% of its sales revenue from

**The world's
leading
SODIUM
BICHROMATE
AND BASIC
CHROMIUM
SULFATE
manufacturer**



**Modernization
investments to
reduce energy
costs and
INCREASE
EFFICIENCY**

international market. Being one of the leading facilities in the world in terms of production quality and technology, development activities, widespread sales network infrastructure and environmental standards, the Kromsan Chromium Compounds Plant maintained its position among the leading chromium chemicals manufacturers in 2015.

Moving towards becoming a centre fulfilling Europe's need for liquid basic chromium sulphate, chromic acid and bichromate, Cromital S.p.A., the Italy-based Şişecam Group company, also commanded an important position in high value-added specialty chromium III chemicals. The plant is the only facility in Italy to have been granted a permit to treat and recover chromium wastewater produced by the metal plating sector and is able to recycle the recovered chromium in its production. In 2015, Cromital S.p.A. incrementally continued its sales operations of sodium bicarbonate, which has been performed since 2013, targeting leather and flue gas treatment sectors.

As a major exporter of soda ash and chromium products to the EU, Şişecam Chemicals has largely completed its product registrations since 2010 in an effort to fulfill obligations under the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) programme, a highly important piece of EU legislation. Within the licensing activities of the chromic acid product under REACH, which were started in 2012, the final stage was reached with the official licence application to the European Chemicals Agency in May 2015.

Şişecam Chemicals attended the All China Leather Fair (Shanghai-China) and EBRATS (Sao Paulo-Brazil) in the field of chromium chemicals in 2015 and attended various symposiums and meetings concerning the promotion of basic chromium sulphate product that allows for eco-friendly leather tanning, accompanied by its consultants.

Highlights from 2015

In 2015, the companies operating under Şişecam Chemicals continued with modernisation efforts, particularly in the soda ash and chromium product groups. These investments are aimed at strengthening the facility performance, reducing energy costs and securing increased productivity to boost competitive capability. Şişecam Chemicals spent approximately USD 90 million on investments in 2015.

In addition to the 80,000-tonne capacity expansion investment through the new calciner and supplementary equipment which aim to increase production quantity and obtain energy optimization, the Company also continued to explore new salt fields and invest in salt facilities in order to meet the higher production level. Furthermore, in order to reduce energy costs and increase the Company's competitive edge, an investment was made in a new steam generation plant, which started in the final quarter of 2014 and continued in 2015.

Projects for using domestic raw materials were evaluated at the Kromsan Plant and efforts continued in the neutralisation of old technology waste.

CHEMICALS GROUP COMBINED INDICATORS* (TRY m)

	2014	2015
Revenue	1.952	2.118
International Sales	1.018	1.202
Gross Profit from Trading Activity	455	547
Operating Profit Before Financial Expenses	421	413
Profit for the Period	390	442
EBITDA	542	531
Net Financial Debt	(401)	(565)
Equity	1.932	2.562
Total Assets	2.562	3.266
Investments	119	268
Number of Employees	2.746	2.710

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



SODA SANAYİİ CONSOLIDATED INDICATORS* (TRY m)

	2014	2015
Revenue	1.607	1.772
International Sales	914	1.091
Gross Profit from Trading Activity	397	475
Operating Profit Before Financial Expenses	423	408
Equity Holders of the Parent	384	434
EBITDA	516	500
Net Financial Debt	(341)	(547)
Equity	1.567	2.185
Total Assets	2.121	2.812
Investments	104	227
Number of Employees	1.550	1.556

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



The end of the year saw efforts to achieve capacity, which began in Şişecam Soda Lukavac Plant in 2014, of 500,000 tons/year. The final stage has been reached in the new steam boiler, which aims to secure production through an energy efficiency increase and production cost reduction in accordance with environmental regulations. Furthermore, infrastructural reinforcement and modernisation improvements were conducted throughout the year.

High quality, low cost production

R&D by Şişecam Chemicals was carried out with the objective of improving existing processes in the production of soda and chromium compounds with low-cost technologies in an environmentally compatible manner, enriching the product portfolio with high value-added products, reducing cost and increase productivity and increasing competitive strength.

Research and modelling to increase productivity continued in the soda product group. In the chromium product group, research was conducted

**CUSTOMER-
FOCUSED
APPROACH
in all
marketing
and sales
activities**

into the development of new leather chemicals and accordingly laboratory and pilot-scale studies were made. Activities continued uninterrupted on process and product quality development issues.

CAMIŞ MADENCİLİK

3.6 million tons of industrial raw material production and sales

Organised under Şişecam Chemicals, the Group's mining companies meet its raw material requirements for glass, glass fiber and soda ash factories located in and outside Turkey, employing more than 600 people. Benefiting from a broader product range as a result of the new processes, the Group's mining companies continue to produce the necessary raw materials for the glass, ceramic, cement, silicate and solar glass industries.

Production and sales of 3.6 million tons were realized in 2015 at mines and raw material processing facilities in various parts of Turkey, Egypt and Bosnia and Herzegovina.



The Karabük quartz sand processing facility started up production at the end of 2013 and doubled capacity on completion of additional investments in 2015. Camiş Madencilik began manufacturing quartz sand for non-glass industries as well as for the Group's glass plants. The Company intends to grow with new projects in domestic and foreign industrial raw materials and base metals in accordance with the Group's growth strategies.

CAM ELYAF

41% of the sales revenues are from exports

Cam Elyaf – under Şişecam Chemicals – manufactures mats, multi-end roving, single-end roving, chopped strands, and other products that comprise the basic inputs for the composites sector used in wind turbine blades, interior/exterior automotive parts, engineering plastics, marine products, industrial applications and construction.

The Company derived 41% of its sales revenue from exports in 2015. Later on in the year, it attended the JEC Europe Composite Fair in France. In parallel with the government's efforts to support domestic production and provide additional incentives to the wind-power sector, the Company aims to increase sales of direct roving under the approved and to-be-approved projects in the future.

Focus:
CAPACITY
INCREASE
AND
EFFICIENCY

The Company aims to increase sales revenue from single-end wick and multiple-end wick products with high profitability and strategic importance with a focus on productivity in the domestic market in 2016.

OXYVIT

26% increase in sales revenues

Oxyvit Kimya increased Vitamin K3 sales revenue by 37% on TRY basis in 2015, having continued to increase market share in the global Vitamin K3 market. The share of exports in the sales of Vitamin K3 is 93% with sales mostly in Europe. Efforts to expand market diversity will continue in 2016 with a particular target to raise sales in Latin America.

The sales of the Company's other product (sodium meta-bisulphite) have also increased year-on-year. Approximately 60% of production was sold abroad. In 2015, sales to existing customers continued while exports to new markets began in Europe, South America and the Far East. In 2015, a 26% increase was noted in the Company's total sales revenues on TRY basis.

EXPECTATIONS AND OBJECTIVES FOR 2016

The supply-demand balance struck in 2015 in the soda ash industry, especially in the Europe,



is expected to continue throughout 2016. Global demand growth of 4% 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 6% in 2016 with the impact of growth in the glass and detergent industries.

With expected growth rates of around 5%, these markets are followed by South America and northern Asia, 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 steady trend while expectations in Central and Eastern Europe are rather more optimistic due to the strong performance of the detergent industry in these areas.

Capacity increasing operations will continue in 2016 in accordance with these expected developments, and projects for effective cost management as well as those aiming at increasing energy efficiency will continue to be our focus in the intense competitive environment.

Difficulties similar to those in 2015 are expected to continue in the chromium chemicals sector in 2016, while no further shrinkage is predicted in the sectors

and industries it serves. Market development and strategic collaborations are scheduled for inclusion in accordance with the Company's growth vision in the chromium sector. Market extension projects and strategic alliances are planned in accordance with the Company's growth vision in the chromium sector.

In exports markets, which have diversified in recent years, priority will be given to emerging markets to reinforce Şişecam Chemicals' presence. In keeping with its role and responsibilities of being a global player, the chromium product group will maintain its customer-focused approach in all sales and marketing activities.

Another priority for the Group is the development of new products that use environmentally friendly technologies.

The mining ventures realized more than 550,000 tons of raw material sales outside Şişecam Group in 2015 and predict further increases in this quantity in 2016. Nevertheless, growth and mining investments are planned to continue with new projects in base metals in 2016. Among our priority targets is the reinforcement of the Company's reliable raw material supplier status in domestic and foreign markets.

**Raw
material
supply to
markets
above**

**550,000
TONS**

RESEARCH AND TECHNOLOGICAL DEVELOPMENT



Production technologies and product diversity in the glass and glass products industry is developing at dizzying speed, while Şişecam's Research and Technological Development (R&TD) activities continue placing the Group at the forefront of global competition with environment-friendly innovative products and production technologies.

Futuristic glass-based new products and applications have permeated into all sectors imaginable at an accelerating speed such as; architectural and construction engineering industries, automotive and transportation, information technologies, data storage, electronics and display technologies, optics industry, energy production, distribution and energy storage industry, passive and active coatings sector, smart/hygienic glass packaging sector, interactive glassware sector, medical biology and pharmaceuticals industries, agriculture, and radiation protection. Innovative approaches used to add more value and aesthetics to increase comfort in our lifestyles has been created out of Global competition which in return has given direction to studies conducted on research and technological advancement by R&TD on 'glass science and technology.'

Production technologies and product diversity in the glass and glass products industry develop at dizzying speed. Meanwhile, the concept of a sustainable future has surpassed all other concepts in every link of the value chain, from blending to delivery to end users. Şişecam's Corporate Research and Technological

Development (R&TD) objective and activities have been to clarify it's products from harmful components that pose a threat to the environment and to a sustainable future while competing on a global scale with eco-friendly innovative products and production technologies. Main headlines for R&TD studies include: energy efficient integrated furnace models which is the biggest input of production, development of heat transfer productivity, new refractory materials and new glass melting technologies, new glass production technologies, new raw materials, new products and new applications, advanced process control systems, new measurement techniques for advanced technologies, new high-temperature materials and modeling and simulation efforts.

Energy Efficiency from Raw Materials to Finished Product

The objective of R&TD studies in 2015 has been to achieve operational excellence; to increase quality performance of furnaces in all production groups and to reduce costs of raw materials and energy. With this objective, 19 alternative raw materials studies and 21 composition optimization efforts were conducted. In 2015, 19 color campaigns for Şişecam Flat Glass and Şişecam Glass



The objective of R&TD activities in 2015:

PRODUCTIVITY from raw materials to finished products

ready for ignition. Installations of the Ruscam-Gorokhovets-C and Anadolu Glass Eskişehir-C furnaces were assembled, ignited and production has started. Cold repair materials were ordered for the Ruscam UFA-B and Gorokhovets-A furnaces. The project studies for Ruscam UFA-A furnace were completed. All furnaces used in household glassware production for Paşabahçe Eskişehir A and C have been repaired.

Additional and modification production in Paşabahçe Eskişehir B3, 5, B5, C2 lines, and works on the Posuda C9 and C10 and Trakya Glass Bulgaria EAD B1 were completed. A4 line was added on to Ruscam Kirishi Plant and has been commissioned.

Endoscopy, thermographic and similar measuring has been performed on 28 furnaces to monitor all the furnaces, to solve problems that are encountered and to prolong their life span. Heating and cooling controls were conducted on 5 furnaces.

In the oxyfuel Bulgaria B Furnace backed by the pioneer of technology, the European LIFE+ Program 6% energy savings were gained from waste gas that was used during pre-heating the furnace as oxygen and natural gas were used.

Productivity and Simulation during Operation

As quantity-based analyses have become more prominent in the development of new products and production processes, the resources allocated to modeling and simulation activities have increased and administratively configured. As a result, fundamental operations such as; heating systems for automotive glass, shaping of household glassware and glass packaging products; tempering of household glassware, shaping flat glass by floating; and coloring borosilicate glass in the forehearth can be developed now by means of simulation which has already taken place. Furthermore, design studies were supported for the offline tempering furnaces with high process performance and energy efficiency in Şişecam Glassware Group. The patenting process was started for the applied special structural developments.

Technical audits, which were previously carried out in certain production groups with different contents, were revised to cover all glass manufacturing furnaces on the basis of groups in three year intervals starting from 2014. The necessary procedure has been formulated accordingly. In 2015, this initiative was carried out at Şişecam Glassware Group furnaces, which were then evaluated comparatively.

New Products, Production Technologies, and Analysis Techniques

Products with 3 different colors and optical performances, including light smoke, dark smoke, and green privacy, were designed in 2015 for Şişecam FlatGlass to obtain new products by coloring the blend. All laboratory studies were completed and were made ready for production.

In 2014, Şişecam Flat Glass completed its R&TD studies and began to produce turquoise glass for architectural and privacy

Packaging were launched where transfers were made in less time and product loss compared to the previous year.

A project study was conducted in the areas of new melting technologies; the feeding of raw materials into glass furnaces using a different method aiming at 20% energy savings and the test production of coloring borosilicate glass while in the forehearth were completed. The results has created a new patenting process for the Group for the development of a new hybrid forehearth design.

Our company has been awarded with the 2015 “Modelling Award”, one of the most important accolade in its field, due to our contributions to the international research and development and competence in glass furnace modeling studies over the years. In the “Energy Efficient Comparison” study conducted by an independent research and development company, the AE Eskişehir B furnace ranked fifth-best furnace out of 140 international glass packaging manufacturers’ furnaces. The capex and opex costs of 2015 furnace projects were lowered according to the previous years.

To summarize the projects carried out in 2015: installation of a second furnace was completed, ignited and commissioned at the Flatglass Trakya Glass Bulgaria EAD plant 2; installation of the Trakya Glass Mersin Plant TR4 line was assembled and made

for the automotive sector for the first time. Issues relating to the application of the patents for these colored glass were followed up in 2015. Extra clear glass, which was developed for architectural purposes in previous years, was also registered with the Turkish Patent Registry.

Very good results were obtained in a project that will be used in the future on the reinforcement of thin glass with an ultrafast laser, which is unique in the world. Patenting activities were started for the output of this project, which is supported by TUBITAK 1511.

In 2015 Şişecam Glass Packaging has been conducting studies on new colors in blend, such as derby blue coloring and low-iron super flint glass. They have added two new colors to the Group's product range in 2015. Furthermore, experimental studies were conducted for "dead leaf" color for glass packaging, planned to be produced in 2016.

For household glassware applications, colored borosilicate glass studies were conducted with the new method of coloring from the forehearth and test production has been carried out for 6 new colors. The colors, were prioritized and three of the new colors, grizzled opal, brown and turquoise were first produced. Preliminary research for the patenting of grizzled opal glass has begun.

Laboratory studies and test production has been started for phosphorescence products in handmade household glassware. Efforts for developing transparent glass ceramic products with very low expansion coefficient and which can be placed directly on heat, is another future glass product.

Furthermore, we aimed at the development of innovative and value-added products to cover market demands of groups in coordination with production, design, marketing and sales units. Intense R&TD studies researched alternative paint with the potential to reduce costs such as gold, silver, copper, colors with a gilt effect, rose and gold reflecting colors, colors with phosphoric effects, paint with thermochromic effects, paint that changes with your perspective and cost-saving matte paint systems. At the end of 2015, test productions that employed such paints were carried out by Şişecam Glassware, Glass Packaging and Flat Glass Groups. In addition, solution development activities towards more functional coatings have continued uninterrupted. Also efforts to develop an antibacterial coating for the interior of milk bottles were completed.

In the last quarter of 2015, vacuum coated product development expertise was reinforced with a new laboratory coating device and the laboratory studies continued into 51/28 and 62/34 tempered performance products, which is a demand by the market. For the architectural glass market – particularly for commercial buildings – 41/27 and 71/43 performance tempered solar low-E products were developed and offered to the market to ensure thermal insulation and solar control. A patent application was placed for the 71/43 product.

Our knowledge, skills and infrastructural capabilities to identify the optical and nano-mechanical properties of thin film increased. As a result, momentum was particularly gained in the objectives of creating value with coated products. We were also strengthened by studies started in 2015 into the impact of glass surface features, on the corrosive behavior of glass, and the means provided by the new generation surface characterization techniques, as well as the comments on product quality and quality assurance.

National and International Collaborations and Joint R&TD Projects

In 2015, we were in close contact and collaboration with 21 Turkish universities and research organizations, as well as 9 overseas universities and 6 research centers. In addition, research meetings were held with the R&TD leaders of the industries.

In 2015, in cooperation with 11 universities and research organizations, we conducted joint projects supported by national resources with a budget of TRY 8.3 million and applied for three new projects, one national and two international. Projects with international collaboration budgeted EUR5.7 million. The new systems and analysis equipment externally funded under these projects served to strengthen the infrastructure of the Science and Technology Center.

Studies in cooperation with University of Washington (U.S.A) and TÜBİTAK-NSF, on the inorganic-organic electrochromic international project carried out on using different materials to form a blend that adds a thermochromic component to the triple "co-sputter" coating continued.

Under the support of Turkish Ministry of Science, Industry and Technology a project for the development of high electrical conductivity and high optical-transmittance coatings, which is needed for optoelectronic applications using the sol-gel process to create a low-cost alternative to conventional methods was conducted with the cooperation from University of Harran. A project executed with Akdeniz University under the same support program developed transparent coatings for glass packaging products that decreased UV transmittance from 70% to 30%.

Project funded under TUBITAK 1501 aimed "to coat bottles with nanocomposite SiO₂-TiO₂ and increase their mechanical resistance by 20%." The project developed a coating process that increased the bottle's internal pressure values from 30% to 50%. A large-scale "Dip Coater" and 'Nano-Micro Mechanical' test equipment were obtained from the project budget for the Science and Technology Center Laboratories. The project was successfully completed in 2015.

A project conducted in cooperation with ODTU-GUNAM and supported by the Turkish Ministry of Science, Industry and Technology developed an application of new generation nano-scale designed glasses to photovoltaic solar cells and this new technology was implemented in the glass industry in 2015. Patent application started for the output of this project.

A study was conducted with Fraunhofer IFAM Institute, concerning cleaning glass surfaces before coating, the effects of different cleaning processes such as; atmospheric plasma, low-pressure plasma, CO₂ snow cleaning on the features of glass surfaces and coating adherence were inspected.

A total of 15 projects were carried out funded by national and international programs and applications were made for 3 projects. 10 of the 15 national projects (4 TEYDEB 1511, 2 TEYDEB 1501, 2 ARDEB 1003, and 2 SAN-TEZ), and 4 international (1 SOLAR-ERA. NET, 1 EU 7th Framework Program, 1 NSF, and 1 EU LIFE+) fund programs.

Intellectual Capital

Preparations for patent applications were made, for the making of new products developed in laboratories and transferred to production creating a substantial contribution to our future patent

portfolio. In 2015, we registered one Turkish Beneficial Model and two Turkish Patent applications. In addition, we made three Turkish Patent applications. Incentives were obtained from the TUBITAK 1602 Patent Subsidization Program for the three Turkish Patent applications.

Along with studies concerning patent writing and applications, a worldwide search for patent monitoring activities and technologies are shared with production groups.

Building on Know-How, Skills, Equipment, and Capabilities

In 2015, "Glass Technology Training" was re-designed enriched with technical trips and was conducted in three 10-day programs. There were a total of 53 participants in the program. Furthermore, we carried out Broken Glass Analysis Training (80 participants), Glass Flaws Training (11 participants), Optic Characteristics of Thin Film Training (30 participants), Glass Surface Cleaning Training (20 participants), Nano-Mechanical Surfaces Training (15 participants) and Glass Surface Characteristics, Glass Corrosion, Surface Characterization Techniques Training (15 Participants). With a continuing understanding in further development approach, Glass Technology Training, was carried out as an interactive program supported with application practices in a workshop format. It focused on melting technology and was organized as the "2nd Melting Workshop". 53 employees participated in the workshop.

Research assistant and each R&TD personnel above attended a minimum of three national and international activities to increase their skills and to create the potential for collaboration. During these activities, 35 papers -one of which was a poster- were presented and two articles were published in the peer-reviewed international journals Physica Status Solidi and Vacuum.

Furthermore, the Glass Symposium, which has been organized for the last 30 years was held at Istanbul Technical University, Süleyman Demirel Cultural Center on November 20, 2015, with the theme on "Glass in a Sustainable Future." The sessions were followed by 70 academics from 21 national and international universities, research organizations, as well as 308 participants from 6 companies in addition to Şişecam employees. During the symposium, Şişecam delivered nine presentations in total; seven of which were verbal and two were posters.

Four national conventions and conferences under the "Şişecam Sessions" were held in the areas of activity in the community and their strategies.

- There were 6 presentations on April 27-29 in Ankara at Middle East Technical University under the title "SolarTR-3: The Third Turkish Solar Electricity Conference and Exhibition",
- On May 28-30th, "IRENEC 2015 5th International 100% Renewable Energy Conference" was held at Istanbul Türkan Saylan Cultural Center with five presentations
- On August 24-27, the "9th International Physics Conference of the Balkan Physical Union Convention" was held in Istanbul University with seven presentations,
- On September 2-4th, "22nd National (Electron) Microscopy Congress EMK' 2015" was held at Istanbul Sabancı University with four presentations and many booths were set up.

Şişecam Science & Technology Center and Corporate R&TD

Our R&TD human resources and infrastructure has grown and strengthened qualitatively and quantitatively with our Group activities conducted on a large geographical area under a Joint Understanding, Joint Methodology and Joint Memory (Integrated Database). The joint benefits from our knowledge, skills, and competence has paved the way on a corporate scale for production and product quality assurance, in addition to the optimization and development of existing technologies and products and the acquisition of new products and technologies.

Şişecam Corporate R&TD activities are conducted in regional laboratories and production groups under the umbrella of Şişecam Information and Technology Center. Benefiting from "R&D Center" subsidies under Law 5746, Şişecam's Information and Technology Center is Turkey's largest and most competent glass science and technology laboratory and one of the few in Europe.

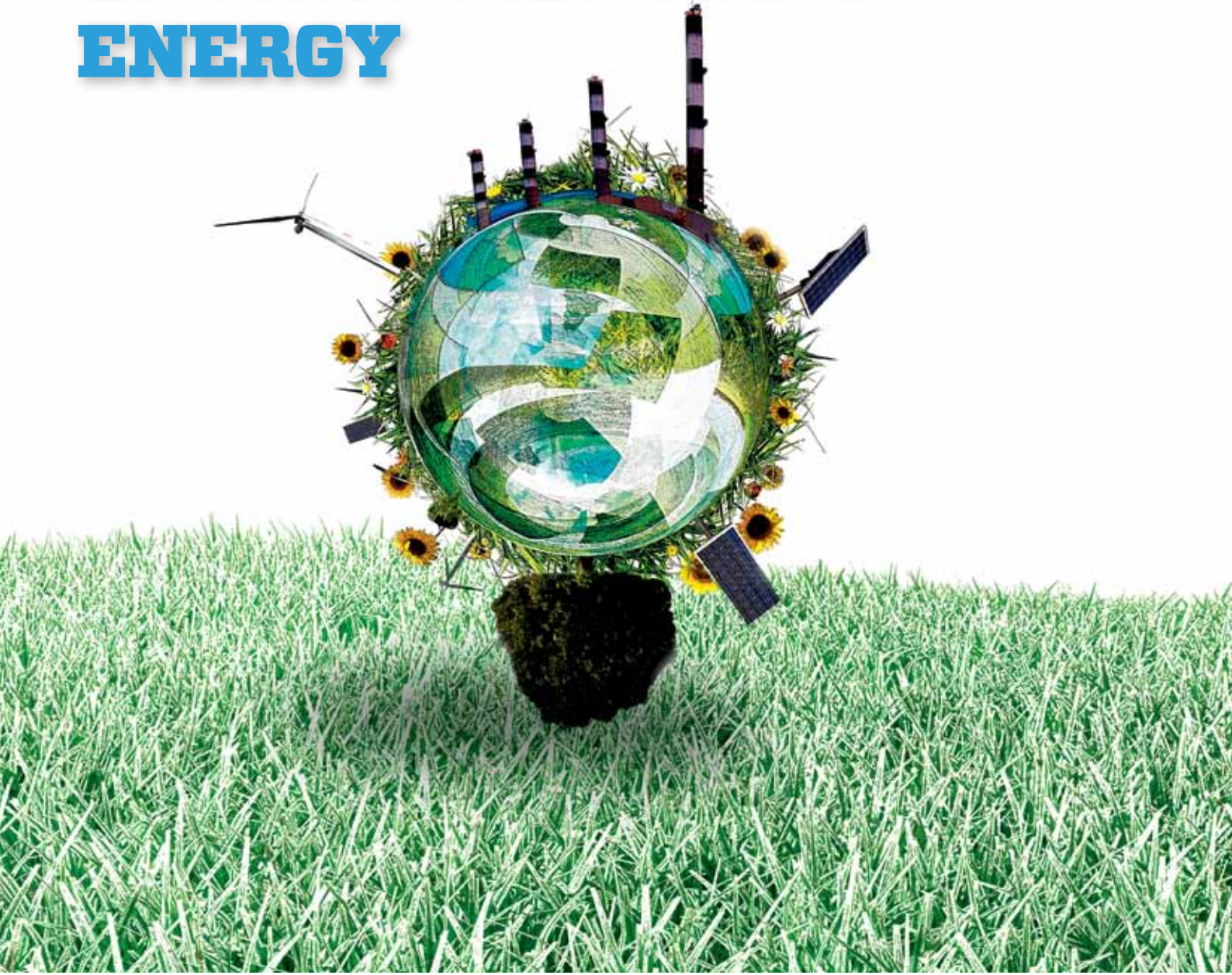
152 competent researchers, 35% of whom have graduate degrees, work in 27 specialized laboratories and offices with state of art equipment and continuously updated and improved technologies. Turkish Ministry of Science, Industry and Technology awarded our Information and Technology Center "Best R&D Center" among 201 others in the field of "Best Glass and Glass Product Awards" and "Cooperation and Interaction" in 2015.



**From the
Ministry of
Science, Industry
and Technology
of Turkey**
**BEST
COLLABORATION
& INTERACTION
AND BEST
GLASS & GLASS
PRODUCTS
Awards**



ENVIRONMENT AND ENERGY



Sişecam is aware that the considered steps taken to protect the environment should be based on durable policies and supported with continuous actions. The Group considers this to be one of the key elements of its strategic management principles. Environmental management system and sustainability principles are considered in each field where the Group operates. Operations carried out in this framework focus on the following:

- Implementation of production techniques oriented towards mitigating environmental effects,
- Development of energy efficiency projects to mitigate the impacts of climate change,
- Expansion of waste recovery and recycling activities,
- Consideration of alternative fuel and raw material options,
- Implementation of responsible energy and resource management principles,
- Development of glass furnace designs to mitigate environmental effects.

Environment and Energy Policy

Şişecam operates in energy-intensive sector and considers energy and the related issues as key elements of sustainable success. The Group's integrated Environment and Energy Policy applies across all its operations and emphasizes the importance of energy saving and carbon reduction, as well as the importance of targets on energy efficient products. Conducted studies are based on the following principles:

- Increase energy efficiency in production,
- Manage projects that would increase the ratio of recycled glass used as raw material in glass production and as a result decrease energy consumption and process emissions,
- Expand the use of high value-added products that contribute to energy saving and thus support the reduction of energy consumption worldwide,
- Contribute to clean energy generation by manufacturing products that are used in systems generating electricity from solar and wind energy.

Energy Efficiency Projects

In Şişecam Group's energy-intensive industrial facilities, all processes are constantly reviewed with respect to energy use. The energy-efficient equipment replacement project (engines, compressors, lighting equipment, pumps and fans, etc.) started in 2014 and continued in 2015. All stages of the project have been optimized and evaluated by specialized engineers at Şişecam's plants along technical and economic perspectives. It was identified that an approximate 5% energy saving has been achieved by transitioning to efficient engines. Upon commissioning the Sustainable Energy Measurement and Monitoring System, which is ongoing, increase in efficiency achieved through projects will be compared more reliable.

The Sustainable Energy Measurement and Monitoring System, which is one of the largest projects in the country and in the world and which will enable the monitoring and development of energy systems of the Group's 16 plants, intends to provide a standard model for plants' infrastructures and to apply online measurement systems. This will create the opportunity to make comparisons and improvements, which are crucial for the implementation of strategic plans and the minimization of energy costs. The electricity measurement and monitoring stages of the system are almost completed, and the electric energy quality and consumption values of the plants within the scope of the project are monitored and compared as initial outputs of the system.

Energy audits started in 2012 within the scope of the plan for determining the energy efficiency levels of the production facilities and identification of the potentials under the Group are being carried out by an independent audit company authorized by the Ministry of Energy and Natural Resources. The audits of 28 domestic and 6 international facilities have been completed so far.

At three of the Group's plants with high waste heat potential (Şişecam Flat Glass Mersin and Bulgaria plants, as well as Şişecam Glass Packaging Yenişehir Plant), ORC (Organic Rankine Cycle) installation provided a total of 10 MW electricity production capacity. In addition to generated electricity savings, reductions will also be made on natural gas consumption due to heating for hot water. Electricity generation from the waste heat plant at Şişecam Flat Glass Yenişehir Plant, with a capacity of 5 MW, continues its operations. The mentioned projects contribute greatly to energy savings as well as to environmental values, such as decreasing carbon footprint.

As part of the evaluation of existing plants' energy generation potential, the final stage has been reached for a solar energy plant at the Trakya Cam Mersin Plant, and studies on legal regulations and reduction of the payback period are ongoing.

Flat glass and auto glass robot systems are primarily considered in the Robot Systems Project, which was launched in order to ensure energy efficiency and to create a standard for the systems used in the Group. The efforts in this respect will also continue in 2016.

CDP Turkey Climate Change

Şişecam responds to CDP, the world's most prominent initiatives to combat climate change, since 2011. Under this framework, the Group has continued to disclose its strategies, risk-benefit analysis on energy, carbon emissions and climate change. Şişecam is one of the 46 Turkish companies to join the initiative. The disclosure covers Şişecam's glass and non-glass manufacturing facilities in Turkey and glass manufacturing facilities in Bulgaria, which were all rated at the highest level according to the score released by the

We focus on ENVIRONMENTALLY SENSITIVE AND SUSTAINABLE production

CDP in 2015. This means that Şişecam demonstrates an excellent understanding and management of the issues related to climate change. With a transparency rating of 91, Şişecam has proven its success on understanding and managing climate change issues.

Environmental Management System

Şişecam Group performs all of its activities through an Environmental Management System approach in order to monitor the environmental impact of its production activities and improve performance with the support of its stakeholders. All of the Group's domestic facilities and 90% of its international facilities have ISO 14001 Environmental Management System certification.

