

A TOUCH OF THE FUTURE



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

TRAKYA CAM SANAYİİ A.Ş. IN BRIEF

Operating in the field of flat glass within Şişecam Group, Trakya Cam Sanayii A.Ş. ranks fifth globally and first in Europe in the industry in terms of production capacity. Trakya Cam Sanayii conducts its operations in four main business areas: architectural glass (flat glass, patterned glass, mirror, laminated glass and coated glass); automotive and encapsulated glass; solar glass; and glass for home appliances.

With its float glass plant inaugurated in 1981, Trakya Cam Sanayii 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 that time, 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.

Trakya Cam Sanayii realized significant quality and capacity increases in the 1980s when it entered global markets. Expanding its operations abroad while envisioning regional leadership and a multifocal production approach, the Company opened the Trakya Glass Bulgaria EAD plant in Bulgaria in 2006. In 2009, Şişecam Flat Glass took a strategic step forward 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. Trakya Cam Sanayii also commissioned the Automotive Glass Plant in Bulgaria in 2010, as well as laminated and coated glass facilities in 2013.

The Company acquired shares in the HNG Float Glass Limited (HNG) company in India in 2013, while continuing its expansion in Europe by acquiring Richard Fritz Holding GmbH. Şişecam Flat Glass also invested in two new plants in Russia and Romania to produce automotive glass in 2015. Finally, in 2016, Trakya Cam Sanayii acquired the assets of Sangalli Vetro Porto Nogaro S.p.A., domiciled in Italy, and started production there with both a float line, which has a 220 thousand tons/year capacity and a laminated line.

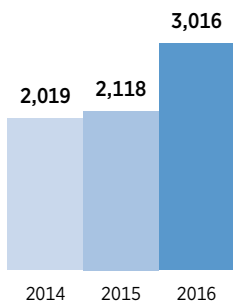
Meanwhile, the Group has continued its domestic investments. It currently provides products for the construction, automotive, solar, and home appliances industries through its 12 float lines, production plants in 10 different countries, joint ventures, and expanding product range. Şişecam Flat Glass conducts its operations in accordance with the vision of “being a fast growing, global flat glass company with strong brands and innovative solutions.”

FINANCIAL INDICATORS

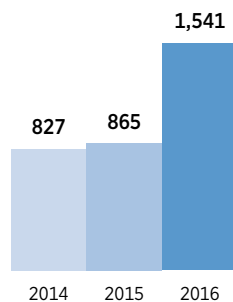
Financial Indicators	2015		2016	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	5,627	1,935	6,879	1,955
Equity	3,139	1,080	3,587	1,019
Sales	2,118	779	3,016	1,000
Gross Profit	565	208	888	294
EBIT	216	79	721	239
EBITDA	392	144	976	323
Profit for the Period	169	62	575	191
Net Financial Liabilities	722	248	789	224

Financial Ratios	2015	2016
Current Asset/Short Term Liabilities	2.74	2.02
Equity/Total Liabilities	56%	52%
Net Financial Liabilities/Equity	23%	22%
Net Financial Liabilities/Total Shareholders' Equity and Liabilities	13%	11%
Gross Profit/Sales Revenue	27%	29%
EBITDA*/Sales Revenue	19%	32%
EBIT*/Sales Revenue	10%	24%
Net Financial Liabilities**/EBITDA*	1.84	0.81

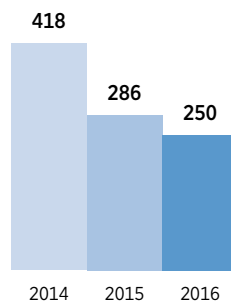
Sales Revenue
(TRY M)



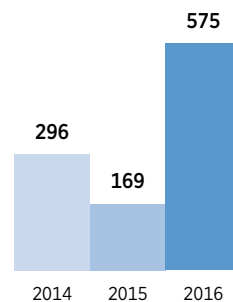
International Sales
(TRY M)



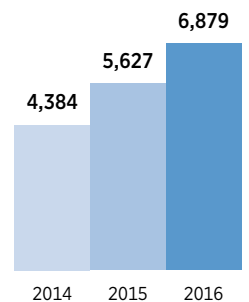
Investments
(TRY M)



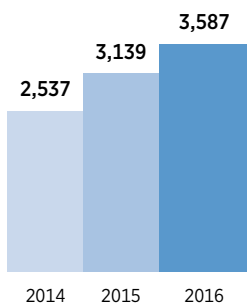
Profit for the Period
(TRY M)



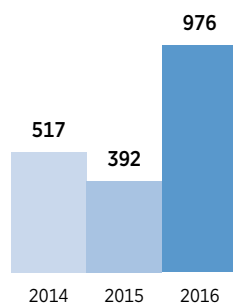
Total Assets
(TRY M)



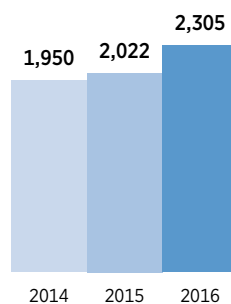
Equity
(TRY M)



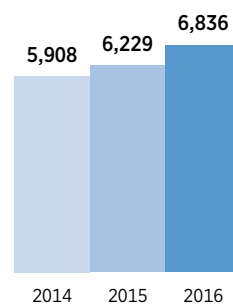
EBITDA
(TRY M)



Production of Architectural Glass
(000 TONS)



Number of Employees



PRODUCTION PLANTS

2.3

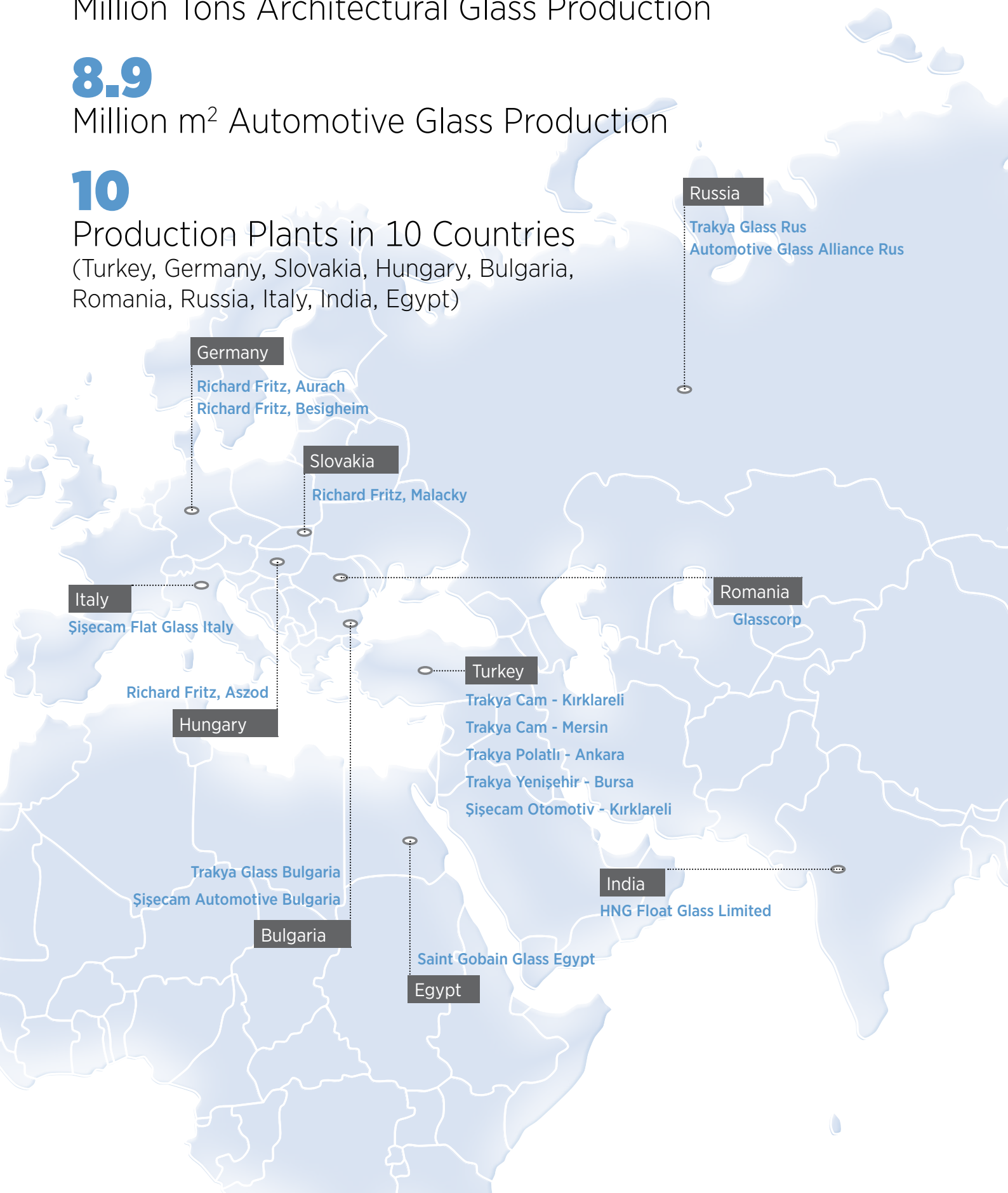
Million Tons Architectural Glass Production

8.9

Million m² Automotive Glass Production

10

Production Plants in 10 Countries
(Turkey, Germany, Slovakia, Hungary, Bulgaria,
Romania, Russia, Italy, India, Egypt)





Turkey

Trakya Plant - Kırklareli



Turkey

Mersin Plant - Mersin



Turkey

Şişecam Otomotiv Plant, Kırklareli



Turkey

Trakya Yenişehir Plant - Bursa



Turkey

Trakya Polatlı Plant - Ankara



Germany

Richard Fritz, Besigheim



Germany

Richard Fritz, Aurach



Slovakia

Richard Fritz, Malacky



Hungary

Richard Fritz, Aszod



Bulgaria

Trakya Glass Bulgaria EAD
Şişecam Automotive Bulgaria EAD



Romania

Glasscorp S.A.



Russia

Trakya Glass Rus AO



Russia

Automotive Glass Alliance Rus AO



Italy

Şişecam Flat Glass Italy Srl



India

HNG Float Glass Limited



Egypt

Saint Gobain Glass Egypt "S.A.E"

BOARD OF DIRECTORS



PROF. DR. AHMET KORMAN
Chairman



DR. REHA AKÇAKAYA
Vice Chairman



ANIL KARACA
Member⁽¹⁾



ZEYNEP HANSU UÇAR
Member⁽²⁾



PROF. DR. A. MURAT DEMİRCİOĞLU
Independent Member⁽³⁾



HALİT BOZKURT ARAN
Independent Member⁽⁴⁾

PROF. DR. AHMET KIRMAN / Chairman

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

DR. REHA AKÇAKAYA / Vice Chairman

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

ANIL KARACA / Member⁽¹⁾

(39) Anıl Karaca graduated from Marmara University, German Informatics Department in 2001, and completed the Advanced Management Program at Harvard Business School in 2015. Mr. Karaca started his professional career in 2001 as Audit Expert at PricewaterhouseCoopers. He served in various executive finance positions at Anadolu Group from 2004 to 2011, and then worked as Finance Director of Anadolu Efes's Kazakhstan operations until 2014. Subsequently, he served as Finance Director and Group Director at Çelik Motor until 2016. As of October 2016, he is the Finance Director of Şişecam Flat Glass.

ZEYNEP HANSU UÇAR / Member⁽²⁾

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

PROF. DR. ATILLA MURAT DEMİRCİOĞLU / Independent Member⁽³⁾

(69) Prof. Dr. Atilla Murat Demircioğlu is a graduate of İstanbul University, Faculty of Law and obtained his second bachelor's degree and his doctorate degree from Bern University, Faculty of Law. He became Associate Professor and subsequently Professor in Labor and Social Security Law. He served as a faculty member and held executive positions at various universities. The author of several books, articles, research papers and publications, Prof. Dr. Demircioğlu served as a Member of the Editorial Board of the Ministry of Culture's Encyclopedia of Trade Unions, Board Member at Hamburg Turkish-European Research Institute, and Deputy Chairman at the Society for Japanese Studies. He was an advisor to the Minister of Labor and Social Security, Honorary Consultant to TRNC Government, Member of the Audit Board and of

the Board of Directors at THY, Legal Advisor to İstanbul Chamber of Commerce, and Advisor to İstanbul 2010 European Capital of Culture Agency. In 2014, he was elected President of Alexander von Humboldt Alumni Association of Turkey, and Moderator of İstanbul Chamber of Commerce's Business Life Issues Commission. Prof. Dr. Demircioğlu serves as an Independent Board Member in accordance with CMB's Corporate Governance Principles, and does not engage in any relationships with Trakya Cam Sanayii A.Ş. and its third parties.

HALİT BOZKURT ARAN / Independent Member⁽⁴⁾

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

⁽¹⁾ Corporate Governance Committee Member.

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

⁽³⁾ Corporate Governance Committee Chairman, Early Detection of Risk Committee Chairman, Audit Committee Chairman.

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

Directors have been commissioned for the period from 23.03.2016 until 29.03.2017, and their authorizations have been specified in the Turkish Commercial Code provisions and the Company's Articles of Association.

EXECUTIVES

Dr. Reha Akçakaya	Şişecam Flat Glass Group President
Gökhan Atikkan	Vice President Production Basic Glass
Gökçen Tural	Vice President Automotive Glasses
Saliha Ebru Şapoğlu	Vice President Sales and Marketing
Anıl Karaca	Financial Director
M. Haluk Gürelen ^(*)	Development Director
Altuğ Özeren	Planning Director
Mahmut Temiz	Human Resources Director
Selma Öner ^(*)	Supply Chain Director
Kaan Ertaş	Trakya Lüleburgaz Plant Manager
Güral Savaşürk	Mersin Plant Manager
Serkan Şahin ^(**)	Trakya Yenişehir Cam Sanayii A.Ş. Plant Manager
Sedat Çavuşlar	Trakya Automotive Glass Plant Manager
A. Alper Can	Trakya Polatlı Cam Sanayii A.Ş. Plant Manager
Peter Grahle	Richard Fritz Holding GmbH General Manager
Zeki Budak	Trakya Glass Bulgaria EAD Flat Glass Plant Manager
Muhsin Miroğlu	Şişecam Automotive Bulgaria EAD Plant Manager
Gültekin Şimşek	Trakya Glass Rus AO General Manager
Beytullah Şahin	Şişecam Flat Glass Italy SRL General Manager
Çağatay Suner	Glasscorp SA General Manager
Erkan İlkılıç	Automotive Glass Alliance Rus ZAO General Manager

^(*) As of 02.01.2017, Arda Eroğlu has been appointed to replace Selma Öner, who was appointed elsewhere within Şişecam Group, and Serkan Şahin has been appointed to replace M. Haluk Gürelen, who has retired.

^(**) On 01.02.2017, Melih Tolga Güven has been appointed to replace Serkan Şahin, who is designated as Development Director.

CHAIRMAN'S MESSAGE

Dear Shareholders,

Operating in the flat glass sector, as Trakya Cam Sanayii A.Ş., we continued to create added value for our country and all our stakeholders by demonstrating a successful performance in 2016. Our success is attributed to flexible management approach against changing market conditions, studies focused on operational excellence and our strong product portfolio. Our Company firmly advanced toward its targets despite fluctuations in the global and Turkey's economy. We maintained our strong position in domestic and international markets through our competitive advantages in the face of tough market conditions.

Trakya Cam Sanayii A.Ş. closely monitors developments in the world economy, making its global production and sales operations more effective.

According to IMF estimates, the global economy expanded by 3.1% by end-of-year 2016, below its potential. The uncertainty-riddled environment caused by the Federal Reserve, which announced its decision to lift interest rates in December, and the decision of the UK to withdraw from the European Union via referendum resulted in fluctuations in advanced economies. In addition, the decline in global commodity trade slowed the growth of emerging economies. As a company that conducts production and sales operations on a global scale, I would like to emphasize that, as Trakya Cam Sanayii A.Ş., we have made necessary updates in our business processes and corporate targets with a flexible and proactive management approach and successfully realized the targets we set, by closely monitoring the developments in the world economy.

Besides the unsatisfactory course of the global economy, the political, economic and geopolitical developments in our region also caused fluctuations and uncertainties in Turkey's economy during the year. However, the sectors which Trakya Cam Sanayii provides input outperformed Turkey's average growth. The construction and home appliances sectors grew by 7%; total production in the automotive sector, of major importance to our Company, rose by 9%; and the automobile segment went up by 20%.

Trakya Cam Sanayii A.Ş. increased its total sales by 42% in TRY terms in 2016 backed by its flexible, proactive management approach and strong product portfolio.

As Trakya Cam Sanayii A.Ş., we focus on operational excellence in the face of rising competition in domestic and international markets while conducting our operations in four main business lines—architectural glass, automotive and encapsulated glass, solar glass, and home appliances glass. We establish strong communications channels with final customers and decision makers in the sector via a professional, corporate governance approach based on deep experience and special expertise. Meanwhile, we successfully optimize production and sales processes by closely monitoring market conditions, and take immediate actions as needed by ever changing market conditions.

Within this context, our Company also maintained its stake in all product groups and strong position in the sector in 2016. We achieved this despite the variable terms and conditions of the sectors, to which we provide input. Our Company effectively assessed market opportunities with its production infrastructure growing stronger; leveraged its market and customer oriented, multi-faceted sales capabilities; and rapidly developed its product line toward higher value-added products. As of end-2016, Trakya Cam Sanayii A.Ş. created value for all its stakeholders by increasing its total revenues by 42% in TRY terms over the prior year.

During the year, our Company acquired the assets of Sangalli Vetro Porto Nogaro S.p.A., operating in Italy. The acquisition was part of our efforts to expand Trakya Cam Sanayii A.Ş.'s production area and boost its market share abroad with new investments while bolstering its position and leadership in the Turkish market. With this new asset, Trakya Cam Sanayii A.Ş. stepped up to a sector leading position in Europe in production capacity by adding a laminated line and a float line with a capacity of 220,000 tons/year. Operating in a geographic area extending from Germany to India, our Company now manufactures in 10 countries with this acquisition in Italy.

After conducting capacity related studies, we expanded Trakya Cam Sanayii A.Ş.'s production capacity of laminated glass in Turkey by starting a new laminated line at the Polatlı production facility in 2016. In addition, we recommissioned the flat glass line at the Mersin production facility after completion of the cold repair. Also producing high-quality automotive glass for the world's leading automobile manufacturers, our Company started trial production by completing the installation of the athermic coated windshield line at the Automotive Glass Plant in Bulgaria.