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

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

Environmental Compliance

Achieving full compliance with the environmental laws and regulations of countries in which it operates, is a primary part of Şişecam Group's environmental approach. Within this context, all regulatory requirements are taken into consideration, starting from the planning phase of activities, and the required investments are implemented.

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

Waste Management

While all recyclable waste resulting from processes are recycled through recycling facilities within the framework of the Group's approach to sustainability and transparency, other waste is

disposed at licensed facilities. In all markets it operates, Şişecam acts in compliance with current legislation in the recovery of packaging materials.

48% of packaging materials that Şişecam Group supplied to the market in 2014 were collected and recovered in 2015. A total of more than 12 tons of paper, cardboard, plastic and composite packaging were recycled.

With the aim of producing efficient solutions for recycling glass, which is an infinitely recyclable material, Şişecam collaborated with its stakeholders in 2015 and continued to support many projects. By providing TRY 14 million since 2011, Şişecam has supported "Glass and Glass Again", the most comprehensive sustainability and recycling project in Turkey. As of the end of 2015, 578,100 tons

of glass cullet were recycled and more than 200,000 students were trained in the project.

Sustainability Reports

Şişecam Sustainability Report was published based on the Global Reporting Initiative (GRI) G4 Guidelines so as to cover Şişecam Group's operational activities carried out in Turkey in 2015, and served as a tool whereby Şişecam repeated its undertakings in regards to prioritizing environmental performance topics to its shareholders, suppliers, employees, customers and society. For the first time this year, the Sustainability Reports were also issued for the Group's subsidiaries Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş., Paşabahçe Cam Sanayii A.Ş. and Soda Sanayii A.Ş. All reports can be accessed through the websites of the respective companies.





ENVIRONMENTAL AND ENERGY POLICY

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

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

In this direction we declare and undertake:

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

WE CARE FOR
OUR ENVIRONMENT



HUMAN RESOURCES



Having ranked among the world's leading industrial organizations with 21,049 employees in 13 countries as of the end of 2015, Şişecam Group considers its highly qualified human resources, who create value on a global scale by spreading the innovative and collaborative corporate culture, as a milestone of organizational sustainability.

Şişecam Group continues to expand both at home and abroad, with the objective of attracting and retaining a workforce that creates value at a global level. Şişecam Group ensures an equality policy in all human resources systems from recruitment to retirement, with the strength of its ethical principles. Responsibilities for the entire community and all employees are determined through the revision of Human Resources Systems based on our Corporate Sustainability Principles and the Code of Conduct.

Talent Acquisition

The key objective of Şişecam Group's recruitment system is to attract and employ the appropriate talent within the Group. In this context, the career and development opportunities offered by the extensive operation areas of both Şişecam Group and the employer brand management are shared with students and new graduates; the active involvement of interns in projects are realized through long term project internship applications, subsequently becoming a part of the Group.

Campus interviews are held at universities to meet with young talent. All hiring processes are carried out by taking into account the competencies required by the position and the candidate's potential. Job applications are evaluated by using proven scientific assessment tools.

Performance Management

Implemented to cultivate a of success-driven performance culture, to support the transformation of individual success into corporate success, and to ensure organizational integrity, the Performance

Management System operates in an integrated manner with Şişecam Group's vision, mission and strategies.

Strategic goals cascaded down to individual goals within Balanced Scorecard approach that have been utilized by Şişecam Group for a while, and a success-driven performance culture is constantly supported as a critical step. The Performance Management System is based on supporting employees, so that the value created by an employee serves the organization's sustainable success. The Performance Management System at Şişecam Group is constantly improved to obtain human-centric, swift and reliable results both for the employees and for the managers.

The Performance Management System runs in integration with other HR functions, such as career management, training and development management, total reward and recognition, as well as talent management. All these systems are operated to create value for the employees and for the organization.

Performance Management at Şişecam Group is sustained through a digital infrastructure, which enables the employer and the manager to carry out objective assessments.

Career Development

Şişecam Group considers both current and new employee as a valuable asset, and configures its career management practices based on this approach. With the equality of opportunity, Şişecam provides all employees with the opportunity to develop on their career path and to plan their personal needs in order to advance their careers.

Our competency model describing the behaviors that we expect from our employees in order to sustain high performance, has been reconfigured to develop future leaders and our leadership strategy has been defined. Implemented in 2015, Global Leadership Model "ATLAS" propounds the way of performing for our employees, customers and all other stakeholders in order to contribute to the success of the Group.

At Şişecam Group, the expectations of individuals and the needs of the organization are discussed in annual career meetings; career maps and succession plans are prepared based on the data obtained from the Performance Management System. Career management is processed on a digital platform as is the Performance Management System. For both employee and his/her manager, the development plans are easily accessible and trackable. In addition, both white and blue-collar employees have the opportunity to be evaluated based on our competency model in Development Centers and they are provided with the development plans based on their evaluations.

Corporate Values

The corporate values of Şişecam Group are defined in line with the goal of being among the world's top three glass manufacturers:

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

Our Competencies

The analysis of long-established global corporations demonstrates that companies are not only recognized for their sales figures, but also with the leaders they have supported. Şişecam Group operates in 13 countries and plans to leave its footprint at a global scale with its leaders.

In order to align with future strategies, the competencies identified in 2010 have been redefined and a new competency model has been worked on.

The Global Leadership Model "ATLAS", which includes the competencies required of all employees and leaders, aims to be used extensively in alignment with the new vision. The model will have a key role in all human resources activities from recruitment to the development of the employees who are to be leaders of the Group in the future.

Employee Commitment and Satisfaction

The Employee Engagement Survey has been conducted every two years at all locations using online questionnaires for white-collar employees since 2013. The survey contributes to Şişecam Group in being a global player while identifying the initiatives that will improve engagement and satisfaction of all employees; the results of 2015 employee satisfaction and engagement survey has indicated an improvement in internal communication, corporate image, responsibility for both society and environment and job satisfaction compared to previous year.

Reward and Recognition

At Şişecam Group, the projects that have a positive reflection on the employees' business processes and results, as well as those that make a difference are rewarded. The ideas of employees that create value-added and that are compatible with the Employees' Group strategies and objectives are evaluated through the Idea

Development System. Within the scope of Reward&Recognition System, the employees are recognized on specific days such as birthdays, marriages and promotions and also they are rewarded for their exemplary behaviors and achievements within the company.

Compensation and Benefits System

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

Şişecam Group offers the following to its employees:

- In line with market, rewarding and competitive compensation package,
- Flexible and sustainable fringe benefits designed according to needs and expectations,
- A social structure that observes a balance between work and personal life,
- A productive, collectively fostered working environment open to communication
- Deeply-rooted and innovative development and career opportunities targeting global leadership.

Training and Development Programs

Training and development activities are implemented to support the position-based competencies of employees at Şişecam; these include their professional qualifications, individual learning and development needs, enabling them to get prepared for new positions.

Training and development activities reached new dimensions with innovative methods and investments in 2015, as they were restructured under the title of Şişecam Academy. Şişecam Academy intends to contribute to the corporate objectives of the Group, develop human resources competencies, and significantly contribute to the corporate image and employee commitment.

Both the Sales School, designed for sales representatives to create a sales culture in the overall Group, and the Leadership School, set up to develop leadership and management competencies of the managerial staff, which aims to carry Şişecam to its objective on the basis of the Global Leadership Model competencies announced in 2015, was realized.

In the Glass School, the entire focus of which is glass - the Group's main area of activity, Glass Science and Technology, training on Breaking Analysis of Glass and Glass Workshops were held for engineers in collaboration with the Research and Technology Development Department (ATGB).

The Group's Internal Trainer Certification Program continued to capitalize on intellectual knowledge available within the organization; the number of training programs offered by certified internal trainers was increased. The transition to e-learning applications, which takes learning and development activities beyond classroom sessions and facilitate attendance, enriched training and learning tools, while giving easier access to information. In 2015, the 101 e-learning module was launched for white-collar employees, with a total attendance of 13,887 participants ensured.

In 2015, 23 hours per-capita training was realized for white-collar employees, and 15 hours for blue-collar employees.

INDUSTRIAL RELATIONS



Under the body of Şişecam Group, efforts were also continued in 2015 to ensure the establishment of competition and productivity-oriented industrial relations in line with current work conditions, and ensuring the continuity of labor peace.

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

The Group's Industrial Relations Vision

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

Collective Bargaining Agreements

Across the Group, six collective bargaining agreements have been concluded domestically, which include one group collective bargaining agreement, covering ten factories; and agreements with two establishments and three workplaces. The agreements

on the international front included the following: the establishment agreement covering four workplaces in Bulgaria, a workplace agreement covering the Posuda Plant in Russia; a workplace agreement covering the Glascorp Plant in Romania, and a workplace agreement covering the Soda Lukavac Plant in Bosnia & Herzegovina and the Frits Aszod Plant in Hungary. Negotiations on renewing expired collective bargaining agreements of terms varying between 1 to 3 years were launched in late 2014 and early 2015; these concluded in favor of Şişecam Group.

In this framework, in 2015, the negotiations on the 14th Term Establishment Collective Bargaining Agreement for Camiş Ambalaj San. A.Ş. and Selüloz-İş Union resulted in agreement on 08.06.2015; the collective bargaining agreement was signed. The Agreement will remain in force for three years from 01.01.2015-31.12.2017.

Expired collective bargaining agreements for the Group's workplaces abroad have been renewed as a result of the negotiations, which were held paying due regard to the characteristics of the respective countries and the interests of the Group. In this scope, the following



collective bargaining agreements were signed:

- 1-year agreement with Posuda Ltd. covering the period 01.01.2015-31.12.2015 for Posuda Ltd. Plant with Proofkom Trade Union on 14.07.2015
- 2-year agreement covering the period 01.07.2015-30.06.2017 for Trakya Glass Bulgaria EAD with Podkrepa Trade Union on 01.06.2015
- 1-year agreement for Fritz Holding Hungary Aszod Plant with AMASZ Union on 21.10.2015

The period of the collective bargaining agreement in effect with Soda Sanayii A.Ş. expired on 31.12.2015, and the 17th Period Collective Labor Contract discussions were started with the meeting on 11.12.2015.

The period of the collective bargaining agreement in effect with Anadolu Cam Eskişehir Sanayii A.Ş. expired on 31.12.2015, and the 2nd Period Collective Labor Contract discussions were started with the meeting of 09.02.2016.

Legislation and Coordination Activities

The relevant units were informed on the regulatory changes regarding labor law and occupational health and safety in 2015 during meetings coordinated by Industrial Relations, as was the case in previous years. During the coordination and training

meetings held, the developments in industrial relations and the problems in practice were addressed, information was exchanged, and uniformity of practices was secured across the Group.

14 training activities were held in total in the project realized to further strengthen communications among white-collar and blue-collar employees in 2015 and to inform them about the main concepts; 322 white-collar employees were trained on the “Key Concepts of Industrial Relations” during the project. White Collar workers who had completed the “Key Concepts of Industrial Relations” training were also given an interactive training on “administrative skills and employee relations”.

The Group continued to offer explanations and submit opinions regarding laws, regulations, and implementations of the provisions of collective bargaining agreements at workplaces in 2015.

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

In 2015, Şişecam Group also continued dialogue meetings with trade unions in order to ensure a continued labor peace at workplaces.

OCCUPATIONAL HEALTH AND SAFETY



The realization of all operations under Şişecam Group in a safe and healthy working environment and the creation of an Occupational Health and Safety culture compatible with corporate values are the key elements of the Group's sustainability approach.

Occupational Health and Safety (OHS) Practices

Various projects and studies were realized in light of both legislations and international research in 2015 in order to develop the Şişecam Occupational Health and Safety culture.

The audits of the Community's Industrial Relations Directorate and Internal Audit Department have been merged and turned into a single report on Occupational Health and Safety through inspections of the workplaces.

For the audits carried out by the Department of Internal Audit to cover Occupational Health and Safety issues, a training meeting was realized for the employees of the Head of Internal Audit by the Occupational Health and Safety specialist assigned by the Group's Industrial Relations director; information was given on the following issues:

- Regulations related to the Occupational Health and Safety Law
- Continuously repeated discrepancies identified at the workplace
- Statistics of work accidents and the existing follow-up system in 2014

Following the training meeting held, Soda Sanayii A.Ş. Soda Plant; Soda Sanayii A.Ş. Kromsan Plant; Anadolu Cam Sanayii A.Ş.

Mersin Plant; Trakya Polatlı Cam Sanayii A.Ş. Plant; Paşabahçe Cam Sanayii A.Ş. Eskişehir Plant; Cam Elyaf Sanayii A.Ş.; OMCO Kalıp Sanayii A.Ş.; Camış Mining Bilecik Facilities; Camış Ambalaj Sanayii A.Ş. Tuzla and Eskişehir Factories; and, Information and Technology Center and Çayırova Plant were audited.

Furthermore, in our plants abroad, Ooo Posuda; Trakya Glass Bulgaria EAD Flat Glass, Automotive Glass, Processed Glass and Glassware Factories were audited and subsequent Occupational Health and Safety Supervision Audit Reports were created; these were sent to the Internal Audit Department Head and the related group managements.

Regulations on Preventing Major Industrial Accidents and Mitigating Their Impact

Further to the Regulations on Preventing Major Industrial Accidents and Mitigating Their Impact, along with the related ordinances, due diligence was conducted at the Group's workplaces and coordination was ensured for an action plan. Chemical substances at the factories will be reported within the scope of the regulations mutually conducted by the Ministry of Environment and the Ministry of Labor. In this scope, the enterprises are classified as "Out of Scope", "Bottom Level Organization" or "Top Level Organization".



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

WE THRIVE AND
DEVELOP TOGETHER



İş Sağlığı ve Güvenliği Resim Yarışması'nda
ödül alan çocuklarımız

A meeting attended by the factories' environmental engineers, OHS specialists and technical managers regarding the notifications to be made further to the regulations and the activities required to be carried out by the targeted organizations was realized.

Occupational Health and Safety Awarding System

Follow-up on work accidents in Şişecam Group in 2014 was provided for 21 domestic and 14 offshore business locations; using the newly imposed follow-up system of work accidents, follow-up on a total of 45 workplaces, including 24 domestic and 21 international companies began. Nevertheless, the contractor's employees were also included in the monitoring system, and included in the rewarding system as well.

The Occupational Health and Safety Rewarding System was modified and reformulated to be more comprehensive and effective; successful workplaces in the field of OHAS received their awards during the Şişecam Starts Award Ceremony. Furthermore, the "Best Practice in the Field of Occupational Health and Safety", which was put into practice for the first time in 2015, was selected among the applications and given to the awarded workplace.

Behavior-Oriented Occupational Health and Safety Project

In 2015, the Behavior-Oriented Occupational Health and Safety project was realized under the coordination of the Industrial

Relations Director; an action plan was issued for behavioral change on the basis of project outputs.

In this project, the identification of the lacking elements regarding all employees' acting in accordance with the Occupational Health and Safety rules, uncovering the steps required for a positive change of action, and studies in line with this objective are held; furthermore, the similarities and differences in OHS behaviors among different regions and factories and the perceptions related with Occupational Health and Safety are inspected. The results were assessed and Occupational Health and Safety Actions plans were created for 2016.

Occupational Health and Safety Week Celebrations

The events held regionally during the Occupational Health and Safety Week every year since 2013 were expanded to cover all enterprises in Turkey in 2015. The pictures entitled the "Importance of Occupational Health and Safety" sent by blue-collar employees' children were assessed and 5 participants were awarded. Following the award ceremony at Şişecam headquarters and with the participation of senior management, our awarded children were welcomed in Istanbul with their families and they spent a beautiful day. Furthermore, educative books were presented from İş Sanat Yayınları to all our children who participated in the contest.

INFORMATION AND COMMUNICATION TECHNOLOGIES



The seamless integration of physical and digital worlds through software and hardware technologies will change industrial and economic business models. Increasing digitalization is driving industries from product base to service solutions. Şişecam ICT continues to support deep transformation in digitalization that affects the Business infrastructure and the way Business executes in terms of innovative ideas, resources, policies and processes to provide fast and agile solutions and influence the initiatives for the coming changes and requirements.

Key priorities in 2015 have been as follows:

- Ensure that It Investments contribute to the Group through IT infrastructure and standardization projects,
- Adapt to meet the needs of local compliance that supports globalization,
- Contribute business to increase operational efficiency through process improvement projects,
- Improve market, customer and product management efficiency through production planning and scheduling, capacity and business planning projects,
- Ensure fast and efficient operational decisions and support strategy development through Business Analytics projects,
- Bring the information security and risk management standards to the Group,
- Align IT services and solutions with corporate and global regulations and standards keeping the continuity and sustainability,
- Offer services that are based on customer expectations, operation area and technological developments through customer- and process-oriented approaches that meet flexible business process expectations, that feature measurable and improving service levels,
- Follow up trends in technology to create quality and fast solutions to business requirements with cost benefits,
- Develop IT human resources and skills in terms of sustainable growth.

IT in Growth Projects

Parallel with the geographical growth of the group companies, the roll out of IT and application standards to foreign affiliates, as well

as their integration process ongoing. In this scope, the leading roll out projects in 2015; Human Resources Management Application in Russian Affiliates, Performance and Career Management Application in the Bosnia-Herzegovinian and Bulgarian Affiliates; renewal of the IT infrastructure and integration with Şişecam in Slovakia (Malacky), Germany (Besigheim and Aurach) and Hungary (Aszod) plants under the umbrella of Richard Fritz; standardization of Enterprise Resource Planning (ERP) processes for the Slovakian company; Split of the companies in Bulgaria and roll out of Şişecam Chemicals Group customer claims management application to Bosnia-Herzegovinian company; Implementation of IT infrastructure and ERP for Paşabahçe Milan Store, as well as the local ERP installation of the Glassware Group's Italian Company. Aligned with the growth and globalization strategies of the Groups, Şişecam ICT standards will be deployed.

Compliance to Regulations and Laws

IT infrastructure and services compatible with the requirements of law, regulations, legislation, formal communiqué and audit requirements in the countries where Group companies operated are provided. As a part of IT Governance, the conformity of the processes, applications and offered services are continuously followed up. Also in 2015, Operations planned in regards with covering legal liabilities of Şişecam through manageable risks and a sustainable infrastructure were conducted as a priority. Accordingly, the transition to E-invoice, E-book, E-archive and Cash Register applications at the Paşabahçe Stores in Turkey; allowing the Ministry's access to Continuous Emission Measurement data, Conformity to the Law 5651 and contract management projects in Russia were completed and realized.

Digital Transformation Continues Rapidly at Şişecam

Improvement and digitalization projects which would contribute to the marketing, sales, supply chain, finance, quality and production functions that carry them to targets in long and mid terms strategies by Group Companies for operational excellence, cost effectiveness and resource productivity and the scope of IT services were further improved and developed in 2015.

- In sales: Customer Relations Management (CRM) and Customer Claims Management,

- In the supply chain: Şişecam Glass Packaging Group Shipment and Demand Planning, Şişecam Flat Glass Group Demand and Capacity Planning, Supplier Performance Management, Şişecam Flat Glass, Şişecam Glass Packaging and Şişecam Chemicals Load Boarding Management,
- In production: monitoring Şişecam Glassware production data on videowall systems, managing transfer decoration lines of Ruscam through barcode scanner systems and meeting IT infrastructure requirements of Vertech production systems,
- In finance: Legal and operational consolidation,
- In quality: updating ISO-9001 certificates and preparation for ISO/IEC 27001:2013 certification of our all companies that export; Şişecam Dış Ticaret A.Ş. on Şişecam Glass Packaging Quality Processes and Şişecam Integrated Risk and Compliance,
- In support processes: Şişecam Glass Packaging and Turkey Autoglass Plant operation, maintenance management, Şişecam Glassware and Şişecam Glass Packaging new product development, non-ERP ongoing processes (expense approval, debit management, recruitment, IT contract management) and digital transformation of Ruscam document management processes

are among the key activities realized within the year and intended to be deployed throughout the entire Group.

Application of the Digital Strategy on Digital Assets

2015 was a year when the digitalization process was leaded effectively and gained momentum at Şişecam as well. Key objectives have been started to adapt a professional governance that enriches the Group's digital assets harmonized with Şişecam's corporate identity, which increases brand recognition and offers more information, experience and self-service to the customers and employees. The Corporate Portal (Camport) with the latest trends, more color, interactive and richer content renewed with this scope to provide more communication and interactivity.

Renewal projects for the corporate web sites and brand web sites have been initiated within the framework of Şişecam Digital Strategy principles and will be published within 2016.

Transition from Enterprise Resource Planning to Integrated Business Planning

Business priorities, changes in strategies modifications, new opportunities, synergy opportunities, changing risks, as well as the economic/political changes in our country and in the related geographies all require rapid response to the customers' requests and the bring in new product sales models to reach highest potentials in sales. The strategy of progressing with less risks while increasing profit rates also necessitates transformation into an Integrated Business Planning Model.

Group Companies launched projects aim this transformation through short-term plans with a high priority. In 2015, the Integrated Business Planning transformation projects of Şişecam Düzcam Group and Glassware Group were modelled with the participation of IT expert resources.

1st Phase of the Şişecam Flat Glass Group Integrated Business Planning Model completed and, will be executed in 2016. Revision needs for the Enterprise Resource Planning based on the model were also defined and will be realized in 2016.

Clarification of the needs for the Enterprise Resource Planning based on the Şişecam Glassware Integrated Business Planning Model is ongoing. The project will be realized in 2016.

Customer Relations Management (CRM) is Becoming a Corporate Standard

Customer Relations Management (CRM) projects were being handled to offer The interactivity of Groups and customers by

means of e-mails, mobile environments, social media and internet platforms to manage, register, measure and improve the contribution created by the process through a consistent approach of the customer lifecycle on all channels.

In 2015, the CRM project for Paşabahçe Stores was completed and data collection, storing and analysis started that was directly derived from the stores customer activities and multiple communication channels.

CRM Projects for Şişecam Düzcam Group has been also planned and the prep phase was completed IT Project Department with a process design model and is to be realized in 2016.

Fast and Effective Reporting

Instead of conventional reporting tools, the self-service business intelligence platform, which enables multi-dimensional analysis for decision makers and other users from anywhere on any device, and a more visual reporting platform with faster analysis and results, has been offered to the Group. the data can be explored easier with minimum IT support and shorter user training, in-depth analysis can be carried out for agile business needs, the insights and relationship can be discovered to produce smart, interactive data visualizations.

Business Analysis requirements of the Group companies will be carried out on new platform through a short-term program. In 2015, the projects such as primarily, Integrated Business Planning and Marketing Transformation Project, Autoglass Production/ Performance Reports, Şişecam Glass Packaging Production / Performance, Sales, Shipment and Inventory Analysis, Şişecam Chemicals Activity Reports, IT Investment and Employee Costs were transferred to new platform. All MIS and operational analysis will be designed and delivered in new platform in 2016.

Mobility

In order to increase employee productivity and its contribution to business , to access the corporate data on any media and any time and to accelerating processes new IT services on mobile platforms offered to the Group have been developed as main function. In 2015, Personnel Leave Approval, Travel Demands, , employee overtime claims applications' moved to mobile platform; Recruitment Demand and Candidate Approval, Opening Leave Demand, Delegation, Overtime Planning applications were deployed. The Employee Profile, Payroll and Leave data for blue and white collar employees were made trackable on mobile devices. Furthermore, developments are ongoing to move Procurement Demands and Tender Approvals-related processes are being developed for mobile platforms.

E-mails with the @sisecam.com extension were also provided for blue collar employees to reinforce bilateral communication channels, increase their corporate sharing and reinforce the effectiveness in communicating.

Adaptation of New Technologies

E-mail accounts of blue collar employees were realized through a communication service model provided on a cloud. A Mobile Device Management was implemented to manage mobile devices in compliance with corporate policies and to ensure secure access to corporate data.

A highest performing and available platform with a value added contribution in terms of availability was chosen for primarily critical data storage system such as ERPs, HR, Financials for the ones reached to end of technological life.

Tool already in use for message, voice and video call in one app was rolled out to all IT users to improve communication and collaboration.

CORPORATE SOCIAL RESPONSIBILITY

Şişecam Group prioritizes its social responsibility projects in the areas of environment, sports, culture, art and education in order to contribute and add value to the community as a requisite of being a corporate citizen of the countries where the Group acts.

CONTRIBUTION TO CULTURAL VALUES

Antique Glass Works Collection

Şişecam's collection of 520 antique glass pieces, collected as a culmination of a lengthy and diligent fort to preserve cultural values, is registered with the Istanbul Archaeological Museums. The collection is on display in a special hall at the Şişecam head office building. Furthermore, the Glass Hall of the Bodrum Museum of Underwater Archaeology was opened in 1985 to visitors and history-enthusiasts under Şişecam's sponsorship and patronage.

History-Culture-Glass Collections

As part of Şişecam Group's mission to preserve and pass on our cultural heritage to future generations, the first of the History-Culture-Glass collections reflecting the historical and cultural background of Anatolia through glass artworks took its place in Paşabahçe Stores in 1999. Approximately 500 different artefacts among limited collections were brought. A total of 12 collections, including Ottoman, Blue and White on Glass, Artistic Writing on Glass, Enameled Glass, Mosaics, Anatolian Civilizations, Mystery of 7, Ashura, Crystalline Chinas, Talking Coins, and Zevk-i Selim have been implemented so far.

Serçe Harbor Glass Wreck Documentary

Within the framework of Şişecam Group's vision of sustainable growth and the importance it attaches to environmental values, the





“Glass and Glass Again” documentary provides an account of the discovery of the Serçe Harbor Glass Wreck that presents critical findings regarding underwater archaeology, glass manufacturing and recycling.

The Serçe Harbor Shipwreck was excavated by a team of Turks and Americans led by Professor Dr. George Bass, known as the father of underwater archaeology, at the Serçe Harbor near Marmaris 35 years ago; the findings included two tons of broken glass nuggets and about one ton of broken glass, as well as glass items.

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

The sunken ship and its contents have been on display at the Bodrum Museum of Underwater Archaeology, under the care of Şişecam since 1985. The documentary, “Glass and Glass Again”, is intended to tell the story of the Glass Wreck and the unlimited recyclability of glass to broader audiences.

CONTRIBUTION TO EDUCATION AND TRAINING

Şişecam provides Education Incentive Scholarships to its employees and their children who attend school. Under this program, scholarships totaling TRY 3,709,297 were awarded in 2015.

The Trakya Plant covered the transportation and lunch expenses of 75 students attending primary school with five classrooms located

within the Şişecam Thrace Region Glass Industry Housing Site during the 2014-2015 scholastic year.

Under the Vocational Education Law no. 3308, a 3-year apprenticeship education has been offered at the Denizli Glass Plant since 1990. The plant currently provides education to 123 students aged 16 to 21, who are trained in accordance with the master/apprentice tradition and who receive theoretical and practical information from foremen, masters, and master instructors.

Extending support to the “Project for Improving Vocational Education” carried out by the Governor’s Office of Mersin, Şişecam has constructed the Industrial Vocational High School with the aim of educating a greater number of young people in a vocation. Located on the Tarsus Organized Industrial Site in Mersin, and comprising 24 classrooms and one workshop, the high school was donated to the Ministry of National Education. 418 students attended the school to receive education in the 2014-2015 Scholastic Year.

CONTRIBUTION TO ENVIRONMENTAL VALUES

Forestation

Areas between five to ten acres within the sites of Şişecam Group plants are allocated to forestation; Şişecam Memorial Forests are also brought to life in all regions where Şişecam have operations. Camış Madencilik A.Ş. boasts a Şişecam Memorial Forest that has reached 368 acres in a culmination of forestation efforts initiated in 2000 in the Yalıköy area, where its pit and facilities are located.

Tree planting activities initiated in 2006 by Soda Sanayii A.Ş. in the Mersin region are organized annually for the purpose of determining forest sites and planting trees in those sites. As a result of these efforts, the families of current and retired employees planted nearly 3,000 saplings in 2015.

Thanks to these sapling planting activities launched in the Cankurtaran region, Denizli Cam Sanayii ve Ticaret A.Ş. created a mini forest with grown trees on an area of three acres. In addition, approximately 6,500 trees and saplings have been planted on the plant site, 50% of which is covered in greens.

Project for the Protection of the Kazanlı Sea Turtle Population

Kazanlı beach near the Mersin province is one of the few spawning areas of the endangered turtle species in Turkey. Launched in 2007 by Soda Sanayii A.Ş., the Kazanlı Project has proven instrumental in the preservation of the endangered “Caretta Caretta” and “Chelonia Mydas” sea turtle species and their nesting areas. Moreover, the aim is to raise awareness on this issue among the local population, and for the socio-cultural and socioeconomic life in the region to benefit through eco-tourism that may be generated by the presence of the endangered sea turtles in the region.

The greatest contribution to the “Kazanlı Sea Turtles Project” has come from young volunteers and students of the Biology Department of Mersin University. Besides these young volunteers who have taken part in the development of the project, meetings are organized to encourage active participation of new volunteers in the initiative. The stable increase in the total number of sea turtle nests continued, increasing consistently in 2015.

During the Kazanlı Beach Spring Cleaning event, held with the participation of Soda Sanayii A.Ş. employees and in collaboration with Mersin University on May 9, 2015, the living spaces of turtles were cleaned by 350 volunteers.



The “Glass and Glass Again” Project

Launched in 2011 by Şişecam Glass Packaging in cooperation with the ÇEVKO Foundation and local administrations, the project “Glass and Glass Again” is one of the most comprehensive sustainability and social responsibility initiatives in Turkey. Aiming to create change in social behavior and support the transition to a recycling society, the project has three primary objectives:

- Creating awareness and informing society about recycling glass packaging,
- Improving the infrastructure for collecting 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.

As part of the project, over 203,000 primary school students have received training in recycling since 2011; approximately 12,900 glass bottle banks have been donated and 578,400 tons of glass packaging waste have been recycled. The resulting reduction in carbon emissions equals 208,000 cars taken off the roads, and the amount of energy saved was enough to meet the heating and hot water needs of 24,000 households. In addition, Şişecam collaborated with 134 district municipalities in 21 provinces in order to create social awareness, improve the infrastructure for collection, and streamline facilities for glass recycling.

Bottle banks are being built for use in restaurants and hotels, which heavily consume glass, that are located within the borders of the municipalities with which there are agreements; the bottle banks are supplied to the consumption points that require them. Within the year, performance of various events to distribute gifts at shopping centers, streets and avenues in various provinces, with the aim of increasing recycling awareness.

Another facet of the “Glass and Glass Again” project consists of the HORECA venture, which targets Hotels, Restaurants and Cafes. As a result of cooperation with the Karşıyaka, Ataşehir, Kadıköy, Bağcılar and Pendik municipalities, separate collection of glass at its source was made compulsory for businesses and shopping centers at the request of the municipalities. In addition to the HORECA venture, a study focused on large sites was also launched and a packaging system was created for separate collection of domestic glass packaging waste.

In order to encourage enterprises that produce high levels of glass packaging waste and whose recycling potential is considerable, Şişecam started a “Glass Friendly Enterprise” application in cooperation with the municipality and the collection company. Through this application, the enterprises which were identified as having successfully completed separate collection of glass packaging are given the title of a “Glass Friendly Enterprise” by Şişecam.



CONTRIBUTION TO SPORT

Şişecam Çayirova Sports Club

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

With a team of approximately 100 athletes and managers, the Club rears young athletes in the disciplines of sailing, rowing and canoeing; the club provided 5 athletes and 1 trainer to the National Rowing Team in 2015.

The club achieved successful results in international competitions in 2015, and the club's athletes won the bronze medal for the first time in Turkey's history at the World Youth Rowing Championship, held in Rio de Janeiro in Brazil. The rowing team also won 4 gold medals, 1 silver, and 3 bronze medals during the Youth Balkan Championship in Romania, as well as 3 gold, 3 silver and 2 bronze medals in the Turkish Championship.

The Sailing Branch also obtained successful results in 2015. The club's sports players, who participated in a total of 22 races including 11 regional and 11 national under the program of the Turkish Sail Federation in 2015, won medals in most of the regional competitions; with the results they obtained in the Turkish Pirate League, they were qualified to compete in the European Youth Championship to be held in Hungary in 2016.

Şişecam Çayirova Sports Club Cano Branch had a successful season with the degrees it has obtained in national and international competitions in 2015. In the International Long Distance Offshore Flat Water Canoe Races, the team won the boys youth and girls youth runner-up cup; during the Still Water Canoe Turkey Race that took place in August, the teams won 3 first, 8 second and 4 third prizes in 200, 500 and 1000 meters as a result, becoming the third in the general classification for boys and girls. In October, the club's athletes won the first medal in all categories of the Sea Canoe Turkish Championship, and ranked first in the general classification.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

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.

The dramatic results of the financial crisis which began in 2008 and are still being influential, intergovernmental conflicts of interests, security issues triggered by geopolitical factors, the technological developments and digitalization coined the Fourth Industrial Revolution as they pertain to work performance and climate change changed the world into a place with different political, economic and environmental risks.

The global risks that have started to influence individuals, companies and states' lives in a new and unusual way changed the way risks are taken into perspective the world over and, to a large extent, increased the importance of risk management as a discipline. Parallel to these developments, the effectiveness of risk management and internal audit processes were continuously reviewed throughout 2015; the mentioned two functions as key elements of corporate governance were managed with a high level of concentration. Under this structure, our Group handles existing and potential risks through a proactive approach and performs audit activities through a "risk-based" 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. 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 2015; they also realized human resources and technology investments to increase the effectiveness of risk management processes.

Accordingly, the risk management function, which has been conducted centrally for many years, was revised in a manner to ensure a focus on micro and as well as local risks; thus the integrated risk management platform defined as "MicroScope" provided the technological support to realize the mentioned focus. As a result, an infrastructure to link 44 production plants in 13 different countries to the Headquarters was designed.

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 2014
TOGETHER WITH AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 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 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 3 March 2016.
6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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



**Cihan Harman, SMMM
Partner**

Istanbul, 3 March 2016

Türkiye Şişe ve Cam Fabrikaları A.Ş.**Consolidated Statement of Financial Position at 31 December 2015 and 31 December 2014**

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

ASSETS	Notes	31 December 2015	31 December 2014
Current Assets		6.569.648.490	5.656.766.119
Cash and cash equivalents	6	3.144.342.101	2.775.445.357
Financial assets	7	2.634.402	721.100
Trade receivables	10,37	1.404.874.592	1.149.167.138
– Due from related parties	37	15.460.616	13.169.905
– Other trade receivables	10	1.389.413.976	1.135.997.233
Other receivables	11,37	30.671.614	25.324.436
– Due from related parties	37	3.545.561	7.626.686
– Other receivables	11	27.126.053	17.697.750
Derivative instruments	12	89.509.896	84.341.541
Inventories	13	1.669.185.184	1.421.943.738
Prepaid expenses	14	85.265.922	64.776.890
Current income tax assets	35	11.664.753	7.773.601
Other current assets	26	131.296.178	120.618.783
Subtotal		6.569.444.642	5.650.112.584
Assets held for sale	34	203.848	6.653.535
Non-current Assets		9.093.214.448	6.693.020.770
Financial assets	7	79.408.878	82.490.121
Other receivables	11	40.027.518	17.261.178
Investments accounted for under equity accounting	16	562.724.279	490.269.920
Investment properties	17	534.318.624	426.298.791
Property, plant and equipment	18	7.347.837.880	5.207.158.718
Intangible assets	19,20	130.499.614	105.608.660
– Goodwill	20	32.197.437	29.057.791
– Other intangible assets	19	98.302.177	76.550.869
Prepaid expenses	14	136.720.703	102.421.821
Deferred tax assets	35	233.497.108	235.476.857
Other non-current assets	26	28.179.844	26.034.704
TOTAL ASSETS		15.662.862.938	12.349.786.889

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.**Consolidated Statement of Financial Position at 31 December 2015 and 31 December 2014**

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

LIABILITIES	Notes	31 December 2015	31 December 2014
Current Liabilities		2.311.113.064	1.901.844.461
Short term borrowings	8	658.119.434	576.464.776
Short term portion of long term borrowings	8	582.730.322	377.546.646
Trade payables	10,37	755.880.423	657.733.829
– Due to related parties	37	57.994.292	50.555.903
– Other trade payables	10	697.886.131	607.177.926
Liabilities for employee benefits	24	22.114.028	21.637.908
Other payables	11,37	44.687.752	19.653.050
– Due to related parties	37	3.642.577	4.525.328
– Other payables	11	41.045.175	15.127.722
Derivative instruments	12	1.557.339	-
Deferred income	14	89.758.933	64.152.597
Current income tax liabilities	35	25.839.649	49.754.910
Short term provisions	22,24	52.736.477	61.243.536
– Provisions for employee benefits	24	9.992.796	10.035.921
– Other short term provisions	22	42.743.681	51.207.615
Other current liabilities	26	77.688.707	73.657.209
Non-current Liabilities		3.849.213.549	3.208.682.863
Long term borrowings	8	3.373.302.917	2.889.394.544
Other payables	11	58.349.795	1.008.467
Deferred income	14	51.834.910	43.045.742
Provisions for employment benefits	24	261.989.161	244.269.164
Deferred tax liabilities	35	103.736.766	30.964.946
EQUITY	27	9.502.536.325	7.239.259.565
Equity holders of the parent	27	7.466.335.836	5.692.444.484
Paid-in share capital		1.900.000.000	1.700.000.000
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		1.640.971.007	358.303.237
– Gain/loss on revaluation and remeasurement		1.641.917.323	365.747.752
– Funds for actuarial gain/(loss) on employee termination benefits		(946.316)	(7.444.515)
Other comprehensive income/expense to be reclassified to profit or loss		106.972.504	(21.156.777)
– Currency translation differences		115.048.155	(27.553.722)
– Hedging reserves		(8.148.982)	6.312.839
– Financial asset revaluation fund		73.331	84.106
Restricted reserves		80.717.155	70.442.411
Retained earnings		2.772.959.150	2.929.708.408
Net profit for the period		722.763.185	413.194.370
Non-controlling Interests	27	2.036.200.489	1.546.815.081
TOTAL LIABILITIES AND EQUITY		15.662.862.938	12.349.786.889

The accompanying notes from 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 2015 and 31 December 2014**

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

	Notes	31 December 2015	31 December 2014
Revenue	28	7.415.128.590	6.875.894.376
Cost of sales (-)	28	(5.236.172.104)	(5.003.480.957)
Gross profit from trading activity		2.178.956.486	1.872.413.419
General administrative expenses (-)	29,30	(691.048.377)	(643.555.890)
Marketing expenses (-)	29,30	(757.874.683)	(631.317.836)
Research and development expenses (-)	29,30	(63.243.943)	(42.957.453)
Other operating income	31	471.871.795	279.668.961
Other operating expenses (-)	31	(322.895.795)	(245.727.879)
Income from investments in associates and joint ventures	16	64.634.209	64.944.604
Operating profit		880.399.692	653.467.926
Income from investing activities	32	193.949.918	32.840.831
Expenses from investing activities (-)	32	(48.125.101)	(9.651.200)
Operating profit before financial income and expenses		1.026.224.509	676.657.557
Financial income	33	1.588.443.745	1.362.117.978
Financial expenses (-)	33	(1.715.085.365)	(1.544.314.741)
Profit/loss before tax from continued operations		899.582.889	494.460.794
Tax income/expense from continued operations		(94.716.442)	(74.684.199)
– Taxes on income	35	(180.429.041)	(170.656.926)
– Deferred tax income	35	85.712.599	95.972.727
Profit for the period		804.866.447	419.776.595
Attributable to			
– Non-controlling interest	27	82.103.262	6.582.225
– Equity holders of the parent	27	722.763.185	413.194.370
Earnings per share	36	0,3804	0,2175

The accompanying notes from 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 2015 and 31 December 2014**

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

	Notes	1 January- 31 December 2015	1 January- 31 December 2014
Profit for the Period	27	804.866.447	419.776.595
Other Comprehensive Income			
Items not to be reclassified to profit or loss on other comprehensive	27	1.601.083.387	16.908.720
Revaluation gain on tangible assets		1.746.700.056	-
Funds for actuarial gain/loss on employee termination benefits		10.030.583	21.001.730
Items not to be reclassified to profit or loss on other comprehensive Income from investments accounted for under equity accounting for under equity accounting		2.757.397	107.336
Deferred tax loss		(158.404.649)	(4.200.346)
Items to be reclassified to profit or loss on other comprehensive	27	89.736.147	(153.390.845)
Currency translation differences		115.690.261	(170.200.762)
Fair value gain/ (loss) on financial assets		(11.345)	23.387
Gains/(losses) on cash flow hedging		(32.429.170)	20.984.623
Deferred tax gain/ (loss)		6.486.401	(4.198.093)
Other Comprehensive Income/ (Loss)		1.690.819.534	(136.482.125)
Total Comprehensive Income		2.495.685.981	283.294.470
Attributable to			
- Non-controlling interest		362.163.266	179.603.987
- Equity holders of the parent		2.133.522.715	103.690.483
Earnings per share	36	1,1229	0,0546

The accompanying notes from 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 2015 and 2014

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

	Other Comprehensive Income not to be reclassified to profit or loss					Other Comprehensive Income to be reclassified to profit or loss					Retained Earnings				Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
	Paid-in Capital	Adjustment to Share Capital	Treasury Shares (-)	Share Premium	Revaluation Funds	Other Gain/Losses	Currency Translation Differences	Other Gain/Losses	Restricted Reserves	Retained Earnings	Net Profit for the Period						
Balance at 1 January 2014	1,571,000,000	241,425,784	-	527,051	365,751,130	(22,092,801)	303,249,106	(399,552)	60,897,508	2,542,250,282	431,862,505	5,494,471,013	1,120,830,254	6,615,301,267			
Transfer	-	-	-	-	-	-	-	-	9,544,903	422,317,602	(431,862,505)	-	-	-			
Total comprehensive income	-	-	-	-	(3,378)	14,505,243	(330,802,828)	6,796,497	-	579	413,194,370	103,690,483	179,603,987	283,294,470			
Capital increase	129,000,000	-	-	-	-	-	-	-	-	(129,000,000)	-	-	15,236,844	15,236,844			
Dividends	-	-	-	-	-	-	-	-	-	(71,000,000)	-	(71,000,000)	(20,469,494)	(91,469,494)			
The impact of sale of subsidiary	-	-	-	-	-	143,043	-	-	-	(143,043)	-	-	9,398,978	9,398,978			
Increases/(decreases) due to changes in ownership rate of subsidiaries that do not result in control cease)	-	-	-	-	-	-	-	-	-	(160,111,836)	-	(160,111,836)	160,111,836	-			
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-	325,394,824	-	325,394,824	82,102,676	407,497,500			
Balance at 31 December 2014	1,700,000,000	241,425,784	-	527,051	365,747,752	(7,444,515)	(27,553,722)	6,396,945	70,442,411	2,929,708,408	413,194,370	5,692,444,484	1,546,815,081	7,239,259,565			

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

The accompanying notes from 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 2015 and 2014

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

	Other Comprehensive Income not to be reclassified to profit or loss				Other Comprehensive Income to be reclassified to profit or loss				Retained Earnings				Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
	Paid-in Capital	Adjustment to Share Capital	Treasury Shares (-)	Share Premium	Revaluation Funds	Other Gain/Losses	Currency Translation Differences	Other Gain/Losses	Restricted Reserves	Retained Earnings	Net Profit for the Period				
Balance at 1 January 2014	1.700.000.000	241.425.784	-	527.051	365.747.752	(7.444.515)	(27.553.722)	6.396.945	70.442.411	2.929.708.408	413.194.370	5.692.444.484	1.546.815.081	7.239.259.565	
Transfer	-	-	-	-	-	-	-	-	10.274.744	402.919.626	(413.194.370)	-	-	-	-
Total comprehensive income	-	-	-	-	1.276.173.779	6.456.470	142.601.877	(14.472.596)	-	-	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	-	-	-	-	(4.208)	41.729	-	-	-	(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	1.641.917.323	(946.316)	115.048.155	(8.075.651)	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 from 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 2015 and 2014**

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

	Notes	1 January- 31 December 2015	1 January- 31 December 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		822.642.862	767.920.660
Net profit for the period	27	804.866.447	419.776.595
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		814.292.992	946.361.392
- Depreciation and amortization	18,19	738.188.919	687.882.606
- Adjustments for impairments/reversals	10,11,13,18,26	62.653.310	18.834.887
- Changes in provisions	22,24	61.528.773	48.554.264
- Interest income and expenses	8,31,33,37	156.015.889	94.447.833
- Unrealized exchange loss/ (gain) on cash and cash equivalents.	31,33	(120.989.622)	111.340.736
- Income from associates (net)	16	(64.634.209)	(64.944.604)
- Adjustments for tax income/ losses	35	94.716.442	74.684.199
- Gain/ losses on sale of tangible assets	31,32	(72.070.572)	(11.054.211)
- Gain on sale of subsidiary	27,32	-	(5.409.519)
- Dividend income	32	(1.611.440)	(11.440)
- Other adjustments related to profit/loss reconciliation	26	(39.504.498)	(7.963.359)
Changes in net working capital		(312.153.822)	(218.201.636)
- Increases/decreases in inventories	13,27	(253.950.108)	(188.356.842)
- Increases/decreases in trade receivables	10,27,37,31	(182.079.137)	(5.375.283)
- Increases/decreases in other receivables	11,16,37,31	(11.647.312)	47.197.498
- Increases/decreases in trade payables	10,27,31	82.869.735	(18.978.564)
- Increases/decreases in other payables	11,14,26,27,37	25.716.680	(2.188.000)
- Other increases/decreases in net working capital	14,26,27	17.754.548	(53.860.404)
- Marketable securities held for sale	12,33	8.229.407	-
- Proceeds from sale of assets held for sale	31,34	952.365	3.359.959
Cash flows from operating activities		1.307.005.617	1.147.936.351
- Interest paid	8,31,33,37	(261.537.113)	(206.411.059)
- Interest received	31,33,37	36.360.842	53.744.802
- Taxes paid	35	(216.314.835)	(187.093.023)
- Employment termination benefits paid	24	(42.871.649)	(40.256.411)

The accompanying notes from 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 2015 and 2014**

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

	Notes	1 January- 31 December 2015	1 January- 31 December 2014
B. CASH FLOWS FROM INVESTING ACTIVITIES		(864.193.563)	(970.139.630)
– Proceeds from sale of subsidiaries that result in control ceases	27	-	26.984.031
– Cash inflows from the sale of shares in other entities or funds or debt instruments	7,32	-	635.866
– Cash out flows due to purchase of shares in other entities or funds or debt instruments	7,16	-	(335.508)
– Proceeds from sale of tangible and intangible assets	18,19,32	136.768.185	63.386.916
– Cash outflows due to purchases of tangible and intangible assets	8,18,19	(1.105.876.065)	(1.135.644.841)
– Advances given	14	(354.270.759)	(250.424.008)
– Proceeds from advances given	14	326.955.795	244.575.420
– Dividend income	16,26,32	60.804.083	35.695.159
– Interest received	6,33	74.232.265	56.543.255
– Other cash inflows/outflows	10,11,26	(2.807.067)	(11.555.920)
C. CASH FLOWS FROM FINANCING ACTIVITIES		16.357.101	970.799.760
– Proceeds from the issues of shares and other equity instruments	27	8.960.832	15.236.844
– Capital contribution of non-controlling interests	27	(38.145.257)	407.497.500
– Proceeds from borrowings	8	1.692.352.214	1.588.760.432
– Repayments of borrowings	8	(1.534.771.653)	(947.435.490)
– Financial leases paid	8	(1.421.737)	(1.790.032)
– Dividends paid	27	(110.617.298)	(91.469.494)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFOR CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(25.193.600)	768.580.790
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		392.368.999	53.862.255
– Foreign exchange gain/ (loss) on cash and cash equivalents	33	530.438.569	130.798.788
– Effect of currency translation differences	27	(138.069.570)	(76.936.533)
NET (INCREASE)/(DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		367.175.399	822.443.045
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	2.773.390.661	1.950.947.616
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	3.140.566.060	2.773.390.661

The accompanying notes from 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 2015

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

1. Group's Organizations and Nature of Operations

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 57 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 80 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. ("BIST"), formerly named as İstanbul Stock Exchange ("ISE"), since 1986. As of the balance sheet date, İş Bankası holds 65,76% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

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

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

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

Telephone : + 90 (212) 350 50 50
Facsimile : + 90 (212) 350 57 87
Web site : <http://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 2015	31 December 2014
Personnel paid by monthly	6.791	6.684
Personnel paid by hourly	14.258	14.350
Total	21.049	21.034

955 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 2014: 1.119 employees).

1. Group's Organizations and Nature of Operations (Continued)

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
Trakya Glass Bulgaria EAD ⁽²⁾	Automatic production and sales of flat glass, laminated, coated glass, and mirror	Bulgaria
Şişecam Automotive Bulgaria EAD ⁽²⁾	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. ⁽³⁾	Finance and investment company	Netherlands
Trakya Investment B.V.	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Rus AO	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 ⁽³⁾	Holding services	Germany
Richard Fritz Spol S.R.O.	Glass encapsulation production and sales services	Slovakia
Richard Fritz Prototype+Spare Parts GmbH	Glass encapsulation production and sales services	Germany
Richard Fritz Kft	Glass encapsulation production and sales services	Hungary
Joint Ventures	Nature of business	Country of registration
HNG Float Glass Limited	Production and sales of flat glass and glass	India
Associate	Nature of business	Country of registration
Saint Gobain Glass Egypt S.A.E.	Production and sales of flat glass	Egypt

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş. ⁽¹⁾	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
Paşabahçe Bulgaria EAD ⁽²⁾	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. ⁽⁴⁾	Sales and marketing services	China

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

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. ⁽⁴⁾	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
PAO Ruscam Pokrovsky ⁽³⁾	Production and sales of glass packaging	Russia
OOO Energosystems ⁽³⁾	Leasing of industrial materials	Russia
CJSC Brewery Pivdena	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine
JSC Mina	Production and sales of glass packaging	Georgia

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
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Şişecam Bulgaria EOOD	Soda sales	Bulgaria
Cromital S.p.A	Production and sales of chromium subproducts	Italy
Camiş Egypt Mining Ltd. Co.	Sand mining and sales	Egypt
Şişecam Soda Lukavac D.O.O.	Production and sales of soda	Bosnia-Herzegovina
Şişecam Chem Investment B.V.	Finance and investment company	Netherlands

Associate	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 limestone	Bosnia-Herzegovina

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

Other

Subsidiaries	Nature of business	Country of registration
Camiş 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
Camiş Elektrik Üretim A.Ş. (5)	Production and sales of electricity	Turkey

(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

As of 31 December 2015, 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 92.78 (9.28 out of 10) that we declared on 29 December 2014 was revised upward to 93.53 (9.35 out of 10) on 18 December 2015 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 18 December 2015	As of 29 December 2014
Shareholders	%25	95,36	94,57
Public disclosure and transparency	%25	95,81	94,70
Stakeholders	%15	95,51	95,51
Board of directors	%35	89,75	88,96
Average rating	%100	93,53	92,78

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 7 August 2015.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

(2) At the Company board of directors' meeting of 30 October 2015, the board of directors advised to relevant companies for restructuring works of segments of Flat Glass, Automotive Glass and Glassware which are active under legal entity Trakya Glass Bulgaria EAD located in Bulgaria since 2014 to separate individual legal entities and accordingly, initiating required legal transaction within the scope of restructuring for Trakya Cam Investment B.V. in Holland and it was decided to initiate for all legal procedures with this purposes.

In this scope, Trakya Glass Bulgaria EAD located in Bulgaria is spun-off on 30 December 2015, while flat glass activities remained on the same company, automotive glass production was transferred to new spin-off company Şişecam Automotive Bulgaria EAD and glassware production line was transferred to new spin-off company Paşabahçe Bulgaria EAD.

Trakya Cam Investment B.V. which is shareholder of Trakya Glass Bulgaria EAD by %100, located in Holland is liquidated by spinning-off. 70% of the Company's net asset was spun-off by considering the operations of flat glass and automotive glass, the portion of 30% was spun-off by considering the operations of glassware. The portion regarding to flat glass operations was transferred to Trakya Investment B.V. Company, automotive glass operations was transferred to Trakya Autoglass Holding B.V. Company, glassware operations was transferred to Paşabahçe Investment B.V. Company. The Group executed relevant transactions for the purpose of aligning existing operational structure with legal structure.

With the spin-off and transfer transactions, Trakya Cam Sanayi A.Ş. manages its own operational business line in Turkey, flatglass operations indirectly through Trakya Investment B.V. and automotive glass operations indirectly through Trakya Autoglass B.V. Companies with %100 partnership. Paşabahçe Cam Sanayii ve Tic. A.Ş. has built a structure to manage foreign operations indirectly through Paşabahçe Investment B.V. Company with %100 partnership.

(3) The legal title of TRSG Autoglass Holding B.V., one of our subsidiary in Float Glass Group, was changed as Trakya Autoglass Holding B.V. on 29 June 2015; The legal title of Fritz Holding GmbH, one of our subsidiary in Float Glass Group, was changed as Richard Fritz Holding GmbH on 25 February 2015; The legal title of OAO Ruscama Pokrovsky one of our subsidiary in glass packaging group, was changed as PAO Ruscama Pokrovsky on 6 March 2015 and the legal title of OOO Ruscama Sibir was changed as OOO Energosystems on 10 August 2015.

(4) Paşabahçe (Shanghai) Trading Co. Ltd., one of our subsidiaries in glassware group was set up on 28 July 2015 and AC Glass Holding B.V., one of our subsidiaries in glass packaging group was set up on 17 April 2015.

(5) Camış Elektrik Üretim A.Ş. operating under Chemicals Group Department will proceed its activity under "Institutional Development and Sustainability Department", with the purpose of managing the Group's operations in energy area as a whole. In conjunction with this operational change, Camış Elektrik Üretim A.Ş. operations were reported under "Other" operations.

Beside, Group shares of joint venture OOO Balkum and associate OAO FormMat under Glass Packaging Group were removed from consolidation scope by selling to non-group parties on 10 December 2015

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

1. Group's Organizations and Nature of Operations (Continued)

Companies Included in the Consolidation (continued)

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 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Trakya Cam Sanayii A.Ş.	69,79	69,79	69,79	69,79
Trakya Yenişehir Cam Sanayii A.Ş.	100,00	74,32	100,00	74,33
Çayırova Cam Sanayii A.Ş.	100,00	91,50	100,00	91,50
Trakya Polatlı Cam Sanayii A.Ş.	100,00	74,32	100,00	74,33
Trakya Glass Bulgaria EAD	100,00	69,79	100,00	74,05
Şişecam Automotive Bulgaria EAD	100,00	69,79	-	-
Glasscorp S.A.	90,00	62,81	90,00	62,81
Trakya Cam Investment B.V	-	-	100,00	74,05
Trakya Autoglass Holding B.V.	100,00	69,79	100,00	69,79
Trakya Investment B.V.	100,00	69,79	100,00	69,79
TRSG Glass Holding B.V.	70,00	48,85	70,00	48,85
Trakya Glass Rus AO	100,00	48,85	100,00	48,85
Automotive Glass Alliance Rus AO	100,00	69,79	100,00	69,79
Automotive Glass Alliance Rus Trading OOO	100,00	69,79	100,00	69,79
Trakya Glass Rus Trading OOO	100,00	48,85	100,00	48,85
Richard Fritz Holding GmbH	100,00	69,79	100,00	69,79
Richard Fritz Spol S.R.O.	100,00	69,79	100,00	69,79
Richard Fritz Prototype+Spare Parts GmbH	100,00	69,79	100,00	69,79
Richard Fritz Kft	100,00	69,79	100,00	69,79

Joint Venture of Flat Glass Group

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
HNG Float Glass Limited	50,00	34,89	50,00	34,89

Düzcamlar Grubu İştiraki

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Saint Gobain Glass Egypt S.A.E.	30,01	20,95	30,00	20,94

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

Subsidiaries of Glassware Group

Company's name	31 December 2015		31 December 2014	
	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	75,77	100,00	76,50
Camış Ambalaj Sanayii A.Ş.	100,00	99,98	100,00	99,98
Denizli Cam Sanayii ve Tic. A.Ş.	51,00	42,84	51,00	46,47
Paşabahçe Investment B.V.	100,00	84,01	100,00	84,01
Paşabahçe Bulgaria EAD	100,00	84,01	-	-
OOO Posuda	100,00	84,01	100,00	84,01
Paşabahçe Srl	100,00	84,01	100,00	84,01
Paşabahçe (Shangai) Trading Co. Ltd.	100,00	84,01	-	-

Subsidiaries of Glass Packaging Group

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Anadolu Cam Sanayii A.Ş.	79,12	79,12	79,12	79,12
Anadolu Cam Yenisehir Sanayi A.Ş.	100,00	82,25	100,00	82,27
Anadolu Cam Eskişehir Sanayi A.Ş.	100,00	82,25	100,00	82,26
AC Glass Holding B.V.	100,00	79,12	-	-
Anadolu Cam Investment B.V.	100,00	79,12	75,92	60,07
Balsand B.V.	100,00	79,12	51,00	40,35
OOO Ruscam Management Company	100,00	79,12	100,00	40,35
OOO Ruscam Glass Packaging Holding	100,00	79,12	100,00	40,35
OOO Ruscam	100,00	79,12	99,72	59,91
OOO Ruscam Glass	100,00	79,12	100,00	40,35
PAO Ruscam Pokrovsky	100,00	79,12	100,00	40,35
OOO Energosystems	100,00	79,12	100,00	40,35
CJSC Brewery Pivdenna	100,00	79,12	100,00	40,35
Merefa Glass Company Ltd.	100,00	79,12	100,00	40,35
JSC Mina	99,86	79,01	99,86	79,01

Joint Ventures of Glass packaging

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	50,00	39,56	50,00	39,57
OOO Balkum	-	-	50,00	20,18

Associates of Glass Packaging

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
OAQ FormMat	-	-	48,46	19,55

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

1. Group's Organizations and Nature of Operations (Continued)

Companies included in consolidation (Continued)

Subsidiaries of Chemicals Group

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Soda Sanayii A.Ş.	83,58	77,87	87,05	80,65
Cam Elyaf Sanayii A.Ş.	99,01	95,62	99,01	95,62
Camiş Madencilik A.Ş.	100,00	100,00	100,00	100,00
Madencilik Sanayii ve Tic. A.Ş.	100,00	99,56	100,00	99,52
Şişecam Bulgaria EOOD	100,00	77,99	100,00	80,76
Cromital S.p.A	100,00	78,10	100,00	80,85
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Şişecam Soda Lukavac D.O.O.	89,30	69,64	89,30	72,12
Şişecam Chem Investment B.V.	100,00	77,99	100,00	80,76

Joint Ventures of Chemicals Group

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Oxyvit Kimya Sanayii ve Tic. A.Ş.	50,00	40,04	50,00	41,44
Rudnik Krencjaka Vijenac D.O.O.	50,00	50,00	50,00	50,00

Associates of Chemicals Group

Company's name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Solvay Şişecam Holding AG	25,00	19,50	25,00	20,19

Other Subsidiaries of the Group

Company's name	31 December 2015		31 December 2014	
	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	99,95
Şişecam Dış Ticaret A.Ş.	100,00	100,00	100,00	99,99
Şişecam Enerji A.Ş.	100,00	100,00	100,00	100,00
Camiş Elektrik Üretim A.Ş.	100,00	84,09	100,00	84,09

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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

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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)**2.1 Basis of Presentation (Continued)**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.

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

Currency	31 December 2015		31 December 2014	
	Period End	Period Average	Period End	Period Average
US Dollars	2,90760	2,71907	2,31890	2,18652
Euros	3,17760	3,01871	2,82070	2,90423
Bulgarian Lev	1,62468	1,54344	1,44220	1,48491
Egyptian Pounds	0,37273	0,35348	0,32661	0,30884
Russian Rubles	0,03961	0,04456	0,04024	0,05756
Georgian Lari	1,21408	1,19773	1,24431	1,23822
Ukrainian Hryvnia	0,11088	0,12152	0,14706	0,18364
Bosnian convertible mark	1,62468	1,54344	1,44220	1,48491
New Romanian Leu	0,69730	0,67544	0,62601	0,64973
Hungarian Forint	0,01015	0,00974	0,00896	0,00941
Chinese Yuan	0,44545	0,43011	0,37179	0,35298
Indian Rupee	0,04384	0,04239	0,03662	0,03582

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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

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

2.1 Basis of Presentation (Continued)

Subsidiaries

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

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company, 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 2015 and 31 December 2014.

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

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

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

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

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

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

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

2.1 Basis of Presentation (Continued)

Joint Ventures

Joint Ventures are the companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2015 and 31 December 2014. 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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

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

2.2 Statement of Compliance to IAS/TAS

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

2.3 Significant changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The accounting policies except the situation stated below used in the preparation of these consolidated financial statements for the period ended 31 December 2015 are consistent with those used in the preparation of financial statements for the year ended 31 December 2014.