As Trakya Cam Sanayii A.Ş., we continue our organic and inorganic growth initiatives via new capital investments in keeping with our goal of sustainable growth and value creation. We also aim to maintain our strong, profit-oriented, value-driven, and sustainable investment drive in the coming year. Trakya Cam Sanayii A.Ş. closely and meticulously monitors market opportunities while working to improve production activities by utilizing its capacity. Our Company astutely capitalizes on its years of experience and competencies in the most effective way. In line with these goals, we realized TRY 250 million in total investment expenditures in 2016.

Trakya Cam Sanayii also continued to enrich its value added product portfolio with R&D studies in 2016.

Focusing on continuous improvement in light of customer needs and expectations, Trakya Cam Sanayii A.Ş. stepped up its organizational and corporate structuring activities in 2016 on the area of automotive glass and encapsulated glass, which accounted for 35% of the Company's total production volume. In parallel, with a restructuring in the automotive glass segment, which we continue to deepen in Europe, we founded Şişecam Otomotiv A.Ş. as a subsidiary. Our new venture started up operations during the year. We expect this restructuring to create operational and strategic synergies in our automotive glass operations. In addition, we should reap significant advantages, such as gaining the means to produce automotive glasses with more competitive positioning as required by the sector.



Another area of prime importance among our competitive competencies is our research and technology development studies. We have made significant progress toward enriching our product portfolio with value-added products thanks to these studies conducted by Şişecam Science and Technology Center—the only glass research center in Turkey and one of few in the world. Our Company continued to differentiate from the competition by increasing its share of value-added products in the market.

Under the research and technology development efforts in 2016, we developed and launched the high performance “Tempered Solar Low-E Glass.” This product to be used in Istanbul’s New Airport project provides highly effective heat insulation and solar control. Additionally, we developed and presented to the market the “Tempered Solar Glass” products—which provide effective solar control to be used in hot climate areas such as offices, shopping malls, museums, roof luminaires.

As for the automotive sector, our efforts successfully continued in developing the new “Privacy” product, which controls the heat and light penetrating through the glass into the vehicles. Another innovation underway is glasses that are water repellent (hydrophobic) and change color with electric current (electrochromic).

As a global player in the flat glass industry, Trakya Cam Sanayii A.Ş. conducts all its operations in line with Şişecam Group’s focus to achieve value-added growth and operational excellence.

As a global player, at Trakya Cam Sanayii, we carry out multifaceted sustainability efforts—from the protection of the environment to energy and resource efficiency studies—under Şişecam Group’s sustainability approach. We are making concrete progress toward reducing production costs with projects that boost energy efficiency. With this effort, Trakya Cam Sanayii A.Ş. installed waste heat power generation plants at the Mersin factory in 2016 following installations at the Bursa Yenışehir and Bulgaria plants. Our Company aims to achieve energy efficiency at the highest level in the production process while also providing active support for the sustainable development efforts of the glass industry conducted within the European Flat Glass Manufacturers Association (Glass for Europe).

As Trakya Cam Sanayii A.Ş., we develop our production activities on a sustainable basis and bolster our presence in the market with new products and technologies. We also increase product competitiveness and customer satisfaction with high added value products. Furthermore, our Company re-organizes business models by reviewing them with a focus on efficiency. With this approach, Trakya Cam Sanayii A.Ş. will continue to focus on operational excellence against the economic fluctuations and uncertainties in its markets, and to create value for its shareholders by transforming opportunities into profitability.

The greatest asset we have on this journey is our strong human capital. I would like to thank our esteemed partners, customers, suppliers and stakeholders, especially our employees, who are the architects of our success in the past and guarantors of the coming period. I bid you all my utmost respect.

PROF. DR. AHMET KORMAN
Chairman of the Board

AN OVERVIEW OF 2016

Trakya Cam Sanayii is boosting its position in the industry with an expanded value-added product range and increased capacity in Europe.



Despite the support of government spending and economic stimulus incentives, the Turkish economy posted limited growth due to flat domestic demand and reduced exports. However, the industries that consume flat glass, particularly construction, have outperformed overall economic growth.

The construction sector is estimated to have grown 7% in 2016, with the support of government incentives in the fourth quarter. In fact, government incentives directed toward the real estate sector in the last quarter to revive home purchases resulted in double digit increases. With the contribution of many major development projects launched, new home sales have risen. In 2016, total housing sales went up 4% to 1.34 million residential units. The share of new home sales in the total is 47%.

Automotive industry is the nation's export engine

In the automotive sector, the total market size of EU and EFTA countries expanded 7.2% in 2016, climbing to 17.5 million vehicles. Meanwhile, Turkey's automotive market shrank 0.3% compared to previous year, falling to 1 million vehicles. Exports have continued to be the driving force of the Turkish automotive sector. Turkey's automotive exports jumped 15% to 1.1 million vehicles in 2016, while production went up 9% year-on-year to 1.5 million vehicles.

Production increase in home appliances industry

In 2016, the European home appliances sector expanded about 2% compared to the prior year, driven by growth in Eastern Europe. Factors that triggered the expansion in the industry include smart devices, which are adapted to developed and sustainable lifestyles, especially products that highlight both impact consumer emotions and boost energy efficiency.

Production in the Turkish home appliances industry went up 7% year-over-year. According to Home Appliances Manufacturers' Association data, refrigerator and oven production – to which Trakya Cam Sanayii supplies its products – grew by 4% and 7%, respectively.

In Europe during the year, economic recovery was moderate, stable with domestic demand boosting the economy backed by expansionary monetary policy. The positive financial conditions brought about a rebound in investment spending. Economic growth was estimated at 1.7%, which spurred the European construction industry to expand 1.4%; that performance is expected to continue in the coming year.

The positive trend experienced in the economy and the construction sector led float glass demand and prices to rise. However, recession in Russia resulted in increased sales of low-price Russian-made glass sales in the Balkan region, creating downward pressure on prices in Balkan markets.

In Russia, low crude oil prices in the first half of the year and the extension of Europe's embargo caused the country's economy to contract by 0.7%. Along with the drop in real disposable income, consumer demand weakened. The economic contraction and drop in purchasing power affected domestic consumption; as a result, the construction sector shrank 4.7% in 2016. High float glass supply in the market did not create pressure on domestic market prices as local producers increased the volume of exports.

In the Middle East, continued political risks and conflicts had an adverse impact on investors and slowed the region's economy. In addition to political risks region-wide, the drop in crude oil prices pressured oil exporting countries' economies, causing suspension or delay of construction investments. Accordingly, the oversupply in the float glass market created downward pressure on prices in the market.



India's economy maintained its high growth rate, expanding 7.6% in 2016. Private consumption, government spending and net exports positively fueled this robust growth. While the Indian Central Bank withdrew some banknotes from circulation to curb the black economy, it kept the policy interest rate unchanged and announced the continuation of support of monetary policy. In the country, the construction industry, driven by major government projects and rising demand for housing, continued to be one of the country's fastest growing sectors.

ACHIEVEMENTS IN 2016 AND GOALS FOR THE FUTURE

Rising performance across all product groups ..

Trakya Cam Sanayii continued to have ambitious targets across all product groups and increased its profitability in 2016.

In architectural glasses, a customer-driven approach and value-added products in local and target markets helped boost total architectural glass sales revenue by 51% (TL) in 2016.

Production activity by competitors in peripheral markets around Turkey has impacted the competitive environment in the country. Communication and business development efforts toward the entire value chain, a solution-oriented approach and customized services increased architectural glass sales revenue 19% (TL).

In international markets, the advantage of our high capacity and broad product range, together with a widespread distribution network, have boosted the sales of value-added products by about 1.6 times the revenue of 2015.

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

Trakya Cam Sanayii has expanded its sales – supported by both capacity increases and more value-added products – in Europe. This was achieved by providing widespread, customized services and executing communication activities that create awareness. Target sales figures were achieved via customized alternative logistics throughout Europe, particularly in key markets such as Bulgaria and Romania.

In Russia, alternative delivery facilities were assessed, and the customer portfolio was expanded. The Company increased value-added product diversity, together with boosting their sales and market share, while pursuing export opportunities in consideration of expected profitability.

In Middle East and North African markets, despite the pressure caused by risks and a highly competitive environment, the Company maintained its operations in consideration of profitability with the advantage of having a broad product range. As a result, the share of value-added products in total sales has increased.

In overseas markets, sales have continued in existing markets such as Brazil and South Korea, in line with the market conditions. Meanwhile, US and Canadian markets were regularly supplied with alternative logistics solutions according to customer needs, with many new markets penetrated.



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

In India, rising construction sector activity supported by high economic growth was positively reflected in float glass consumption, with target sales amounts achieved. Sales and marketing efforts have continued, to boost awareness and sales of qualified products in the market, including reflective and out-of-line coated products.

Trakya Cam Sanayii also completed its infrastructure preparations toward new projects to be initiated in automotive glasses in 2017. Investments in car glass facilities in Romania and Russia were completed in 2016, with total car glass sales revenue up 13% (TL) compared to the prior year. Meanwhile, with the synergy generated by the ongoing integration with Richard Fritz Holding in Germany, Trakya Cam Sanayii was awarded the contract for new encapsulation projects for high-end vehicles, the production of which will start in 2017-2020. The glasses are planned to be predominantly produced by Trakya Cam Sanayii.

In 2016, total revenue in solar panel glasses grew 42% year-on-year. Thanks to high-performance solar panel glasses produced in the AR (Anti-Reflective) coating line, which started operating in fourth quarter 2015, 95% of the increase in glass demand of domestic solar panel producers in particular has been met by AR coated solar panel glasses.

Negotiations for supply with companies that are establishing solar panel production lines in Turkey are underway. Value-added AR coated glass products are expected to be preferred

for the panels to be produced. AR coated glass sales to foreign solar panel producers is also continuing.

The Ministry of Energy aims to make renewable energy more widespread, as its importance is becoming more significant in Turkey and around the world. The condition set by the Ministry, on using domestic products in major scale solar panel investments planned in renewable energy fields, is expected to be positively reflected in solar panel glass sales.

New investments, new capacities

Trakya Cam Sanayii has strengthened its presence in the Turkish market and expanded its investments and ventures in foreign markets. In 2016, the assets of Sangalli Vetro Porto Nogaro S.p.A., domiciled in Italy, were acquired. Subsequently, production commenced at the 220 thousand tons/year capacity flat glass and laminated line at Porto Nogaro. With this investment, the Company now ranks first in Europe in terms of flat glass capacity. In addition, as the new laminated line at the Polatlı facility started production in 2016, the laminated glass production capacity in Turkey has expanded. A float glass line in Mersin, which was in cold repair, has also resumed operations.

In 2016, in line with the target of creating the product range demanded by the automotive glasses market, an athermic coated windshield line was installed at the automotive glasses facility in Bulgaria, and trial production has commenced.



New product studies

Trakya Cam Sanayii continues to increase its market share in value-added products and maintain competitive advantage with its innovative product offerings in recent years. In keeping with the goal of broadening the product range, the Company plans to execute new product development activities and boost production competencies in 2017.

In 2016, three new products were offered to the architectural glass market. The high-performance Temperable Solar Low-E Glass product, providing heat isolation and sun control, was developed for use at Istanbul's new airport project. The Temperable Solar Glass product, providing effective sun control, for use at offices, shopping malls, museums, skylights, and the like in hot climate regions, was developed and offered to the market. In relation with decorative glasses, the Company produced Mirrored Patterned Glass.

Development efforts are ongoing for coated glass, which is widely used for decorative purposes, and for the Scratch-proof Temperable Coated Glass product, which is safe against impact in areas of use. Such products are planned to go to market in 2017, with increased color options according to customer demand.

Targeting the automotive market, the Company's athermic windshield and athermic heated windshield development studies preceded in 2016. In trial productions, windshields suitable to customer specifications in terms of color and performance were achieved, and development efforts are in progress.

Green Privacy Glass, the second color option of the privacy glass product group that significantly reduces the burden on air conditioning by providing heat and sun control in vehicles, has started sample production at the Trakya factory, for use by Şişecam Otomotiv A.Ş.

Hydrophobic glass samples have been prepared and are in testing stages. Electro-chromic (changing color when

exposed to a current) glass samples have been produced as front door glass, and exhibited at the Innovation Fair. As part of technology development studies, a related product will be offered to automotive customers. An unleaded solder application has started on rear heated glasses in mass production at Renault and BMW.

With the participation of Şişecam Otomotiv, ATGB and Richard Fritz, an alignment initiative started in early 2016 to develop technical integration among the groups, with positive results creating added value in many areas.

Trakya Cam Sanayii also introduced many new products with high added value in 2017, and aims to boost its share in the European automotive glasses market.

FLAT GLASS BRANDS

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

AUTOMOTIVE GLASS

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

SOLAR GLASS

Şişecam Glass for Solar Panels
 Şişecam Glass for Solar Thermal Collectors

HOME APPLIANCES GLASS

Şişecam Glass for Ovens
 Şişecam Glass for Refrigerators

Efforts to develop production competencies

In accordance with its sustainability approach, Trakya Cam Sanayii continues to perform studies that consider the sensitivity to human life, environment protection, resource and energy savings. The Company then announces the positive

Our human capital is the most valuable asset in achieving our goals

results of these studies on the environment in the form of detailed sustainability reports, which are released to the public. In 2016, Trakya Cam Sanayii continued to expend efforts in the key areas of the environment, job safety and risk management. Using the six-sigma approach, the Company implemented projects to boost quality and efficiency, while taking strong steps to cut production costs with these projects. After the Yenişehir and Bulgaria factories, the Company's Mersin factory has also activated a facility that generates electricity from wasted heat. With this effort, energy costs in production were reduced, in addition to contributing to the protection of the environment.

Aiming to use more renewable energy sources, the Group started work on an investment project at the Mersin factory to generate electricity via solar panels.

Besides production, Şişecam Flat Glass continues to work on ensuring cost savings based on process improvement and new methods of operation management. Paying particular attention to working capital management, the Group executes projects to effectively manage the entire supply chain.

The S&OP (Sales and Operation Planning) project, launched in 2015, continued to be implemented in 2016 for making critical decisions in respect to coordination and planning of all the Group's operations. To manage daily operations effectively within the plan as a result of the S&OP effort, the Group launched a project that covered improvements and development of related support systems of all process flow, between placing a purchase order and executing delivery of products. Projects were also conducted in the factories to use resources efficiently in warehouse management and logistics. Furthermore, innovative logistics solutions were developed to create an infrastructure that enables access to foreign markets more efficiently.

Multidimensional public relations and communication activities

In 2016, the Company continued to execute marketing communication activities of both segment-based approaches and applications suitable for the needs of diverse target audiences via effective advertising tools that create synergy. These activities were supported by project-based work.

Embracing the digital age, the Company initiated the Digital Transition project to establish close communication with customers through any platform without any time limitation. This umbrella project includes the following efforts:

- The Şişecam Flat Glass website was renewed in Turkish, English, Bulgarian and Russian to introduce Trakya Cam Sanayii's vision, brand value, goals, products with their benefits and areas of usage, to customers with a new and user friendly design. Isicam and Flotal (in four languages)



web sites were also redesigned to ensure contact with the target audience in the best way, and boost consumers' interaction and ties with the brand. On the websites of Şişecam Flat Glass, Isicam and Flotal, user friendly interfaces, which were both compatible with mobile platforms and had design language that added value to the brands, were preferred. Existing social media accounts were used actively to create awareness among the target audience by providing information about correct usage of glass products.

- Trakya Cam Sanayii implemented a Customer Relationship Management (CRM) system that ensures strategic and efficient use of processes, human resources and technology. This system aims to establish sustainable relationship with customers, providing mutual benefit with convenient products and services by understanding the target audience's needs correctly.

Many projects were supported technically through glass consulting services. Studies were conducted with solution-oriented approaches to increase the awareness of decision makers on the eco-friendliness and value-added of products that provide energy savings. Thanks to this effort, these products were used in many prestigious projects.

The Isicam Systems MoneyBox Card Club launched on July 1, 2016 throughout Turkey to stimulate demand for Isicam branded products and boost the preference for the "Isicam S and K" series, which provides energy savings, by PVC joinery companies. These enterprises were targeted as they are highly effective in managing consumer preferences toward Isicam products. With the Isicam Systems MoneyBox Card Club, PVC joinery companies gain points as they use Isicam products; the points collected can be exchanged for gifts. This system opened a new page in B2B communications and created awareness throughout the value chain, establishing an effective and continuous communication network with PVC joinery companies. A rapidly growing number of member firms expands the effectiveness and scope of the system.



In addition, the Şişecam Float Glass Showroom – which exhibits products for the architectural, automotive, energy and home appliances sectors that Şişecam Flat Glass Group supplies – opened to receive customers and industry representatives at the Tuzla campus.

To raise product awareness and foster loyalty, the Company implemented communication-based activities in various media throughout the entire value chain – covering distribution channels, decision-makers and end-users – with a customer-market-oriented approach. Targeting government institutions, the Company organized meetings, visits and seminars to increase awareness and usage of value added products that provide energy savings, safety and security.

EXPECTATIONS AND OBJECTIVES FOR 2017

Şişecam Flat Glass, has continued its pace of investments and growth with increasing momentum year by year. The Company aims to continue its capitalizing on opportunities in the market and using its existing facilities effectively in 2017.

In 2017, the Group plans to start mass production of the laminated windshield line in Bulgarian automotive glasses, where trial production started in 2016. During the coming year, the Group also plans to commission the quarter window glass line, the investment of which has already started, at the Romanian factory. Completion of the capacity increase investment at the Malacky factory of Richard Fritz Holding GmbH, which operates in the encapsulation business, is scheduled for 2017. Similarly, a capacity increase and automation investment in the home appliances glasses facility of the Bulgarian factory are also planned to be completed in the coming year.

Şişecam Flat Glass, embracing a customer-oriented service approach in its global operations, will continue to prioritize expanding the value-added product range, timely delivery

and information, effective inventory management and capacity planning, information technology, sustainability and environment in 2017. The Company will also make new investments to improve energy efficiency at all its factories. Şişecam Flat Glass has boosted its effectiveness in Europe with the float line and laminated line it took over with the acquisition of the assets of Sangalli Vetro Porto Nogaro S.p.A. in Italy in 2016. The Company plans to continue supporting development of the production and distribution channel with R&D efforts in 2017. New products for architectural and automotive glass markets will be developed by R&D activities both within Şişecam Flat Glass and through cooperation with various companies and institutions.

The Company plans production of coated glass products with varying performance characteristics, and commercial production of athermic coated products 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 in the coming year.

HUMAN RESOURCES

As of end-2016, Trakya Cam Sanayii employs a total of 6,836 personnel in all its companies, with 1,770 staff members receiving monthly salaries; of which, 762 are temporary, with 5,066 employees earning hourly wages.

The Company is aware that its business success is based on hiring a skilled workforce, developing this talent and providing a confident, happy workplace for its staff. The Company's main goals including creating a fair and pleasant working environment where all discrimination is prevented, entitling employee benefits in accordance with national and international standards and unionization rights, providing health and safety at high standards.