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.

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 2015 are consistent with those used in the preparation of financial statements for the year ended 31 December 2014.

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

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

The Group has applied new standards, amendments and interpretations to existing IAS/ IFRS standards published by IASB and TASC/IFRIC that are effective as at 1 January 2015 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 2015 and in year ends to 31 December 2015.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

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

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

a. The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015:

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2010-2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards:
 - TFRS 2, 'Share-based payment'
 - TFRS 3, 'Business Combinations'
 - TFRS 8, 'Operating segments'
 - TFRS 13, 'Fair value measurement'
 - TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets'
 - Consequential amendments to IFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
 - TAS 39, 'Financial instruments – Recognition and measurement'
- Annual improvements 2011 - 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards:
 - TFRS 1, 'First time adoption'
 - TFRS 3, 'Business combinations'
 - TFRS 13, 'Fair value measurement' and
 - TAS 40, 'Investment property'

b. New IFRS standards, amendments and IFRICs effective after 31 December 2015:

- 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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

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

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

b. The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015 (Continued):

- 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.
- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- 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.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, Non-current assets held for sale and discontinued operations' regarding methods of disposal
 - IFRS 7, Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
 - IAS 19, Employee benefits' regarding discount rates
 - IAS 34, Interim financial reporting' regarding disclosure of information.
- 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.
- IFRS 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

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

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

b. 31 The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015 (Continued):

- IFRS 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.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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

2.6 Summary of Significant Accounting Policies

Revenue recognition

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

2. Finansal Tabloların Sunumuna İlişkin Esaslar

2.6 Basis of Presentation of Consolidated Financial Statements (Continued)

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.

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.

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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

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

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

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

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

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

Gain or losses on disposal of property, plant and equipment are included in the "Income/Expense from Investing Activities" and are determined as the difference between the carrying value and amounts received.

Intangible assets

Intangible assets acquired

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible assets (Continued)

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible assets (Continued)

Mining assets (Continued)

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).

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).

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

2.6 Summary of Significant Accounting Policies (Continued)

Investment Properties

Land and buildings those are held for long term rental yields or 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:

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

2.6 Summary of Significant Accounting Policies (Continued)

Derivative Financial Instruments (Continued)

Cash flow hedge

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

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

Impairment of Assets

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Leases

a) The Group as the lessee

Financial Leasing

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

Operating leases

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

b) The Group as the lessor

Operating leases

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

Borrowing costs

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Related Parties

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

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and measurement

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Trade receivables

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

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

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

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

Cash and cash equivalents

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

Financial liabilities

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

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

Equity instruments

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial liabilities (Continued)

Other financial liabilities

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

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

Trade payables

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

Business combinations and Goodwill

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill (Continued)

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Earnings per Share

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

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

Events after the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 22).

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

2.6 Summary of Significant Accounting Policies (Continued)

Onerous contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group.

Present obligations arising under onerous contracts are measured and recognized as a provision.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities (Note 15).

Segment reporting

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Government grants

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

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

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

Current and deferred income tax

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

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

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Construction Contracts

Contract costs are recognized as expenses in the period in which they are incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within other assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses) under other liabilities.

2.7 Significant Accounting Estimates and Assumptions

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

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

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

2.7 Summary of Significant Accounting Policies (Continued)

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY 151.054.662 (31 December 2014: TRY 106.193.310) results from temporary differences as of 31 December 2015 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 2015, 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 234.562.840 (31 December 2014: TRY 195.438.967) (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.

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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

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

2.7 Summary of Significant Accounting Policies (Continued)

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 (taxable amount by %5 x tax rate by %5) 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).

3. Business Combinations

There is no business combination within the scope of TFRS-3 "Business Combinations" between 1 January and 31 December 2015 (2014: None).

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.

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

4. Interests in Other Entities (Continued)

The share prices and market values of the Group's quoted entities in Borsa İstanbul A.Ş. (the "BIST") are as follows:

31 December 2015	BIST Best Purchase Price	BIST 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

31 December 2014	BIST Best Purchase Price	BIST Closing Price	Market Value at Closing Price
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3,61	3,64	6.188.000.000
Trakya Cam Sanayii A.Ş.	3,44	3,44	2.542.160.000
Anadolu Cam Sanayii A.Ş.	1,99	2,00	888.000.000
Soda Sanayii A.Ş.	4,28	4,28	2.152.840.000
Denizli Cam Sanayii ve Tic. A.Ş.	8,41	8,41	50.460.000

The Rate of Shares Traded in BIST (%)	31 December 2014	31 Aralık 2014
Türkiye Şişe ve Cam Fabrikaları A.Ş.	34,46	34,52
Trakya Cam Sanayii A.Ş.	30,57	30,59
Anadolu Cam Sanayii A.Ş.	20,74	20,62
Soda Sanayii A.Ş.	16,63	12,97
Denizli Cam Sanayii ve Tic. A.Ş.	48,96	34,84

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 2015 are as follows;

Share title Subject to contract	Contract Date	Strike Unit	Strike Price	Rate of Share
Anadolu Cam Sanayii A.Ş.	22 Nisan 2014	3.000.000	1,89	%0,676
Trakya Cam Sanayii A.Ş.	22 Eylül 2015	3.000.000	1,79	%0,335
Soda Sanayii A.Ş.	14 Ekim 2015	1.000.000	4,73	%0,152

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..

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

4. Interests in Other Entities (Continued)

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

The statement of the financial position as of 31 December 2015

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Consolidated
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 interests	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 between 1 January and 31 December 2015

Revenue	2.118.194.118	1.551.957.888	1.771.758.211	76.495.859
Profit/(loss) for the year	169.043.282	31.318.908	441.073.019	2.185.306
Other comprehensive income	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	-

Summary of cash flows for the period between 1 January and 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)	(206.061.255)	(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 difference	(177.151.129)	(70.714.940)	77.486.727	42.355
Currency translation differences	218.869.056	189.382.061	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 year period	1.168.141.407	675.746.150	857.317.812	228.745

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

4. Interests in Other Entities (Continued)

The statement of the financial position as of 31 December 2014

	Trakya Cam Consolidated	Anadolu Cam Consolidated	Soda Sanayii Consolidated	Denizli Cam Consolidated
Current assets	1.859.827.014	1.295.141.252	1.111.338.089	38.209.710
Non-current assets	2.523.918.995	1.744.610.323	1.009.988.081	26.691.491
Total assets	4.383.746.009	3.039.751.575	2.121.326.170	64.901.201
Current liabilities	713.708.813	461.819.040	305.502.188	28.092.231
Non-current liabilities	1.132.936.011	1.054.785.720	248.859.060	7.637.973
Total liabilities	1.846.644.824	1.516.604.760	554.361.248	35.730.204
Non-controlling interests	204.795.699	88.007.083	19.270.046	-
Net assets of the Company	2.332.305.486	1.435.139.732	1.547.694.876	29.170.997
Dividend paid to non-controlling interests	8.421.000	11.635.555	36.107	-

Profit/ Loss for the period 1 January-31 December 2014

Revenue	2.018.617.608	1.555.025.633	1.606.682.874	68.284.262
Net profit/(loss) for the period	296.112.066	14.111.439	387.599.478	1.268.911
Other comprehensive income/(loss)	(69.071.346)	225.821.045	(12.579.352)	1.131.827
Total comprehensive income/(loss)	227.040.720	239.932.484	375.020.126	2.400.738
Non-controlling interests	13.380.067	19.298.319	2.338.024	-

Cash Flow Position for the period 1 January- 31 December 2014

Cash flows from operating activities	269.048.776	(130.651.654)	449.667.267	5.009.429
Cash flows from investing activities	(158.097.134)	(33.948.869)	30.682.760	(5.053.492)
Cash flows from financing activities	157.157.986	144.793.207	(78.105.850)	63.681
Before currency translation	268.109.628	(19.807.316)	402.244.177	19.618
Currency translation differences	53.742.531	(25.549.973)	21.829.787	(15.341)
Change in cash and cash equivalents	321.852.159	(45.357.289)	424.073.964	4.277
Cash and cash equivalents at the beginning of the period	804.571.321	602.436.318	223.734.921	330.468
Cash and cash equivalents at the end of the period	1.126.423.480	557.079.029	647.808.885	334.745

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

(Amounts are 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 revenue	2.291.914	61.574.962	1.548.696	660.506.802	393.577.139	(1.119.499.513)	-
Revenue	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
Total costs (-)	(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/(loss)	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 from continued operations	205.565.403	52.229.057	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
(*) 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 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
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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

5. Segment Reporting (Continued)
a) Operational Segments (Continued)

1 January - 31 December 2014	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation Adjustments	Consolidated
Net external revenue	2.306.525.608	1.555.685.714	1.553.889.045	1.448.760.642	11.033.367	-	6.875.894.376
Inter group revenue	13.276.191	60.061.287	25.167	502.906.786	15.500.239	(591.769.670)	-
Revenue	2.319.801.799	1.615.747.001	1.553.914.212	1.951.667.428	26.533.606	(591.769.670)	6.875.894.376
Total costs (-)	(1.671.362.144)	(1.110.641.546)	(1.282.159.113)	(1.496.767.852)	(4.644.247)	562.093.945	(5.003.480.957)
Gross profit	648.439.655	505.105.455	271.755.099	454.899.576	21.889.359	(29.675.725)	1.872.413.419
Operating expenses (-)	(481.261.546)	(423.418.518)	(245.434.593)	(192.652.656)	(2.840.138)	27.776.272	(1.317.831.179)
Other operating income	126.109.710	55.095.237	49.689.032	58.605.801	6.030.849	(15.861.668)	279.668.961
Other operating expenses (-)	(76.744.753)	(72.288.457)	(51.149.896)	(47.604.068)	(1.099.530)	3.158.825	(245.727.879)
Income from investments in associates and joint ventures	(1.153.146)	-	6.546.910	59.377.054	-	173.786	64.944.604
Operating profit/(loss)	215.389.920	64.493.717	31.406.552	332.625.707	23.980.540	(14.428.510)	653.467.926
Income from investing activities	142.036.450	14.260.285	135.665.130	88.482.541	268.044	(347.871.619)	32.840.831
Expenses from investing activities (-)	(4.752.877)	(687.223)	(4.181.945)	(29.155)	-	-	(9.651.200)
Operating profit before financial income and expense	352.673.493	78.066.779	162.889.737	421.079.093	24.248.584	(362.300.129)	676.657.557
Financial income	411.153.161	589.120.973	195.208.057	117.446.189	99.743.247	(50.553.649)	1.362.117.978
Financial expenses (-)	(446.902.091)	(622.394.864)	(347.002.384)	(91.164.205)	(87.875.987)	51.024.790	(1.544.314.741)
Profit before tax from continued operations	316.924.563	44.792.888	11.095.410	447.361.077	36.115.844	(361.828.988)	494.460.794
Tax income/(expense) for the period	(20.560.718)	2.757.995	1.955.457	(57.701.111)	(4.081.898)	2.946.076	(74.684.199)
Profit for the period from continued operations	296.363.845	47.550.883	13.050.867	389.659.966	32.033.946	(358.882.912)	419.776.595
Purchases of tangible and intangible assets	530.607.456	247.134.606	222.380.490	118.782.828	37.142.235	-	1.156.047.615
Depreciation and amortization charges (-)	(199.966.953)	(131.255.420)	(222.780.297)	(120.574.333)	(13.305.603)	-	(687.882.606)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (*)	552.640.446	209.322.199	385.670.034	541.653.426	37.554.187	(362.300.129)	1.364.540.163
The Statement of Financial position (31 December 2014)							
Total assets	4.691.500.023	2.133.544.322	2.742.408.957	2.562.045.501	3.369.952.831	(3.149.664.745)	12.349.786.889
- Investments accounted for under equity method	227.301.236	-	27.866.321	234.400.282	702.081	-	490.269.920
Total liabilities	2.222.632.476	843.415.845	1.522.057.885	629.692.033	861.548.176	(968.819.091)	5.110.527.324

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

5. Segment Reporting (Continued)

b) Geographical segments

1 January - 31 December 2015	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	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 group 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	(356,958,258)	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)	345,593,606	(5,236,172,104)
Gross profit	1,748,158,365	74,793,204	358,587,696	8,781,873	2,190,321,138	(11,364,652)	2,178,956,486
Operating expenses (-)	(1,119,787,059)	(125,848,038)	(288,217,205)	(8,684,462)	(1,542,536,764)	30,369,761	(1,512,167,003)
Other operating income	388,320,774	48,325,456	53,003,015	26,423	489,675,668	(17,803,873)	471,871,795
Other operating expenses (-)	(237,471,759)	(64,098,029)	(22,750,379)	(88,587)	(324,408,754)	1,512,959	(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/(loss)	794,551,596	(83,383,848)	166,482,502	35,247	877,685,497	2,714,195	880,399,692
Income from investing activities	247,951,532	11,909,756	2,341,415	12,018	262,214,721	(68,264,803)	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	(65,550,608)	1,026,224,509
Financial income	1,318,803,172	263,669,098	11,104,096	311,067	1,593,887,433	(5,443,688)	1,588,443,745
Financial expenses	(1,164,994,594)	(518,411,615)	(35,635,334)	-	(1,719,041,543)	3,956,178	(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	(67,038,118)	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	(67,038,118)	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)	1,764,413,428
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	(4,050,521,696)	15,662,862,938
- Investments accounted for under equity method	206,590,091	-	368,967,721	-	575,557,812	(12,833,533)	562,724,279
Total liabilities	3,408,383,530	1,332,677,231	1,645,059,748	6,301,702	6,392,422,211	(232,095,598)	6,160,326,613

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

5. Segment Reporting (Continued)

b) Geographical segments

1 January - 31 December 2014	Turkey	Russia, Ukraine and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net external revenue	4.921.837.085	726.371.942	1.227.685.349	-	6.875.894.376	-	6.875.894.376
Inter group sales	160.610.929	70.860.382	85.896.892	15.842.599	333.210.802	(333.210.802)	-
Total net sales (*)	5.082.448.014	797.232.324	1.313.582.241	15.842.599	7.209.105.178	(333.210.802)	6.875.894.376
Cost of sales (-)	(3.552.269.407)	(711.859.490)	(1.056.165.895)	(7129.361)	(5.327.424.153)	323.943.196	(5.003.480.957)
Gross profit	1.530.178.607	85.372.834	257.416.346	8.713.238	1.881.681.025	(9.267.606)	1.872.413.419
Operating expenses (-)	(984.558.144)	(139.691.148)	(211.653.298)	(8.135.241)	(1.344.037.831)	26.206.652	(1.317.831.179)
Other operating income	238.094.048	25.631.131	33.210.329	-	296.935.508	(17.266.547)	279.668.961
Other operating expenses (-)	(133.162.452)	(95.126.801)	(20.125.315)	(100.631)	(248.515.199)	2.787.320	(245.727.879)
Income from investments in associates and joint ventures	8.282.495	-	56.662.109	-	64.944.604	-	64.944.604
Operating profit/(loss)	658.834.554	(123.813.984)	115.510.171	477.366	651.008.107	2.459.819	653.467.926
Income from investing activities	34.457.215	4.898.405	667.164	-	40.022.784	(7181.953)	32.840.831
Expenses from investing activities (-)	(5.602.226)	(4.048.974)	-	-	(9.651.200)	-	(9.651.200)
Operating profit before financial income and expense	687.689.543	(122.964.553)	116.177.335	477.366	681.379.691	(4.722.134)	676.657.557
Financial income	1.203.067.984	152.721.179	10.265.965	67.582	1.366.122.710	(4.004.732)	1.362.117.978
Financial expenses	(1.182.920.595)	(334.787.160)	(29.313.491)	(34.059)	(1.547.055.305)	2.740.564	(1.544.314.741)
Profit before tax from continued operations	707.836.932	(305.030.534)	97.129.809	510.889	500.447.096	(5.986.302)	494.460.794
Tax income/(expense) for the period	(83.935.484)	26.726.448	(17.264.468)	(210.695)	(74.684.199)	-	(74.684.199)
Profit for the period	623.901.448	(278.304.086)	79.865.341	300.194	425.762.897	(5.986.302)	419.776.595
Purchases of tangible and intangible assets	405.478.913	398.083.919	352.476.179	8.604	1.156.047.615	-	1.156.047.615
Depreciation and amortization charges (-)	(424.483.053)	(148.329.502)	(115.006.249)	(63.802)	(687.882.606)	-	(687.882.606)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.112.172.596	25.364.949	231.183.584	541.168	1.369.262.297	(4.722.134)	1.364.540.163
Statement of Financial position (31 December 2014)							
Total assets	10.228.783.804	1.617.311.385	3.434.563.016	2.294.952	15.282.953.157	(2.933.166.268)	12.349.786.889
- Investments accounted for under equity method	167.036.667	-	323.233.253	-	490.269.920	-	490.269.920
Total liabilities	2.674.939.621	1.385.260.606	1.365.861.238	694.296	5.426.755.761	(316.228.437)	5.110.527.324

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

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

6. Cash and Cash Equivalents

	31 December 2015	31 December 2014
Cash on hand	489.688	577.062
Cash at banks	3.143.797.775	2.774.661.262
– Demand deposits	167.585.733	181.630.451
– Time deposits (with a maturity of three months or less)	2.976.212.042	2.593.030.811
Other liquid assets	54.638	207.033
	3.144.342.101	2.775.445.357

Time deposits

Currency	Interest Rate(%)	Interest Maturity	31 December 2015	31 December 2014
US Dollars	%1,75-%1,95	January-March 2016	2.620.572.827	1.660.980.525
EUR	%1,30-%1,65	January-February 2016	190.340.867	828.083.449
Turkish Lira	%7,82-%10,80	January 2016	94.344.417	92.221.715
TRY equivalent of other currencies			70.953.931	11.745.122
			2.976.212.042	2.593.030.811

Cash and cash equivalents as of 31 December 2015 and 31 December 2014 presented in the consolidated statement of cash flows are as follows:

	31 December 2015	31 December 2014
Cash and cash equivalents	3.144.342.101	2.775.445.357
Less: Interest accrual	(3.776.041)	(2.054.696)
	3.140.566.060	2.773.390.661

7. Financial Assets

a) Current financial asset

Current financial asset	31 December 2015	31 December 2014
Financial assets held to maturity	1.822.062	-
Time deposits with a maturity of longer than three months and shorter than one year	812.340	721.100
	2.634.402	721.100

b) Non-current financial asset

Available for sale financial assets	31 December 2015	31 December 2014
Financial investments not traded in an active market	51.659.530	81.495.795
Unconsolidated subsidiaries	663.451	663.451
Financial investments carried at market price	319.530	330.875
	52.642.511	82.490.121
Financial assets held to maturity	26.766.367	-
Total non-current financial assets	79.408.878	82.490.121

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

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

	31 December 2015	31 December 2014
1 January	82.490.121	82.665.765
Transfers to assets held for sale	(29.836.265)	-
Liquidation of Available-for-sale investments	(1.787.091)	-
Reversal of impairment	1.787.091	-
Change in fair value	(11.345)	23.387
Capital increase	-	335.508
Sale of Available-for-sale investments	-	(188.233)
Impact of sale of subsidiary	-	(10.798)
Provision for impairment	-	(335.508)
	52.642.511	82.490.121

Financial assets carried at market price	Rate of Share (%)	31 December 2015	Rate of Share (%)	31 December 2014
İş Finansal Kiralama A.Ş. (*)	<1	319.530	<1	330.875

(*) İş Finansal Kiralama A.Ş. is quoted in BIST and it was revalued at the best bid price which is TRY 0,79 (31 December 2014: TRY 0,94). The Group acquired additional share from the capital increase of İş Finansal Kiralama A.Ş. with the internal sources at a nominal value by TRY 52.474,27.

Financial assets not traded in an active market	Rate of Share (%)	31 December 2015	Rate of Share (%)	31 December 2014
Trakya Yatırım Holding A.Ş. ⁽¹⁾	34,65	51.656.972	34,65	51.656.972
Avea İletişim Hizmetleri A.Ş. ⁽²⁾	<1	-	<1	29.836.265
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		81.495.795

- (1) Trakya Yatırım Holding A.Ş. is under the control of Türkiye İş Bankası A.Ş. and the Group does not have any significant influence or control power over this financial asset because the following criteria are not met:
- Representation on the board of directors or equivalent governing body of the investee,
 - Participation in policy-making processes, including participation in decisions about dividends or other distributions,
 - Participation in policy-making processes, including participation in decisions about dividends or other distributions,
 - Interchange of managerial personnel or providing technical information required for the enterprise.
- (2) Since T.İş Bankası A.Ş., the main shareholder of the Group, started an active program for the sales of financial assets, relevant financial asset 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 29 April 2015. On 30 July 2015, related permissions were taken and the shares were sold to Türk Telekomünikasyon A.Ş.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

7. Financial Assets (Continued)

b) Non-current financial asset (Continued)

Unconsolidated subsidiaries	Rate of Share (%)	31 December 2015	Rate of Share (%)	31 December 2014
Şişecam Shanghai Trade Co. Ltd.	100,00	655.449	100,00	655.449
Paşabahçe Yatırım ve Pazarlama A.Ş.	100,00	500.000	100,00	500.000
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
Paşabahçe Glass GmbH	100,00	68.699	100,00	68.699
Topkapı Yatırım Holding A.Ş.	80,00	51.796	80,00	51.796
Paşabahçe Spain SL	100,00	42.792	100,00	42.792
Paşabahçe USA Inc.	100,00	164	100,00	164
Paşabahçe Mağazaları B.V. (*)	-	-	100,00	1.787.091
Değer düşüklüğü karşılığı (-)		(867.532)		(2.654.623)
		663.451		663.451

Paşabahçe Glass GmbH, Paşabahçe Spain SL, Paşabahçe USA Inc., are subsidiaries incorporated internationally, engaging in the production, marketing and sale operations. The financial statements of these companies and the financial statements of Paşabahçe Yatırım ve Pazarlama A.Ş. and Topkapı Yatırım Holding A.Ş. are not included in consolidation due to their immateriality.

Impairment is allocated for whole carrying amounts of Mepa Merkezi Pazarlama A.Ş., Paşabahçe Mağazaları B.V. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

(*) Paşabahçe Mağazaları B.V. which is inactive was liquidated on 12 March 2015.

Held to maturity investments

Marketable security definitions	31 December 2015	31 December 2014
VAKBN %6 011122, ISIN XS0849728190	14.550.208	-
ISCTR %7,85 101223, ISIN XS1003016018	14.038.221	-
	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.

There is an active market for financial assets held to maturity and the market value is TRY 28.280.295 as of 31 December 2015. TRY 14.394.976 (USD 4.950.810) of the amount is related to the marketable securities of VAKBN, and the remaining amount of TRY 13.885.319 (USD 4.775.526) is related to the marketable securities of ISCTR.

The expiry dates of financial assets held to maturity are as follow:

Collection periods	31 December 2015	31 December 2014
3 - 12 Months	1.822.062	-
1 - 5 years	6.232.965	-
More than 5 years	20.533.402	-
	28.588.429	-

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

8. Borrowings

	31 December 2015	31 December 2014
Current financial liabilities		
Short term borrowings	658.119.434	576.464.776
Short term portion of long term borrowings	31 December 2015	31 December 2014
Short term portion of long term borrowings and interests	578.818.790	374.567.222
Bonds issued	5.324.698	3.772.864
Discount on issuance of bonds	(1.413.166)	(900.102)
Financial leases	260	110.996
Deferred financial lease liabilities costs (-)	(260)	(4.334)
Total short term portion of long term borrowings	582.730.322	377.546.646
Non-current financial liabilities	1.240.849.756	954.011.422
Long term borrowings	31 December 2015	31 December 2014
Long term portion of long term borrowings	1.921.474.273	1.732.813.880
Bonds issued	1.453.800.000	1.159.450.000
Discount on issuance of bonds	(4.775.784)	(6.587.592)
Financial leases	2.804.428	3.718.386
Deferred financial lease liabilities costs (-)	-	(130)
Total non-current financial liabilities	3.373.302.917	2.889.394.544
Total financial liabilities	4.614.152.673	3.843.405.966

The following international rating agencies were confirmed the Company's credit ratings as follows;

- On 26 May 2014,Standart&Poors declared the credit rating of the Company as "BB+" for TRY and foreign currency denominated long-term loans, "b" for short-terms loans and the view of the loans as "static",
- On 6 May 2014,Moody's declared the credit rating and view of the Company for the long-term loans as "Ba1" and "static", respectively.
- 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.

The Company quoted the bond amounting to USD 407.210.000 with the code of ISIN: XS0927634807, issued under Regulation S and the bond amounting to USD 92.790.000 with the code of ISIN: US90016AAA88, issued under Rule 144A on the Irish Stock Exchange and the issue certificate of the notes was provided by the CMB on 3 May 2013 and approved on 30 April 2013 with decision no 15/487. Citigroup, BNP Paribas, J.P. Morgan and HSBC acted as agencies for the issue of the bond. The procedures related to the sale of the bonds to foreign qualified investors were completed on 9 May 2013. The central safekeeping institutions of traded securities are Euroclear and Clearstream.

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

8. Borrowings (Continued)

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

Repricing periods for loans	31 December 2015	31 December 2014
Shorter than 3 months	1.151.735.853	812.210.235
3 - 12 months	1.797.933.861	1.379.397.168
1 - 5 years	192.282.137	480.010.478
5 years and more	16.460.646	12.227.997
	3.158.412.497	2.683.845.878

The interest rate for the issued bonds amounting to TRY 1.452.935.748 is 4,25% (Effective interest rate 4,415%) and the coupon interest payments would be paid semi-annually in equal instalments. (31 December 2014: TRY 1.155.735.170).

The financial leases amounting to TRY 2.804.428 is paid up in equal monthly instalments (31 December 2014: TRY 3.824.918).

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 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
Currency translation differences	72.833.979	798.724	(11.400)	73.621.303
Foreign exchange gain/(loss)	247.584.929	-	-	247.584.929
Additions during the period	1.696.878.349	185.772.113	(4.526.135)	1.878.124.327
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

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

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

8. Borrowings (Continued)

Financial liabilities movements for the period between 1 January and 31 December 2015 are summarized as below:

Bank Borrowings	Principal	Interest	Commission	Total
1 January	2.500.199.671	16.589.706	(3.404.874)	2.513.384.503
Currency translation differences	(624.358.687)	(8.281.223)	573.504	(632.066.406)
Foreign exchange gain/(loss)	140.797.022	-	-	140.797.022
Additions during the period	1.591.259.245	172.566.691	(2.498.813)	1.761.327.123
Payments during the period	(947.435.490)	(153.611.171)	1.450.297	(1.099.596.364)
31 December 2014	2.660.461.761	27.264.003	(3.879.886)	2.683.845.878

Bonds issued	Principal	Interest	Discount on bonds	Commission	Total
1 January	1.067.150.000	6.563.465	(6.065.238)	(2.620.360)	1.065.027.867
Foreign exchange gain/(loss)	92.300.000	-	-	-	92.300.000
Additions during the period	-	43.298.350	-	-	43.298.350
Payments during the period	-	(46.088.951)	789.537	408.367	(44.891.047)
31 December 2014	1.159.450.000	3.772.864	(5.275.701)	(2.211.993)	1.155.735.170

On 9 May 2013, the Group issued 7 year term, fixed interest bonds amounting to USD 500 million with the maturity date of May 2020. The interest rate for the bonds was determined as 4,25%. The capital payment of the bond would be made at maturity date.

On 9 May 2013, the amounts were transferred to the bank accounts of our subsidiaries, which provided a guarantee for capital, interest, and similar payments in relation to the issue of the bonds (USD 250 million of Trakya Cam Sanayii A.Ş., USD 100 million of Anadolu Cam Sanayii A.Ş. and USD 50 million of Soda Sanayii A.Ş.), under the same terms and circumstances.

Financial leases	Principal+Interest	Interest (-)	Total
1 January	5.838.306	(53.964)	5.784.342
Currency translation differences	(169.392)	-	(169.392)
Additions-provisions for the period	178.138	(178.138)	-
Payment during the period	(2.017.670)	227.638	(1.790.032)
31 December 2014	3.829.382	(4.464)	3.824.918

Capitalized finance expenses are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange loss	1.835.780	-
Interest expense	288.065	20.402.774
	2.123.845	20.402.774

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

8. Borrowings (Continued)

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

Currency	Maturity	Interest interval (%) (*)	Short Term	Long Term	Total
US Dollars	2016-2023	Libor+2,15-4,50	181.865.748	1.706.920.098	1.888.785.846
EUR	2016-2026	Euribor+1,10-6,00	689.952.631	1.468.470.723	2.158.423.354
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'tür (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).

31 December 2014

Currency	Maturity	Interest interval (%) (*)	Short Term	Long Term	Total
US Dollars	2015-2022	Libor+1,50-4,50	158.168.210	1.325.204.621	1.483.372.831
EUR	2015-2022	Euribor+0,819-6,00	515.665.272	1.041.504.424	1.557.169.696
Russian Rubles	2015-2021	9,00-23,00	251.335.167	483.142.161	734.477.328
Ukrainian Hryvnia	2015-2021	12,50-19,50	12.757.289	36.168.402	48.925.691
Turkish Lira	2015-2016	10,04	16.085.484	3.374.936	19.460.420
			954.011.422	2.889.394.544	3.843.405.966

(*) The weighted average interest rate for EUR is Euribor + 2,69% for USD is Libor + 2,56% for RUR is Mosprime+2,65%, for UAH is 15,01% and for TRY is 10,04%. (Average effective annual interest rate for EUR is 3,10%, for USD is 4,07%, for RUR is 11,86%, for UAH is 15,01% and for TRY is 10,04%).

The redemption schedule of the financial liabilities is as follows:

	31 December 2015	31 December 2014
Within 1 year	1.240.849.756	954.011.422
Within 1- 2 years	677.630.726	597.808.376
Within 2- 3 years	660.573.262	581.205.893
Within 3- 4 years	288.900.485	240.242.153
Within 4- 5 years	1.612.979.665	208.823.038
More than 5 years	133.218.779	1.261.315.084
	4.614.152.673	3.843.405.966

The weighted average maturity of the financial liabilities is 978 days (31 December 2014: 1.097 days).

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9. Other Financial Liabilities

None (31 December 2014: None).