The Company endeavors to provide a work environment with a participatory and innovative culture where national and international rights are entitled.

A fair and transparent management approach that respects diversity is adopted at the Company. In light of these principles, employees are provided with equal opportunities in all human resources processes – from hiring to performance assessment and career development facilities to training opportunities. Diversity among staff is considered an asset that contributes to the corporate culture and helps the Company become innovative.

Training programs that contribute to individual development and help employees perform their job better are held via various schools, certificate programs and e-learning by Şişecam Academy. In 2016, Human Resources Certificate Program, Sales School, Glass and Leadership School programs were organized by Şişecam Academy.

The Company manages recruitment processes based on the competences required by the job and the potential of the candidate without discrimination or privilege, using tools with scientific basis that are proven to be valid and trustworthy. Under the extensive scope of the employer's brand management efforts, case studies, interview trials and coffee interviews with executives are arranged on the university campuses. Campus interviews are held to reach out to the talent at universities.

A fair and consistent remuneration policy is followed in line with staff performance and market comparisons. Employee projects that positively contribute to work processes and results and that make a difference are rewarded. Staff ideas that are in compliance with Group strategies and targets and create value are put to use via the Suggestion Development System. As part of recognition and appreciation practices, employees are remembered on their special days; their exemplary conduct and achievements are also recognized by the Company. The Flexible Benefits Program was implemented in 2015, where

staff can select among Şişecam's various benefit packages. The individual pension system was added to the offering in 2016. The program is offered to all employees. In 2016, the Hourly-paid Worker Premium System project was implemented at Trakya Polatlı Cam Sanayii as a pilot factory. This effort aimed to increase the contribution of hourly-paid workers in business results, enhance performance levels, improve attendance and raise awareness of health and safety issues.

The Idea Factory, where employees can share their ideas and recommendations, and the Project of Now, which keeps personnel posted on developments of the Company, are some of the projects that create a participatory corporate culture through which employees communicate.

Through the establishment of reporting systems on various platforms, Company staff can quickly reach healthy and reliable data in order to use their time efficiently and actively. Employee loyalty research has been conducted with strict confidentiality throughout Şişecam Group by an independent company since 2013.

INDUSTRY RELATIONS, OCCUPATIONAL HEALTH AND SAFETY

The Company operates with the target of ensuring competition and efficiency oriented industry relationships, consistent with contemporary working conditions.

In accordance with the policies of Şişecam Group, competitiveness and efficiency are aimed to be increased through consistent and healthy industrial relations. As such, the Group's Industrial Relations vision is to work with labor unions to maintain labor peace based on trust and dialogue, and to uphold the principle of "people first" to make occupational health and safety an effective part of the Company's culture.

Union relations are conducted within the framework of collective labor agreements as per relevant laws, rules and regulations

and according to principles of labor peace preservation and continuity of production. Expired collective labor agreements, applicable in workplaces abroad, have been renewed through negotiations that are executed in accordance with the particular conditions of the country where the workplaces are located and in line with the interests of the Group.

Legislation and Coordination Efforts

In 2016, the Industry Relationships Department informed relevant units about legislative changes in the labor law, and occupational health and safety through meetings.

Informational meetings on labor and competition law were held for Şişecam Group senior executives to whom information booklets were distributed. The Industry Relationships Department continued to express its opinions in 2016 in order to ensure the application of law, regulation and collective agreement provisions at the Group workplaces.

Employees and unions were informed of the position of the Group in the sectors through meetings held with labor unions to ensure the continuity of labor peace in Şişecam Group workplaces.

The Company aims to execute all aspects of production activities in a healthy and safe working environment. In line with this target, the Company has adopted the following to ensure healthy individuals and a healthy workforce:

- Making risk assessment through participation of employees and achieving an acceptable risk level through application of necessary measures for prevention of both on-the-job accidents and occupational diseases;
- Using both safe equipment and appropriate technologies for a healthy and safe working environment;
- Improving application of occupational health and safety through participation of both partners and every level of the organization;
- Creating an Occupational Health and Safety culture and turning it into a way of life.

In this respect:

The Company complies with legislative obligations, requirements and conditions with regard to occupational health and safety, continuously improves processes in a proactive manner, increases performance and organizes training and events, which are aimed at adoption of principles of occupational health and safety by employees, contractors, suppliers, visitors and trainees.

The Human Resources Department of the Company is in continuous communication and coordination of the Industrial Relations Department of the Group to ensure that all work is carried out in healthy and safe work environments, and ensures the audit of all workplaces in accordance with national and international standards. A healthy and safe working environment is considered a precondition for a productive and efficient corporate performance; processes are designed to minimize occupational health and safety risks. New technology investments are made and trainings are held to raise awareness of employees and to create a zero-accident workplace.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

Risk management and internal audit at Şişecam Group are carried out under the direction of the Early Detection

Synergy between internal audit and risk management results in risk-driven audit

of Risk Committee and the Audit Committee, which are subcommittees of the Board of Directors. Committee meetings are held periodically to discuss predetermined agenda items. Decisions taken and recommendations made are recorded to be presented to the Board of Directors, which follows risk management and internal audit through these committees and gives necessary directives.

The dramatic results of financial crisis, intergovernmental conflicts of interest, security issues triggered by geopolitical factors, the technological developments and digitalization, coined Industry 4.0, as they pertain to work performance and climate change have transformed the world into a place with many different political, economic and environmental risks. Global risks have penetrated all areas of life and have changed the way risks have been viewed, significantly increasing 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 2016. The two functions are key elements of corporate governance and were managed efficiently with a broad perspective.

In order to establish a sound corporate structure, provide confidence for stakeholders, protect the Company's tangible, intangible assets, resources and environment, minimize losses caused by uncertainties and to make best use of opportunities, the Company aims to maintain communication between the internal audit and risk management functions at the highest level and to support both decision making processes and management efficiency enhancement.

Risk Management

Risk management within Şişecam Group is treated in a holistic and proactive manner with these activities conducted based on corporate risk management practices. All risks arising from operations, whether financial or not, are continuously monitored and evaluated, so that strategies for risk management can be determined and necessary precautions can be taken.

Internal Audit

Internal audit has continued for many years within Şişecam Group with a well-established and corporate structure. This function aims to help the Company develop in a healthy and well-coordinated manner, and to carry out constructive and efficient controls and take corrective measures in a timely manner so that all operations are conducted in compliance with applicable laws, rules and regulations. Results from risk management efforts are taken into consideration during internal auditing work, which constitutes part of the regular annual auditing program, and the creation of the auditing program. Risk-focused audit practices are in use at the Company.

TRAKYA CAM SANAYİİ A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT
31 DECEMBER 2016 AND 2015 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)

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



To the Board of Directors of Trakya Cam Sanayii A.Ş.

Report on the Trakya Cam Sanayii A.Ş. Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Independent Auditor's Responsibility

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

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

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

Opinion

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

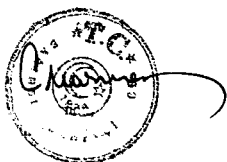
Other Responsibilities Arising From Regulatory Requirements

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

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

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

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



Cihan Harman, SMMM
Partner

İstanbul, 6 March 2017

Trakya Cam Sanayii A.Ş.

Consolidated Statement of Financial Position at 31 December 2016 and 31 December 2015

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

ASSETS	Notes	31 December 2016	31 December 2015
Current Assets			
Cash and cash equivalents	6	1.191.571.096	1.169.671.508
Financial investments	7	24.192.626	-
Trade receivables	10	703.264.743	401.927.387
Other receivables	11,37	35.508.373	17.554.986
- Due from related parties	37	24.587.934	10.215.524
- Other receivables	11	10.920.439	7.339.462
Inventories	13	548.160.034	440.346.096
Prepaid expenses	14	69.594.195	36.483.037
Other current assets	26	29.411.804	34.419.077
Total Current Assets		2.601.702.871	2.100.402.091
Non - Current Assets			
Financial assets	7	466.545.192	282.343.353
Other receivables	11	179.770	1.014.876
Investments in associates and joint ventures	16	403.686.099	399.031.105
Tangible assets	18	3.282.318.439	2.679.603.460
Intangible assets	19,20	45.057.414	42.584.102
- Goodwill	20	26.349.387	22.591.024
- Other intangible assets	19	18.708.027	19.993.078
Prepaid expenses	14	29.687.887	27.207.924
Deferred tax assets	35	50.217.011	94.318.412
Total Non - Current Assets		4.277.691.812	3.526.103.232
TOTAL ASSETS		6.879.394.683	5.626.505.323

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

Trakya Cam Sanayii A.Ş.

Consolidated Statement of Financial Position at 31 December 2016 and 31 December 2015

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

LIABILITIES	Notes	31 December 2016	31 December 2015
Current Liabilities			
Short term borrowings	8	292.634.385	274.483.810
Short term portion of long term borrowings and interests	8	212.564.524	108.093.033
Trade payables	10,37	445.627.532	261.425.282
- Due to related parties	37	126.556.974	70.056.587
- Other trade payables	10	319.070.558	191.368.695
Other Payables	11,37	217.881.787	27.034.696
- Due to related parties	37	127.718.589	15.808.579
- Other payables	11	90.163.198	11.226.117
Deferred income	14	24.493.951	15.009.401
Current income tax liabilities	35	11.081.856	15.877.033
Short term provisions	22,24	20.249.458	28.872.038
- Provisions for employee benefits	24	939.510	1.710.580
- Other short term provisions	22	19.309.948	27.161.458
Other current liabilities	26	63.604.527	36.221.587
Total Current Liabilities		1.288.138.020	767.016.880
Non-Current Liabilities			
Long term financial liabilities	8	1.863.423.265	1.503.162.282
Other payables	11	427.300	199.972
Deferred income	14	58.244.732	49.024.557
Long-term provisions	24	66.811.949	60.578.007
Deferred tax liabilities	35	15.628.165	107.647.585
Total Non-Current Liabilities		2.004.535.411	1.720.612.403
Total Liabilities		3.292.673.431	2.487.629.283
EQUITY			
Shareholders' Equity	27	3.293.283.425	2.889.398.302
Paid-in share capital		930.000.000	895.000.000
Adjustment to share capital		5.576.528	5.576.528
Share premium		22.703	22.703
Other comprehensive income / expense not to be reclassified to profit or loss		464.097.083	467.811.588
- Gain on revaluation and remeasurement		464.097.083	467.811.588
- Increases in revaluation of tangible assets		463.296.677	468.315.915
- Funds for actuarial loss on employee termination benefits		800.406	(504.327)
Other comprehensive income / expense to be reclassified to profit or loss		253.097.206	293.663.311
- Currency translation differences		253.097.206	55.493.876
- Revaluation and/or classification gain/loss		-	238.169.435
- Revaluation and/or classification gain/loss on financial assets		-	238.169.435
Restricted reserves		137.116.142	132.433.402
Retained earnings		956.664.823	935.629.817
Net profit for the year		546.708.940	159.260.953
Non - controlling interest	27	293.437.827	249.477.738
TOTAL EQUITY		3.586.721.252	3.138.876.040
TOTAL LIABILITIES AND EQUITY		6.879.394.683	5.626.505.323

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

Trakya Cam Sanayii A.Ş.

Consolidated Statements of Profit and Loss for the Periods between 1 January 2016 - 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	28	3.016.237.618	2.118.194.118
Cost of sales (-)	28	(2.128.699.944)	(1.553.096.495)
Gross profit from trading activities		887.537.674	565.097.623
General administrative expenses (-)	29	(276.833.855)	(220.503.499)
Marketing expenses (-)	29	(354.472.600)	(217.422.563)
Research and development expenses (-)	29	(32.777.412)	(28.833.125)
Other operating income	31	149.419.402	99.741.313
Other operating expenses (-)	31	(69.783.133)	(32.792.935)
Operating profit		303.090.076	165.286.814
Income from investing activities	32	383.414.277	15.938.681
Expenses from investing activities	32	(455.266)	(8.710.104)
Income from investments accounted for under equity accounting	16	35.319.384	43.008.278
Operating profit before financial income and expense		721.368.471	215.523.669
Financial income	33	309.795.900	412.366.624
Financial expenses (-)	33	(429.275.476)	(430.713.620)
Profit before tax from continued operations		601.888.895	197.176.673
Tax expense from continuing operations	35	(26.800.075)	(28.133.391)
- Taxes on income	35	(63.025.699)	(49.094.622)
- Deferred tax income	35	36.225.624	20.961.231
Profit for the period		575.088.820	169.043.282
Attributable to:			
- Non controlling interest	27	28.379.880	9.782.329
- Equity holders of the parent	27	546.708.940	159.260.953
Earnings per share	36	0,5879	0,1712

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

Trakya Cam Sanayii A.Ş.

Consolidated Statements of Comprehensive Income for the Periods between 1 January - 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Profit for the period	27	575.088.820	169.043.282
Other comprehensive income:			
Items can not be reclassified to profit or loss	27	1.304.733	416.508.374
Gains /(loss) on revaluation of tangible fix assets		-	458.104.052
Items not to be reclassified to profit or loss on other comprehensive income from investments accounted for under equity accounting		-	3.030.705
Other items can not be reclassified to profit or loss on other comprehensive		1.630.916	2.709.195
Items can not be reclassified to profit or loss for income tax on other comprehensive		(326.183)	(47.335.578)
- Taxes on income			-
- Deferred tax income		(326.183)	(47.335.578)
Other comprehensive income			
Items to be reclassified to profit or loss	27	(12.106.271)	131.231.049
Currency translation differences		226.063.164	71.319.462
Gains/(loss) on revaluation and/or reclassification of available for sale financial assets		(250.704.669)	63.064.828
- Gains on revaluation of available for sale financial assets		20.167.382	63.064.828
- Reclassification adjustment on available for sale financial assets		(270.872.051)	-
Items to be reclassified to profit or loss for income tax on other comprehensive		12.535.234	(3.153.241)
Other comprehensive income (loss)		(10.801.538)	547.739.423
Total comprehensive income		564.287.282	716.782.705
Attributable to:			
- Non-controlling interest		56.839.714	46.143.435
- Equity holders of parent		507.447.568	670.639.270
Earnings per share	36	0,5456	0,7211

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

Trakya Cam Sanayii A.Ş.

Consolidated Statement of Changes in Equity for the periods between 1 January - 31 December 2016 and 2015

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

	Paid in Capital	Adjustment to Capital	Share Premium	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserve	Retained Earnings	Net Profit for the Period	Equity Attributable to the Equity Holders of the Parent	Non Controlling Interests	Total Equity
Balance at 1 January 2015	739.000.000	5.576.528	22.703	51.303.214	198.793.368	127.750.662	926.629.896	283.229.115	2.332.305.486	204.795.699	2.537.101.185
Transfers	-	-	-	-	-	4.682.740	278.546.375	(283.229.115)	-	-	-
Total comprehensive income/(loss)	-	-	-	416.508.374	94.869.943	-	-	159.260.953	670.639.270	46.143.435	716.782.705
Capital increase	156.000.000	-	-	-	-	-	(156.000.000)	-	-	8.409.804	8.409.804
Transactions related to joint ventures and associates	-	-	-	-	-	-	40.029	-	40.029	-	40.029
Dividends	-	-	-	-	-	-	(36.000.000)	-	(36.000.000)	(9.750.000)	(45.750.000)
Increases/(decreases) due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	-	-	-	(116.400)	-	(116.400)	(121.200)	(237.600)
Other transactions	-	-	-	-	-	-	(77.470.083)	-	(77.470.083)	-	(77.470.083)
Balance at 31 December 2015	895.000.000	5.576.528	22.703	467.811.588	293.663.311	132.433.402	935.629.817	159.260.953	2.889.398.302	249.477.738	3.138.876.040
Balance at 1 January 2016	895.000.000	5.576.528	22.703	467.811.588	293.663.311	132.433.402	935.629.817	159.260.953	2.889.398.302	249.477.738	3.138.876.040
Transfers	-	-	-	-	-	4.682.740	154.578.213	(159.260.953)	-	-	-
Total comprehensive income/(loss)	-	-	-	(3.714.505)	(40.566.105)	-	5.019.238	546.708.940	507.447.568	56.839.714	564.287.282
Capital increase	35.000.000	-	-	-	-	-	(35.000.000)	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	-	-	(10.562.445)	-	(10.562.445)	(1.629.625)	(12.192.070)
Dividends	-	-	-	-	-	-	(93.000.000)	-	(93.000.000)	(11.250.000)	(104.250.000)
Balance at 31 December 2016	930.000.000	5.576.528	22.703	464.097.083	253.097.206	137.116.142	956.664.823	546.708.940	3.293.283.425	283.437.827	3.586.721.252

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

Trakya Cam Sanayii A.Ş.

Consolidated Cash Flows Statements for the periods between 1 January – 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		338.754.484	215.918.928
Net profit for the period	27	575.088.820	169.043.282
Adjustments to reconcile net profit to net cash provided by operating activities		(15.181.780)	189.297.321
- Depreciation and amortization	18,19	254.285.308	175.974.690
- Adjustments for impairments / reversals	10,11,13	14.662.927	25.400.681
- Changes in provisions	22,24	5.137.018	4.241.007
- Dividend income	32	(24.445.311)	(6.111.329)
- Interest income and expenses	8,31,33	37.003.408	73.280.090
- Unrealized exchange loss / (gain)	31,33	72.583.909	(59.081.460)
- Fair value (gain)/loss	7	(67.847.275)	-
- Income from associates (net)	16	(35.319.384)	(43.008.278)
- Current income tax accrual	35	26.800.075	28.133.391
- Gains from sales of tangible assets	31,32	(290.666.425)	(9.221.207)
- Other adjustments related to profit/loss reconciliation	7,26	(7.376.030)	(310.264)
Changes in net working capital		(69.295.765)	21.140.276
- (Increases) in trade receivables	10,37	(279.900.756)	(31.551.238)
- (Increases) / decreases in other receivables	11,37	(1.220.563)	40.989.592
- (Increases) / decrease in derivative assets	12,33	24.721	1.605.088
- (Increases) / decreases in inventories	13	(89.920.203)	(29.655.497)
- (Increases) / decreases in trade payables	10,37	183.839.042	52.672.793
- (Decreases) / increases in other payables	11,14,26,37	148.547.400	(168.960.154)
- Other (increases) / decreases in net working capital	14,26	(30.665.405)	156.039.692
Cash flows from operating activities		490.611.276	379.480.879
- Interest paid	8,31,33,37	(93.236.265)	(101.782.182)
- Interest received	31,33,37	15.819.918	4.075.745
- Employment termination benefits paid	24	(6.619.569)	(6.151.946)
- Current income tax paid	35	(67.820.876)	(59.703.568)

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

Trakya Cam Sanayii A.Ş.