10. Trade Receivables and Payables**Trade Receivables**

Current trade receivables	31 December 2015	31 December 2014
Trade receivables	1.406.463.041	1.146.286.836
Notes receivables	35.727.394	32.670.506
Rediscount of notes receivable (-)	(8.574.853)	(6.162.048)
Due to related parties (Note 37)	15.460.616	13.169.905
Other trade receivables	235.500	356.248
Provision for doubtful receivables	(44.437.106)	(37.154.309)
	1.404.874.592	1.149.167.138

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 (31 December 2014: 90 days) and 2% overdue interest rate is applied for the payments made after the due date (31 December 2014: 2%).

The average sales term for auto glass and processed glass items is 45 days. (31 December 2014: 45 days).

A portion of foreign sales are made in cash and the remaining portion receivable has average 45 days maturity. (31 December 2014: 45 days).

The average sales term for automatic glass items is 75 days (December 2014: 75 days) and a monthly overdue interest rate of 2% is applied for the payments made after the due date. (31 December 2014: 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 49 days. (31 December 2014: 36 days).

The average sales term for foreign sales of glass packaging products is 60 days. (31 December 2014: 70 days).

Inter-group sales terms of soda products are 30 days. The applied average term of domestic external sales related to soda products is 49 days (31 December 2014: 43 days). Monthly 2% overdue interest is applied for the payments made after due dates (31 December 2014: 2%).

The average sales term for domestic sales of chromium products in foreign currency is 24 days (31 December 2014: 29 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (31 December 2014: 1%). Average sales term for export sales is 65 days (31 December 2014: 63 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 (Continued)

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 2015	31 December 2014
1 January	(37.154.309)	(34.125.193)
Charge for the year	(19.438.217)	(10.969.530)
Collections	13.055.073	6.168.220
Currency translation differences	(899.653)	1.772.194
	(44.437.106)	(37.154.309)

The Group holds the following collaterals for trade receivables:

	31 December 2015	31 December 2014
Letters of guarantees	233.596.373	194.159.842
Promissory notes and bills	112.327.913	75.899.478
Direct debiting system	110.444.205	94.902.330
Mortgages	14.916.183	15.293.819
Cash	11.734.244	8.074.385
	483.018.918	388.329.854

As of 31 December 2015, TRY 219.807.405 (31 December 2014: TRY 184.787.513) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2015	31 December 2014
1- 30 days overdue	117.503.505	123.033.146
1-3 months overdue	62.985.239	34.829.731
3-12 months overdue	23.734.904	15.559.453
1- 5 years overdue	15.583.757	11.365.183
Total overdue receivables	219.807.405	184.787.513
The part under guarantee with collateral, etc.	31.653.257	28.137.979

Trade Payables

	31 December 2015	31 December 2014
Short term trade payables		
Trade payables	700.214.682	608.993.322
Due to related parties (Note 37)	57.994.292	50.555.903
Other trade payables	202.169	580.760
Rediscount on notes payable (-)	(2.530.720)	(2.396.156)
	755.880.423	657.733.829

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11. Other Receivables and Payables

	31 December 2015	31 December 2014
Other current receivable		
Other receivables	21.382.397	15.592.673
Due from related parties (Note 37)	3.545.561	7.626.686
Deposits and guarantees given	2.830.059	3.298.241
Due from personnel	2.220.448	1.658.190
Due from sales of financial asset (Note 34)	952.365	-
Allowance for other doubtful receivables (-)	(258.387)	(2.851.354)
Rediscount on other notes receivables (-)	(829)	-
	30.671.614	25.324.436

The movement of other doubtful receivables is as follows:

	31 December 2015	31 December 2014
1 January	(2.851.354)	(7.284.963)
Collections	3.021.287	2.113.208
Currency translation differences	(276.898)	2.416.937
Charge for the period	(151.422)	(96.536)
	(258.387)	(2.851.354)

	31 December 2015	31 December 2014
Other non-current receivables		
Due from sales of financial asset (Note 34)	28.397.788	-
Receivable from tax office	14.490.314	14.455.210
Deposits and guarantees given	3.661.198	2.805.968
Deposits and guarantees given (-)	(6.486.678)	-
Rediscount on other notes receivables (-)	(35.104)	-
	40.027.518	17.261.178

	31 December 2015	31 December 2014
Other current payables		
Due to purchase of additional shares of subsidiary (Note 27)	25.420.800	-
Deposits and guarantees received	11.534.272	7.970.466
Other payables	4.151.069	7.197.900
Other payables to related parties (Note 37)	3.642.577	4.525.328
Rediscount on other notes payables (-)	(60.966)	(40.644)
	44.687.752	19.653.050

	31 December 2015	31 December 2014
Other non-current payables		
Due to purchase of additional shares of subsidiary (Note 27)	57.196.800	-
Other payables	1.036.902	904.548
Deposits and guarantees received	199.972	103.919
Rediscount on other notes payables (-)	(83.879)	-
	58.349.795	1.008.467

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

12. Derivative Instruments

The Group entered into a loan agreement with HSBC London in 27 November 2013 and fixed the interest rates of variable interest rate loans that were denominated in US Dollar along the maturity with the purpose of making the liability position of the companies located in Russia and operating under glass packaging segment compatible with their asset position in terms currency and hedging the companies against the possible increases in interest rates.

Hedging instruments include, interest rates swaps converting floating rate of Libor+2,55% to fixed rate of 9,30% with 3-month intervals for a USD denominated borrowing of USD 70 million and cross currency swaps converting USD denominated capital and interest payables into Russian Ruble denominated ones. USD 16,5 Million was realised as of the balance sheet date.

The Group signed the following agreements within the scope of its forward transactions;

- 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,
- 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 breakdowns of derivative instruments are as follows:

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Swap transactions	89.385.880	-	84.341.541	-
Forward transactions	124.016	1.557.339	-	-
	89.509.896	1.557.339	84.341.541	-

The transactions related to derivative instruments are as follows:

	31 December 2015	31 December 2014
1 January	84.341.541	(4.154.651)
Foreign exchange gain/(loss) charged to statement of profit or loss (*)	49.682.633	94.803.853
Fair value changes charged to equity	(32.429.170)	20.984.623
Cash inflows/(outflows) due to realized foreign exchange gain/loss	(8.229.407)	-
Currency translation differences	(5.629.443)	(27.557.029)
Interest expense charged to statement of profit or loss	216.403	264.745
Net asset/(liability)	87.952.557	84.341.541

(*) TRY 1.930.030 of foreign exchange gain recognized in consolidated income statement amounting to TRY 49.682.633 was accounted in other operating income; the remaining amount of TRY 47.752.603 was accounted in finance income

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

13. Inventories

	31 December 2015	31 December 2014
Finished goods	1.015.179.217	875.236.552
Raw materials	424.673.323	355.658.813
Trade goods	107.876.141	85.273.665
Other inventories	49.780.643	34.386.311
Work in process	46.471.371	27.434.344
Supplies	26.170.194	23.811.003
Goods in transit	16.266.689	40.032.530
Provision for inventory write-down (-)	(17.232.394)	(19.889.480)
	1.669.185.184	1.421.943.738

The movement of provision for inventory write-down is as follows:

	31 December 2015	31 December 2014
1 January	(19.889.480)	(17.014.791)
Provision released	9.365.748	2.692.676
Provision for the year	(6.328.172)	(7.433.313)
Currency translation differences	(380.490)	1.865.948
	(17.232.394)	(19.889.480)

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

Prepaid expenses in current assets	31 December 2015	31 December 2014
Order advances given for inventories	73.812.746	51.125.200
Prepaid expenses	11.453.176	13.651.690
	85.265.922	64.776.890
Prepaid expenses in non-current assets	31 December 2015	31 December 2014
Advances given for tangible and intangible assets	102.680.351	78.341.031
Prepaid expenses	34.040.352	24.080.790
	136.720.703	102.421.821

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

14. Prepaid Expenses and Deferred Income (Continued)

Deferred Income

	31 December 2015	31 December 2014
Short term deferred income		
Deferred income (*)	54.643.730	39.848.238
Order advances received	34.833.505	22.368.442
Other advances received	281.698	1.935.917
	89.758.933	64.152.597
Non-current deferred income		
Deferred income (*)	51.834.910	43.045.742

(*) TRY 4.233.157 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 2014: TRY 144.962, TRY 43.045.742 respectively).

15. Construction Contracts

None (31 December 2014: 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 2015	31 December 2014
HNG Float Glass Limited	159.797.741	127.799.491
Rudnik Krecnjaka Vijenac D.O.O.	19.618.720	16.725.321
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	17.171.523	15.571.109
Oxyvit Kimya Sanayii ve Tic. A.Ş.	10.002.107	6.940.746
OOO Balkum	-	4.138.866
	206.590.091	171.175.533

Associates

	31 December 2015	31 December 2014
Solvay Şişecam Holding AG	236.304.976	211.424.223
Saint Gobain Glass Egypt S.A.E.	119.829.212	99.501.745
OA FormMat	-	8.168.419
	356.134.188	319.094.387
	562.724.279	490.269.920

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

16. Joint Ventures and Associates (Continued)

The Group's shares in investments accounted for under equity accounting method in the income statement are as follows:

Joint Ventures

	31 December 2015	31 December 2014
HNG Float Glass Limited	5.676.741	(54.953)
Rudnik Krecnjaka Vijenac D.O.O.	738.285	1.111.020
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	6.408.871	5.531.347
Oxyvit Kimya Sanayii ve Tic. A.Ş.	2.507.378	1.695.081
OOO Balkum	-	664.962
	15.331.275	8.947.457

Associates

	31 December 2015	31 December 2014
Solvay Şişecam Holding AG	51.303.408	56.740.450
Saint Gobain Glass Egypt S.A.E.	(2.000.474)	(1.098.193)
OAQ FormMat	-	354.890
	49.302.934	55.997.147
	64.634.209	64.944.604

Dividend income from joint ventures are as follows:

	31 December 2015	31 December 2014
Solvay Şişecam Holding AG	53.080.393	27.953.794
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	4.862.250	5.914.443
Oxyvit Kimya Sanayii ve Tic. A.Ş.	1.250.000	1.815.482
	59.192.643	35.683.719

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

	31 December 2015	31 December 2014
1 January	490.269.920	449.299.322
Currency translation differences	69.456.803	(3.333.178)
Net income for the period (net) from joint ventures and associates	64.634.209	64.944.604
Payment for capital increase	6.823.350	14.935.555
Revaluation gain on tangible assets	2.695.916	-
Remeasurement gain/loss on employee benefit plans	61.480	107.336
Dividend income from joint ventures	(59.192.643)	(35.683.719)
Sale impact of joint venture and associate	(12.024.756)	-
	562.724.279	490.269.920

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follows:HNG Float Glass Limited

	31 December 2015	31 December 2014
Current assets	54.344.999	70.697.710
Non-current assets	405.148.306	364.532.695
Total assets	459.493.305	435.230.405
Current liabilities	73.618.794	126.853.673
Non-current liabilities	66.279.029	52.777.750
Total liabilities	139.897.823	179.631.423
Net asset (including goodwill)	319.595.482	255.598.982
Group's share (%)		
– Direct and indirect ownership rate(%)	50,00	50,00
– Effective ownership rate (%)	34,89	34,89
Group's share in net assets	159.797.741	127.799.491

	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	214.665.207	181.136.016
Profit from continuing operations	11.353.482	(109.906)
Other comprehensive income	52.643.018	14.940.808
Total comprehensive income/ (loss)	63.996.500	14.830.902
The Group's share in profit/(loss) from continuing operations	5.676.741	(54.953)

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.

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

16. Joint Ventures and Associates (Continued)

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

Rudnik Krechnjaka Vijenac D.O.O.

	31 December 2015	31 December 2014
Current assets	3.806.411	3.713.816
Non-current assets	43.523.192	38.253.204
Total assets	47.329.603	41.967.020
Current liabilities	7.604.178	8.023.548
Non-current liabilities	487.985	492.830
Total liabilities	8.092.163	8.516.378
Net asset (including goodwill)	39.237.440	33.450.642
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)	19.618.720	16.725.321
	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	15.587.954	16.216.574
Profit from continuing operations	1.476.570	2.222.040
Other comprehensive income	4.310.228	(1.348.636)
Total comprehensive income/ (loss)	5.786.798	873.404
The Group's share in profit/(loss) from continuing operations	738.285	1.111.020

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.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Joint Ventures is as follow (Continued):

Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.

	31 December 2015	31 December 2014
Current assets	36.104.944	30.189.809
Non-current assets	8.521.422	8.911.816
Total assets	44.626.366	39.101.625
Current liabilities	6.718.390	5.033.657
Non-current liabilities	3.564.930	2.925.750
Total liabilities	10.283.320	7.959.407
Total assets	34.343.046	31.142.218
Group's share (%)		
– Direct and indirect ownership ratio (%)	50,00	50,00
– Effective ownership ratio (%)	39,56	39,57
Group's share in net assets	17.171.523	15.571.109

	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	63.322.024	62.173.618
Profit from continuing operations	12.817.742	11.062.693
Other comprehensive income/(loss)	107.587	189.845
Total comprehensive income/(loss)	12.925.329	11.252.538
The Group's share in profit/(loss) from continuing operations	6.408.871	5.531.347
Dividend distribution from retained earnings	9.724.501	11.828.885
Dividend distributed to company's share	4.862.250	5.914.443

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

16. Joint Ventures and Associates (Continued)

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

Oxyvit Kimya Sanayii ve Tic. A.Ş.

	31 December 2015	31 December 2014
Current assets	19.045.486	12.700.925
Non-current assets	14.412.178	10.693.112
Total assets	33.457.664	23.394.037
Current liabilities	8.995.728	5.685.833
Non-current liabilities	4.457.722	3.826.712
Total liabilities	13.453.450	9.512.545
Total assets	20.004.214	13.881.492
Group's share (%)		
– Direct and indirect ownership ratio (%)	50,00	50,00
– Effective ownership ratio (%)	40,04	41,44
Group's share in net assets	10.002.107	6.940.746

	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	40.959.851	31.446.253
Profit from continuing operations	5.014.756	3.390.162
Other comprehensive income/(loss)	3.607.966	24.827
Total comprehensive income/(loss)	8.622.722	3.414.989
The Group's share in profit from continuing operations	2.507.378	1.695.081
Dividend distribution from retained earnings	2.500.000	3.630.963
Dividend distributed to company's share	1.250.000	1.815.482

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

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

16. Joint Ventures and Associates (Continued)

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

OOO Balkum

	10 December 2015	31 December 2014
Current assets	6.541.552	4.151.521
Non-current assets	5.784.842	6.281.303
Total assets	12.326.394	10.432.824
Current liabilities	2.864.516	2.096.222
Non-current liabilities	110.710	58.871
Total liabilities	2.975.226	2.155.093
Total assets	9.351.168	8.277.731
Group's share (%)		
– Direct and indirect ownership ratio (%)	50,00	50,00
– Effective ownership ratio (%)	39,56	20,18
Group's share in net assets	4.675.584	4.138.866

	1 January- 10 December 2015	1 January- 10 December 2014
Revenue	12.400.023	14.373.595
Profit from continuing operations	1.353.376	1.329.924
Other comprehensive income/(loss)	(279.939)	(4.881.280)
Total comprehensive income/ (loss)	1.073.437	(3.551.356)
The Group's share in profit from continuing operations	676.688	664.962

The Group consolidated the Joint Venture from 31 December 2005 to 10 December 2015. All Group shares in the Joint Venture sold to Sudel Invest S.a.r.l. and removed from the scope of consolidation from this date.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Associates is as follows (Continued):

Solvay Şişecam Holding AG

	31 December 2015	31 December 2014
Current assets	325.550.925	353.819.441
Non-current assets	767.800.260	656.133.987
Total assets	1.093.351.185	1.009.953.428
Current liabilities	86.801.601	97.730.559
Non-current liabilities	41.824.165	49.000.221
Total liabilities	128.625.766	146.730.780
Non-controlling interest	19.505.515	17.525.758
Total assets	945.219.904	845.696.890
Group's share (%)		
– Direct and indirect ownership ratio (%)	25,00	25,00
– Effective ownership ratio (%)	19,50	20,19
Group's share in net assets	236.304.976	211.424.223

	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	672.885.111	621.645.366
Profit from continuing operations	142.204.703	190.717.011
Dividends paid in advance from current year profit	63.008.930	36.244.790
Profit from continuing operations	205.213.633	226.961.801
Other comprehensive income/(loss)	106.630.953	(33.439.496)
Total comprehensive income/ (loss)	311.844.586	193.522.305
The Group's share in profit/(loss) from continuing operations	51.303.408	56.740.450
Dividend distribution from retained earnings	149.312.642	75.570.388
Dividend distributed to Company's share	53.080.393	27.953.794

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Associates is as follows (Continued):

Saint Gobain Glass Egypt S.A.E

	31 December 2015	31 December 2014
Current assets	115.969.544	98.157.090
Non-current assets	454.516.657	417.826.206
Total assets	570.486.201	515.983.296
Current liabilities	139.398.223	138.169.900
Non-current liabilities	31.838.500	46.140.912
Total liabilities	171.236.723	184.310.812
Net asset (including goodwill)	399.249.478	331.672.484
Group's share (%)		
– Direct and indirect ownership ratio (%)	30,01	30,00
– Effective ownership ratio (%)	20,95	20,94
Group's share in net assets (including goodwill)	119.829.212	99.501.745

	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	158.342.107	154.178.269
Loss from continuing operations	(6.665.222)	(3.660.642)
Other comprehensive income/(loss)	47.907.956	17.787.815
Total comprehensive income/(loss)	41.242.734	14.127.173
The Group's share in profit/ (loss) from continuing operations	(2.000.474)	(1.098.193)
Capital increases in the period (*)	26.334.260	57.753.080
The Group's share in cash capital increase	6.823.350	14.935.555

(*) Saint Gobain Glass Egypt S.A.E increased its capital by EGP 74.500.000 on 30 September 2015, Group contributed the capital increase of Saint Gobain Glass Egypt S.A.E by EGP 22.500.000 which leads to increase its rate of share from 30,00% to 30,01%. The capital contribution was proceed by capital advanced give before 1 January 2015. Saint Gobain Glass Egypt S.A.E increased its capital by EGP 187.000.000 on 14 April 2014, Group contributed the capital increase of Saint Gobain Glass Egypt S.A.E by EGP 49.250.000 which leads to decrease its rate of share from 30,82% to 30,00%. The capital contribution was proceed by capital advanced give before 1 January 2014.

The Group has consolidated the Associate since 4 October 2012.

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

16. Joint Ventures and Associates (Continued)

The summary of the financial statements of Associates is as follows (Continued):

QAO FormMat

	10 December 2015	31 December 2014
Current assets	2.191.265	1.719.294
Non-current assets	16.282.154	16.691.701
Total assets	18.473.419	18.410.995
Current liabilities	1.590.658	1.503.648
Non-current liabilities	48.364	51.346
Total liabilities	1.639.022	1.554.994
Net asset (including goodwill)	16.834.397	16.856.001
Group's share (%)		
– Direct and indirect ownership ratio (%)	48,46	48,46
– Effective ownership ratio (%)	38,34	19,55
Group's share in net assets (including goodwill)	8.157.949	8.168.419

	1 January- 10 December 2015	1 January- 10 December 2014
Revenue	4.162.528	5.089.858
Profit from continuing operations	272.574	732.336
Other comprehensive income/(loss)	(294.178)	(10.187.620)
Other comprehensive income/(loss)	(21.604)	(9.455.284)
The Group's share in profit/(loss) from continuing operations	132.089	354.890

The Group consolidated the Joint Venture from 30 June 2005 to 10 December 2015. All Group shares in the Joint Venture sold to Sudel Invest S.a.r.l. and removed from the scope of consolidation from this date.

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17. Investment Properties

	31 December 2015	31 December 2014
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	108.019.833	-
Total impact from revaluation	510.195.943	402.176.110
Fair value	534.318.624	426.298.791

The Group has classified Çayırova property located in Gebze, Kocaeli, as investment property due to the termination operational use as of 31 December 2012. The fair value of the property is determined as TRY 269.318.624 as of 31 December 2015 (31 December 2012: 217.707.575). Revaluation gains amounting to TRY 51.611.049 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 2.580.552 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 265.000.000 as of 31 December 2015 (30 June 2011: TRY 208.591.216) Revaluation gains amounting to TRY 56.408.784 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 2.820.439 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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(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

18. Property, Plant and Equipment

Cost	Land	Land improvements	Land	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	(1107.070.556)	-
Balance 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 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
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

(*) The Group reconsidered the fixed assets (includes fully amortized) and performed reclassifications and offsetting in the related accounts. The related fixed assets have no impact on profit/ (loss).

(**) The financial expenses amounting to TRY 2123.845 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 2014 : None.)

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

18. Property, Plant and Equipment (Continued)

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Previously reported- 1 January	99,109.689	301,253.914	1,819,325.001	7,131,856.718	47,072.393	326,016.988	518,606.993	1,224,635.706	11,467,877.402
Classification (*)	-	9,065.558	(9,772.137)	10,281.974	757,885	(2,461.873)	2,680.901	-	10,552.308
Impact of sale of subsidiary	(2,650.225)	(545.407)	(6,028.520)	(20,502.636)	(1,173.970)	(2,058.850)	-	-	(32,959.608)
Currency translation differences	(2,580.614)	(21,230.240)	(318,484.043)	(469,557.153)	(3,840.866)	(15,662.547)	(51,155.137)	(148,125.266)	(1,030,635.866)
Additions (**)	1,250	348.728	13,395.424	120,021.509	3,287.402	39,880.453	17,832.138	940,776.336	1,135,543.240
Disposals	(983.585)	(127.473)	(15,857.341)	(82,141.119)	(2,513.075)	(19,235.592)	(62,356.091)	(1,853.632)	(185,067.908)
Transfers from construction in progress	16,530.335	31,936.376	431,750.580	755,284.798	8,108.064	20,508.219	86,055.251	(1,350,173.623)	-
Balance at 31 December 2014	109,426.850	320,701.456	1,914,328.964	7,445,244.091	51,697.833	346,986.798	511,664.055	665,259.521	11,365,309.568
Accumulated depreciation and impairment									
Previously reported- 1 January	-	(157,395.345)	(510,582.635)	(4,715,901.499)	(34,356.725)	(250,071.202)	(353,008.736)	-	(6,021,316.142)
Classification (*)	-	(3,218.097)	3,941.266	(10,094.096)	(755.554)	2,360.964	(2,786.791)	-	(10,552.308)
Impact of sale of subsidiary	-	507.326	5,170.104	17,512.452	1,169.139	1,871.235	-	-	26,230.256
Currency translation differences	-	13,607.620	72,496.405	240,541.435	2,732.336	9,957.901	34,831.813	-	374,167.510
Charge for the period (***)	-	(23,133.147)	(59,528.413)	(463,624.334)	(4,674.361)	(28,679.268)	(86,202.760)	-	(665,842.283)
Disposals	-	43.199	2,432.830	69,938.348	2,303.205	13,428.176	51,016.359	-	139,162.117
Balance at 31 December 2014	-	(169,588.444)	(486,070.443)	(4,861,627.694)	(33,581.960)	(251,132.194)	(356,150.115)	-	(6,158,150.850)
Net book value as of 31 December 2014	109,426.850	151,113.012	1,428,258.521	2,583,616.397	18,115.873	95,854.604	155,513.940	665,259.521	5,207,158.718
Net book value as of 31 December 2013	99,109.689	143,858.569	1,308,742.366	2,415,955.219	12,715.668	75,945.786	165,598.257	1,224,635.706	5,446,561.260

(*) The Group reconsidered the fixed assets (includes fully amortized) and performed reclassifications and offsetting in the related accounts. The related fixed assets have no impact on profit/ (loss).

(**) Purchase of financial cost of TRY 20,402,774 has been capitalized (Note 8).

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

No mortgage over lands and buildings due to bank borrowings exist (1 January - 31 December 2013 ; None.).

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

19. Intangible Assets

Cost	Rights	Mine fields	Development Expenses	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

Cost	Rights	Mine fields	Development Expenses	Other	Total
1 January	109.878.816	13.135.203	29.638.632	14.382.850	167.035.501
Reclassification (*)	180.824	-	-	(1.256.464)	(1.075.640)
Impact of acquisition of subsidiary	(241.852)	-	-	-	(241.852)
Currency translation difference	(2.230.460)	-	-	(898.200)	(3.128.660)
Additions	9.311.984	-	10.222.622	969.769	20.504.375
Disposals	(125.195)	-	-	(177.184)	(302.379)
Balance at 31 December 2014	116.774.117	13.135.203	39.861.254	13.020.771	182.791.345
Accumulated depreciation					
1 January	(64.376.581)	(5.871.533)	(10.541.976)	(7.380.694)	(88.170.784)
Reclassification (*)	(180.824)	-	-	1.256.464	1.075.640
Impact of acquisition of subsidiary	233.084	-	-	-	233.084
Currency translation differences	1.174.653	-	-	1.345.259	2.519.912
Charge for the period (**)	(12.259.258)	(819.072)	(6.683.463)	(2.278.530)	(22.040.323)
Disposals	119.815	-	-	22.180	141.995
Balance at 31 December 2014	(75.289.111)	(6.690.605)	(17.225.439)	(7.035.321)	(106.240.476)
Net book value 31 December 2014	41.485.006	6.444.598	22.635.815	5.985.450	76.550.869
Net book value as of 31 December 2013	45.502.235	7.263.670	19.096.656	7.002.156	78.864.717

(*) The Group reconsidered the fully amortized intangible assets and performed reclassifications and offsetting in the related accounts. The related intangible assets have no impact on profit/(loss).

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

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

20. Goodwill

ŞThe movement of goodwill balance is as follows:

	31 December 2015	31 December 2014
1 January	29.057.791	31.534.049
Currency translation differences	3.139.646	(2.476.258)
	32.197.437	29.057.791

The detail of goodwill in terms of subsidiaries is as follows:

	31 December 2015	31 December 2014
Glasscorp S.A.	17.967.616	16.154.395
Cromital S.p.A	7.486.410	6.645.555
Richard Fritz Holding GmbH	4.623.408	4.104.119
OOO Ruscam Glass Packaging Holding	2.120.003	2.153.722
	32.197.437	29.057.791

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.

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

22. Provisions, Contingent Assets and Liabilities

The total amount of the law suits as of 31 December 2015 filed and continuing against is approximately TRY 37.840.356 (31 December 2014: TRY 39.170.911).

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 37.840.356 from the cases as remote as of 31 December 2015.

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2015 and 31 December 2014 are as follows:

The CPMs given by the Company	31 December 2015				
	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 companie	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 for 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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

22. Provisions, Contingent Assets and Liabilities (Continued)

The CPMs given by the Company	31 December 2014				
	TRY Equivalent	USD	EUR	RUR	TRY equivalent of TRY and other Currencies
A. CPM's given in the name of own legal personality	1.714.654	-	-	-	1.714.654
B. CPM's given on behalf of the fully consolidated companies	1.926.964.186	70.598.250	410.321.567	14.873.700.164	7.342.165
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	948.715.250	400.000.000	7.500.000	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	948.715.250	400.000.000	7.500.000	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	2.877.394.090	470.598.250	417.821.567	14.873.700.164	9.056.819

Percentage of other CPM's given by the Company to the Company's equity is 13,11% as of 31 December 2014.

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

Put/call option agreements

Put/call option agreements were signed between the Company and European Bank for Reconstruction and Development ("EBRD") on 10 November 2014 and 24 October 2014. Therefore, Company has put option for Paşabahçe Cam 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 (Note 27).

22. Provisions, Contingent Assets and Liabilities (Continued)**Short term provisions**

	31 December 2015	31 December 2014
Litigation provisions	22.946.941	17.167.533
Accrued expenses	17.180.373	31.823.403
Provisions for employee benefits	9.992.797	10.035.921
Turnover premium	2.349.855	841.090
Other short term provisions	266.511	1.375.589
	52.736.477	61.243.536

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. (BOTAŞ), Eskişehir Organize Sanayii Bölge Müdürlüğü, Palgaz Doğalgaz A.Ş. , Enerya Denizli Gaz Dağıtım A.Ş. , Akfel Petrol and Doğalgaz Mühendislik A.Ş., the Group has a commitment to purchase 1.433.985.760 sm³ of natural gas between 1 January 2016 and 31 December 2016 (31 December 2014: 1.319.389.646 sm³).

24. Employee Benefits**Short term liabilities for employee benefits**

	31 December 2015	31 December 2014
Due to personnel	22.114.028	21.637.908

	31 December 2015	31 December 2014
Short term provisions for employee benefits		
Unused vacation provision	9.992.796	10.035.921

Long term provisions for employment benefits**Provision for employee termination benefits**

	31 December 2015	31 December 2014
Domesti	256.749.702	239.647.894
Foreign	5.239.459	4.621.270
	261.989.161	244.269.164

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.

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

24. Employee Benefits (Continued)**Long term provisions for employment benefits (Continued)****Provision for employee termination benefits (Continued)**

The amount payable consists of one month's salary limited to a maximum of TRY 3.828,37 for each period of service as of 31 December 2016 (31 December 2014: TRY 3.438,22). TRY 4.092,53 which is effective from 1 January 2015, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2014: TRY 3.541,37 which is effective from 1 January 2015).

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 income statement under the cost of sales and operating expenses.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2015 and 31 December 2014 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 5,00% (31 December 2014: 5,00%) and a discount rate of 10,13% (31 December 2014: 9,49%), the real discount rate is approximately 4,89% (31 December 2014: 4,28%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2015, turnover rate to estimate the probability of retirement is 98,77% (31 December 2014 : 98,91%).

The movement of the employment termination benefits is as follows:

	31 December 2015	31 December 2014
1 January	244.269.164	255.604.541
Service costs	60.192.269	42.683.356
Interest costs	9.843.563	7.417.907
Currency translation differences	586.397	(178.499)
Actuarial loss/(gain)	(10.030.583)	(21.001.730)
Payments made during the period	(42.871.649)	(40.256.411)
	261.989.161	244.269.164

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

25. Impairment of Assets

Impairment of assets	31 December 2015	31 December 2014
Impairment of available-for-sale financial assets	100.484.668	159.266.448
Provision for doubtful receivables	44.437.106	37.154.309
Provision for inventory write down	17.232.394	19.889.480
Provisions for other current assets	475.320	-
Provision for other doubtful receivables	258.387	2.851.354
Provision for other non-current doubtful receivables	35.104	-
	162.922.979	219.161.591

The details of impairment of available-for-sale financial assets	31 December 2015	31 December 2014
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
Avea İletişim Hizmetleri A.Ş.	-	56.994.689
Paşabahçe Mağazaları B.V.	-	1.787.091
	100.484.668	159.266.448

26. Other Assets and Liabilities

Other current assets	31 December 2015	31 December 2014
VAT receivables	39.946.112	68.854.225
Deductible VAT on exports	44.140.937	40.529.490
Income accruals (*)	39.504.498	7.963.359
Work advances	739.216	1.750.327
Provisions for other current assets (-)	(475.320)	-
Other	7.440.735	1.521.382
	131.296.178	120.618.783

(*) It is the provision of damage compensation receivable amounting to TRY 36.459.303 as of 31 December 2015 from the insurance company due to fire outbreak in Paşabahçe Cam Sanayii ve Tic. A.Ş. Eskişehir Plant. As of 31 December 2014, TRY 7.444.293 is the provision of insurance damage indemnity due to flood occurred in the same plant, relevant amount was collected in the current period.