Consolidated Cash Flows Statements for the periods between 1 January – 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
B. CASH FLOWS FROM INVESTING ACTIVITIES		(418.060.171)	(168.170.824)
- Proceeds from changes in ownership rate of subsidiaries that do not result in control case	7	299.334.372	-
- Cash outflows due to purchase of other entities's or funds' share	3	(124.208.932)	
- Cash outflows due to purchase of additional share of subsidiaries		(14.759.245)	
- Proceeds from sale of other entities' or funds' share	7,16	-	53.891.579
- Cash outflows due to purchase of other entities' or funds' share	7	(429.647.631)	-
- Proceeds from sale of tangible and intangible assets	18,19,32	18.760.092	14.324.248
- Cash outflows due to purchases of tangible and intangible assets	18,19	(250.292.199)	(286.095.387)
- Advances given	14	(38.488.619)	(112.768.256)
- Proceeds from Advances given	14	45.434.198	132.059.773
- Dividends received from associates	16,32	26.617.015	8.683.326
- Interest received	6,33	48.128.346	21.861.632
- Other cash inflows / outflows	3,10,11,26	1.062.432	(127.739)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(108.779.966)	(224.899.233)
- Capital contribution of non - controlling interests	27	-	8.409.804
- Proceeds from financial borrowings	8	502.892.629	495.656.817
- Repayments of financial borrowings	8	(506.298.384)	(681.900.779)
- Financial leases paid	8	(1.124.211)	(1.315.075)
- Dividends paid	27	(104.250.000)	(45.750.000)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(188.085.653)	(177.151.129)
D. EFFECTS OF UNREALIZED EXCHANGE LOSS / (GAIN) ON CASH AND CASH EQUIVALENTS		172.334.516	218.869.056
- Effect of change in the exchange rates on cash and cash equivalents	33	136.947.535	236.589.722
- Effect of currency translation difference	27	35.386.981	(17.720.666)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(15.751.137)	41.717.927
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	1.168.141.407	1.126.423.480
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)	6	1.152.390.270	1.168.141.407

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

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

1. Group's Organisation and Nature of Operations

Trakya Cam Group (the "Group") consists of a holding company, Trakya Cam Sanayii A.Ş. ("Company") and 19 subsidiaries, 3 associates and 1 joint ventures.

Trakya Cam Sanayii A.Ş. was established on 17 January 1978 and started production in 1981. The Company is a subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş. Group ("Şişecam Holding") which is under the control of Türkiye İş Bankası A.Ş. The Company produces and sells basic flat glass, patterned glass, mirror, automotive glass, tempered glass, laminated glass, coated glass, processed glass and glassware in its production facilities at Kırklareli (Lüleburgaz), Mersin (Tarsus), Bursa (Yenişehir). There are also overseas factories at Bulgaria (Targovishte), Germany (Besigheim and Aurach), Slovakia (Malacky), Hungary (Aszod), Romania (Buzau), Italy (Udine), Egypt (Sukhna) and India (Halol).

The shares of the Company have been publicly traded on the Istanbul Stock Exchange ("ISE") since 5 November 1990.

The Head Office and the Shareholder Structure of the Company

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

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

İçmeler Mah. D-100 Karayolu Cad. N44/A 34947 Tuzla/İSTANBUL

Phone : +90 850 206 50 50
Fax : +90 850 206 50 80
Web page : www.trakyacam.com.tr
www.sisecamduzcam.com

Trade register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu
Regisner No : 151415
Mersis No : 2953-9497-3752-4526

Details of the number of personnel are as follows

	31 December 2016	31 December 2015
Personnel charged by monthly pay	1.770	1.747
Personnel charged by hour	5.066	4.482
Total	6.836	6.229

The 605 employees who are counted in the total number of employee in the Group comprise of the employee of HNG Float Glass Limited that are evaluated by the equity method (31 December 2015: 590 employees).

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

1. Group's Organisation and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

The subsidiaries, joint ventures and associates of the Group, their country of incorporation and nature of business are as follows:

Subsidiaries

Company Name	Nature of business	Country of incorporation
Trakya Yenişehir Cam Sanayii A.Ş.	Production and Sale of Flat, Coated and Laminated Glass	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and Sale of Flat Glass	Turkey
Şişecam Otomotiv A.Ş.	Production and Sale of Automotive Glass	Turkey
Trakya Investment B.V.	Finance and Investment Company	Netherlands
TRSG Glass Holding B.V.	Finance and Investment Company	Netherlands
Trakya Autoglass Holding B.V. ⁽²⁾	Finance and Investment Company	Netherlands
Şişecam Flat Glass Holding B.V.	Finance and Investment Company	Netherlands
Trakya Glass Bulgaria EAD ⁽¹⁾	Production and Sale of Flat, Coated and Laminated Glass	Bulgaria
Şişecam Automotive Bulgaria EAD ⁽¹⁾	Production and Sale of Automotive Glass and Home Appliances Glass	Bulgaria
Glasscorp S.A	Production and Sale of Automotive Glass and Home Appliances Glass	Romania
Trakya Glass Rus AO	Production and Sale of Flat Glass and Mirror	Russia
Automotive Glass Alliance Rus AO	Otomotiv camı üretimi ve satışı	Russia
Trakya Glass Rus Trading OOO	Import and Sale Services	Russia
Automotive Glass Alliance Rus Trading OOO	Import and Sale Services	Russia
Şişecam Flat Glass Italy S.R.L.	Production and Sale of Flat and ,Laminated Glass	Italy
Richard Fritz Holding GmbH ⁽²⁾	Commercial Activity	Germany
Richard Fritz Prototype + Spare Parts GmbH	Production and Sale of Glass Encapsulation	Germany
Richard Fritz Spol, S.R.O.	Production and Sale of Glass Encapsulation, Plastic Process	Slovakia
Richard Fritz Kft	Production and Sale of Glass Encapsulation	Hungary

Joint Ventures:

Company Name	Nature of business	Country of incorporation
HNG Float Glass Limited	Production and Sale of Flat Glass,Mirror	India

Associates

Company Name	Nature of business	Company Name
Çayırova Cam San. A.Ş.	Commercial Activity	Turkey
Camış Elektrik Üretim A.Ş.	Production and Sale of Electricity	Turkey
Saint Gobain Glass Egypt	Production and Sale Flat Glass	Egypt

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

1. Group's Organisation and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

⁽¹⁾ Within the scope of the article 159 and 179 of the Turkish Commercial Code No. 6102, the provisions of article 19 and 20 of the Corporate Income Tax Law (ITL), 6362 numbered Capital Market Law (CML) and 11-23.2 numbered "Mergers and Divisions Communiqué" (Communiqué) provisions of The Capital Markets Board, in the Trakya Cam Sanayii A.Ş., approval No. 29833736-1 İO.06-E.5106 dated 29.04.2015 is granted by Capital Markets Board to the announcement prepared pursuant to the CML and Communiqué in the simplified spin off which will take place by the transfer of all assets, liabilities, rights and obligations situated in the business integrity of the auto glass business within the structure of Trakya Cam Sanayii A.Ş., one of the subsidiaries of the Group. Spin off transaction is approved in the extraordinary general meeting held on 27 June 2016.

⁽²⁾ Çayırova Cam San. A.Ş. is a company that leases properties it owns to the Group companies and it has no production and sales activity.

The subsidiaries, joint ventures and associates of the Group their proportion of ownership interest and the effective interest of the Company in these subsidiaries are as follows:

Subsidiaries:

Company Name	31 December 2016		31 December 2015	
	Direct and Indirect ownership ratio %	Effective ownership ratio %	Direct and Indirect ownership ratio %	Effective ownership ratio %
Trakya Yenişehir Cam Sanayii A.Ş.	85.00	85.00	85.00	85.00
Trakya Polatlı Cam Sanayii A.Ş.	85.00	85.00	85.00	85.00
Şişecam Otomotiv A.Ş.	100.00	100.00	-	-
Trakya Investment B.V.	100.00	100.00	100.00	100.00
TRSG Glass Holding B.V.	70.00	70.00	70.00	70.00
Trakya Autoglass Holding B.V.	100.00	100.00	100.00	100.00
Şişecam Flat Glass Holding B.V.	100.00	100.00	-	-
Trakya Glass Bulgaria EAD	100.00	100.00	100.00	100.00
Şişecam Automotive Bulgaria EAD	100.00	100.00	100.00	100.00
Glasscorp S.A.	100.00	100.00	90.00	90.00
Trakya Glass Rus AO	100.00	70.00	100.00	70.00
Automotive Glass Alliance Rus AO	100.00	100.00	100.00	100.00
Trakya Glass Rus Trading OOO	100.00	70.00	100.00	70.00
Automotive Glass Alliance Rus Trading OOO	100.00	100.00	100.00	100.00
Şişecam Flat Glass Italy S.R.L.	100.00	100.00	-	-
Richard Fritz Holding GmbH	100.00	100.00	100.00	100.00
Richard Fritz Prototype + Spare Parts GmbH	100.00	100.00	100.00	100.00
Richard Fritz Spol, S.R.O.	100.00	100.00	100.00	100.00
Richard Fritz Kft	100.00	100.00	100.00	100.00

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

1. Group's Organisation and Nature of Operations

Consolidated subsidiaries, joint ventures and associates

Joint ventures:

Company Name	31 December 2016		31 December 2015	
	Direct and Indirect ownership ratio%	Effective ownership ratio %	Direct and Indirect ownership ratio%	Effective ownership ratio %
HNG Float Glass Limited	50.00	50.00	50.00	50.00

Associates:

Company Name	31 December 2016		31 December 2015	
	Direct and Indirect ownership ratio%	Effective ownership ratio %	Direct and Indirect ownership ratio%	Effective ownership ratio %
Çayırova Cam San. A.Ş.	28.14	28.14	28.13	28.13
Camış Elektrik Üretim A.Ş.	34.43	34.43	34.43	34.43
Saint Gobain Glass Egypt S.A.E	30.00	30.00	30.00	30.00

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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

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

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

Presentation and Functional Currency

The individual financial statements of each entity of the Group, 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 and presentation currency of the Group.

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Presentation 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 TFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements. Hyperinflation impact on the paid-in capital of the Company was accounted for in "adjustments to share capital" under shareholders' equity.

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.

Comparative information and correction of prior period 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 year consolidated financial statements.

Financial Statements of Foreign Subsidiaries and Joint Ventures

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

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

Currency	31 December 2016		31 December 2015	
	Period End	Period Average	Period End	Period Average
Euro	3,70990	3,33755	3,17760	3,01871
Bulgarian Lev	1,79934	1,70646	1,62468	1,54344
Russian Rubles	0,05732	0,04506	0,03961	0,04456
Romanian Leu	0,81310	0,73900	0,69730	0,67544
Egyptian Pounds	0,19400	0,31914	0,37273	0,35348
Indian Rupee	0,05179	0,04492	0,04384	0,04239

Consolidation Principles

The consolidated financial statements include the accounts of the parent company 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.

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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 has capability to control the financial and operating policies for the benefit of 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.

The table in Note 1 sets out all Subsidiaries included in the scope of consolidation and shows the ownership and effective interest rates as at 31 December 2016 and 31 December 2015.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated at 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 and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

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

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date. When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest (Note 2.5).

Joint Ventures

Joint Ventures are the companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2016 and 31 December 2015. Joint Ventures are accounted for under equity accounting method.

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Associates

Associates are companies in which the Group has the interest that is more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Equity method is used for accounting of associates.

Unrealized 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 caesura of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

Available - for - sale investments

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

Available - for - sale investments, in which the Group has the interests 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 to the financial statements at their fair value.

2.2 Statement of Compliance to TAS / TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2016 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by CMB, including the compulsory explanations.

2.3 Significant Changes in Accounting Policies

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

2.4 Restatement and Errors in the Accounting Policies and Estimate

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended 31 December 2016 are consistent with those used in the preparation of financial statements for the year ended 31 December 2015.

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

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of 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 2016 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2016 and in year ends to 31 December 2016.

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

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the 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 IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment 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 clarify the application of the consolidation exception for investment entities and their subsidiaries
- 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.

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2. Basis of Presentation of Consolidated Financial Statements

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

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

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.
- Amendment 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 clarify the application of the consolidation exception for investment entities and their subsidiaries.

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

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

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

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

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

- IFRS 16, 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard— IAS 39.
- Amendment to IAS 40, 'Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence

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).

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Revenue recognition

Sales of Goods

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.

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, labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories consist of raw material, semi-finished goods, finished goods, commercial goods, and goods in transit and other stocks (Note 13).

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 carried at fair value as of revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Land and buildings were accounted for under the net method in accordance with revaluation method. The change of accounting policy was applied with the financial statements as of 31 December 2015.

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. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Expected useful life, residual value and amortization 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.

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

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

	Useful life
Buildings	10-50 years
Land improvements	8-50 years
Machinery and equipment	3-30 years
Motor vehicles	3-15 years
Furniture and fixtures	2-15 years
Other tangible assets	4-10 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 acquired

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

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years) (Note 19).

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.

The Group implements customer loyalty program which enables customers to use pre-earned bonuses accumulated during glass purchases. The Group provides provision in the consolidated financial statements for these bonuses which is estimated by the total number of bonuses by the customers but not yet used.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Investment Properties

Land and buildings those are held for long term rental yields or value increase or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements. If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply 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 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.

Impairment of Assets

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

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

Financial Leases

a.) The Group as the lease

Financial Leasing

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Leases

b) The Group as lessor

Operating Leases

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

Borrowing costs

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred. Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized.

The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Related Party

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.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial assets

Receivables

Loans and 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 loans and receivables are classified as "trade and other receivables" in the balance sheet (Note 10, Note 11).

Available-for-sale financial assets

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

Held to maturity financial assets

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

Recognition and measurement

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

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.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Recognition and measurement

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

Trade receivable

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized 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 income (Note 10).

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 are classified under short-term financial investments (Note7).

Financial liabilities

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.

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

Equity instruments

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

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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. Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. In each acquisition, the non-controlling shares of the acquired company are accounted for on the basis of the share of the net assets of the acquired company. The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognized in the consolidated statements of income. Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

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

Transactions with non-controlling interest.

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. Gains or losses on disposals to non-controlling interests are also recorded in 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.

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2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

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

Earnings per Share

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

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

Events after the Reporting Period

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the balance sheet date. If non-adjusting events after the balance sheet 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.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Provisions, Contingent Assets and Liabilities

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

Segment reporting

The Group has two business segments determined by the management based on the information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. The Group management has determined gross profit as the most suitable method for assessing the segmental performance (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.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group classified its operations into two operational divisions for management accounting purposes which constitute the basis for the segment reporting (Note 5). The Basic Glass category contains flat glass, coated, laminated, mirror and project glass. The Other Glass category contains automotive glass, energy glass, white goods glass and glassware category of the foreign Joint Ventures.

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.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Current and deferred income tax

The tax expense for the year 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 year 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. 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.

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

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

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 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).

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Dividends

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

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 year are addressed below.

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

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY13.783.464. (31 December 2015: TRY9.081.785) results from temporary differences as of 31 December 2016 that are arising from the tax allowances and can be used as long as the tax allowances continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 December 2016, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY96.971.185 (31 December 2015: TRY67.550.093) (Note 35).

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2016 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 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 valuation company was utilized.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions:

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values 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, the The Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement.

Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

3. Business Combinations

The Group established a its new company, Şişecam Flat Glass Italy S.R.L in Italy. Şişecam Flat Glass Italy S.R.L. acquired certain assets of Sangalli Porto Nogaro S.p.a, located in Italy for a total amount of EUR84.282.010 on 31 October 2016. The net cash consideration is EUR52.016.661 including the transferee of the financial debt of Sangalli amounting to EUR32.265.349. The goodwill calculation is based on the temporary amounts and will be finalized within 9 months following the acquisition date. If necessary, revision on the calculation will be reflected to the financial statements as of the acquisition date.

The Group aimed to gain a large share of market and support its target of production and sales in Europe.

The related purchase is based on an asset purchase agreement thus is considered as a business combination in accordance with the "IFRS-3 Business Combinations" standard for the reason that all such assets and activities are able to be executed and managed as a business.

Fair values of purchased assets are represented below;

	Fair Value
Trade receivables	25.159.225
Inventories	21.379.502
Total Current Assets	46.538.727
Tangible assets	238.538.776
Intangible assets	82.252
Total Non - Current Assets	238.621.028
Total Assets	285.159.755
Short term borrowings	7.669.681
Long term financial liabilities	101.371.715
Other Liabilities	125.187
Total Liabilities	109.166.583
Total Assets	175.993.172
Total cash paid	124.208.932
Total cash to be paid ^(*)	51.784.240
Total Purchase Consideration	175.993.172
Goodwill	-

^(*)Remaining due portion of the purchase consideration amount to EUR15.318.000, has been accounted under other payables (Note.11).

Şişecam Flat Glass Italy S.R.L. has contributed by TRY45.886.620 to consolidated revenues after the purchase date. Had Şişecam Flat Glass Italy S.R.L. been included in the consolidation starting from 1 January 2016, additional net revenue of TRY274.839.068 would have been recognised.

There is no business combination within the scope of IFRS-3 "Business Combinations" between 1 January-31 December 2015.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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4. Interest in Other Entities

None (31 December 2015:None).

5. Segment Reporting

The Group has adopted TFRS 8 starting from 1 January 2009 and has identified relevant operating segments based on internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker of the Group, identified as the board of directors.

The chief operating decision maker reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: basic glass and other glass. Geographic segments of the Group are defined in the following regions: Turkey and abroad.

The Group management assesses the performance of the operating segments based on the measure of operating income. The measurement basis excludes the effects of non - recurring expenses from the operating income. The measurement basis also excludes the share in result of associates and joint ventures. Interest income and expenses are not allocated to segments, as this type of activity is driven by the central finance function of the Group.

The Group reviews its product line segments on the basis of gross profit, and operating profit, purchases of tangible fixed and intangible assets and depreciation and amortization of tangible fixed and intangible assets. Research and development expenses, financial income and expenses, and tax expense / income are not allocated to segments.

Total assets and liabilities of operating segments are not reported since such amounts are not regularly provided to the chief operating decision maker.

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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5. Segment Reporting

a. Operational Segments

1 January - 31 December 2016	Basic glass	Autoglass	Total	Consolidation adjustments	Consolidated
Revenue	2.044.757.768	1.208.136.369	3.252.894.137	(236.656.519)	3.016.237.618
Cost of sales	(1.309.699.509)	(1.065.040.026)	(2.374.739.535)	246.039.591	(2.128.699.944)
Gross profit	735.058.259	143.096.343	878.154.602	9.383.072	887.537.674
Operating expenses	(488.952.484)	(178.040.053)	(666.992.537)	2.908.670	(664.083.867)
Other operating incomes	138.625.934	51.283.406	189.909.340	(40.489.938)	149.419.402
Other operating expenses	(82.150.533)	(9.397.253)	(91.547.786)	21.764.653	(69.783.133)
Operating profit	302.581.176	6.942.443	309.523.619	(6.433.543)	303.090.076
Purchases of tangible and intangible fixed asset	92.293.208	157.998.991	250.292.199	-	250.292.199
Depreciation and amortization on fixed assets	(176.368.549)	(77.916.759)	(254.285.308)	-	(254.285.308)

1 January - 31 December 2015	Basic glass	Autoglass	Total	Consolidation adjustments	Consolidated
Revenue	1.309.770.127	850.024.857	2.159.794.984	(41.600.866)	2.118.194.118
Cost of sales	(864.408.935)	(732.493.239)	(1.596.902.174)	43.805.679	(1.553.096.495)
Gross profit	445.361.192	117.531.618	562.892.810	2.204.813	565.097.623
Operating expenses	(325.356.940)	(142.293.502)	(467.650.442)	891.255	(466.759.187)
Other operating incomes	86.706.823	46.180.561	132.887.384	(33.146.071)	99.741.313
Other operating expenses	(32.691.526)	(27.717.246)	(60.408.772)	27.615.837	(32.792.935)
Operating profit	174.019.549	(6.298.569)	167.720.980	(2.434.166)	165.286.814
Purchases of tangible and intangible fixed asset	223.768.427	62.326.960	286.095.387	-	286.095.387
Depreciation and amortization on fixed assets	(121.558.363)	(54.416.327)	(175.974.690)	-	(175.974.690)

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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5. Segment Reporting

b. Geographical segments

1 January -31 December 2016	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
Revenue	1.824.668.691	1.240.233.199	187.992.247	3.252.894.137	(236.656.519)	3.016.237.618
Cost of sales	(1.247.842.436)	(975.272.347)	(151.624.752)	(2.374.739.535)	246.039.591	(2.128.699.944)
Gross profit	576.826.255	264.960.852	36.367.495	878.154.602	9.383.072	887.537.674
Operating expenses	(392.710.462)	(248.858.069)	(25.424.006)	(666.992.537)	2.908.670	(664.083.867)
Other operating incomes	136.750.439	50.728.928	2.429.973	189.909.340	(40.489.938)	149.419.402
Other operating expenses	(80.185.566)	(4.646.368)	(6.715.852)	(91.547.786)	21.764.653	(69.783.133)
Operating profit	240.680.666	62.185.343	6.657.610	309.523.619	(6.433.543)	303.090.076
Purchases of tangible and intangible fixed asset	101.342.145	139.360.062	9.589.992	250.292.199	-	250.292.199
Depreciation and amortization on fixed assets	(121.570.700)	(100.078.627)	(32.635.981)	(254.285.308)	-	(254.285.308)

1 January -31 December 2015	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
Revenue	1.614.186.956	435.909.621	109.698.407	2.159.794.984	(41.600.866)	2.118.194.118
Cost of sales	(1.120.291.227)	(354.281.859)	(122.329.088)	(1.596.902.174)	43.805.679	(1.553.096.495)
Gross profit	493.895.729	81.627.762	(12.630.681)	562.892.810	2.204.813	565.097.623
Operating expenses	(338.164.835)	(107.243.552)	(22.242.055)	(467.650.442)	891.255	(466.759.187)
Other operating incomes	110.484.989	17.530.510	4.871.886	132.887.385	(33.146.072)	99.741.313
Other operating expenses	(45.136.463)	(11.988.344)	(3.283.965)	(60.408.772)	27.615.837	(32.792.935)
Operating profit	221.079.420	(20.073.624)	(33.284.815)	167.720.981	(2.434.167)	165.286.814
Purchases of tangible and intangible fixed asset	221.763.743	48.360.849	15.970.795	286.095.387	-	286.095.387
Depreciation and amortization on fixed assets	(117.579.555)	(26.589.276)	(31.805.859)	(175.974.690)	-	(175.974.690)

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6. Cash and Cash Equivalents

	31 December 2016	31 December 2015
Cash	25.931	49.551
Cash in banks	1.191.497.830	1.169.615.213
- Demand deposits	73.360.991	63.562.652
- Time deposits that have maturity less than 3 months	1.118.136.839	1.106.052.561
Other	47.335	6.744
	1.191.571.096	1.169.671.508

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2016	31 December 2015
EUR	1,10-1,45	January 2017	157.195.640	130.777.082
US Dollar	2,10-2,20	January 2017	493.155.668	975.275.479
TRY	9,75-11,20	January 2017	442.178.183	-
Other	0,16-0,20	January 2017	25.607.348	-
			1.118.136.839	1.106.052.561

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

	31 December 2016	31 December 2015
Cash and cash equivalents	1.191.571.096	1.169.671.508
Less: Interest accrual	(1.860.336)	(1.530.101)
Less: Blocked Deposits	(37.320.490)	-
	1.152.390.270	1.168.141.407

Nature and the level of risk related to cash and cash equivalents are explained in Note 38.

7. Financial Assets

a) Short term financial investments

Short term financial investments	31 December 2016	31 December 2015
Held to maturity financial assets ^(*)	24.192.626	-

^(*)The long-term, semi-annual fixed-rate USD denominated short-term portion of the securities in the currency.

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7. Financial Assets

b) Long term financial investments

Available for sale financial assets	31 December 2016	31 December 2015
Financial investments carried at market price	-	282.343.353
Held to maturity financial assets		
Held to maturity financial assets	466.545.192	-
Total long term financial investments	466.545.192	282.343.353

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

	31 December 2016	31 December 2015
1 January	282.343.353	219.278.575
Disposals (-)	(302.510.735)	(50)
Changes in fair value financial assets ^(*)	20.167.382	63.064.828
	-	282.343.353

(*) Soda Sanayii A.Ş.'s shares are traded in Borsa İstanbul A.Ş. and carried at their fair value in the financial statements. The Group has accounted the increase in its financial investments, which has been revaluated according to stock exchange prices, of TRY20.167.382 (TRY63.064.828 on 31 December 2015) under equity. Soda Sanayii A.Ş.'s shares were sold for TRY302.510.735 on 31 May 2016 to domestic and foreign investors with the special order. The sales expense was TRY3.176.363.

Financial investments carried at market price	Share %	31 December 2016	Share %	31 December 2015
Soda Sanayii A.Ş.	-	-	10,19	282.343.353

Held to maturity financial assets

Company that has issuance of securities	31 December 2016	31 December 2015
Türkiye İş Bankası A.Ş.	117.558.075	-
Türkiye Halk Bankası A.Ş.	99.956.291	-
Türkcell İletişim Hizmetleri A.Ş.	58.543.281	-
Türkiye Sınai Kalkınma Bankası A.Ş.	54.333.924	-
Türkiye Garanti Bankası A.Ş.	50.917.627	-
Arçelik A.Ş.	50.671.515	-
Türkiye Vakıflar Bankası A.O.	23.869.095	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	17.968.479	-
Yapı ve Kredi Bankası A.Ş.	9.512.152	-
Türk Telekomünikasyon A.Ş.	7.407.379	-
	490.737.818	-

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7. Financial Assets

Held to maturity financial assets

The Group has accounted for fixed income securities that it intends to hold to maturity at amortized cost using the effective interest rate. The securities in question are in US dollar denominated fixed interest payment every six months.

Held to maturity financial assets have carried in active market and their market value regarding market prices is as follow;

Company that has issuance of securities	31 December 2016	31 December 2015
Türkiye İş Bankası A.Ş.	113.500.467	-
Türkiye Halk Bankası A.Ş.	96.404.810	-
Türkcell İletişim Hizmetleri A.Ş.	55.506.465	-
Türkiye Sınai Kalkınma Bankası A.Ş.	51.995.618	-
Türkiye Garanti Bankası A.Ş.	49.294.778	-
Arçelik A.Ş.	49.023.450	-
Türkiye Vakıflar Bankası A.O.	23.929.626	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	17.358.320	-
Yapı ve Kredi Bankası A.Ş.	9.575.203	-
Türk Telekomünikasyon A.Ş.	6.940.099	-
	473.528.836	-

Maturity of held to maturity financial assets is as follows:

Collection period	31 December 2016	31 December 2015
Less than 3 months	3.717.876	-
Between 3-12 months	20.474.750	-
Between 1-5 years	306.194.936	-
Exceed 5 years	160.350.256	-
	490.737.818	-

The movement of held to maturity financial assets is as follows:

	31 December 2016	31 December 2015
1 January	-	-
Addition	429.647.631	-
Interest received in current period	(6.757.088)	-
Revaluation difference	67.847.275	-
	490.737.818	-

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7. Financial Assets

Held to maturity financial assets

Coupon rates and latest redemption dates of held to maturity financial assets are as follows;

Company that has issuance of securities	ISIN Code	Coupon Rate (%)	Redemption date
Türkiye Halk Bankası A.Ş.	XS0882347072	3,875	05.02.2020
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22.04.2020
Türkiye Halk Bankası A.Ş.	XS1188073081	4,750	11.02.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	18.05.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	25.06.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5,000	13.07.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	06.10.2021
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13.09.2022
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3,375	01.11.2022
Arçelik A.Ş.	XS0910932788	5,000	03.04.2023
Türk Telekomünikasyon A.Ş.	XS1028951264	4,875	19.06.2024
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15.10.2025

Effective interest rate of related securities is 5.41%

Securities held to maturity İş Portföy Yönetimi A.Ş. And the amounts assessed by the effective interest rate method are as follows for the companies (31 December 2015: None).

8. Financial Liabilities

Current financial liabilities	31 December 2016	31 December 2015
Short term borrowings	292.634.385	274.483.810
Short term portion of long term borrowings	31 December 2016	31 December 2015
Short term portion of long term borrowings and interests	208.305.446	106.137.267
Due to related parties (Note 37)	2.987.274	1.955.766
Liabilities for financial leasing	1.271.804	-
Total short term portion of long term borrowings	212.564.524	108.093.033
Total short term financial liabilities	505.198.909	382.576.843

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8. Financial Liabilities

Non - current financial liabilities	31 December 2016	31 December 2015
Long term portion of long term borrowings	984.576.454	775.845.746
Due to related parties (Note 37)	878.094.031	724.512.108
Liabilities for financial leasing	752.780	2.804.428
Total long -term financial liabilities	1.863.423.265	1.503.162.282
Total financial liabilities	2.368.622.174	1.885.739.125

Reprising periods for loans	31 December 2016	31 December 2015
3 months and shorter	519.031.897	278.121.575
3 - 12 months	966.484.388	878.345.248
	1.485.516.285	1.156.466.823

The debt amounting TRY881.081.305 that The Group borrowed from T.Şişe ve Cam Fabrikaları will be paid with equal installments every six months (31 December 2015: TRY726.467.874). In 2016, financial leasing liabilities amounting TRY2.024.584 will be paid with equal instalments every month. (31 December 2015:TRY2.804.428).

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

Short and long-term bank borrowings as of 1 January-31 December 2016 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January	1.149.792.349	7.382.920	(708.446)	1.156.466.823
Subsidiary purchase effect	109.041.396	-	-	109.041.396
Currency translation differences	156.096.577	1.065.926	(150.976)	157.011.527
Foreign exchange (gain)/loss	66.633.031	-	-	66.633.031
Additions - accruals for the period	504.257.160	39.802.672	(1.364.531)	542.695.301
Payments - reversals for the period	(506.298.384)	(40.293.757)	260.348	(546.331.793)
31 December 2016	1.479.522.129	7.957.761	(1.963.605)	1.485.516.285

Bonds issued	Capital	Interest	Discounts on Bonds	Commission	Total
1 January	726.900.000	2.662.348	(2.192.662)	(901.812)	726.467.874
Foreign exchange (gain)/loss	152.900.000	-	-	-	152.900.000
Additions - accruals for the period	-	33.306.941	-	-	33.306.941
Payments - reversals for the period	-	(32.264.407)	466.713	204.184	(31.593.510)
31 December 2016	879.800.000	3.704.882	(1.725.949)	(697.628)	881.081.305

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8. Financial Liabilities

Financial Leases	Principal+Interest	Total
1 January	2.804.428	2.804.428
Currency translation differences	344.367	344.367
Payments - reversals for the period	(1.124.211)	(1.124.211)
31 December 2016	2.024.584	2.024.584

Financial liabilities movements for the period between 1 January and 31 December 2015 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January	655.378.180	6.042.216	(957.531)	660.462.865
Effects of spin-off	538.792.835	4.397.956	-	543.190.791
Currency translation differences	89.796.860	712.886	-	90.509.746
Foreign exchange (gain)/loss	51.999.368	-	-	51.999.368
Additions - accruals for the period	495.725.885	53.303.460	(69.068)	548.960.277
Payments - reversals for the period	(681.900.779)	(57.073.598)	318.153	(738.656.224)
31 December 2015	1.149.792.349	7.382.920	(708.446)	1.156.466.823

Bonds issued	Capital	Interest	Discounts on Bonds	Commission	Total
1 January	579.725.000	1.886.432	(2.637.851)	(1.105.996)	577.867.585
Foreign exchange (gain)/loss	147.175.000	-	-	-	147.175.000
Additions - accruals for the period	-	30.355.385	-	-	30.355.385
Payments - reversals for the period	-	(29.579.469)	445.189	204.184	(28.930.096)
31 December 2015	726.900.000	2.662.348	(2.192.662)	(901.812)	726.467.874

Financial leases	Principal+Interest	Total
1 January	3.718.256	3.718.256
Currency translation differences	401.247	401.247
Payments - reversals for the period	(1.315.075)	(1.315.075)
31 December 2015	2.804.428	2.804.428

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8. Financial Liabilities

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

31 December 2016			
Currency	Interest rate (%) ^(*)	Short - term	Long - term
USD	Libor + 2,00 - 3,75	22.448.039	978.922.365
EUR	Euroribor + 0,08 - 3,75	452.677.934	847.601.152
TRY and others	-	30.072.936	36.899.748
		505.198.909	1.863.423.265
31 December 2015			
Currency	Interest rate (%)	Short - term	Long - term
USD	Libor + 2,00 - 3,75	15.998.044	817.259.262
EUR	Euroribor + 0,08 - 3,75	306.586.809	651.904.437
TRY and others	-	59.991.990	33.998.583
		382.576.843	1.503.162.282

^(*) The weighted average interest rate for EUR is Euribor + 2.62 %, for USD is Libor + 2.82 %.

The redemption schedule of financial liabilities is as follow:

Repayment maturities of financial liabilities	31 December 2016	31 December 2015
Up to 1 year	505.198.909	382.576.843
Between 1-2 years	324.441.555	220.234.183
Between 2-3 years	257.673.798	203.448.714
Between 3-4 years	1.016.998.774	158.503.366
Between 4-5 years	101.870.564	819.873.027
Exceed 5 years	162.438.574	101.102.992
	2.368.622.174	1.885.739.125

9. Other Financial Liabilities

None (31 December 2015: None).

10. Trade Receivables and Payables

Trade receivables

Short-term trade receivables	31 December 2016	31 December 2015
Trade receivables	737.063.039	420.944.608
Notes receivables	6.201.965	3.807.625
Rediscount on notes Receivables (-)	(2.856.819)	(2.761.668)
Allowance for doubtful receivables (-)	(37.143.442)	(20.063.178)
	703.264.743	401.927.387

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

10. Trade Receivables and Payables

Average Sales term for flat glass are 90 days (31 December 2015: 90 days) for the period between January and March and July and December 2016. The Group had made its sales with 210 days maturity for the period between March and June 2016. For overdue payments, 2% interest is charged on a monthly basis (31 December 2015: 2 %).

Average sales term for auto glass and glassware products is 45 days (31 December 2015: 45 days)

Foreign sales term for flat glass are either in advance or average 45 days maturity.

The Group has allocated allowance for its 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. The Group has no significant concentration of 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 debts.

TRY89.198.459 portion of trade receivable is related to the sales that the company's related party Şişecam Dış Ticaret A.Ş. (31 December 2015: TRY68.037.693).

The group's the movement in the allowance for doubtful receivable is as follow:

The movement in the allowance for doubtful receivable is as follows:

	31 December 2016	31 December 2015
1 January	(20.063.178)	(6.470.730)
Charge for the period	(11.768.016)	(8.215.224)
Effect of spin-off	-	(5.937.100)
Subsidiary Purchase Effect	(10.344.279)	-
Currency translation difference	(2.488.824)	(876.961)
Collections	7.520.855	1.436.837
	(37.143.442)	(20.063.178)

The Group holds the following collaterals for trade receivables:

	31 December 2016	31 December 2015
Letters of guarantees	145.465.117	74.829.561
Promissory notes and bills	93.856.097	13.055.114
Mortgages	6.416.760	8.896.413
Direct Debiting System (DBS)	56.223.925	34.891.711
	301.961.899	131.672.799

As of 31 December 2016 TRY59.747.096 (31 December 2015: TRY66.757.154) 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 2016	31 December 2015
1 - 30 days overdue	40.508.632	20.114.987
1 - 3 months overdue	13.108.467	24.624.460
3 - 12 months overdue	4.201.797	12.863.418
1 - 5 years overdue	1.928.200	9.154.289
Total overdue receivables	59.747.096	66.757.154
The part under guarantee with collateral, etc.	21.326.391	15.332.309

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10. Trade Receivables and Payables

Trade Payables

Short term trade payables	31 December 2016	31 December 2015
Trade payables	319.796.973	191.805.820
Due to related parties (Note 37)	126.556.974	70.056.587
Rediscount of notes receivable (-)	(726.415)	(437.125)
	445.627.532	261.425.282

Average credit term for purchases of goods is 60 days. The Group has financial risk management policies to ensure that all liabilities are paid within credit terms.

11. Other Receivables and Payables

Other current receivables	31 December 2016	31 December 2015
Due from related parties (Note 37)	24.587.934	10.215.524
Due from personnel	573.351	722.895
Deposits and guarantees given	712.645	666.464
Other receivables	9.634.443	5.950.103
	35.508.373	17.554.986

Other current payables	31 December 2016	31 December 2015
Due to related parties (Note 37)	127.718.589	15.808.579
Due to personnel	12.437.284	10.257.022
Deposits and guarantees received	12.580.651	219.788
Other payables	65.145.263	749.307
	217.881.787	27.034.696

^(*) € 15.318.000 portion of other payables is related to the purchase of assets of Sangalli Vetro Porto Nogaro, a company in Italy

Other non - current payables	31 December 2016	31 December 2015
Deposits and guarantees taken	427.300	199.972

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12. Derivative Instruments

The group signed the foreign currency swap agreements with HSBC Bank A.Ş. dated on 2 August 2016, including the purchase of Euro by the sale of USD2.500.000 at a parity of 1,1224 EUR/USD, including the purchase of Euro by the sale of USD2.500.000 at a parity of 1,1229 EUR/USD, including the purchase of Euro by the sale of USD2.500.000 at a parity of 1,1234 EUR/USD. This operations has been realized as of 31 December 2016.