The movement of other current assets balance is as follows:

	31 December 2015	31 December 2014
1 January	(534.720)	-
Currency translation differences	59.400	-
	(475.320)	-

Other non-current assets	31 December 2015	31 December 2014
Vat deductible	25.472.021	22.203.181
Advances given for the inventories	2.676.041	3.803.309
Other non-current assets	31.782	28.214
	28.179.844	26.034.704

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

26. Other Assets and Liabilities (Continued)

Other current liabilities	31 December 2015	31 December 2014
Taxes and funds payables	28.254.736	32.122.508
Expense accruals	24.289.177	17.777.202
Expense accruals	21.352.935	20.653.069
VAT and other payables	2.551.855	915.191
Other	1.240.004	2.189.239
	77.688.707	73.657.209

27. Capital, Reserves and Other Equity Items

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code and are presented with in the statutory financial statements. The differences, that are recognized through the valuation made in accordance with CMB Reporting Standards and cannot be subject to dividend distribution or capital increase as of reporting date (such as inflation adjustment differences) and relevant to the paid-in share capital, are associated with "Adjustments to Share Capital" which is under paid-in share capital and the differences resulting from the "Restricted Reserves" and "Share Premiums" are associated with "Retained Earnings".

a) Capital/ Treasury Shares

The approved and paid-in share capital of the Company consists of 190.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

	31 December 2015	31 December 2014
Registered capital ceiling	2.500.000.000	2.500.000.000
Approved and paid-in capital	1.900.000.000	1.700.000.000

	31 December 2015		31 December 2014	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Shareholders				
T. İş Bankası A.Ş.	1.249.376.486	65,76	1.113.022.171	65,47
T.İş Bankası Mensupları Sos. Güv.Vakfı	84.680.512	4,46	75.766.774	4,46
Efes Holding A.Ş.	71.603.051	3,77	63.188.280	3,72
Anadolu Hayat Emeklilik A.Ş.	913.108	0,05	816.991	0,05
Other (*)	493.426.843	25,96	447.205.784	26,30
Nominal capital (**)	1.900.000.000	100,00	1.700.000.000	100,00
Adjustment to share capital	241.425.784		241.425.784	
Total share capital	2.141.425.784		1.941.425.784	

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

(**) The registration procedures related to shares amounting to TRY 200.000.000, which was issued due to the capital increase from TRY 1.700.000.000 to TRY 1.900.000.000 was completed on 30 June 2015 and share distribution was initiated on 7 July 2015. TRY 105.000.000 and TRY 95.000.000 of the amount was realized from profit for the year 2014 and extraordinary reserves, respectively.

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

27. Capital, Reserves and Other Equity Items (Continued)

a) Capital/ Treasury Shares (Continued)

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

Shareholders	31 December 2015		31 December 2014	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	658.045.803	34,63	585.956.521	34,47
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	351.157.602	18,48	312.832.930	18,40
Other (*)	890.796.595	46,89	801.210.549	47,13
Nominal capital	1.900.000.000	100,00	1.700.000.000	100,00

(*) Other includes various shareholders and the publicly traded portion of T.İş Bankası A.Ş. shares

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 2015 (31 December 2014: TRY 527.051).

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

	31 December 2015	31 December 2014
Gain/loss fund on revaluation and remeasurement	1.641.917.323	365.747.752
- Revaluation funds of land and buildings on revaluation	1.276.173.779	-
- Revaluation funds of investment properties	365.743.544	365.747.752
Actuarial gain / loss funds provision for employee termination benefits	(946.316)	(7.444.515)
	1.640.971.007	358.303.237

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 2014 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.

	31 December 2015	31 December 2014
1 January	-	-
During the period	1.749.395.972	-
Impact of deferred tax	(156.398.532)	-
Impact of non-controlling interests	(316.823.661)	-
	1.276.173.779	-

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

27. Capital, Reserves and Other Equity Items (Continued)**c) Other Comprehensive Income not to be reclassified to profit or loss (continued)***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 2015	31 December 2014
1 January	365.747.752	365.751.130
Impact of non-controlling interests	(4.208)	(3.378)
	365.743.544	365.747.752

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 "Revaluation Funds" under the equity.

The movement of the provision for employee termination benefits actuarial gain / loss funds is as follows:

	31 December 2015	31 December 2014
1 January 2015	(7.444.515)	(22.092.801)
During the period	10.092.063	21.109.066
Impact of deferred tax	(2.006.117)	(4.200.346)
Impact of non-controlling interests	(1.587.747)	(2.402.898)
Impact of sale of subsidiary	-	143.043
Disposals	-	(579)
	(946.316)	(7.444.515)

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

27. Capital, Reserves and Other Equity Items (Continued)

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

	31 December 2015	31 December 2014
Currency translation differences	115.048.155	(27.553.722)
Hedging reserve	(8.148.982)	6.312.839
Financial asset revaluation fund	73.331	84.106
	106.972.504	(21.156.777)

Currency translation differences

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

TRY 26.911.615 of the change in the currency translation difference relates to non-controlling interests (1 January – 31 December 2014: TRY 160.602.066).

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 2015	31 December 2014
1 January	6.312.839	(461.440)
Effective portion of the derivative instrument charged to equity	(32.429.170)	20.984.623
Impact of non-controlling interests	11.481.518	(10.013.420)
Impact of deferred tax	6.485.831	(4.196.924)
	(8.148.982)	6.312.839

Revaluation fund on financial assets

The revaluation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

The movement of the revaluation fund on financial assets is as follows:

	31 December 2015	31 December 2014
1 January	84.106	61.888
Change in fair values	(11.345)	23.387
Impact of deferred tax	570	(1.169)
	73.331	84.106

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

27. Capital, Reserves and Other Equity Items (Continued)**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 2015	31 December 2014
Legal reserves	80.717.155	70.442.411

f) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 2.772.959.150 (31 December 2014: TRY 2.929.708.408) is TRY 86.590.893 (31 December 2014: TRY 181.370.757).

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.

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

27. Capital, Reserves and Other Equity Items (Continued)**f) Retained Earnings (Continued)**Reserves subject to dividend distribution

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

	31 December 2015	31 December 2014
Net profit for the period	417.462.189	205.494.880
I. legal reserves	(20.873.109)	(10.274.744)
Distributable profit for the period	396.589.080	195.220.136
Extraordinary reserves	86.590.893	181.370.757
	483.179.973	376.590.893

It has been decided in Ordinary General Assembly Meeting held on 25 March 2015 that a gross dividend amounting to TRY 90.000.000, equivalent of 5,29411% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 105.000.000 will be distributed as bonus shares. It has also been decided that the date of payment of cash dividend will be 29 May 2015 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.

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%.
- Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2014:
- The non-controlling interests participated in the capital increase of TRSG Glass Holding BV amounting to EUR 18.000.000, at its ownership rate by 30%.
- Having performed by Asmaş Ağır Sanayi Makinaları A.Ş. at an amount of TRY 22.962.598,78 on
- 11 July 2014, the non-controlling interests participated in the cash capital increase in proportion of their rate of shares TRY 5.064.

27. Capital, Reserves and Other Equity Items (Continued)

g) Non-controlling interest (Continued)

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 Yenışehir 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 Camış 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 Yenışehir Sanayi A.Ş., Şişecam Dış Ticaret A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. with an amount of TRY 68.811,00 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 Yenışehir Sanayi A.Ş., Camış Madencilik A.Ş. and Company with an amount of TRY 16.100 on cash.
- 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 Camış 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, 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 Camış Elektrik Üretim A.Ş. with an amount of TRY 138.865 on cash.

27. Capital, Reserves and Other Equity Items (Continued)

g) Non-controlling interest (Continued)

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2015 (Continued):

- 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 Camış 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 Camış 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., Camış Madencilik A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. with an amount of TRY 42.825 on cash.
 - » Company acquired the shares of Camış Madencilik A.Ş. at a nominal value of TRY 422,12 (respectively 206,06+10,00+196,06+10,00), which is in the portfolio of Cam Elyaf Sanayii A.Ş., Şişecam Dış Ticaret A.Ş., Camış 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., Camış Elektrik Üretim A.Ş., Camış 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 Camış Elektrik Üretim A.Ş., Camış Madencilik A.Ş., and Paşabahçe Mağazaları A.Ş. with an amount of TRY 61.890 on cash.

27. Capital, Reserves and Other Equity Items (Continued)

g) Non-controlling interest (Continued)

The transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2015 (Continued):

- On 9 July 2015 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 (TRY equivalent on 9 July 2015:190.920).
- On 23 November 2015 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 (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 : 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 973.043,37, an aggregate nominal value of TRY 2.538.260,83 (1.565.217,36+973.043,37) 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.

27. Capital, Reserves and Other Equity Items (Continued)**g) Non-controlling interest (Continued)**

- 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 transactions made with the purpose of restructuring of the Group companies between 1 January and 31 December 2014:

- On 14 April 2014, the Company acquired the shares of Dost Gaz Depolama A.Ş. at a nominal value of TRY 42.500 (respectively 42.470+10+10+10), which is in the portfolio of the subsidiary Soda Sanayii A.Ş., Camış Madencilik A.Ş., Şişecam Dış Ticaret A.Ş. and Şişecam Sigorta Aracılık Hizmetleri A.Ş. The name of the company was changed as Şişecam Enerji A.Ş. on 26 May 2014.
- On 10 November 2014, the shares of Paşabahçe Cam Sanayii ve Tic. A.Ş. at a nominal value of TRY 33.292.044 (respectively 14.267.874+9.512.254+9.511.916), which are in the portfolio of the subsidiaries Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Soda Sanayii A.Ş., were sold to European Bank for Reconstruction and Development ("EBRD") with an amount of EUR 125.000.000 (respectively 53.570.884,68+35.715.192,20+35.713.923,12) on cash. Selling price was determined according to Ebitda multiplier, the value of the selling price in the transaction day was TRY 351.975.000.
- On 21 November 2014, the shares of Soda Sanayii A.Ş. at a nominal value of TRY 13.331.852,61 (respectively 10.665.482,09+2.666.370,52), which are in the portfolio of the subsidiaries Anadolu Cam Sanayii A.Ş. and Trakya Cam Sanayii A.Ş., were sold to International Finance Corporation ("IFC") with an amount of USD 25.000.000 (respectively 20.000.000+5.000.000) in cash. Selling price was determined according to the weighted average of 10 days BIST, the value of the selling price in the transaction day was TRY 55.522.500.

The aforementioned material transactions have impacts on the effective capital structures of the related companies' associates and subsidiaries. Their impact on the total equity is as follows:

	31 December 2015	31 December 2014
Ana ortaklığa ait özkaynak	(269.631.363)	165.282.988
Kontrol gücü olmayan paylar	138.878.608	242.214.512
Tahsil edilen / (ödenen) tutar	(130.752.755)	407.497.500

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27. Capital, Reserves and Other Equity Items (Continued)**h) Impact of sales of subsidiary**

There is no sale of subsidiary during the period between 1 January and 31 December 2015.

The sale of subsidiary during the period between 1 January and 31 December 2014:

Asmaş Ağır Sanayi Makinaları A.Ş. whose shares were held by the Group and Topkapı Yatırım Holding A.Ş., one of its related parties, were sold to CTS Demir Çelik İç ve Dış Ticaret Mühendislik Makine Sanayii Ltd. Şti. with an amount of TRY 27.150.000 on cash on 15 July 2014 by the method of tender. The disposal of the subsidiary does not have a material impact on the Group's operational and geographical segment.

The statement of financial position of the subsidiary sold is as follows:

	As of 15 July 2014
Current assets	5.903.514
Cash and cash equivalents	164.766
Trade receivables	1.046.772
Inventories	4.620.088
Prepaid expenses	71.883
Current income tax assets	5
Non-current assets	6.748.918
Financial assets	10.798
Property, plant and equipment	6.729.352
Intangible assets	8.768
Total assets	12.652.432
Current liabilities	312.132
Trade payables	139.395
Other payables	51.372
Other current liabilities	121.365
Net assets	12.340.300
The consideration collected by the Group	27.148.797
Cash and cash equivalents given	(164.766)
Net cash inflow	26.984.031
Topkapı Yatırım Holding A.Ş. one of the related parties, collected a consideration of TRY 1.203 due to sale of shares.	
Consideration received	27.148.797
Sale of net assets	(12.340.300)
Impact of non-controlling interests	(9.398.978)
Gain on the sale of subsidiary	5.409.519

The profit or loss attributable the subsidiary sold until the date of sale was recognized in the consolidated statement of income. The revenue attributable to the subsidiary sold is TRY 1.696.405 for the period between 1 January and 15 July 2014.

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28. Sales and Cost of Sales

	1 January- 31 December 2015	1 January- 31 December 2014
Sales		
Revenue	7.944.622.668	7.282.350.125
Other income	5.254.391	6.547.526
Sales discounts	(335.505.302)	(267.167.097)
Sales returns	(51.130.378)	(35.161.692)
Other sales discounts	(148.112.789)	(110.674.486)
	7.415.128.590	6.875.894.376
Cost of sales		
Direct materials	(2.259.357.461)	(2.335.598.590)
Direct labor	(427.930.173)	(412.514.144)
Production overheads	(1.348.278.963)	(1.324.390.259)
Depreciation and amortization	(654.078.375)	(613.839.477)
Change in work-in-progress inventories	19.037.027	(11.746.082)
Change in finished goods inventories	139.942.665	144.475.038
Cost of goods sold	(4.530.665.280)	(4.553.613.514)
Cost of trade goods sold	(644.512.895)	(375.090.712)
Cost of services given (*)	(11.062.624)	(7.611.790)
Other costs	(49.931.305)	(67.164.941)
	(5.236.172.104)	(5.003.480.957)

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January – 31 December 2015 amounts to TRY 10.908.777 (1 January – 31 December 2014: TRY 5.483.280).

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

	1 January- 31 December 2015	1 January- 31 December 2014
General administrative expenses	(691.048.377)	(643.555.890)
Marketing expenses	(757.874.683)	(631.317.836)
Research and development expenses	(63.243.943)	(42.957.453)
	(1.512.167.003)	(1.317.831.179)

30. Expenses by Nature

	1 January- 31 December 2015	1 January- 31 December 2014
Indirect material costs	(24.451.668)	(18.458.853)
Salaries and wages	(422.011.184)	(349.949.084)
Outsourced services	(532.982.293)	(422.391.193)
Miscellaneous expenses	(459.520.091)	(458.472.200)
Depreciation and amortization	(73.201.767)	(68.559.849)
	(1.512.167.003)	(1.317.831.179)

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

31. Other Operating Income/ (Expenses)

	1 January- 31 December 2015	1 January- 31 December 2014
Other operating income		
Foreign exchange gains from other operating activities	223.558.783	92.047.778
Insurance claims (*)	85.251.096	20.757.631
Interest income from other operations	35.898.414	53.243.841
Provisions no longer required	17.863.451	8.281.428
Gain on sales of scrap items	10.193.136	17.246.954
Gain on sales of raw materials	12.049.124	13.436.031
Investment incentive income	2.985.173	89.368
Brand incentive (Turquality) income	2.471.574	4.804.474
Income from forward transactions	1.930.030	-
Rediscount interest income on operating activities	1.333.764	1.782.527
Commission Income	291.801	990.891
Other	78.045.449	66.988.038
	471.871.795	279.668.961
Other operating expenses		
Foreign exchange loss from other operating activities	(151.480.580)	(162.523.574)
Damage due to the fire outbreak (*)	(66.573.248)	-
Provision expenses	(20.163.850)	(11.401.574)
Rediscount interest expense on operating activities	(10.001.056)	(1.825.679)
Interest expense from other operations	(5.732.844)	(3.668.498)
Commission Expenses	(1.283.100)	(461.519)
Loss from sales of raw materials	(8.268.489)	(9.369.914)
Loss on sales of scrap items	(1.116.285)	(278.706)
Loss on sale of non-current assets held for sale	-	(6.714.163)
Other	(58.276.343)	(49.484.252)
	(322.895.795)	(245.727.879)

(*) Due to the fire outbreak in 26 May 2015 at Eskişehir plant's finished goods warehouse of Paşabahçe Cam Sanayii ve Tic. A.Ş., one of our subsidiaries, total damage amount of TRY 64.786.958 (respectively TRY 21.513.031 and TRY 43.273.927) has been identified for property, plant and equipment and inventories as a result of the assessment for the damage. Relevant costs are recognized as an expense. As of 31 December 2015, TRY 30.113.945 of the damage amount was collected from the insurance company and remaining part is accounted for income accrual. The procedures for recovery amount of the relevant profit loss are ongoing and it will be recognized in the financial statements subsequent to finalisation of the relevant amount.

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

32. Income and Expense from Investing Activities

	1 January- 31 December 2015	1 January- 31 December 2014
Income from Investing Activities		
Gain of revaluation of investment properties (*)	108.019.833	-
Profit on sales of tangible assets (**)	83.568.132	26.971.941
Dividend income (Note 37)	1.611.440	11.440
Gain on sale of financial assets available for sale (***)	466.253	447.633
Gain on sales of marketable securities	284.260	298
Gain on the sale of subsidiary (Note 27)	-	5.409.519
	193.949.918	32.840.831

(*) It is related from the change in the fair value of Çayırova properties located in Gebze, Kocaeli and Beykoz properties located in İncirköy, Beykoz, İstanbul.

(**) TRY 62.234.129 of the aforementioned gain 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.

(***) 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 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 amounting to 7.099.447 until 3 January 2020 from 3 January 2017. Relevant selling prices were discounted as of the balance sheet date. Discount amount of TRY 6.487.507 was recognised under other operating expenses..

	1 January- 31 December 2015	1 January- 31 December 2014
Expenses from Investing Activities		
Impairment of plant, property and equipment(*)	(36.161.288)	-
Loss on sales of tangible assets	(11.963.813)	(9.651.200)
	(48.125.101)	(9.651.200)

(*) As a result of revaluation of land and building in accordance with revaluation method, total impairment amounting to TRY 10.009.297 and TRY 22.827.981 totally TRY 32.837.278 for land and building, respectively has been provided.

Provision amounting to TRY 3.301.725 and TRY 22.285 totally TRY 3.324.010 has been accounted for the machinery and equipment and furniture and fixtures, respectively which has been decreased to their recoverable amount and reclassified to asset held for sales (Note 34)

Notes to the Consolidated Financial Statements at 1 January - 31 December 2015

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

33. Financial Income and Expenses

	1 January- 31 December 2015	1 January- 31 December 2014
Financial Income		
Foreign exchange income	1.511.811.304	1.304.945.095
- Cash and cash equivalents	870.687.248	1.081.130.709
- Borrowings	225.657.532	64.717.418
- Bonds issued	271.428.780	43.676.497
- Derivative instruments	87.211.126	94.803.853
- Other	56.826.618	20.616.618
Interest income	76.632.441	57.172.883
- Time deposits	75.953.610	56.407.177
- Derivative instruments	216.403	264.745
- Other	462.428	500.961
	1.588.443.745	1.362.117.978
Financial Expenses		
Foreign exchange income	(1.464.829.915)	(1.345.810.035)
- Cash and cash equivalents	(340.248.679)	(950.331.921)
- Borrowings	(471.406.681)	(205.514.440)
- Bonds issued	(565.778.780)	(135.976.497)
- Derivative instruments	(39.458.523)	-
- Other	(47.937.252)	(53.987.177)
Interest expense	(250.255.450)	(198.504.706)
- Borrowings	(185.484.048)	(152.163.917)
- Bond issued	(60.710.771)	(43.298.350)
- Derivative instruments	-	-
- Financial leasing	(4.204)	(227.638)
- Other	(4.056.427)	(2.814.801)
	(1.715.085.365)	(1.544.314.741)
Financial Income/Expense (Net)		
Foreign exchange income / (expense)	46.981.389	(40.864.940)
- Cash and cash equivalents	530.438.569	130.798.788
- Borrowings	(245.749.149)	(140.797.022)
- Bond issued	(294.350.000)	(92.300.000)
- Derivative instruments	47.752.603	94.803.853
- Other	8.889.366	(33.370.559)
Interest income / (expense)	(173.623.009)	(141.331.823)
- Bank loan interest accrual	(109.530.438)	(95.756.740)
- Bond issued	(60.710.771)	(43.298.350)
- Financial leasing	(4.204)	(227.638)
- Derivative instruments	216.403	264.745
- Other	(3.593.999)	(2.313.840)
	(126.641.620)	(182.196.763)

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

34. Assets Held for Sale

Cost	31 December 2015	31 December 2014
Plant, machinery and equipment	38.213.701	-
Land	-	5.167.522
Buildings	-	10.512.749
	38.213.701	15.680.271
Accumulated Depreciation		
Plant, machinery and equipment	38.009.853	-
Land	-	1.974.490
Buildings	-	7.052.246
	38.009.853	9.026.736
Net Book Value	203.848	6.653.535

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, the net book value of which is TRY 6.653.535 accounted in non-current assets held for sale by one of our subsidiaries Richard Fritz Holding GmbH is classified as property, plant and equipment because of the withdrawal from the sales and re-utilization by the management..

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 2015	31 December 2014
1 January	6.653.535	17.000.809
Transfers from Available for sale financial assets	29.836.265	-
Disposals	(29.836.265)	(10.074.122)
Transfers to tangible assets	(6.653.535)	-
Additions	203.848	-
Currency translation differences	-	(273.152)
	203.848	6.653.535

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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 2015	31 December 2014
Deferred tax assets	233.497.108	235.476.857
Deferred tax liabilities (-)	(103.736.766)	(30.964.946)
Deferred tax assets (net)	129.760.342	204.511.911

Temporary differences	31 December 2015	31 December 2014
Useful life and valuation differences on tangible and intangible assets	1.515.204.174	690.963.485
Valuation of investment property	510.195.943	402.176.110
Derivative financial valuation	87.952.557	84.341.541
Corporate tax allowance	(1.172.814.199)	(977.194.835)
Carry forward tax losses	(873.709.242)	(599.902.952)
Employment termination benefits	(261.989.161)	(244.269.164)
Provision for inventory write-down	(43.815.487)	(50.018.675)
Investment allowance to be utilized	-	(8.141.798)
Other	(52.793.284)	(86.188.952)
	(291.768.699)	(788.235.240)

Deferred tax assets/(liabilities)	31 December 2015	31 December 2014
Useful life and valuation differences on tangible and intangible assets	(283.767.689)	(134.547.270)
Valuation of investment property	(25.509.797)	(20.108.806)
Derivative financial valuation	(17.590.511)	(16.868.308)
Corporate tax allowance	234.562.840	195.438.967
Carry forward tax losses	151.054.662	106.193.310
Employment termination benefits	52.325.047	48.806.876
Provision for inventory write-down	7.933.154	8.582.947
Investment allowance to be utilized	-	929.672
Other	10.752.636	16.084.523
	129.760.342	204.511.911

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

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

The expiry dates of carry forward tax losses that are utilized are as follows:

	31 December 2015	31 December 2014
Within 1 year	1.601.082	1.597.188
Within 2 year	16.254.060	10.202.342
Within 3 year	75.727.243	19.851.505
Within 4 year	73.500.291	81.063.246
Within 5 year	74.670.831	87.027.589
Within 6 year	25.938.983	18.732.773
Within 7 year	84.395.388	26.093.422
Within 8 year	83.614.378	67.202.988
Within 9 year	198.834.397	85.581.554
Within 10 year	239.172.589	202.550.345
	873.709.242	599.902.952

Carry forward tax losses can be carried for 5 years in Turkey, 7 years in Romania, 10 years in Russia, indefinite in 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 116.877.698 (31 December 2014: TRY 115.622.863).

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

	31 December 2015	31 December 2014
1 January	204.511.911	156.252.273
Charged to the statement of profit or loss	85.712.599	95.972.727
Currency translation differences	(8.545.920)	(39.314.650)
Charged to the equity	(151.918.248)	(8.398.439)
	129.760.342	204.511.911

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) (Continued)**Corporate Tax (Continued)**

Turkey, corporate tax rate applied is 20% (31 December 2014: 20%).

The principal tax rates (%) using to calculate deferred taxes for each country are as follows:

Country	31 December 2015	31 December 2014
Bosnia-Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Georgia	15,0	15,0
Italy	31,4	31,4
Egypt	22,5	25,0
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

(*) The tax rate in Tatarstan region of Russia is 2,0% while the tax rate in other regions is 20,0%.

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income in 2015, (31 December 2014: 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.

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35. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)Investment Allowance (Continued)

Law No.6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. A 20% corporate tax is calculated on earnings after deducting investment incentives. The arrangements made with the Law No.6009 came into force in 1 August 2010 to be applied on income for the year 2010.

Corporate Tax Allowance Practice

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

Current period tax asset is TRY 11.664.753 (31 December 2014:TRY 7.773.601).

	31 December 2015	31 December 2014
Current tax provision	180.734.821	170.086.489
Prepaid taxes and funds (-)	(154.895.172)	(120.331.579)
Tax provision in the statement of the financial position	25.839.649	49.754.910
	1 January- 31 December 2015	1 January- 31 December 2014
Provision for corporate tax for current period	(180.734.821)	(170.086.489)
Currency translation differences	305.780	(570.437)
Deferred tax income	85.712.599	95.972.727
Tax provision in the statement of income	(94.716.442)	(74.684.199)
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	899.582.889	494.460.794
Effective tax rate	%20	%20
Calculated tax	(179.916.578)	(98.892.159)
Tax reconciliation		
- Non-deductible expenses	(40.686.783)	(41.693.509)
- Currency translation differences	5.702.695	37.663.134
- Derivative financial instruments	(4.099.864)	(11.845.303)
- The effect of the foreign companies that have different tax rates	(6.341.456)	(9.372.318)
- Dividends and other non-taxable income	163.776.416	41.819.145
- Corporate tax allowance	53.911.356	64.399.387
- Carry forward tax losses to be utilized	(13.918.290)	(54.828.778)
- Investment incentives	(175)	65.987
- Other	(73.143.763)	(1.999.785)
Tax provision in the statement of income	(94.716.442)	(74.684.199)

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36. Earnings per Share

	1 January- 31 December 2015	1 January- 31 December 2014
Earnings per share		
Average number of shares existing during the period (total value)	1.900.000.000	1.900.000.000
Net profit for the period attributable to equity holders of the parent	722.763.185	413.194.370
Earnings per share	0,3804	0,2175
Total comprehensive income attributable to equity holders of the parent	2.133.522.715	103.690.483
Earnings per share obtained from total comprehensive income	1,1229	0,0546

The Company increased its paid-in-capital from TRY 1.700.000.000 to TRY 1.900.000.000 by issuing bonus shares amounting to TRY 200.000.000 to the existing shareholders from the retained earnings on 30 June 2015. 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 2014 was determined by considering bonus shares issued.

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:

	31 December 2015	31 December 2014
Deposits held on related parties		
T. İş Bankası A.Ş.		
- Time deposits	2.853.184.620	2.499.482.460
- Demand deposits	77.967.346	21.600.717
	2.931.151.966	2.521.083.177
İşbank AG		
- Demand deposits	5.020.689	9.176.951
	5.020.689	9.176.951
	2.936.172.655	2.530.260.128
Borrowings received from related parties		
IFC	334.750.140	221.439.714
T. İş Bankası A.Ş.	129.070.585	213.004.697
İşbank AG	-	33.848.400
	463.820.725	468.292.811

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37. Related Party Disclosures (Continued)

Financial assets held to maturity:

Financial assets held to maturity	31 December 2015	31 December 2014
T. İş Bankası A.Ş.	14.038.221	-

It represents value of bond calculated with effective interest method and issued by T. İş Bankası A.Ş. with maturity until 11 December 2023 at a nominal value of USD 4.404.000, with coupon rate by %7.85. The fair value of aforementioned bond is USD 4.775.526 as of 31 December 2015.

Forward transactions:

Forward transactions	31 December 2015	31 December 2014
T. İş Bankası A.Ş.	124.016	-

Forward agreement has been signed with T. İş Bankası A.Ş. to sale EUR 4.000.000 in exchange to purchase TRY 13.431.100. The fair value of aforementioned agreement is TRY 124.016 as of 31 December 2015.

Receivables due from related parties:

Trade receivables due from related parties	31 December 2015	31 December 2014
Oxyvit Kimya Sanayii ve Tic. A.Ş.	4.766.136	3.489.445
Şişecam Shanghai Trade Co. Ltd.	3.318.735	2.035.060
Paşabahçe USA Inc.	2.358.283	-
Solvay Şişecam Holding AG	1.671.941	1.244.795
Saint Gobain Glass Egypt S.A.E	1.371.735	2.219.665
Rudnik Krecnjaka Vijenac D.O.O.	667.325	917.933
T. İş Bankası A.Ş. ve İşbank AG	444.581	435.033
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	403.829	551.294
Paşabahçe Glass GmbH	139.833	152.335
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	98.493	98.731
HNG Float Glass Limited	84.472	116
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	59.591	55.378
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	36.441	36.111
Fabrika Cementa Lukavac D.D. (FCL)	20.241	23.286
İş Merkezleri Yönetim ve İşletim A.Ş.	15.864	1.369.916
Mepa Merkezi Pazarlama A.Ş.	3.116	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	365.696
OOO Balkum	-	175.111
	15.460.616	13.169.905

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37. Related Party Disclosures (Continued)

Receivables due from related parties (Continued):

	31 December 2015	31 December 2014
Other receivables due from related parties		
Saint Gobain Glass Egypt S.A.E (*)	3.514.300	7.606.300
Sudel Invest S.A.R.L.	23.365	5.041
Yatırım Finansman Menkul Değerler A.Ş.	7.896	15.345
	3.545.561	7.626.686

(*) Amount consists of capital advance given.

Payables due to related parties:

	31 December 2015	31 December 2014
Trade payables due to related parties		
Solvay Şişecam Holding AG	33.199.432	24.170.892
Oxyvit Kimya Sanayii ve Tic. A.Ş.	9.965.254	6.067.347
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	7.235.356	13.407.001
Anadolu Anonim Türk Sigorta Şirketi	5.318.464	4.454.680
Rudnik Krecnjaka Vijenac D.O.O.	1.015.329	926.396
İş Merkezleri Yönetim ve İşletim A.Ş.	838.496	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	224.048	-
Paşabahçe USA Inc.	112.441	76.844
İş Yatırım Menkul Değerler A.Ş.	59.553	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	13.039	18.093
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	12.515	5.601
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	363	18.534
Kültür Yayınları İş-Türk Ltd. Şti.	2	2
İş Merkezleri Yönetim ve İşletim A.Ş.	-	689.729
OOO Balkum	-	669.732
Avea İletişim Hizmetleri A.Ş.	-	51.018
Anadolu Hayat Emeklilik Sigorta A.Ş.	-	34
	57.994.292	50.555.903

	31 December 2015	31 December 2014
Other payables due to related parties		
Paşabahçe Yatırım ve Pazarlama A.Ş.	981.043	2.162.587
Saint Gobain Glass France S.A.	635.158	506.558
Paşabahçe Glass GmbH	394.834	198.149
Paşabahçe Spain SL	123.332	132.009
Denizli Cam Sanayii Vakfı	38.846	31.126
Mepa Merkezi Pazarlama A.Ş.	-	4.267
Diğer	1.469.364	1.490.632
	3.642.577	4.525.328

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37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties:

	1 January- 31 December 2015	1 January- 31 December 2014
Interest income from related parties		
T. İş Bankası A.Ş. ve İşbank AG	60.118.115	47.583.821
Saint Gobain Glass Egypt S.A.E.	259.433	252.422
Oxyvit Kimya Sanayii ve Tic. A.Ş.	152.643	145.504
Rudnik Krecnjaka Vijenac D.O.O.	50.327	40.305
İş Yatırım Menkul Değerler A.Ş.	24	-
Paşabahçe Yatırım ve Pazarlama A.Ş.	-	61.500
Paşabahçe Mağazaları B.V.	-	1.163
Anadolu Anonim Türk Sigorta Şirketi	-	59
	60.580.542	48.084.774

	1 January- 31 December 2015	1 January- 31 December 2014
Interest expenses to related parties		
T. İş Bankası A.Ş. ve İşbank AG	16.426.242	13.052.833
IFC (*)	2.864.869	-
T. Sınai ve Kalkınma Bankası A.Ş.	822.143	880.713
Paşabahçe Yatırım ve Pazarlama A.Ş.	89.267	87.806
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	43.159	56.163
Oxyvit Kimya Sanayii ve Tic. A.Ş.	32.843	21.669
İş Finansal Kiralama A.Ş.	4.204	49.500
Mepa Merkezi Pazarlama A.Ş.	-	961
	20.282.727	14.149.645

IFC was not disclosed, since it wasn't a related party in the period between 1 January and 31 December 2014.

	1 January- 31 December 2015	1 January- 31 December 2014
Dividend income from related parties		
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.600.000	-
İş Finansal Kiralama A.Ş.	11.440	11.440
	1.611.440	11.440

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued):

	1 January- 31 December 2015	1 January- 31 December 2014
Other income from related parties		
Saint Gobain Glass Egypt S.A.E. ⁽¹⁾	5.210.918	5.888.525
Oxyvit Kimya Sanayii ve Tic. A.Ş. ⁽²⁾	4.890.356	3.885.625
Anadolu Anonim Türk Sigorta Şirketi ⁽³⁾	3.726.767	9.861.759
Solvay Şişecam Holding AG ⁽⁴⁾	2.913.891	2.412.387
Omco İstanbul Kalıp Sanayii Ve Tic. A.Ş.	2.003.473	3.876.768
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁵⁾	1.068.293	11.856.039
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	576.328	314.164
Rudnik Krecnjaka Vijenac D.O.O.	346.067	363.202
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İlet. Hiz. A.Ş.	343.397	329.607
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. ⁽⁵⁾	334.299	3.171.518
T. İş Bankası A.Ş. ve İşbank AG	287.187	245.211
Paşabahçe USA Inc.	190.384	131.191
Paşabahçe Glass GmbH	120.000	348.508
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	83.969	47.586
HNG Float Glass Limited	83.842	388.554
Fabrika Cementa Lukavac D.D. (FCL)	25.930	64.980
İş Yatırım Ortaklığı A.Ş.	8.592	11.754
Milli Reasürans T.A.Ş.	5.683	13.187
Anadolu Hayat Emeklilik Sigorta A.Ş.	3.332	9.979
İş Portföy Yönetimi A.Ş.	3.184	720
Türkiye Sınai Kalkınma Bankası A.Ş.	2.053	3.925
TSKB Gayrimenkul Değerleme A.Ş.	1.625	33
Yatırım Finansman Yatırım Ortaklığı A.Ş.	1.400	1.115
Kültür Yayınları İş-Türk Ltd. Şti.	989	1.036
İş Finansal Kiralama A.Ş.	880	797
İş Factoring Finansman Hizmetleri A.Ş.	320	1.512
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	194	64
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	60	59
Avea İletişim Hizmetleri A.Ş.	-	83.994
Paşabahçe Mağazaları B.V.	-	28.694
	22.233.413	43.342.493

(1) Consists of revenues from sales of Soda.

(2) Consists of revenues generated from sales of bichromate.

(3) TRY 3.680.630 of the total amount consist of insurance agency income that Şişecam Aracılık Hizmetleri A.Ş. generated between 1 January and 31 December 2015 (1 January - 31 December 2014: TRY 8.674.189).

(4) Consist of management and technic service income.

(5) TRY 1.389.871 of the total amount consists of revenues generated from sales of electricity. (1 January-31 December 2014: TRY 15.027.557).

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37. Related Party Disclosures (Continued)

Income and expenses from/ to related parties (Continued):

	1 January- 31 December 2015	1 January- 31 December 2014
Other expense to related parties		
Solvay Şişecam Holding AG ⁽¹⁾	159.090.154	143.389.078
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş. ⁽²⁾	26.592.520	29.077.065
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽³⁾	22.081.443	19.184.459
Rudnik Krecnjaka Vijenac D.O.O. ⁽⁴⁾	9.114.769	8.505.056
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁵⁾	7.918.599	7.983.538
OOO Balkum ⁽⁴⁾	4.193.518	5.963.380
Anadolu Anonim Türk Sigorta Şirketi ⁽⁶⁾	2.917.265	2.611.316
T. İş Bankası A.Ş. ve İşbank AG	2.456.424	1.445.826
Şişecam Shanghai Trade Co. Ltd.	2.035.038	1.672.238
Paşabahçe Glass GmbH	1.887.326	-
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	942.638	871.696
Oxyvit Kimya Sanayii ve Tic. A.Ş.	793.413	882.833
Paşabahçe USA Inc.	673.409	76.694
Paşabahçe Spain SL	610.014	-
İş Yatırım Menkul Değerler A.Ş. ⁽⁷⁾	448.121	259.196
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	325.474	277.113
Anadolu Hayat Emeklilik Sigorta A.Ş.	318.964	140.123
Türkiye Sınai Kalkınma Bankası A.Ş.	47.250	-
Kültür Yayınları İş-Türk Ltd. Şti.	45.436	54.000
Avea İletişim Hizmetleri A.Ş.	-	9.878
	242.491.775	222.403.489

(1) Amount consists of the purchases of soda from Solvay Sodi AD.

(2) Amount consists of glass mould expenses.

(3) TRY 21.689.869 of the total amount consists of rent expenses for İş Kuleleri, Kule 3 for the period of 1 January – 31 December 2015 (1 January – 31 December 2014: TRY 18.821.054).

(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.

(6) Amount consists of insurance expenses.

(7) Camış Menkul Değerler A.Ş. merged with İş Yatırım Menkul Değerler A.Ş. on 30 June 2014. Therefore, balances of Camış Menkul Değerler A.Ş. were consolidated with balances of İş Yatırım Menkul Değerler A.Ş..

	1 January- 31 December 2015	1 January- 31 December 2014
Short-term benefits provided to key management		
Parent (Holding)	15.108.555	11.523.759
Consolidated entities	47.122.909	39.602.119
	62.231.464	51.125.878

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 2015 and 1 January – 31 December 2014..

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38. Financial Instruments and Financial Risk Management**a) Capital Risk Management**

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents.

As of 31 December 2015 and 31 December 2014 the Group's net debt / total equity ratios are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Financial liabilities and trade payables	5.370.033.096	4.501.139.795
Less: Cash and cash equivalents	(3.144.342.101)	(2.775.445.357)
Net debt	2.225.690.995	1.725.694.438
Total equity	9.502.536.325	7.239.259.565
Net debt / total equity ratio	%23	%24

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.

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net 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.

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)
b.1) Credit Risk Management (Continued)

	Receivables					Cash and cash equivalents	Financial Derivatives
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Credit risks exposed through types of financial instruments	15.460.616	1.389.413.976	3.545.561	67.153.571	3.143.797.775	89.509.896	
Maximum credit risk exposed as of balance sheet date 31 December 2015 (*) (A+B+C+D+E)							
– 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	89.509.896	
– The part under guarantee 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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.1) Credit Risk Management (Continued)

	Receivables					
	Trade Receivables			Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Cash and cash equivalents	Financial Derivatives
Credit risks exposed through types of financial instruments						
Maximum credit risk exposed as of balance sheet date 31 December 2014 (*) (A+B+C+D+E)						
– The part of maximum risk under guarantee with collaterals etc						
A. Net book value of financial assets that are neither past due nor impaired	13.169.905	1.135.997.233	7.626.686	34.958.928	2.774.661.262	84.341.541
– The part under guarantee with collaterals, etc.	-	(388.329.854)	(4.257.919)	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	13.169.905	951.209.720	1.617.685	34.925.418	2.774.661.262	84.341.541
– The part under guarantee with collaterals, etc.	-	(360.191.875)	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
– The part under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
– Past due (gross carrying amount)	-	184.787.513	6.009.001	33.510	-	-
– Impairment (-)	-	(28.137.979)	(4.257.919)	-	-	-
– The part under guarantee with collaterals, etc	-	37.154.309	-	2.848.378	-	-
– Not past due (gross carrying amount)	-	(37.154.309)	-	(2.848.378)	-	-
– Impairment (-)	-	-	-	-	-	-
– The part under guarantee with collaterals, etc	-	-	-	2.976	-	-
– Off-balance sheet items with credit risk	-	-	-	(2.976)	-	-
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 (Continued)**b) Financial Risk Factors (Continued)****b.1) Credit Risk Management (Continued)**

Guarantees received from the customers are as follows

	31 December 2015	31 December 2014
Letters of guarantee	233.596.373	194.159.842
Direct debit system	110.444.205	94.902.330
Security cheques and bonds	112.327.913	75.899.478
Mortgages	14.916.183	15.293.819
Cash	11.734.244	8.074.385
	483.018.918	388.329.854

Collaterals for the trade receivables that are past due but not impaired are as stated below:

	31 December 2015	31 December 2014
1-30 days overdue	117.503.505	123.033.146
1-3 months overdue	62.985.239	34.829.731
3-12 months overdue	23.734.904	15.559.453
1-5 years overdue	15.583.757	11.365.183
Total overdue receivables	219.807.405	184.787.513
The part secured with guarantee, etc. (-)	(31.653.257)	(28.137.979)

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.

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38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.2) Liquidity Risk Management (Continued)

Liquidity risk tables (Continued)

The following table details the Group's expected maturity for its financial liability. The tables below have been 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 2015						
Non derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	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	-
Financial Leases	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
Derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Cash inflows	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	-

31 December 2014						
Non derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	2.683.845.878	2.971.882.453	247.414.364	810.183.566	1.791.551.221	122.733.302
Bank loans	1.155.735.170	1.430.471.438	-	49.276.625	197.106.500	1.184.088.313
Financial Leases	3.824.918	3.829.382	83.142	27.854	3.718.386	-
Trade Payables	607.177.926	609.574.082	598.099.783	11.474.299	-	-
Due to related parties	55.081.231	55.081.231	55.081.231	-	-	-
Other financial liabilities	16.136.189	16.176.833	15.127.722	-	1.049.111	-
Total liabilities	4.521.801.312	5.087.015.419	915.806.242	870.962.344	1.993.425.218	1.306.821.615
Derivative financial liabilities	Carrying value	Total Cash Outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Cash inflows	84.341.541	84.341.541	-	-	84.341.541	-
Cash outflows	-	-	-	-	-	-
	84.341.541	84.341.541	-	-	84.341.541	-

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.2) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates.

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 (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

		Foreign Currency Position as of 31 December 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)	2.927.688.325	911.049.064	62.132.756	81.289.022
2b.	Non-monetary financial assets	1.822.062	626.655	-	-
3.	Other	21.979.637	3.155.702	3.839.398	604.047
4.	Current assets (1+2+3)	3.361.261.802	995.483.242	114.338.950	103.471.281
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	26.766.368	9.205.657	-	-
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)	3.465.789.983	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 assets / (liability) position (9-18+19)	317.533.048	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)	79.690.568	312.906.582	(292.302.733)	98.704.555
22.	Fair value of derivative instruments used in foreign currency hedge	87.952.557	30.223.429	23.576	-
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

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

		Foreign Currency Position as of 31 December 2014			
		TRY equivalent	USD	EUR	TRY Equivalent of other Currencies
1.	Trade receivables	362.793.499	89.127.871	48.349.245	19.736.164
2a.	Monetary financial assets, (cash, and banks accounts included)	2.542.860.001	732.056.552	297.363.408	6.521.098
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	27.496.185	4.886.573	5.424.481	863.877
4.	Current assets (1+2+3)	2.933.149.685	826.070.996	351.137.134	27.121.139
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	47.633	20.541	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	53.790.405	875.575	17.336.737	2.858.300
8.	Non-current assets (5+6+7)	53.838.038	896.116	17.336.737	2.858.300
9.	Total assets (4+8)	2.986.987.723	826.967.112	368.473.871	29.979.439
10.	Trade payables	73.541.743	12.985.895	14.495.886	2.540.205
11.	Financial liabilities	382.145.124	68.596.452	79.085.621	-
12a.	Other monetary liabilities	13.586.643	3.307.197	2.019.325	221.674
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	469.273.510	84.889.544	95.600.832	2.761.879
14.	Trade payables	-	-	-	-
15.	Financial liabilities	1.778.380.883	574.320.675	158.325.476	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	1.778.380.883	574.320.675	158.325.476	-
18.	Total liabilities (13+17)	2.247.654.393	659.210.219	253.926.308	2.761.879
19.	Net assets of off balance sheet derivative items/ (liability) position (19a - 19b)	162.323.000	70.000.000	-	-
19a.	Total amount of assets hedged	162.323.000	70.000.000	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	Net foreign assets / (liability) position (9-18+19)	901.656.330	237.756.893	114.547.563	27.217.560
21.	Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a- 10-11-12a-14-15-16a)	658.046.740	161.994.745	91.786.345	23.495.383
22.	Fair value of derivative instruments used in foreign currency hedge	84.341.541	36.371.358	-	-
23.	Export	1.758.815.669	431.789.263	244.786.182	103.784.437
24.	Import	724.051.785	125.215.125	148.801.429	18.112.836

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

38. Financial Instruments and Financial Risk Management (Continued)**b) Financial Risk Factors (Continued)****b.3) Market risk management (Continued)****b.3.1) Foreign currency risk management (Continued)**

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

The table below 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 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	90.980.718	(90.980.718)	-	-
2- USD hedged from risks (-)	13.811.100	(13.811.100)	-	-
3- USD net effect (1+2)	104.791.818	(104.791.818)	-	-
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)	18.920.318	(18.920.318)	480.988.739	(480.988.739)

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

38. Financial Instruments and Financial Risk Management (Continued)**b) Financial Risk Factors (Continued)****b.3) Market risk management (Continued)****b.3.1) Foreign currency risk management (Continued)***Foreign currency sensitivity (Continued)*

	31 December 2014			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	37.564.961	(37.564.961)	-	-
2- USD hedged from risks (-)	16.232.300	(16.232.300)	-	-
3- USD net effect (1+2)	53.797.261	(53.797.261)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	25.890.174	(25.890.174)	297.231.040	(297.231.040)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	25.890.174	(25.890.174)	297.231.040	(297.231.040)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	2.349.538	(2.349.538)	35.074.464	(35.074.464)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	2.349.538	(2.349.538)	35.074.464	(35.074.464)
Total (3+6+9)	82.036.973	(82.036.973)	332.305.504	(332.305.504)

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 5.469.804 as of 31 December 2015 (31 December 2014: TRY 4.490.193).

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk management (Continued)

b.3.2) Foreign currency risk management (Continued)

Interest rate sensitivity

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

	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

	31 December 2014			
	Floating Interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	3.785.504.663	264.904.667	4.050.409.330
Cash and cash equivalents	-	2.593.030.811	182.414.546	2.775.445.357
Financial assets	-	721.100	-	721.100
Available for sale financial assets	-	-	82.490.121	82.490.121
Trade receivables	-	1.135.997.233	-	1.135.997.233
Due from related parties	-	20.796.591	-	20.796.591
Other receivables	-	34.958.928	-	34.958.928
Financial liabilities	1.866.641.189	2.642.727.181	12.432.942	4.521.801.312
Bank borrowings	1.866.641.189	804.771.747	12.432.942	2.683.845.878
Bond issues	-	1.155.735.170	-	1.155.735.170
Financial leases	-	3.824.918	-	3.824.918
Trade payables	-	607.177.926	-	607.177.926
Due to related parties	-	55.081.231	-	55.081.231
Other payables	-	16.136.189	-	16.136.189

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

38. Financial Instruments and Financial Risk Management (Continued)**b) Financial Risk Factors (Continued)****b.3) Market risk management (Continued)****b.3.3) Other price risks**Equity Price Sensitivity

The Group's 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 2015 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY 30.740 (31 December 2014: TRY 30.095 of increase/decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

Group's sensitivity to equity share price has not changed materially when compared to the prior year.

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)**Categories of Financial Instruments**

31 December 2015	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying Value	Note
Financial assets	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 investments	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

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures) (Continued)

Categories of Financial Instruments (Continued)

31 December 2014	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying Value	Note
Financial assets	2.860.507.998	1.156.793.824	82.490.121	-	4.099.791.943	
Cash and cash equivalents	2.775.445.357	-	-	-	2.775.445.357	6
Trade receivables	-	1.135.997.233	-	-	1.135.997.233	10
Due from related parties	-	20.796.591	-	-	20.796.591	37
Derivative financial investments	84.341.541	-	-	-	84.341.541	12
Financial investments	721.100	-	82.490.121	-	83.211.221	7
Financial liabilities	4.505.665.123	-	-	-	4.505.665.123	
Financial liabilities	3.843.405.966	-	-	-	3.843.405.966	8
Trade payables	607.177.926	-	-	-	607.177.926	10
Due to related parties	55.081.231	-	-	-	55.081.231	37
Derivative financial liability	-	-	-	-	-	12

Fair Value of Financial Instruments

Financial assets	31 December 2015			
	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	-
Financial assets held to maturity	29.400.769	-	29.400.769	-
Total	171.553.176	319.530	118.910.665	52.322.981

Financial assets	31 December 2014			
	Total	Category 1	Category 2	Category 3
Financial assets available for sale	82.490.121	330.875	-	82.159.246
Derivative financial assets	84.341.541	-	84.341.541	-
Financial assets held to maturity	721.100	-	721.100	-
Total	167.552.762	330.875	85.062.641	82.159.246

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).

Notes to the Consolidated Financial Statements at 1 Januar - 31 December 2015

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

40. Events after the Balance Sheet Date

- T.İş Bankası A.Ş., the parent of the Group, increased its share in the Company from %65.76 to %65.80 with share purchase transactions at Borsa İstanbul A.Ş. in the period between 1 January 2016 - 3 March 2016.
- It is decided to lease the project of İş Gayrimenkul Yatırım Ortaklığı A.Ş. located in Tuzla, İstanbul at an amount of TRY 14.450.000 + VAT for 5 years starting from 1 September 2016. Payment will be proceed by an increasing rate form January 2018 accordingly to annual rate of Producer Price Index ("PPI") issued by Turkish Statistical Institute ("TSİ").
- Stock Exchange securities of Denizli Cam Sanayii ve Tic. A.Ş, subsidiary of the Company, in Borsa İstanbul A.Ş. have been continuously paused in particular dates during the transaction since 7 January 2016 and "one price order collection" method has been applied.
- At the Board of Directors' meeting of Anadolu Cam A.Ş, held on 2 March 2016 which is a subsidiary the Group, it has been decided that there will be no profit distribution from the profit of the year ended 31 December 2015 amounting to TRY51.601.512 in accordance with Capital Markets Board ("CMB") Series II- 14.1 "Principles of Financial Reporting in Capital Market" since there will no distributable profit after the legal reserves and transfer of gain on sale of associate to related reserves in accordance with Corporate Tax Law 5 / 1e. Decision will be presented to the General Assembly approval in the meeting, will be held on 24 March 2016.
- At the Board of Directors meeting of Trakya Cam Sanayii A.Ş, held on 1 March 2016, which is a subsidiary Group, it has been decided to allocate the consolidated profit of the year ended 31 December 2015 amounting to TRY 159.260.953 in accordance with Capital Markets Board ("CMB") Series II- 14.1 " Capital Markets Financial Reporting Communiqué on Principles " and Article 25 of Articles of Association of the company and disclosed " Dividend Policy", as follows,
 - A gross dividend amounting to TRY 93.000.000, equivalent of 10,39106% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 35.000.000, equivalent of 3,91061% of paid-in capital will be distributed as bonus shares.
 - The date of payment of cash dividend will be 29 April 2016 and the bonus shares will be distributed after the completion of legal procedures,

Decisions will be presented to the General Assembly in the meeting that will be held on 23 March 2016.

- At the Board of Directors meeting of Soda Sanayi A.Ş. held on 1 March 2016, which is a subsidiary Group, it has been decided to allocate the consolidated profit of the year ended 31 December 2015 amounting to TRY 434.414.674 in accordance with Capital Markets Board ("CMB") Series II- 14.1 " Capital Markets Financial Reporting Communiqué on Principles " and Article 28 of Articles of Association of the company and disclosed " Dividend Policy", as follows,
 - A gross dividend amounting to TRY 240.000.000, equivalent of 36,36363% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 90.000.000 equivalent of 13,63636% of paid-in capital will be distributed as bonus shares,
 - the date of payment of cash dividend will be 29 April 2016 and the bonus shares will be distributed after the completion of legal procedures,

Decisions will be presented to the General Assembly in the meeting that will be held on 23 March 2016.

41. Other Issues that Significantly Affect the Financial Statements or Other Issues, Required for the Clear Understanding of Financial Statements

Approval of Financial Statements

The Group's audited consolidated financial statements as of 31 December 2015 prepared in accordance with the Capital Markets Board's Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the CFO, Mustafa Görkem Elverici and the Group Accounting Manager Murat Yalçın and approved for the public announcement by the Board of Directors on 3 March 2016.

DISTRIBUTION OF 2015 PROFIT

Dear Shareholders,

Our company has closed 2015 accounting period with TRY 722.763.185 of profit.

We submit to your information and approval that our TRY 722.763.185 of net period profit, which was stated in 2015 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	722.763.185
2. Primary Legal Reserve	(18.340.363)
3. As per 5/1-e Article of Corporate Tax Law the amount of dividend put in a special fund	(50.654.932)
4. Net Distributable Period Profit	653.767.890
5. Donations Made within the year	249.922
6. Net Distributable Period Profit with the Addition of Donations where the First Dividend will be Calculated	654.017.812
7. First Dividend to Shareholders	
- Cash	250.000.000
- Bonus Shares	98.000.000
Total Dividend	348.000.000
8. Excess Reserve	305.767.890

That TRY 250.000.000 of gross dividend, which accounts for 13,15789% of current issued capital, to be distributed in cash, That TRY 98.000.000 of gross dividend, which accounts for 5,15789% of current issued capital, to be distributed as free shares, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share, that cash dividend payment date to be determined as May 31, 2016 and that the distribution of bonus shares following the completion of legal process considerations.

Kind Regards

H. Ersin Özince
Chairman of the Board of Directors

SECTION I - DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Within the framework of the corporate governance principles stated in the Capital Markets Board's ("CMB") Communiqué Series II 17.1 regarding the Corporate Governance Communiqué which entered into force upon publication in Official Gazette No. 28871 dated 3 January 2014, this declaration reflects the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (the "Company") regarding determination of the duties, authorities, and responsibilities of the board of directors, subordinate committees, and managers; regarding shareholders, public disclosure, and transparency; and regarding regulation of relations with stakeholders.

Şişecam Group is an industrial group operating internationally in the flat glass, glassware, glass package, and chemicals segments. Şişecam currently operates in 13 countries, sells approximately half of its production to overseas buyers, and exports its products to 150 countries throughout the world. The Group is in the leading position in the Turkish market in all segments of glass production including flat glass, glassware, glass package, and 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 81 years of corporate history. The Group is considered one of the most prominent manufacturers in the world in its field due to its scale, degree of specialization, and competitive activities.

Şişecam Group, which aims to become one of the top three companies in its sector in 2020, utilizes cutting-edge technology and innovations, continuously develops its products and production processes with R&D investments under its value creation strategy, and continuously expands its international production facilities, value-added products, and market share.

Combining its extensive experience with its ambitious vision Şişecam stays on course to become a global brand, shape its future with products and services that add value for stakeholders and shareholders, enrich, and make life easier, and which is people and environment-friendly.

As a global company in its business segment Şişecam has established management based on principles of equality, transparency, accountability, and responsibility. Its specialization and position among Europe's and the world's most prominent manufacturers, along with its compatible activities, are the clearest proof of the insight of its management.

Modern principles of management and industry, a high level of industrialization, and focus on the market and R&D are the key drivers of Şişecam's success and are the basic foundations of the Şişecam of the future. Şişecam Group aims to reinforce its vision of being the leading manufacturer in surrounding countries which is based on these principles by adopting corporate governance principles. Our company takes the utmost care to comply with capital markets legislation and Capital Markets Board (CMB) regulations in corporate governance implementations, and the principles, which were included in the appendix of the Corporate Governance Communiqué in the activity period that ended 31 December 2015, 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 2015.

- 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) Any losses which might arise due to consequence of mistakes made by board of directors are insured with an amount which exceed the 25% of company's capital.
- 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 92.78 (9.28 out of 10) that we declared on 29 December 2014 was revised upward to 93.53 (9.35 out of 10) on 18 December 2015 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 heading	Weighted	Notes
Shareholders	25%	95,36
Public disclosure and transparency	25%	95,81
Stakeholders	15%	95,51
Board of directors	35%	89,75
Weighted average		93,53

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.

- 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 2015 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 2015 which were not approved by an independent board member.

Within the context of these implementations the Corporate Governance Principles Compliance Report for 2015 has been prepared in accordance with Decision No: 2/35 published in weekly newsletter No: 2014/2 on 27 January 2014 by the CMB, and has been introduced in sections as follows.

SECTION II - STAKEHOLDERS

2.1. Investor Relations Department

In order to comply with the rules regarding the responsibilities arising from Capital Markets Board regulations set by legislation, and in order to operate efficiently and effectively, a centralized structure has been implemented.

All requirements and responsibilities of Şişecam and other public companies, in accordance with the Turkish Commercial Code and capital markets board legislation, have been fulfilled with the supervision, orientation, and coordination of the "Investor Relations Department", which falls within the area of responsibility of Financial Affairs Group Director Mustafa Görkem Elverici in line with the corporate governance principles of the CMB. In this context, in accordance with CMB II- 17.1 No. Corporate Governance Communiqué of Article 11, Emre İgdirel, Department Manager, who holds a Capital Markets Activities Level 3 License and Corporate Governance with Rating License, and Başak Öge, Corporate Finance Investor Relations Manager, were appointed as responsible parties, and this mandate was disclosed to the public through the PDP on 30 June 2014.

The investor relations department plays an active role in protection of shareholding rights and in facilitating the use of those rights, particularly the right to a debriefing and the right to analyze. 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 2015 are summarized below.

- In 2015 we attended conferences regarding shares organized by Bank of America Merrill Lynch (London), Erste Securities (Istanbul), İş Investment (London) and Citi (Frankfurt), and we also attended conferences organized by Bank of America Merrill Lynch (Miami) and JP Morgan (London) for bond investors. We interviewed around 215 investors in total, including those interviewed at investor meetings held in our company headquarters.
- Two plant visiting were held for domestic and foreign investors.
- In March and August 2015 teleconferences were held via webcast in which 2014 year end and 2015 first quarter results were evaluated in cooperation with investors and analysts. After August, 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 Gökalp, of Financial Control and Reporting Director Gökhan Güralp, and Central Accounting 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 2015, 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 (KAP), the Electronic General Assembly System (EGKS), the corporate website of the Company, and the Turkish Trade Registry Gazette at least three weeks before the meeting in order to reach the maximum number of shareholders. In addition, before the general assembly meeting, "information documents" regarding agenda items are prepared and announced to the public. All announcements and notifications required by the Turkish Commercial Code (TCC), capital markets legislation, CMB regulations and decisions, and articles of association are made.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting and did not contain any ambiguity about the exact location of the meeting, agenda items of the meeting, the body issuing the invitation to the meeting, or the exact location where the annual report, financial statements, and other meeting documents could be examined. In this context, the annual report, financial reports, other documents forming the basis for agenda items, and the profit distribution proposal from the date of the announcement, were posted on the Company website and at Company headquarters to facilitate easy access by shareholders.

Along with the announcements to be made in accordance with legislation and the announcement of the general assembly meeting, on the Company's corporate website, www.sisecam.com.tr, the following items are provided to shareholders in the "Information Documents" section under "General Assembly Announcement and Documents" in the "Investor Relations" section.

- a. The total number of shares and voting rights reflecting the company's shareholding structure as of the date of disclosure, privileged share groups within company capital, voting rights, and the nature of privileges,
- b. Information on changes in management and activities of the company and its subsidiaries in the previous fiscal year, or changes planned for the upcoming fiscal period which may significantly affect company operations,
- c. Grounds for dismissal and replacement of board members, candidates' backgrounds, posts held in the last decade, the nature and significance of their relationships with the company and related parties, their independence status, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner which would not result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the general shareholders' meeting was related to the agenda items.

Subjects which the shareholders send to the 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 2015.

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.

At our board of directors' meeting of 13 January 2015 regarding the organisational structure created using the operation model during our community's re-structuring process, Gizem Sayın, formerly Vice President of Strategic Planning, was assigned as Chief Executive Officer of Office Coordination, and Özlem Vergon, formerly Director of Strategic Planning of Düzcam Group, was assigned as Chief Strategy Officer. These assignments were disclosed to the public on 13 January 2015 via KAP (the public disclosure platform).