	31 December 2016	31 December 2015
1 January	-	-
Foreign exchange gain/(loss) charged to statement of profit or loss	24.721	1.605.088
Cash outflows/(inflows) due to realized foreign exchange gain/loss	(24.721)	(1.605.088)
Net assets/(liabilities)	-	-

13. Inventories

	31 December 2016	31 December 2015
Finished goods	279.603.633	232.090.006
Raw materials	159.217.467	110.480.733
Other inventories	47.275.696	41.523.329
Work in process	34.084.710	34.814.113
Operating supplies	17.497.000	13.370.513
Trade goods	16.444.915	13.045.147
Provision for impairment of inventory (-)	(5.963.387)	(4.977.745)
	548.160.034	440.346.096

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

	31 December 2016	31 December 2015
1 January	(4.977.745)	(5.580.632)
Effect of spin-off	-	(423.862)
Currency translation difference	(590.856)	(205.951)
Provision realized during the year	(2.894.911)	(2.728.693)
Provision used during the period	2.500.125	3.961.393
	(5.963.387)	(4.977.745)

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14. Prepaid Expenses and Deffered Income

Prepaid expenses in current assets	31 December 2016	31 December 2015
Order advances given for inventories	59.058.473	30.959.216
Prepaid expenses	10.535.722	5.523.821
	69.594.195	36.483.037
Prepaid expenses in non-current assets	31 December 2016	31 December 2015
Given advances	18.508.643	15.656.949
Prepaid expenses	11.179.244	11.550.975
	29.687.887	27.207.924
Short term deferred income	31 December 2016	31 December 2015
Order advances received	16.500.837	13.264.079
Other advances received	135	116
Deferred income	7.992.979	1.745.206
	24.493.951	15.009.401
Long term deferred income	31 December 2016	31 December 2015
Deferred income ^(*)	58.244.732	49.024.557

(*) The amount consists of the government incentive provided by the Romania government to Glasscorp SA.

15. Construction Contracts

None (31 December 2015: None).

16. Joint Ventures and Associates

Net asset values of Joint Ventures and associates accounted for under equity accounting method represented in the balance sheet of the associates are as follows:

Joint Ventures	31 December 2016	31 December 2015
HNG Float Glass Limited	205.951.944	159.797.741
Associates	31 December 2016	31 December 2015
Çayırova Cam Sanayii A.Ş.	106.083.329	98.689.638
Saint Gobain Glass Egypt S.A.E	69.633.738	119.829.212
Camış Elektrik Üretim A.Ş.	22.017.088	20.714.514
	197.734.155	239.233.364
	403.686.099	399.031.105

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

16. Joint Ventures and Associates

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

	31 December 2016	31 December 2015
1 January	399.031.105	617.439.457
Effect of spin-off	-	(362.904.779)
Revaluation surplus	-	2.370.161
Profit / (loss) for the period from associates (net)	2.567.175	6.863.379
Income and loss from associates (net)	35.319.384	43.008.278
Dividend income from associates	(2.171.704)	(2.571.997)
Currency translation differences	(31.059.861)	94.826.606
	403.686.099	399.031.105

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

Çayırova Cam Sanayii A.Ş.	31 December 2016	31 December 2015
Current assets	9.041.106	9.102.559
Non - current assets	368.142.762	341.818.187
Total Assets	377.183.868	350.920.746
Current liabilities	263.988	271.053
Non - current liabilities	-	-
Total Liabilities	263.988	271.053
Net Assets (including goodwill)	376.919.880	350.649.693
Group share		
- Direct and indirect ownership ratio (%)	28,14	28,14
- Effective ownership ratio (%)	28,14	28,14
Group share in net assets (including goodwill)	106.083.329	98.689.638
	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	-	-
Net profit / (loss) from continuing operations	27.870.187	51.103.030
Other comprehensive income loss	-	5.224.959
Total comprehensive profit / (loss)	27.870.187	56.327.989
The Group's share in profit / (loss) from continuing operations	7.844.007	14.382.843
Dividend distribution from retained earnings	1.600.000	1.800.000
Dividend distributed to company's share	450.317	506.333

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

16. Joint Ventures and Associates

Camış Elektrik Üretim A.Ş.	31 December 2016	31 December 2015
Current assets	63.694.577	58.964.881
Non - current assets	8.465.210	10.157.258
Total assets	72.159.787	69.122.139
Current liabilities	7.354.038	8.247.993
Non - current liabilities	854.143	706.041
Total liabilities	8.208.181	8.954.034
Net assets (including goodwill)	63.951.606	60.168.105
Group share		
- Direct and indirect ownership ratio (%)	34,43	34,43
- Effective ownership ratio (%)	34,43	34,43
Group share in net assets (including goodwill)	22.017.088	20.714.514
	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	49.972.172	50.046.536
Net profit from continuing operations	8.773.562	6.352.574
Other comprehensive income	9.939	18.530
Total comprehensive income	8.783.501	6.371.104
The Group's share in profit from continuing operations	3.020.538	2.187.047
Dividend distribution from retained earnings	5.000.000	6.000.000
Dividend distributed to company's share	1.721.387	2.065.664

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16. Joint Ventures and Associates

Saint Gobain Glass Egypt S.A.E	31 December 2016	31 December 2015
Current assets	79.111.078	115.969.544
Non - current assets	225.807.642	454.516.657
Total assets	304.918.720	570.486.201
Current liabilities	66.556.959	139.398.223
Non - current liabilities	6.249.300	31.838.500
Total liabilities	72.806.259	171.236.723
Net assets (including goodwill)	232.112.461	399.249.478
Group share		
- Direct and indirect ownership ratio (%)	30,00	30,01
- Effective ownership ratio (%)	30,00	30,01
Group share in net assets (including goodwill)	69.633.738	119.829.212
	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	208.557.665	158.342.107
Net profit / (loss) from continuing operations	31.856.702	(6.665.222)
Other comprehensive income / (loss)	(207.131.789)	47.907.956
Total comprehensive income / (loss)	(175.275.087)	41.242.734
The Group's share in profit / (loss) from continuing operations	9.557.010	(2.000.474)
Capital increases in the period	8.138.070	26.334.260
The Group's share in cash capital increase	2.567.175	6.823.350

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16. Joint Ventures and Associates

HNG Float Glass Limited	31 December 2016	31 December 2015
Current assets	119.593.372	54.344.999
- Cash and cash equivalents	613.821	1.634.925
- Trade receivables	10.435.321	14.650.320
Non - current assets	446.622.843	405.148.306
Total assets	566.216.215	459.493.305
Current liabilities	81.540.366	73.618.794
- Short term financial liabilities	41.487.965	44.230.069
Non - current liabilities	72.771.962	66.279.029
- Long term financial liabilities	54.576.101	44.347.974
Total liabilities	154.312.328	139.897.823
Net assets (including goodwill)	411.903.887	319.595.482
Group share		
- Direct and indirect ownership ratio (%)	50,00	50,00
- Effective ownership ratio (%)	50,00	50,00
Group share in net assets (including goodwill)	205.951.944	159.797.741
	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	221.194.480	214.665.207
Interest income	39.311	534.896
Interest expense	9.418.513	13.592.793
Depreciation expense	20.008.795	21.180.840
Tax expense	7.281.622	1.379.328
Net profit from continuing operations	29.795.658	11.353.482
Other comprehensive income	62.512.747	52.643.018
Total comprehensive income	92.308.405	63.996.500
The Group's share in profit / (loss) from continuing operations	14.897.829	5.676.741

17. Investment Properties

None (31 December 2015: None).

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18. Property, Plant And Equipments

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Other fixed assets	Construction in progress	Total
1 January	410.493.388	98.956.732	885.548.562	2.620.285.755	42.107.715	134.028.909	43.567.222	179.324.176	4.414.312.459
Currency translation differences	5.987.526	11.408.053	160.722.711	271.218.796	5.571.305	8.098.738	4.659.637	16.905.120	484.571.886
Subsidiary Purchase Effect	10.051.236	-	41.710.285	182.682.569	63.338	3.298.870	732.478	-	238.538.776
Additions	-	-	1.190.795	8.376.841	302.257	2.123.426	6.645.236	226.885.823	245.524.378
Disposals	(6.002.040)	(8.000)	(701.481)	(19.226.933)	(933.772)	(2.956.696)	(5.143.425)	-	(34.972.347)
Transfers from construction in progress	-	1.856.837	13.066.871	224.067.672	1.559.399	13.463.180	7.018.166	(261.032.125)	-
Balance at 31 December 2016	420.530.110	112.213.622	1.101.537.743	3.287.404.700	48.670.242	158.056.427	57.479.314	162.082.994	5.347.975.152
Accumulated depreciation and impairment									
1 January	(7.832.469)	(42.175.049)	(8.189.857)	(1.528.641.553)	(23.981.417)	(99.395.621)	(24.493.033)	-	(1.734.708.999)
Currency translation differences	(1.312.067)	(1.542.026)	(4.183.028)	(91.331.937)	(3.190.886)	(5.213.114)	(1.496.944)	-	(108.270.002)
Charge for the period (*)	-	(4.264.443)	(27.975.288)	(192.372.460)	(5.373.089)	(10.384.466)	(4.944.716)	-	(245.314.462)
Disposals	-	711	15.755	18.640.564	822.516	1.538.839	1.618.365	-	22.636.750
Balance at 31 December 2016	(9.144.536)	(47.980.807)	(40.332.418)	(1.793.705.386)	(31.722.876)	(113.454.362)	(29.316.328)	-(2.065.656.713)	
Net Book Value as of 31 December 2016	411.385.574	64.232.815	1.061.205.325	1.493.699.314	16.947.366	44.602.065	28.162.986	162.082.994	3.282.318.439
Net Book Value a of 31 December 2015	402.660.919	56.781.683	877.358.705	1.091.644.202	18.126.298	34.633.288	19.074.189	179.324.176	2.679.603.460

^(*) Current period allocation of depreciation expense is disclosed in Note 28 and Note 30. No mortgage over lands and buildings due to bank borrowings exist (31 December 2015: None).

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

18. Property, Plant And Equipments

Cost	Land improvements	Land	Buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Other fixed assets	Construction in progress	Total
1 January	25.622.894	64.615.413	692.819.455	1.808.575.666	15.301.790	114.389.322	36.460.019	208.529.813	2.966.314.372
Reclassification	108.963.775	-	(15.974.714)	(735.814)	723.755	-	-	(3.575.773)	89.401.229
Currency translation differences	2.979.333	2.449.875	18.051.445	71.678.137	2.577.900	3.781.560	459.084	32.802.555	134.779.889
Effect of spin-off	755.481	20.216.208	80.587.753	351.638.737	15.699.713	6.616.293	124.251	321.762.554	797.400.990
Additions	-	-	17.832.790	15.105.979	375.944	1.820.492	1.933.096	245.094.391	282.162.692
Disposals	-	(32.311)	(964.598)	(35.396.559)	(426.788)	(9.662.935)	(3.936.696)	-	(50.419.887)
Revaluation	268.978.873	-	(80.959.236)	-	-	-	-	-	188.019.637
Transfers from assets held for sale	3.193.032	-	3.460.505	-	-	-	-	-	6.653.537
Transfers from construction in progress	-	11.707.547	170.695.162	409.419.609	7.855.401	17.084.177	8.527.468	(625.289.364)	-
Balance at 31 December 2015	410.493.388	98.956.732	885.548.562	2.620.285.755	42.107.715	134.028.909	43.567.222	179.324.176	4.414.312.459
Accumulated depreciation and impairment									
1 January	-	(34.061.671)	(170.324.872)	(1.118.658.469)	(7.028.100)	(92.315.419)	(20.945.820)	-	(1.443.334.351)
Reclassification	-	159.120	(88.608.096)	(314.883)	(512.970)	(23.989)	(100.414)	-	(89.401.232)
Currency translation differences	(391.648)	(488.895)	(4.581.748)	(37.741.112)	(1.576.217)	(3.223.573)	(280.404)	-	(48.283.597)
Effect of spin-off	-	(4.810.063)	(16.724.014)	(275.591.015)	(12.507.407)	(5.620.503)	(98.625)	-	(315.351.627)
Charge for the period ^(*)	-	(2.979.195)	(19.501.015)	(130.232.335)	(2.783.511)	(7.034.272)	(4.919.952)	-	(167.450.280)
Impairment	(7.440.821)	-	(663.138)	-	-	-	-	-	(8.103.959)
Disposals	-	5.655	431.757	33.896.261	426.788	8.822.135	1.852.182	-	45.434.778
Revaluation	-	-	291.781.269	-	-	-	-	-	291.781.269
Balance at 31 December 2015	(7.832.469)	(42.175.049)	(8.189.857)	(1.528.641.553)	(23.981.417)	(99.395.621)	(24.493.033)	-	(1.734.708.999)
Net book value as of 31 December 2015	402.660.919	56.781.683	877.358.705	1.091.644.202	18.126.298	34.633.288	19.074.189	179.324.176	2.679.603.460
Net book value as of 31 December 2014	25.622.894	30.553.742	522.494.583	689.917.197	8.273.690	22.073.903	15.514.199	208.529.813	1.522.980.021

^(*) Current period allocation of depreciation expense is disclosed in Note 28 and Note 30.

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19.Intangible Assets

Cost	Rights ^(*)	Others	Total
1 January	60.876.281	8.010.704	68.886.985
Currency translation differences	9.470.040	1.297.027	10.767.067
Subsidiary Purchase Effect	-	82.252	82.252
Additions	3.301.235	1.466.586	4.767.821
Disposals	(94.542)	(36.648)	(131.190)
Balance at 31 December 2016	73.553.014	10.819.921	84.372.935
Accumulated depreciation			
1 January	(44.268.262)	(4.625.645)	(48.893.907)
Currency translation differences	(7.127.208)	(804.137)	(7.931.345)
Change for the period	(7.711.516)	(1.259.330)	(8.970.846)
Disposals	94.542	36.648	131.190
Balance at 31 December 2016	(59.012.444)	(6.652.464)	(65.664.908)
Net book value as of 31 December 2016	14.540.570	4.167.457	18.708.027
Net book value as of 31 December 2015	16.608.019	3.385.059	19.993.078

Cost	Rights	Others	Total
1 January	54.513.346	3.441.651	57.954.997
Currency translation differences	5.570.924	629.673	6.200.597
Subsidiary Purchase Effect	-	1.986.356	1.986.356
Addition	1.847.237	2.085.458	3.932.695
Disposals	(1.055.226)	(132.434)	(1.187.660)
Balance at 31 December 2015	60.876.281	8.010.704	68.886.985
Accumulated depreciation			
1 January	(33.712.746)	(1.800.274)	(35.513.020)
Reclassification	(2.802)	2.802	-
Currency translation differences	(3.681.921)	(412.219)	(4.094.140)
Subsidiary Purchase Effect	-	(1.817.562)	(1.817.562)
Change for the period ^(*)	(7.926.018)	(598.392)	(8.524.410)
Disposals	1.055.225	-	1.055.225
Balance at 31 December 2015	(44.268.262)	(4.625.645)	(48.893.907)
Net book value as of 31 December 2015	16.608.019	3.385.059	19.993.078
Net book value as of 31 December 2014	20.800.600	1.641.377	22.441.977

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

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20. Goodwill

	31 December 2016	31 December 2015
1 January	22.591.024	20.258.514
Currency translation differences	3.758.363	2.332.510
	26.349.387	22.591.024

	31 December 2016	31 December 2015
Fritz Holding GmbH	5.397.905	4.623.408
Glasscorp S.A.	20.951.482	17.967.616
	26.349.387	22.591.024

21. Government Grants

An agreement for government incentive was signed between Glasscorp S.A and Ministry of Economy and Energy on behalf of the Republic of Romania under "Regulation of Investment Incentive and Implementation" of Romania and "Government Incentive Legislation" of European Union.

Exports and other foreign currency denominated operations, within the scope of the standards determined by the Ministry of Finance and Undersecretaries of Foreign Trade, are exempt from stamp tax and fees. Government grants are paid to support participating in international fairs in accordance with the Decision No: 2004/11 of the Money Credit and Coordination Committee issued at 16 December 2004.

22. Provisions, Contingent Assets and Liabilities

Short term provisions	31 December 2016	31 December 2015
Provision for litigation	10.286.776	18.532.614
Provision for outsourced services	4.454.629	292.006
Bonus provisions	2.318.513	2.185.128
Provision for personnel allowance	870.443	3.432.598
Other	1.379.587	2.719.112
	19.309.948	27.161.458

As of 31 December 2016, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY10.286.776 (2015: TRY18.532.614) and set aside a provision for this amount. The provision amount was recognised under general management expenses.

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22.Provisions, Contingent Assets and Liabilities

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2016 and 31 December 2015 are as follows:

The CPM's given by the Company	31 December 2016			
	TRY Equivalent	USD	EUR	Other
A. CPM's given in the name of its own legal personality	-	-	-	-
B. CPM's given on behalf of the fully consolidated companies	848.586.786	3.952.831	211.724.391	49.199.667
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	879.800.000	250.000.000	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	879.800.000	250.000.000	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	1.728.386.786	253.952.831	211.724.391	49.199.667

Percentage of CPM's given by the Company to the Company's equities is 25% as of 31 December 2016 (31 December 2015: 38%).

The financial of the Group are met by the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş. and these funds are proceed to subsidiaries with same conditions.

The Group has provide guarantee for repayment of the principal and interest of 250 million USD, TRİ presented under the Table D-i "In Favor of the Parent Company", which was funded by the of Şişecam's bond issue on 9 May 2013 which amounts to 500 million USD with 7-years maturity. As of 31 December 2016, The group doesn't give guaraantee in favor of third parties.

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22.Provisions, Contingent Assets and Liabilities

The CPM's given by the Company	TRY Equivalent	31 December 2015		
		USD	EUR	Other
A. CPM's given in the name of its own legal personality	27.483.125	3.920.000	4.000.000	3.374.933
B. CPM's given on behalf of the fully consolidated companies	439.143.702	2.765.455	122.295.014	42.498.229
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	726.900.000	250.000.000	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	726.900.000	250.000.000	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	1.193.526.827	256.685.455	126.295.014	45.873.162

23.Commitments

According to agreements made with Türkiye Petrolleri Anonim Ortaklığı, Polatlı O.S.B. and Mersin O.S.B., the Group has a commitment to purchase 362.774.096 sm³ natural gas purchase commitment between 1 January and 31 December 2017 (31 December 2015: 198.788.829 sm³).

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24. Employee Benefits

Short Term

	31 December 2016	31 December 2015
Unused vacation provisions	939.510	1.710.580

Long Term

Provision for employee termination benefits	31 December 2016	31 December 2015
Domestic	63.858.170	58.227.883
Foreign	2.953.779	2.350.124
	66.811.949	60.578.007

Long Term (Provision for employment termination benefits)

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are 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 transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of 23 May 2002.

The monthly ceiling of employee termination benefit to be paid as of 31 December 2016 is TRY4.426,16 (31 December 2015: TRY4.092, 53).

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 2016 and 31 December 2015 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 6.00% (31 December 2015: 5.00%) and a discount rate of 11.50% (31 December 2015: 10.13%), the real discount rate is approximately 5.19% (31 December 2015: 4.89%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The movement of the employment termination benefits is as follows:

	31 December 2016	31 December 2015
1 January	60.578.007	54.781.311
Service cost	10.937.136	11.790.279
Interest cost	2.822.462	2.174.651
Actural loss(gain)	(1.444.334)	(2.774.934)
The effect of spin-off	-	485.674
Subsidiary purchase effect	125.186	-
Currency translation differences	413.061	272.972
Paid during the period	(6.619.569)	(6.151.946)
	66.811.949	60.578.007

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25.Impairment of Assets

	31 December 2016	31 December 2015
Provision for doubtful receivables	37.143.442	20.063.178
Provision for impairment of inventory	5.963.387	4.977.745
	43.106.829	25.040.923

26.Other Assets and Liabilities

Other current assets	31 December 2016	31 December 2015
Other VAT	19.124.982	32.839.115
Other	10.286.822	1.579.962
	29.411.804	34.419.077

Other current liabilities	31 December 2016	31 December 2015
Taxes and funds payables	10.297.530	8.262.111
Social security premiums payable	13.875.367	7.450.021
Social benefit payable	6.982.032	5.457.738
Expense accruals	28.754.693	13.621.057
Other	3.694.905	1.430.660
	63.604.527	36.221.587

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 capital of the Company consists of 93.000.000.000 (31 December 2015: 89.500.000.000) shares issued on bearer with a nominal value of Kr 1 (Kr one) each.

	31 December 2016	31 December 2015
Registered capital ceiling	1.500.000.000	1.500.000.000
Approved and paid-in capital	930.000.000	895.000.000

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27. Capital, Reserves and Other Equity Items

a) Capital / Treasury Shares

Shareholder structure as of 31 December 2016 and 31 December 2015 is as follows:

Shareholders	31 December 2016		31 December 2015	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	645.234.000	69,38	620.990.718	69,38
Publicly traded	281.046.000	30,22	270.419.490	30,22
Şişecam group companies	3.720.000	0,40	3.589.792	0,40
Paid - in share capital	930.000.000	100,00	895.000.000	100,00
Adjustment to share capital	5.576.528		5.576.528	
Total share capital	935.576.528		900.576.528	

Shareholders	31 December 2016		31 December 2015	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	222.977.696	23,98	216.317.149	24,17
Atatürk's Shares (Cumhuriyet Halk Partisi)	118.857.151	12,78	115.434.839	12,90
Other (Publicly traded))	588.165.153	63,24	563.248.012	62,93
Total	930.000.000	100,00	895.000.000	100,00

b) Share Premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY22.703 as of 31 December 2016 (31 December 2015: TRY22.703).

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

Revaluation funds that are unrelated with income statement is directly transferred to equity as follows:

Items not be reclassified to profit and loss	31 December 2016	31 December 2015
Fixed assets revaluation fund	463.296.677	468.315.915
- Fixed assets revaluation fund	463.296.677	468.315.915
Actuarial gain / loss revaluation fund for employee termination provisions	800.406	(504.327)
	464.097.083	467.811.588

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27. Capital, Reserves and Other Equity Items

Provision for employee termination benefits actuarial gain / loss reserve fund

The amendment in IAS-19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Revaluation Funds" under the equity.

The movement of the gain/loss on revaluation and remeasurement is as follows:

	31 December 2016	31 December 2015
1 January	(504.327)	(2.671.683)
Additions	1.630.916	2.709.195
The effect of deferred tax	(326.183)	(541.839)
	800.406	(504.327)

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

Movements in revaluation funds presented in the statements of comprehensive income and statement of changes in equity.

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.

TRY28.459.834 of the change in the currency translation difference relates to non-controlling interests (31 December 2015: TRY17.310.249).

Revaluation fund related to financial assets

The revaluation fund related to financial assets arises from the measurement of available-for-sale financial assets at their fair value (Note: 7). In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in other comprehensive income will recycle to the profit or loss for the period. In case of impairment of financial assets, the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Gains and losses arising from changes in fair value of Soda Sanayi A.Ş. shares transferred to the Group regarding the partial spin off of Mersin Cogeneration plant owned by Camış Elektrik Üretim A.Ş., one of the Group's associates, has been accounted under revaluation funds.

Items to be reclassified to profit or loss	31 December 2016	31 December 2015
Financial asset revaluation fund	-	238.169.435
Currency translation differences	253.097.206	55.493.876
	253.097.206	293.663.311

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27.Capital, Reserves and Other Equity Items

Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application.

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

Legal Reserves "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

Restricted reserves attributable to equity holders of the Parent	31 December 2016	31 December 2015
Legal reserves	137.116.142	132.433.402

e) Retained Earnings

Prior periods' income of the Group amounting to TRY956.664.823 is classified to retained earnings in the consolidated balance sheet as at 31 December 2016 (31 December 2015: TRY935.629.817).

Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

The profit shares in quoted partnerships are distributed to all available shared as of distribution date, equally at the rates of shares without considering the issue and acquisition dates.

Reserves subject to distribution of dividend

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.

	31 December 2016	31 December 2015
Net profit for the year	344.527.091	166.624.339
I. Legal reserves	(17.226.355)	(8.331.217)
Distributable profit for the period	327.300.736	158.293.122
Extraordinary reserves	548.877.533	524.146.901
Retained earnings	158.293.122	254.150.067
	1.034.471.391	936.590.090

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28.Revenue and Cost of Sales

	1 January- 31 December 2016	1 January- 31 December 2015
Sales		
Sales	3.235.728.369	2.301.977.981
Sales discount	(194.750.680)	(166.823.343)
Sales returns	(21.098.090)	(10.564.993)
Other sales discounts	(3.641.981)	(6.395.527)
	3.016.237.618	2.118.194.118
Cost of sales		
Direct materials	(1.304.000.622)	(975.033.544)
Direct labor	(194.055.094)	(127.076.300)
General production	(433.612.213)	(275.010.087)
Depreciation	(220.772.655)	(155.891.145)
Change in work - in - progress inventories	(729.403)	19.104.797
Change in finished goods inventories	47.513.627	2.632.229
Cost of goods sold	(2.105.656.360)	(1.511.274.050)
Cost of traded goods sold	(12.319.051)	(41.809.277)
Cost of services given	(10.724.533)	(13.168)
	(2.128.699.944)	(1.553.096.495)

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

	1 January- 31 December 2016	1 January- 31 December 2015
General administrative expenses	(276.833.855)	(220.503.499)
Marketing, selling and distribution expenses	(354.472.600)	(217.422.563)
Research and development expenses	(32.777.412)	(28.833.125)
	(664.083.867)	(466.759.187)

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30.Expense by Nature

	1 January- 31 December 2016	1 January- 31 December 2015
Indirect material costs	(14.863.496)	(9.403.472)
Employee benefit expenses	(177.716.764)	(157.277.980)
Outsourced services	(291.235.306)	(176.071.776)
Miscellaneous expenses	(146.755.648)	(103.922.414)
Depreciation and amortization	(33.512.653)	(20.083.545)
	(664.083.867)	(466.759.187)

31.Other Operating Income and Expenses

	1 January- 31 December 2016	1 January- 31 December 2015
Other operating income		
Finance income related to operating activities	85.507.747	57.381.121
Terminated provisions	27.459.158	1.477.131
Investment incentive income	9.831.471	2.946.726
Gain on sales of mould and material	5.661.057	4.973.598
Gain on sales of scrap	5.207.888	3.494.117
Insurance damage indemnity	3.865.482	6.345.771
Rent income	1.717.490	834.155
Prior period income and profits	1.122.904	1.381.887
Franchise income	272.426	830.993
Commission income	254.750	4.914.241
Service share income	-	4.560.707
Other	8.519.029	10.600.866
	149.419.402	99.741.313

	1 January- 31 December 2016	1 January- 31 December 2015
Other operating expenses		
Financing expense related to operating activities	(37.861.292)	(12.990.661)
Provision expenses	(11.768.016)	(8.215.224)
Commission expenses	(6.847.037)	(2.285.082)
Prior period expenses and losses	(3.875.475)	(3.520.856)
Loss on sales of scrap	(3.132.460)	(384.106)
Indemnities	(1.378.566)	(1.706.517)
Other	(4.920.288)	(3.690.489)
	(69.783.133)	(32.792.935)

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

32. Income or Expenses from Investing Activities

	1 January- 31 December 2016	1 January- 31 December 2015
Income from investing activities		
Gain on sale of marketable securities	284.241.930	14.503
Valuation difference of financial assets	67.847.275	-
Dividend income	24.445.311	6.111.329
Gain on sales of tangible assets	6.879.761	9.812.849
	383.414.277	15.938.681
Expense from investing activities		
Loss on sales of tangible assets	(455.266)	(606.145)
Impairment of tangible fixed assets	-	(8.103.959)
	(455.266)	(8.710.104)

33. Financial Income and Expenses

	1 January- 31 December 2016	1 January- 31 December 2015
Financial Income		
Foreign exchange income	252.274.489	385.354.193
-Cash and cash equivalents	230.714.540	355.087.092
-Borrowings	2.319.199	3.439.518
-Bonds issued	-	8.780
-Derivatives	24.721	1.605.088
-Other	19.216.029	25.213.715
Interest income	57.521.411	27.012.431
-Time deposits	41.701.493	22.936.686
-Other	15.819.918	4.075.745
	309.795.900	412.366.624
Financial Expenses		
Foreign exchange expense	(335.487.762)	(344.193.101)
- Cash and cash equivalents	(93.767.005)	(118.497.370)
- Borrowings	(68.952.230)	(55.438.885)
- Bond issued	(152.900.000)	(147.183.780)
- Other	(19.868.527)	(23.073.066)
Interest expense	(93.787.714)	(86.520.519)
- Borrowings	(39.802.672)	(40.386.647)
- Bonds	(33.306.941)	(30.355.385)
- Other	(20.678.101)	(15.778.487)
	(429.275.476)	(430.713.620)

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33. Financial Income and Expenses

Financial Income Expense (Net)	1 January- 31 December 2016	1 January- 31 December 2015
Foreign exchange expense	(83.213.273)	41.161.092
- Cash and cash equivalents	136.947.535	236.589.722
- Borrowings	(66.633.031)	(51.999.367)
- Bond issued	(152.900.000)	(147.175.000)
- Derivatives	24.721	1.605.088
- Other	(652.498)	2.140.649
Interest expense	(36.266.303)	(59.508.088)
- Time deposits and borrowings	1.898.821	(17.449.961)
- Bonds	(33.306.941)	(30.355.385)
- Other	(4.858.183)	(11.702.742)
	(119.479.576)	(18.346.996)

34. Assets Held for Sale and Discounted Operations

None. (31 December 2015: None)

35. Taxes on Income (Including Deferred Tax Assets and Liabilities)

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with CMB and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2016	31 December 2015
Deferred tax assets	50.217.011	94.318.412
Deferred tax liabilities (-)	(15.628.165)	(107.647.585)
Deferred tax assets (net)	34.588.846	(13.329.173)

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35.Taxes on Income (Including Deferred Tax Assets and Liabilities)

Deferred Tax Assets and Liabilities

Temporary Differences	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	547.465.009	540.609.493
Carry forward tax losses	(228.855.641)	(156.256.566)
Employment termination benefits	(66.811.949)	(60.578.007)
Revaluation of inventories	(4.740.786)	(4.344.179)
Investment allowance utilized during the period	(484.855.926)	(337.750.467)
Discount on receivables and payables	32.946	(1.972.157)
Provision for legal exposures	(8.164.713)	(1.560.229)
Doubtful receivables	(18.138.767)	(11.210.000)
Differences in the valuation of financial assets available for sale	-	267.250.911
Other	53.563.787	(229.647)
	(210.506.040)	233.959.152

Deferred Tax Assets and Liabilities	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	91.551.134	91.236.238
Carry forward tax losses	(13.783.464)	(9.081.785)
Employment termination benefits	(13.265.400)	(12.044.589)
Revaluation of inventories	(434.122)	(224.800)
Investment allowance utilized during the period	(96.971.185)	(67.550.093)
Discount on receivables and payables	6.589	(394.432)
Provision for legal exposures	(1.632.943)	(312.046)
Doubtful receivables	(3.572.752)	(2.175.746)
Differences in the valuation of financial assets available for sale	-	13.362.546
Other	3.513.297	513.880
	(34.588.846)	13.329.173

The movement of the deferred tax (assets) / liabilities is as follows:

	1 January- 31 December 2016	1 January- 31 December 2015
1 January	13.329.173	(19.554.204)
Charged to the statement of income	(36.225.624)	(20.961.231)
Charged to the equity	(12.209.051)	50.488.819
Charged to the subsidiaries	-	(1.067.234)
Currency translation differences	516.656	4.423.023
	(34.588.846)	13.329.173

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35.Taxes on Income (Including Deferred Tax Assets and Liabilities)

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 and preferred investment allowances) are deducted.

The effective tax rate is 20% with the balance sheet date (31 December 2015: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2016 are as follows:

Country	Tax Rate (%)
Bulgaria	10,0
Egypt	20,0
Romania	16,0
Russia ^(*)	2,0 - 20,0
Holland ^(**)	20,0 - 25,0
Germany	15,0
India	30,0
Italy	31,4

^(*) Russia's Tatarstan region is used tax rate of 2.0%, in the other regions are used tax rate 20.0%.

^(**) In Holland, tax rate of 20% is used up to amounting EUR200.000 income, if exceed this amount, tax rate of 25% is used.

In Turkey, advance tax returns are filed on a quarterly basis. In 2016, 20% of temporary tax rate is applied during the taxation of corporate income (31 December 2015: 20%).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Losses can be carried forward for offset against future taxable income for up to 5 years (Russia unlimited, Romania 7 years, Germany 10 years). Losses cannot be carried back for offset against profits from prior periods.

With the term of not exceeding the companies subsidiary Trakya Glass Bulgaria EAD's investments more than %50 which operations take place in Bulgaria, the company can benefit from tax allowance. Company has benefited from the tax allowance in year 2016 and 2015.

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35.Taxes on Income (Including Deferred Tax Assets and Liabilities)

Corporate tax

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.

A tax charge of 19.8% applies to investment incentives that were utilized via investment incentive certificates that were obtained before 24 April 2003. After this date, 40% of investment expenses incurred without an incentive certificate can be deducted from taxable revenue. There is no tax charge for capital expenditures qualifying for government incentive.

Investment Incentive

Investment allowances are not applicable after 1 January 2006.If companies' taxable incomes are not sufficient, the amount of unused investment allowance as of 31 December 2005 and the incentive allowances incurred from 1 January 2006 onwards, can be transferred to the following years in order to be deducted from the taxable revenues of the following years.

Law No.6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. However, the determination of the tax base that can be used for %25 of the earnings for the period. 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.

	31 December 2016	31 December 2015
Current tax provision	63.025.699	49.094.622
Prepaid taxes and funds (-)	(51.943.843)	(33.217.589)
Tax provision in the statement of the financial position	11.081.856	15.877.033
	1 January- 31 December 2016	1 January- 31 December 2015
Provision for Corporate Tax for current period	(63.025.699)	(49.094.622)
Deferred tax income	36.225.624	20.961.231
Tax provision in the statement of income	(26.800.075)	(28.133.391)

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35.Taxes on Income (Including Deferred Tax Assets and Liabilities)

Corporate tax

	1 January- 31 December 2016	1 January- 31 December 2015
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	601.888.895	197.176.673
Effective tax rate	20.00%	20.00%
Calculated tax	(120.377.779)	(39.435.335)

The reconciliation of income tax provision and calculated

- Non-deductible expenses	(3.617.199)	(2.551.656)
- Corporate tax allowance	42.488.151	9.234.568
- Carry forward tax losses	-	2.404.016
- Income/(loss) from associates	7.063.877	-
- The effect of foreign companies subject to different tax rate	8.132.632	4.243.677
- Exempts	42.095.021	-
- Increase on tax base	(4.783.300)	-
- Other	2.198.523	(2.028.661)
Tax provision in the statement of income	(26.800.075)	(28.133.391)

36.Earnings Per Share

	1 January- 31 December 2016	1 January- 31 December 2015
Earnings per share		
Average number of shares existing during the period (total value)	930.000.000	930.000.000
Net profit for the period attributable to equity holders of the parent	546.708.940	159.260.953
Earnings per share	0,5879	0,1712
Total comprehensive income attributable to equity holders of the parent	507.447.568	670.639.270
Earnings per share from total comprehensive income	0,5456	0,7211

37.Related Party Disclosures

Türkiye Şişe ve Cam Fabrikaları A.Ş. is the main shareholder of the Group and Türkiye İş Bankası A.Ş. is the ultimate controlling party. All transactions and balances between the Group and its consolidated subsidiaries are eliminated on consolidation and not disclosed in this note.

Transactions among the Group and other related parties are disclosed below.

Deposits held from related parties	31 December 2016	31 December 2015
T. İş Bankası A.Ş.		
- Time deposits	1.031.022.771	1.049.282.692
- Demand deposits	1.270.244	33.761.341
	1.032.293.015	1.083.044.033
İşbank AG		
- Demand deposits	18.264.267	3.868.304
	1.050.557.282	1.086.912.337

The non-trade receivables and payables of the Group with its related parties consist of financial loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. based on money markets. The monthly interest rate used for 31 December 2016 was 0.98% (31 December 2015:0.90%).

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37.Related Party Disclosures

Financial liabilities to related parties	31 December 2016	31 December 2015
Via Şişecam Holding ^(*)	881.081.305	726.467.874

(*) The parent company, T. Şişe ve Cam Fabrikaları A.Ş. issued on 9 May 2013 7 year term, fixed interest bonds amounting to USD500 million with the maturity date 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. Funds amounting to USD250 million provided after issuance of these bonds transferred to the Group under the same conditions and the Group guaranteed principal, interest and other payments of fund transferred from T. Şişe ve Cam Fabrikaları A.Ş.