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 12 March 2015 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 OOO Ruscam Glass Packaging Holding, OOO Ruscam Glass, and OOO Ruscam, which carry out activities in the Russian Federation, receive a loan with a three-year term amounting to 75 million EUR from RI-GD Investments.

At our board of directors' meeting dated 02 July 2015 the following was decided that our company would act as guarantor to ensure that loans with eight year terms and equivalent to 75 million USD in total would be taken out in EUR and USD, our subsidiaries Trakya Glass Bulgaria EAD, operating in Bulgaria, and Trakya Cam Sanayii AŞ, operating in Turkey, will take out a loan from International Finance Corporation ("IFC"), a loan in euros which is equal to 15 million USD will be taken out for Trakya Glass Bulgaria EAD, and loans of 30 million USD and 60 million USD, which are equal to 30 million EUR will be taken out for Trakya Cam Sanayii A.Ş.

These transactions were agreed upon with the unanimous consent of the board of directors.

At the last Ordinary General Assembly meeting, Shareholders were informed of donations made within the reporting period, and the ceiling for the upcoming period was approved.

Stakeholders and media are allowed to attend the general shareholders' meetings. Şişecam's general assembly meeting is held under the supervision of a representative from the Ministry, who is assigned by the Ministry of Customs and Trade. The general assembly meeting minutes, which are posted on the corporate website of the Company, are available for review by the shareholders in the Company's head office and on the corporate website of the Company.

The general assembly is informed by way of a separate agenda topic regarding related party transactions, pledges, securities, and mortgages provided on behalf of third parties in the current period.

The ordinary general assembly meeting for 2014 was held 3 April 2015 with a quorum of 81.9%.

In the announcements and declarations regarding general assembly meetings, the following information is provided;

- 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;
- Whether the general assembly meetings will be held in a physical or electronic environment, and the information that assigning attorneys, making suggestions, expressing opinions, and voting during any general assembly meetings in the electronic environment will be done using the Electronic General Assembly System (EGKS) provided by the Central Registry Office (MKG), and that shareholders who would like to participate the general assembly in person or through their attorneys in the electronic environment shall make their preferences known in accordance with the principles of EGKS;
- 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,
- That the annual report, including financial statements, independent audit reports, the profit distribution proposal of the board of directors, and the previous and revised versions of the amendment text, if there will be any amendments to the articles of association, will be available for examination by the shareholders on the corporate website of the Company.

2.4. Voting Rights and Rights of Non-controlling Interests

There are no privileges stated in the articles of association regarding the use of voting rights. In accordance with the articles of association, each share has one voting right. If cross ownerships cause dominant relationships, the companies involved in the cross ownerships may not use their voting rights unless there are indispensable conditions, such as the need for a quorum.

Türkiye Şişe ve Cam Fabrikaları A.Ş. does not have treasury shares.

All shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

There are no restrictions or obligations stated in the articles of association concerning the representation of a minority within management nor is there any provision that defines a minority as possessing shares accounting for less than 1/20 of the total shares of the company.

2.5. Dividend Right

The 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 2015, dividends totaling (90+105) 195 million TRY have been distributed, of which 90 million TRY were cash and 105 million TRY were bonus shares.

2.6. Transfer of Shares

Neither the articles of association of the company nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.

SECTION III. PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company's Website and Its Contents

The corporate website, www.sisecam.com.tr, is actively used as suggested by the corporate governance principles of the CMB in order to be in continuous contact with its shareholders and to maintain the company's relationships with its shareholders more effectively. The information on this website is constantly updated by the investor relations department. The company's corporate website has the same content with explanations within the framework of the provisions of the related regulations and there is not any conflicting or missing information on the site.

On the company's corporate website www.sisecam.com.tr, which is available in Turkish and English, mandatory information is disclosed pursuant to the legislation. The following is included on the corporate website: segment information, information about products, annual and interim reports, financial statements, corporate governance compliance reports, the articles of association, trade register information, information about the latest shareholder and management structures, publicly disclosed material information, periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas from the general assembly meetings and lists of the participants and minutes for the general assembly meeting, a form for proxy voting at the general assembly meeting, the donation policy, the remuneration policy, the dividend distribution policy,

the ethical rules of the company, frequently asked questions and the responses. Information on these topics can be accessed on the website for at least the last five years.

The shareholder structure of the company and the names of the people who hold more than 5% of the shares after the elimination of indirect or treasury shares are disclosed on the company's website and are updated quarterly.

Türkiye İş Bankası A.Ş. holds 65.76% of the issued shares of the company, amounting to TRY 1,900,000,000 as of 31 December 2015. 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 2015 has been prepared based on the third clause of Article 516 of the Turkish Trade Act and Article 518 of the same act, in accordance with the minimum content specified in Article 8 of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board and the provisions of the "Regulations Regarding the Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs and Trade and the annual report has been independently audited.

The annual report contains the following information;

- a. The period covered by the report, the title of the company, trade registry number, contact information,
- b. The names of the chairman and the members of the board as well as committees and upper management,
- c. The sectors in which the company and its subsidiaries operate and information on its positions in these sectors,
- d. Information about the company's functional units, general explanations related to their activities and performance and yearly developments,
- e. Progress on investments, the eligibility and status of government incentives,
- f. The changes to the articles of association in the current period,
- g. The Corporate Governance Principles Compliance Report,
- h. Information on related party transactions,
- i. Other relevant and beneficial information that is not included in the financial statements,
- j. The company's organizational, capital and ownership structure and any changes made in the related accounting period,
- k. Information on all benefits provided to staff and the number of personnel,
- l. Information about the fact that no board members were involved in any transactions with the company on their own behalf or on someone else's behalf within the framework of permission granted by the general shareholders' meeting along with their activities within the scope of restraint of trade,
- m. The dividend distribution policy,
- n. Basic ratios that explain the company's financial position, profitability and solvency, and,
- o. The company's financing resources and risk management policies,

In addition to the matters specified in the legislation, information on the following matters is included in the annual reports;

- a. The external duties of board members and executives and the declaration of independence of the relevant board members,
- b. The members of the committees within the board and their working principles,
- c. The number of board meetings held during the year,
- d. Any changes to legislation which could significantly affect the company's operations,
- e. Any major court cases against the company and their possible consequences, and,
- f. The benefits provided to employees, vocational training for employees, and other company activities that give rise to social results.

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The company recognizes the rights of stakeholders which were established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation or protected by contracts, the company protects the interest of stakeholders under good faith principles and within the capabilities of the company. Effective and expeditious compensation is provided in case of a violation of rights.

The website of the company is actively used to provide adequate information on policies and procedures that protect stakeholders' rights.

The corporate governance structure of the company ensures that its stakeholders, including its employees and representatives, report their concerns about any illegal or unethical transactions to the management.

The company's employees can raise any transaction that contradicts legislation and that is not ethically sound to audit committee and to the internal audit unit. An ethics hotline has been set up for stakeholders to raise any transactions deemed to contradict the law or the company's ethical values to the audit committee, which is composed of independent board members. Complaints can also be sent via email, to etik@sisecam.com. A documented compensation policy has been established and disclosed to public for Şişecam.

Şişecam has created the framework for a compensation policy, though not a very detailed one, and has disclosed it to the public on the corporate web site.

In order to increase communication with the employees, two in-house periodicals, the "Şişecam Group Periodical" and the "Technical Bulletin" are published. In addition, subjects that are followed by the public are broadcasted on the "Corporate TV". On the portal, which is available for in-house employees, instruction manuals and announcements regarding policies, procedures, instructions and systems that are in effect are submitted for the information of the employees.

4.2. Stakeholders' Participation in the Company Management

The fundamental 16 principles, which are embraced to allow for the participation of company employees in management, keeps all lines of communication open and eliminates all possible encumbrances. Practices such as "development delegate", "we are members of Şişecam", message to the general manager" and "idea factory" are used to this end.

The company maintains constant communication with its employees, pays attention to their needs and creates various platforms and mechanisms by which employees can convey their opinions and comments. Internal meetings are held, which company employees attended when necessary.

These meetings play a significant role in the decision-making process of senior management. Expectations and demands from all of the stakeholders involved with the company are addressed based on the code of ethics and are resolved through mutual communication.

Even though these models and their applications are not incorporated in the articles of association, they are included in the "Şişecam Constitution".

4.3. Human Resources Policy

The human resources policy of our company is put into writing and the regulations and procedures that are part of the policy are submitted 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 department has been working to attract new graduates and other professionals by actively using all existing recruiting methods and techniques and by organizing various communication activities at universities and other institutions.

The Performance Management System works hand in hand with the vision, mission and strategies of the Group.

By modifying the Balance Score Card system, started by the Group in 2010, to include personal targets, the success-based performance culture is being converted into a success-based corporate culture. The foundation of the Performance Management System is to create value for the employee and to ensure that the value created by the employee serves the development and sustainability targets of the company.

Expectations for the individual employee and the requirements of the organization are discussed by means of the Career Development Plan, a part of the Performance Management System, in the career committees that are held regularly each year. Moreover, strategic career maps as well as the Group-based career and succession plans are developed using data from the Performance Management System.

Şişecam aims to add the necessary human resources to its organization while preserving a high level of loyalty among current employees, as well as creating a positive, equal and competitive working environment. There is no any complaint from employees including especially discrimination. 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.

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 to add new dimensions with innovative methods and investments. Şişecam Academy and Şişecam aim to contribute to corporate targets, improve human resources competency, and contribute considerably to corporate image and employee loyalty.

The Leadership School and the Sales School were set up in 2015. The aim of the Sales School is to create a sales driven culture in Şişecam Group and the school is prepared to serve sales representatives. The Leadership School was prepared based on Global Leadership Model competencies, declared in 2015, and its aim is to improve the management level's leadership and management competencies which will enable Şişecam to achieve its objectives.

Glass Science and Technology, Glass Breakage Analysis training, and Glass Workshops were carried out for engineers in the Glass School, and were set up to address the group's main activities, which are related to glass, in collaboration with the Research and Technological Development Presidency (ATGB).

The Internal Training Certificate Programme was maintained and training given by certified trainers has been increased in the group so that they benefit from the knowledge that has been accumulated. Training materials were enriched and access to information was facilitated by moving training and development activities from in-class applications to e-learning applications which facilitate participation. 101 e-learning modules were opened for employees who received monthly salaries in the January-December 2015 period, and 13,887 employees participated.

In the January-December 2015 period, employees who received monthly salaries received 23 hours of training and those who received hourly salaries received 15 hours of training.

Across the Group, six collective bargaining agreements have been carried out domestically. These include one group collective bargaining agreement covering ten factories, two manufacturing plants and three workplaces. Internationally, agreements are in place covering four workplaces in Bulgaria, the Posuda factory in Russia, the Glascorp factory in Romania, Soda Lukavac d.o.o. and Rudnik Krecnjaka factories in Bosnia and Herzegovina and Fritz Aszod (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), Selüloz-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.

The tracking system of workplace accidents, which covers all workplaces and units, including the management and sales centers, 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. 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 20 July 2010. This resolution covers guideline regulations that direct the relations of all Group employees with the customers, suppliers, shareholders and other stakeholders. These decisions were updated in accordance with the current requirements with the board

resolution no. 33 on 28 March 2013. Şişecam's ethical rules are publicly disclosed on the corporate web site.

Şişecam's collection of 527 antique glass works, assembled to preserve cultural values, is registered with the Archeology Museum of Istanbul. The collection is on exhibition in Şişecam's head office. The Glass Hall of the Bodrum Underwater Archeology Museum was opened in 1985 to visitors from around the world, under the sponsorship and safeguard of Şişecam.

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

Şişecam awards an Education Incentive Scholarship to its employees and their children who are studying. Within this scope, 3.709.297 TR in scholarships were awarded in 2015.

It is known that sea turtles, an endangered species, have been using the coastal areas in Mersin for laying eggs for centuries. On 9 May 2015, the Kazanlı Shore Spring Cleaning event was organised by Soda Sanayii A.Ş. in collaboration with Mersin University to protect the endangered Caretta and Chelonia mydas sea turtles and their nests. At the event, in which 350 people participated and which was carried out with the participation of employee families, the sea turtles' living spaces were cleaned.

The aims of the event were to raise awareness about this issue among local people and to enable endangered sea turtles to contribute to ecotourism and socio-cultural and socio-economic life, while ensuring that endangered "Caretta" and "Chelonia mydas" turtle nests are protected under the "Kazanlı Project" by Soda Sanayii A.Ş. since 2007.

The most important contributions to the Kazanlı Sea Turtles Project are made by young volunteers and undergraduates studying in the department of Biology at Mersin University. In addition to the young people who volunteered in preparing the project, new volunteers are encouraged to participate in the activities by organising meetings. In 2015, as a result of the project, the expected improvements in the total number of sea turtle nests continued to increase, and they increased steadily.

Primary school students have been educated about recycling since 2011 within the framework of the Cam Yeniden Cam Project which was put into effect in 2011 by Anadolu Cam, one of the group's subsidiaries, in collaboration with the ÇEVKO Foundation and local government.

Glass breaking machines are placed in restaurants and hotels with high glass consumption within the borders of municipalities which are collaborating on this project. These machines are provided upon demand. Throughout the year, activities were organised to raise awareness about recycling. Mascots took part in these activities and municipalities participated, holding the activities in crowded places such as shopping malls, main streets, and squares.

SECTION V. BOARD OF DIRECTORS

5.1. Structure and Constitution of the Borad 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 16 January 2015 and proposed to Board of Directors at the same date. In the Board of Directors meeting held on 20 January 2015, no qualified opinion was issued related to the election of appropriate independent members in accordance with CMB notifications no: 29833736-199-276 and dated on 5 February 2015.

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 2014, held on 25 May 2015. 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 25 March 2016, 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 Demircioğlu
29.02.2016

STATEMENT OF INDEPENDENCE

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiques, Principle Decisions and similar regulations of Capital Market Law and Capital Market Board and by the Articles of Association of your Company; that I will inform the Board of Directors and Capital Market Board simultaneously through Public Disclosure Platform immediately, in case there are any situations that rule out aforementioned independence together with its reasons, and that I will comply with the provisions prescribed in article 4.3.8 of Corporate Governance Principles by acting in line with the decision of your Administrative Board.

Best Regards,

Halit Bozkurt Aran
29.02.2016

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 Ögütçü
29.02.2016

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 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 Kirman	Vice Chairman-General Manager	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 Cam Investment B.V., 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. Chairman
İlhami Koç	Member	Türkiye İş Bankası A.Ş. Vice General Manager, Türkiye Sermaye Piyasaları Birliği Chairman, İş Yatırım Menkul Değerler A.Ş. Chairman, İşbank AG. Member of the Board of Directors, JSC İşbank Member of the Board of Directors, JSC İşbank Georgia Member of the Board of Directors, Borsa İstanbul A.Ş. Member of the Board of Directors

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 Üniversite 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 Merkezi'nin, The Bretton Woods Committee Member
Zeynep Hansu Uçar	Member	Türkiye Sınai Kalkınma Bankası A.Ş. , Anadolu Cam San. A.Ş., Anadolu Cam Yenisehir San. A.Ş., Cami Madencilik A.Ş., Çayırova Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş., Paşabahçe Mağazaları A.Ş., Soda San. A.Ş., Trakya Cam San. A.Ş., Trakya Polatlı Cam San. A.Ş., Trakya Yenisehir Cam San. A.Ş., Cam Elyaf San. A.Ş., Anadolu Cam Eskişehir San. A.Ş., Cami Yatırım Holding A.Ş., İş Finansal Kiralama A.Ş., İş Faktoring A.Ş Member of the Board of Directors
Sabahattin Günceler	Member	None
Mehmet Ögütücü	Member	Global Resources Partnership Chairman, Energy Charter Ortadoğu ve Asya bölgelerinden sorumlu "Özel Elçi", Energy Plc Independent member of the Board of Directors
İzlem Erdem	Member	T. İş Bankası A.Ş. Financial Research Manager, Anadolu Hayat Emeklilik A.Ş. ve İş Yatırım Menkul Değerler A.Ş. Member of Audit and the Board of Director, İş Portföy Yönetimi A.Ş. Vice Chairman

5.2. Fundamentals of Activities of Board of Directors

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 146 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

Thereby providing an equal flow of information, the information and documents related to agenda items of meeting of Board of Directors are presented for the review of members of the Board of Directors before a sufficient plenty of time. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has a voting right in the Board of Directors.

Each agenda item is discussed clearly and in all aspects in the meetings of the Board of Directors. Participation rate of members of the board of Directors to the Board of Directors meeting is %95.4 in 2015. 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 2015 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 13 meeting in 2015. 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 7 meeting in 2015.

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 14 meeting in 2015.

Due to the fact that all members of Audit Committee and chairmen of other committees and three members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it has required a member of Board of Directors to be involved in more than one committee.

The Audit Committee;

Chairman Prof. Dr. Atilla Murat Demircioğlu (independent), Halil Bozkurt Aran (independent) ve Mehmet Öğütücü (independent).

The Corporate Governance Committee;

Chairman Prof. Dr. Atilla Murat Demircioğlu (independent), Zeynep Hansu Uçar, Sabahattin Günceler, İzlem Erdem and Emre İğdirsel.

Early Risk Identification System and Committee;

Chairman Prof. Atilla Murat Demircioğlu (independent), İlhami Koç (independent), Halit Bozkurt Aran (independent), Zeynep Hansu Uçar and Mehmet Öğütücü (independent).

5.4. Internal Control and Risk Management System

The Board of Directors has set up the internal control systems by considering the ideas of committees of Board of Directors and covering the procedures of risk management and information systems. Accordingly, the Board of Directors reviews the effectiveness of risk management and internal audit systems at least once a year.

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 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 2015 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.

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 2015, with the aim of increasing the risk security it provides to stakeholders in a sharply competitive internal and external environment which is a result of the conditions above, and also with the aim of efficiently managing the uncertainties lead by global developments.

Accordingly, the risk management function, which has been managed centrally for years, was revisited so as to focus on micro and local risks. Technological support in the form of an integrated risk management platform named "MicroSCOPE, which will help effect the changes necessary due to this new focus, was provided. Therefore an infrastructure which connects the headquarter and 44 production facilities in 13 countries was established.

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 2014 which was held at 25 March, 2015. 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.

80. SHAREHOLDERS' ORDINARY GENERAL ASSEMBLY MEETING 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 summaries 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 2015,
3. Reviews and Discussions on and Approval of the 2015 Balance Sheet and Income Statement Accounts,
4. Acquittals of the Members of the Board of Directors,
5. Election of the Members of the Board of Director,
6. Determination of the Compensations pertaining to the Members of the Board of Directors,
7. Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
8. Taking a Resolution on the Distribution Type and Date of the 2015 Profit,
9. Taking a resolution on appointment of an independent auditing firm as per the Turkish Commercial Code and the regulations issued by the Capital Markets Board,
10. 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 2016,
11. Furnishing information to the shareholders in respect of the securities, pledges and hypothecates provided in favor of third parties.

Date: 25 March 2016

Place: İş Kuleleri Kule 3, 4. Levent/İstanbul

**CAPITAL INCREASE, CHANGES TO THE ARTICLES OF INCORPORATION AND
DIVIDEND DISTRIBUTION AND OTHER ISSUES DURING THE REPORTING**

During the reporting period, it was decided at the Ordinary General Assembly held on 25 March 2015 to distribute gross dividends in the amount of TRY 90.000.000 corresponding to 5,29411% of the existing paid-in capital in cash and gross dividends in the amount of TRY 105.000.000 corresponding to 6,17647% as bonus shares. As per the said decision, dividends in the amount of TRY 90.000.000 covered from 2014 profit was paid out to shareholders in cash on 29 May 2015.

During the reporting period, the Company's issued capital was raised from TRY 1.700.000.000 to TRY 1.900.000.000 within the existing authorized capital of TRY 2.500.000.000; out of the increment of TRY 200.000.000, TRY 95.000.000 was covered from the 2014 profit and TRY 95.000.000 from extraordinary reserves.

The certificate of issue for the shares in the incremental amount of TRY 200.000.000 was approved with the Capital Markets Board of Turkey (CMB) decision no. 16/775 dated 23 June 2015, and shares distribution was made from 3 July 2015 to 7 July 2015. 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 2015.

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 6 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 1.900.000.000, divided into 190.000.000.000 registered shares each with a nominal value of TRY 0,01. TRY 1.900.000.000 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

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 2015 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 2015, which would have required equalization of losses by reason of the transactions described above.

Legal Reference of the Annual Report

The annual report of the Group for 2015 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 2015 fiscal year has been signed and approved by the members of the Company's Board of Directors on 3 March 2016.



**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 2015.

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 Group's consolidated financial statements that are subject to independent auditor's report dated 3 March 2016 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.

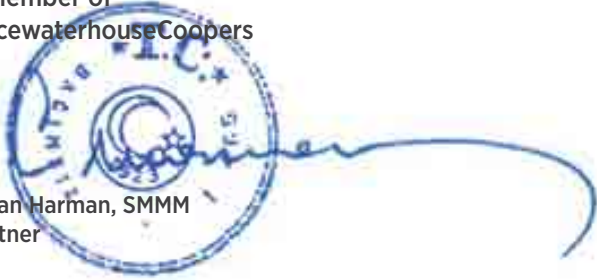
Other Responsibilities Arising from Regulatory Requirements

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 Group to continue its operations for the foreseeable future.

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

Cihan Harman, SMMM
Partner

İstanbul, 3 March 2016



DIRECTORY

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Mersin Plant**
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**Sisecam Automotive
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Fax: (0212) 350 50 80

**Richard Fritz Holding GmbH
- RF SPOL, S.R.O.**
Tovarenska 15
Malacky 901 14, Slovakia
Tel: (0212) 350 35 34
Fax: (0212) 350 50 80

Richard Fritz Holding GmbH
Richard Fritz Prototype +
Spare Parts GmbH
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74354 Besigheim, Germany
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Richard Fritz Holding GmbH
Richard Fritz KFT 2170 Aszod,
Pesti Ut 19/A, Hungary
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Trakya Glass Rus AO
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**Automotive Glass Alliance
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Elabuga Municipal District, Special
Economic Zone (SEZ), "Alabuga"
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Fax: (0212) 350 50 80

Saint Gobain Glass Egypt
66 Cornish El Nile, Elzahraa
Building, Floor No. 38 Maadi
Cairo, Egypt
Tel: (0212) 350 35 34
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ŞİŞECAM GLASSWARE

**Paşabahçe Cam Sanayii ve
Ticaret A.Ş.
Management and Sales
Center**
İş Kuleleri Kule 3, 4. Levent 34330
Beşiktaş, İstanbul
Tel: (0212) 350 50 50
Fax: (0212) 350 57 87
http://www.pasabahce.com.tr

Kırklareli Plant
Büyükkarıştıran Mevkii,
Muratlı Yolu 39750
Lüleburgaz, Kırklareli

Mersin Plant
Tekke Köyü Cıvarı 33004 Mersin

Eskişehir Plant
Organize Sanayi Bölgesi
15. Cadde 26110 Eskişehir

Ankara Branch
Ankara Ticaret Merkezi, B-Blok,
Kızılırmak Mah. 1450. Sokak
13. Kat, No. 1/64 Çukurambar
Çankaya, Ankara

İzmir Branch
Ankara asfaltı 29. km
Kemalpaşa, İzmir

Adana Branch
Mersin Yolu 10. km
Küçükdikili Mevkii 01210 Adana

Trabzon Branch
Cumhuriyet Mah. Devlet Karayolu
Cad. No: 53 Büro 201, 203, 205
Köleoğlu İş Merkezi
Kaşüstü Yomra, Trabzon

Antalya Branch
Meydankavağı Mah. Perge Bulv.
B-Blok No: 52/1-2 Antalya

Rusya Sales Office
Business Center Dezhnev Plaza
Proezd Dezhneva d. 1, 4th Floor,
Office 421, 127642
Moscow, Russian Federation
Tel: (007 495) 937 36 35

**Denizli Cam Sanayii ve
Ticaret A.Ş.**
Bahçelievler Mah. 4013 Sok.
No: 10 20040 Denizli
Tel: (0258) 295 40 00
Fax: (0258) 377 24 79

Camiş Ambalaj Sanayi A.Ş.
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Fax: (0216) 395 27 94

Tuzla Plant
İstasyon Mahallesi, Şehitler
Caddesi, No: 139 34940
Tuzla, İstanbul
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Eskişehir Plant
Organize San. Bölgesi,
Mümtaz Zeytinoğlu Bulvarı
26110 Eskişehir
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Fax: (0222) 236 09 48

Paşabahçe Mağazaları A.Ş.
Yayla Mahallesi D 100 Karayolu
Caddesi No: 42/D, 34949
Tuzla, İstanbul
Tel: (0216) 560 25 25
Fax: (0216) 395 54 30/395 65 52

**Paşabahçe Yatırım ve
Pazarlama A.Ş.**
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İstanbul
Tel: (0212) 350 50 50
Fax: (0212) 350 40 40/350 53 22

**Trakya Glass Bulgaristan
EAD-Glassware Plant**
Vabel District Industrial Area,
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Tel: (00359 601) 4 76 11
Fax: (00359 601) 4 77 12

OOO Posuda Limited
N. Novogorod Region Bor
Steklozavodskoe Shosse
16 a 606443 Russian Federation
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Paşabahçe Glass GMBH
Rheinstrasse 2A D-56068
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Tel: (0049 261) 303 740
Fax: (0049 261) 303 74 74

Paşabahçe USA INC.
41 Madison Avenue, 7th Floor,
New York, NY 10010, A.B.D.
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Fax: (001 212) 725 1300

Paşabahçe Spain SL
Torpedero Tucuman, 27 Bis
Madrid 28016
Madrid, Spain

Paşabahçe Investment BV
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Center Amsterdam, D Tower
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Paşabahçe SRL
Viale Beatrice D'Este, 45 20122
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(*) Seperated from Trakya Glass Bulgaria EAD, Automotive glass
business continues its activities as a legal entity under Sisecam
Automotive Bulgaria EAD since 31.12.2015.

ŞİŞECAM GLASS PACKAGING

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Fax: (0324) 454 28 29

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Odunpazarı, Eskişehir
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Fax: (007 495) 662 41 88

000 Ruscam

84, Gagarin Str. Gorokhovets,
601481 Vladimir Region
Russian Federation
Tel: (007 492) 382 40 52
Fax: (007 492) 382 39 81

PAO Ruscam Pokrovsky

Sovetskaya Street, 96, 162430
Vologda Oblast Chagodashensky
Region, Sazanova
Russian Federation
Tel: (007 817) 413 11 40/120

000 Ruscam Glass Packaging Holding

000 Glass Packaging Holding - Ufa Plant

450028, Bashkortostan Ufa,
Proizvodstvennaya 10/1 Ufa
Republic of Bashkortostan,
Russian Federation
Tel: (007 347) 292 40 53
Fax: (007 347) 292 40 52

000 Glass Packaging Holding - Kirishi Plant

Volkhov Highway 11, Kirishi
Leningradskaya Region 1878110
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000 Ruscam Glass

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JSC Mina

Ksani Village Mtskheta Region
3312 Georgia
Tel: (0099 532) 449 981

Merefa Glass Company Ltd.

84-A Leonivska Str. Merefa
62472, Kharkiv Region, Ukraine
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000 Energosystems

Krasnodar, Kurgannaya Str. 1A
Krymsk, Krasnodar Region
Russian Federation
Tel: (007 495) 662 70 00

CJSC Brewery Pivdenna

65496, Odessa region, Ovidiopol
Dist., Tairove, 5 Pyvovarna Str.
Ukraine
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Fax: (0080 48) 716 79 79

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Amsterdam, Netherlands
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AC Glass Holding B.V.

Karspeldreef GB, 1101 CJ
Amsterdam, Netherlands
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ŞİŞECAM CHEMICALS

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İş Kuleleri, Kule 3, 34330
4. Levent - İstanbul
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Fax: (0212) 350 58 88
www.sisecamkimyasallar.com

Soda Plant

Kazanlı Bucağı Yanı P.K. 654
33004 Mersin
Tel: (0324) 241 66 00
Fax: (0324) 221 90 15
www.sisecamkimyasallar.com

Kromsan Chromium Compounds Plant

Kazanlı Bucağı Yanı P.K. 421
33003 Mersin
Tel: (0324) 241 66 00
Fax: (0324) 451 36 52
www.sisecamkimyasallar.com

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Mersin-Tarsus Organize Sanayi
Bölgesi, 1. Cad No. 6 P.K. 13
33400 Mersin
Tel: (0324) 676 43 25 Pbx
Fax: (0324) 676 43 34
www.oxyvit.com

Cromital S.p.A

Administrative Office

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20090 Assago (Milan), Italy
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Fax: (0039) 02 57609175

Plant

Via Giotto, 4-Localita
Sipro-44020 S. Giovanni
Ostellato (FE), Italy
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Fax: (0039) 0533 57391

Solvay Şişecam Holding A.G.

Stattermayergasse 28-30 A-1150
Vienna, Austria
Tel: (0043) 1 71 6 8 8 0
Fax: (0043) 1 7102426

Şişecam Bulgaria Ltd.

27 Bratya Miladinovi Str.
FL. 4 Apt.14 9002 Varna Bulgaria
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Fax: (00359) 52 608 964

Şişecam Soda Lukavac D.O.O

Prva Ulica 1 75300
Lukavac, Bosnia and Herzegovina
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Fax: (00387) 35 552 696
www.sisecam.ba
www.sisecamchemicals.com

Şişecam Shanghai Trading Co. Ltd.

93 Huaihai Zhong Road Shanghai
Times Square Office Tower 1106
200021 Shanghai, China
Tel: (0086) 216 391 03 52
Fax: (0086) 216 391 03 54

Şişecam Chem Investment B.V.

Strawinskylaan 1265
1077XX Amsterdam, Netherland
Tel: (0031) 20 820 1120
Fax: (0031) 20 890 8645
www.sisecam.com.tr

Cam Elyaf Sanayi A.Ş.

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Sapağı, Cumhuriyet Mah.
Şişecam Yolu Sk. No: 7
41400 Gebze - Kocaeli
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Tel: (0212) 350 50 50
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Madencilik Sanayii ve Ticaret A.Ş.

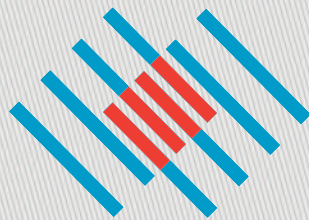
İş Kuleleri, Kule 3, Kat 14
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Camış Egypt Mining Co. Ltd.

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