Other receivables from related parties	31 December 2016	31 December 2015
Paşabahçe Bulgaria EAD	11.036.459	-
Türkiye Şişe ve Cam Fabrikaları A.Ş.	9.355.196	-
Saint Gobain Glass Egypt S.A.E.	1.534.884	4.886.036
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1.041.028	671.943
Camış Elektrik Üretim A.Ş.	281.938	1.308.170
Camış Madencilik A.Ş.	35.560	2.214.227
Other	1.302.869	1.135.148
	24.587.934	10.215.524

Trade payables to related parties	31 December 2016	31 December 2015
Soda Sanayii A.Ş.	53.964.622	13.297.273
Şişecam Dış Ticaret A.Ş.	42.909.270	28.024.362
Şişecam Enerji A.Ş.	11.117.461	8.307.555
Şişecam Bulgaria EOOD	10.538.488	4.832.493
Camış Madencilik A.Ş.	3.119.024	1.859
Camış Elektrik Üretim A.Ş.	2.326.024	4.779.891
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1.687.943	1.127.549
Çayırova Cam Sanayii A.Ş.	59.374	8.136.001
Other	834.768	1.549.604
	126.556.974	70.056.587

Other payables to related parties	31 December 2016	31 December 2015
Türkiye Şişe ve Cam Fabrikaları A.Ş.	127.718.589	15.808.579

Interest income from related parties	1 Ocak- 31 December 2016	1 Ocak- 31 December 2015
T. İş Bankası A.Ş.	35.269.364	18.464.987
Türkiye Şişe ve Cam Fabrikaları A.Ş.	11.604.771	249.203
Other	592.356	596.125
	47.466.491	19.310.315

Interest expense to related parties	1 January- 31 December 2016	1 January- 31 December 2015
Türkiye Şişe ve Cam Fabrikaları A.Ş.	11.590.370	9.927.958
T. İş Bankası A.Ş.	3.140.828	10.343.643
Soda Sanayii A.Ş.	2.159.491	151.049
Camış Madencilik A.Ş.	1.235.099	91.308
Other	1.735.638	1.089.330
	19.861.426	21.603.288

Dividend income from related parties	1 January- 31 December 2016	1 January- 31 December 2015
Soda Sanayii A.Ş.	24.445.311	6.111.328
Camış Madencilik A.Ş.	-	1
	24.445.311	6.111.329

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37.Related Party Disclosures

	1 January- 31 December 2016	1 January- 31 December 2015
Other income from related parties		
Paşabahçe Bulgaria EAD	27.079.894	-
Anadolu Cam Yenişehir Sanayi A.Ş.	2.046.101	1.405.169
Şişecam Dış Ticaret A.Ş.	1.421.367	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	714.908	862.253
Trakya Glass Bulgaria EAD	-	60.021.754
Saint Gobain Glass Egypt S.A.E.	-	1.080.336
Other	1.886.335	1.237.187
	33.148.605	64.606.699

	1 January- 31 December 2016	1 January- 31 December 2015
Other expenses to related parties		
Soda Sanayii A.Ş. ⁽¹⁾	169.710.666	124.861.993
Camiş Madencilik A.Ş. ⁽²⁾	74.777.747	59.781.384
Şişecam Enerji A.Ş. ⁽³⁾	71.734.118	82.495.540
Şişecam Bulgaria EOOD	49.680.006	-
Camiş Elektrik Üretim A.Ş.	23.977.531	24.847.023
Camiş Egypt Mining Ltd. Co.	6.549.741	5.903.912
Şişecam Dış Ticaret A.Ş.	2.975.504	1.471.925
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	2.657.483	2.726.830
Anadolu Anonim Türk Sigorta A.Ş.	2.653.648	-
Trakya Glass Bulgaria EAD ⁽⁴⁾	-	82.205.023
Other	3.932.217	4.250.086
	408.648.661	388.543.716

⁽¹⁾ It consists of purchases of soda from Soda Sanayii

⁽²⁾ It consists of purchases of sand from Camiş Madencilik.

⁽³⁾ It consists of purchases of energy from Şişecam Enerji A.Ş.

⁽⁴⁾ It consists of purchases of trade goods from Trakya Glass Bulgaria EAD.

	1 January- 31 December 2016	1 January- 31 December 2015
Benefits provided to key management		
Parent	4.924.237	4.959.391
Consolidated entities	13.361.042	13.149.806
	18.285.279	18.109.197

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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 be able to continue 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 Note 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 Group controls its capital using the net debt / total capital ratio. This ratio is calculated as net debt divided by the total equity amount. Net debt, total debt net of cash and cash equivalents (as shown in the balance sheet of financial assets and liabilities, financial leases and trade payables) is calculated by subtracting.

As of 31 December 2016 and 31 December 2015 the Group's net debt / total equity ratios are as follows:

	31 December 2016	31 December 2015
Financial liabilities and trade payables	2.814.249.706	2.147.164.407
Less: Cash and cash equivalents	(1.191.571.096)	(1.169.671.508)
Net Debt	1.622.678.610	977.492.899
Total Equity	3.586.721.252	3.138.876.040
Net debt / total equity ratio	%45	%31

The Group's general strategy is in line with prior periods.

b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via Financial Transactions Department. The Group's cash inflows and outflows are monitored by the reports prepared on a daily, weekly and monthly basis and compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department, which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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).

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38. Financial Instruments and Financial Risk Management

Credit risk of financial instruments	Receivables						Cash and cash equivalents	Derivative financial instruments
	Trade Receivables			Other receivables				
	Related party	Third party	Third party	Related party	Third party	Third party		
Maximum credit risk exposed as of 31 December 2015 (*) (A+B+C+D+E)								
- Hedged part of maximum risk with collateral	-	703.264.743		24.587.934	11.100.209		1.191.497.830	-
	-	(301.961.899)		-	-		-	-
A. Net book value of financial assets that are neither past due nor impaired								
- The part of which is under guarantee with collateral	-	610.731.073		24.587.934	11.100.209		1.191.497.830	-
	-	(266.708.437)		-	-		-	-
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired								
- The part of which is under guarantee with collateral	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired								
- The part of which is under guarantee with collateral	-	92.533.670		-	-		-	-
	-	(35.253.462)		-	-		-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
D. Net book value of impaired assets								
- Past due (gross carrying amount)	-	37.143.442		-	-		-	-
- Impairment (-)	-	(37.143.442)		-	-		-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Off balance sheet items with credit risk								
	-	-	-	-	-	-	-	-

(*) Determination of the amount received as guarantees, credit enhancements are not taken into account

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38. Financial Instruments and Financial Risk Management

	Receivables						Cash and cash equivalents	Derivative financial instruments
	Trade Receivables		Other receivables					
	Related party	Third party	Related party	Third party	Third party			
Credit risk of financial instruments								
Maximum credit risk exposed as of 31 December 2015 (*) (A+B+C+D+E)								
- Hedged part of maximum risk with collateral	-	401.927.387	10.240.594	8.354.338	1.169.615.213	-	-	
	-	(131.672.799)	-	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired								
-The part of which is under guarantee with collateral	-	335.170.233	10.215.524	8.354.338	1.169.615.213	-	-	
	-	(116.340.490)	-	-	-	-	-	
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired								
-The part of which is under guarantee with collateral	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
C. Net book value of financial assets that are past due but not impaired								
-The part of which is under guarantee with collateral	-	66.757.154	-	-	-	-	-	
	-	(15.332.309)	-	-	-	-	-	
D. Net book value of impaired assets								
-Past due (gross carrying amount)	-	-	25.070	-	-	-	-	
-Impairment (-)	-	20.063.178	(25.070)	-	-	-	-	
	-	(20.063.178)	-	-	-	-	-	
-The part of net value under guarantee with collateral	-	-	-	-	-	-	-	
-Not past due (gross carrying amount)	-	-	-	-	-	-	-	
-Impairment (-)	-	-	-	-	-	-	-	
-The part of net value under guarantee with collateral	-	-	-	-	-	-	-	
E. Off balance sheet items with credit risk								
	-	-	-	-	-	-	-	

^(*) Determination of the amount received as guarantees, credit enhancements are not taken into account.

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.1) Credit Risk Management

Guarantees received from the customers are as follows:

	31 December 2016	31 December 2015
Letters of guarantee	145.465.117	74.829.561
Security cheques and bonds	93.856.097	13.055.114
Mortgages	6.416.760	8.896.413
Direct Debiting System (DBS)	56.223.925	34.891.711
	301.961.899	131.672.799

Collaterals for the trade receivables that are past due but not impaired are as stated below:

	31 December 2016	31 December 2015
Overdue 1-30 days	48.371.102	20.114.987
Overdue 1-3 months	15.945.540	24.624.460
Overdue 3-12 months	10.040.358	12.863.418
1-5 years overdue	18.176.670	9.154.289
Total overdue receivables	92.533.670	66.757.154
The part secured with guarantee, etc. (-)	35.253.462	15.332.309

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 adequate number of creditors with high quality.

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.2) Liquidity Risk Management

Liquidity risk tables

The below table shows the Group's expected maturity for financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. Interest to be paid in future on financial liabilities is included in the table below.

31 December 2016						
Non-derivative financial Liabilities	Carrying value	Total cash outflow in accordance to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank borrowings	1.485.516.285	1.517.027.618	41.623.586	334.873.661	1.043.590.893	96.939.478
Due to realted parties (Note 37)	881.081.305	1.007.470.250	-	37.191.500	970.278.750	-
Finance lease obligations	2.024.584	2.024.584	-	1.271.804	752.780	-
Trade payables	319.070.558	332.855.821	329.844.706	3.011.115	-	-
Due to related parties	254.275.563	254.275.563	254.275.563	-	-	-
Other payables	90.590.498	90.590.498	90.163.198	-	427.300	-
Total Liabilities	3.032.558.793	3.204.244.334	715.907.053	376.348.080	2.015.049.723	96.939.478
31 December 2015						
Non-derivative financial Liabilities	Carrying value	Total cash outflow in accordance to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank borrowings	1.156.466.823	1.332.005.778	28.284.690	250.389.429	950.142.710	103.188.949
Due to realted parties (Note 37)	726.467.874	865.919.625	-	30.893.250	835.026.375	-
Finance lease obligations	2.804.428	2.804.429	-	-	2.804.429	-
Trade payables	191.368.695	191.805.820	187.956.190	3.840.497	9.133	-
Due to related parties	85.865.166	85.865.166	85.865.166	-	-	-
Other payables	11.426.089	11.426.089	11.226.117	-	199.972	-
Total Liabilities	2.174.399.075	2.489.826.907	313.332.163	285.123.176	1.788.182.619	103.188.949

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

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 transactions expose the Group to foreign currency risk. Group, its subsidiaries and affiliates is available according to the countries in which it operates currencies other than the functional currencies of the foreign currency accepted.

Foreign Currency Position Statement for 31 December 2016					
	TRY equivalent	USD	EUR	Other	
1. Trade receivables	59.562.656	8.084.366	3.030.438	19.869.533	
2a. Monetary financial assets (included cash and banks account)	660.132.015	140.441.443	41.768.832	10.932.299	
2b. Non-monetary financial assets	-	-	-	-	
3. Other	-	-	-	-	
4. Current Assets (1+2+3)	719.694.671	148.525.809	44.799.270	30.801.832	
5. Trade Receivables	-	-	-	-	
6a. Monetary financial assets	490.737.818	139.445.845	-	-	
6b. Non-monetary financial assets	18.508.642	-	4.519.610	1.741.340	
7. Other	-	-	-	-	
8. Non-Current Assets (5+6+7)	509.246.460	139.445.845	4.519.610	1.741.340	
9. Total Assets (4+8)	1.228.941.131	287.971.654	49.318.880	32.543.172	
10. Trade payables	57.127.682	767.605	14.493.971	655.143	
11. Financial liabilities	222.859.855	6.378.733	54.020.814	-	
12a. Other monetary liabilities	-	-	-	-	
12b. Other non-monetary liabilities	-	-	-	-	
13. Current Liabilities (10+11+12)	279.987.537	7.146.338	68.514.785	655.143	
14. Trade payables	-	-	-	-	
15. Financial liabilities	1.311.274.249	278.166.164	89.585.133	-	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	-	-	-	-	
17. Non-Current Liabilities (14+15+16)	1.311.274.249	278.166.164	89.585.133	-	
18. Total Liabilities (13+17)	1.591.261.786	285.312.502	158.099.918	655.143	
19. Net foreign currency asset / (liability) position (19a-19b)	-	-	-	-	
19a. Total amount of assets hedged	-	-	-	-	
19b. Total amount of liabilities hedged	-	-	-	-	
20. Net foreign currency position for monetary items (9+18+19)	(362.320.655)	2.659.152	(108.781.038)	31.888.029	
21. Monetary items net foreign asset/liabilities position (1+2a+5+6a-10-11-12a-14-15-16a)	(380.829.297)	2.659.152	(113.300.648)	30.146.689	
22. Fair value of derivative instruments used in	-	-	-	-	
23. Export	298.513.425	62.064.966	28.963.080	14.530.043	
24. Import	493.722.608	18.115.624	129.870.929	5.597.305	

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.1) Foreign Currency Risk Management

Foreign Currency Position Statement for 31 December 2015					
	TRY equivalent	USD	EUR	Other	
1. Trade receivables	74.131.360	7.671.378	12.912.291	10.795.966	
2a. Monetary financial assets (included cash and banks account)	1.116.738.438	338.615.987	40.693.464	2.871.042	
2b. Non-monetary financial assets	-	-	-	-	
3. Other	-	-	-	-	
4. Current Assets (1+2+3)	1.190.869.798	346.287.365	53.605.755	13.667.008	
5. Trade Receivables	-	-	-	-	
6a. Monetary financial assets	-	-	-	-	
6b. Non-monetary financial assets	39.131.303	1.549.043	9.044.925	5.886.152	
7. Other	-	-	-	-	
8. Non-Current Assets (5+6+7)	39.131.303	1.549.043	9.044.925	5.886.152	
9. Total Assets (4+8)	1.230.001.101	347.836.408	62.650.680	19.553.160	
10. Trade payables	59.306.641	1.818.910	12.785.978	13.389.255	
11. Financial liabilities	121.321.053	5.502.148	33.145.458	-	
12a. Other monetary liabilities	-	-	-	-	
12b. Other non-monetary liabilities	-	-	-	-	
13. Current Liabilities (10+11+12)	180.627.694	7.321.058	45.931.436	13.389.255	
14. Trade payables	-	-	-	-	
15. Financial liabilities	1.134.174.991	281.076.923	99.734.306	-	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	-	-	-	-	
17. Non-Current Liabilities (14+15+16)	1.134.174.991	281.076.923	99.734.306	-	
18. Total Liabilities (13+17)	1.314.802.685	288.397.981	145.665.742	13.389.255	
19. Net foreign currency asset / (liability) position (19a-19b)	-	-	-	-	
19a. Total amount of assets hedged	-	-	-	-	
19b. Total amount of liabilities hedged	-	-	-	-	
20. Net foreign currency position for monetary items (9+18+19)	(84.801.584)	59.438.427	(83.015.061)	6.163.905	
21. Monetary items net foreign asset/liabilities position (1+2a+5+6a-10-11-12a-14-15-16a)	(123.932.887)	57.889.384	(92.059.986)	277.753	
22. Fair value of derivative instruments used in	-	-	-	-	
23. Export	313.481.220	28.552.013	69.896.400	8.360.585	
24. Import	377.241.054	19.560.526	98.774.806	6.500.045	

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.1) Foreign Currency Risk Management

The Group is mainly exposed to EUR and USD risks..

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.

Exchange Rate Risk Sensitivity

	31 December 2016			
	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
Appreciation of USD against TRY by 10%				
1 - US Dollars net asset / liability	935.809	(935.809)	-	-
2 - USD risk hedged amount (-)	-	-	-	-
3 - USD net effect (1 +2)	935.809	(935.809)		
Appreciation of EURO against TRY by 10%				
4 - Euro net asset / liability	(42.033.407)	42.033.407	152.923.796	(152.923.796)
5 - Euro risk hedged amount (-)	-	-	-	-
6 - Euro net effect (4+5)	(42.033.407)	42.033.407	152.923.796	(152.923.796)
Appreciation of other currencies against TRY by 10%				
7 - Other currencies net asset / liability	3.014.669	(3.014.669)	99.985.045	(99.985.045)
8 - Other currencies risk hedged amount (-)	-	-	-	-
9 - Other currencies net effect (7+8)	3.014.669	(3.014.669)	99.985.045	(99.985.045)
Total (3+6+9)	(38.082.929)	38.082.929	252.908.841	(252.908.841)

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.1) Foreign Currency Risk Management

	31 December 2015			
	Profit / (Loss)		Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TRY by 10%				
1 - US Dollars net asset / liability	16.831.917	(16.831.917)	-	-
2 - USD risk hedged amount (-)	-	-	-	-
3 - USD net effect (1 +2)	16.831.917	(16.831.917)		
Appreciation of EURO against TRY by 10%				
4 - Euro net asset / liability	(29.252.981)	29.252.981	115.678.822	(115.678.822)
5 - Euro risk hedged amount (-)	-	-	-	-
6 - Euro net effect (4+5)	(29.252.981)	29.252.981	115.678.822	(115.678.822)
Appreciation of other currencies against TRY by 10%				
7 - Other currencies net asset / liability	27.775	(27.775)	65.121.803	(65.121.803)
8 - Other currencies risk hedged amount (-)	-	-	-	-
9 - Other currencies net effect (7+8)	27.775	(27.775)	65.121.803	(65.121.803)
Total (3+6+9)	(12.393.289)	12.393.289	180.800.625	(180.800.625)

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.2) 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 TRY3.713.791 as of 31 December 2016 (31 December 2015: TRY2.891.167).

The Group's financial instruments that are sensitive to interest rates are as follows:

31 December 2016				
	Floating interest	Fixed interest	Non interest bearing	Total
Financial assets	-	2.347.827.543	73.434.257	2.421.261.800
Cash and cash equivalents	-	1.118.136.839	73.434.257	1.191.571.096
Financial assets	-	490.737.818	-	490.737.818
Trade receivables	-	703.264.743	-	703.264.743
Due from related parties	-	24.587.934	-	24.587.934
Other receivables	-	11.100.209	-	11.100.209
Financial liabilities	1.485.516.285	1.547.042.508	-	3.032.558.793
Bank borrowings	1.485.516.285	881.081.305	-	2.366.597.590
Financial leasing liabilities	-	2.024.584	-	2.024.584
Trade payables	-	319.070.558	-	319.070.558
Due from related parties	-	254.275.563	-	254.275.563
Other payables	-	90.590.498	-	90.590.498
31 December 2015				
	Floating interest	Fixed interest	Non interest bearing	Total
Financial assets	-	1.526.549.810	345.962.300	1.872.512.110
Cash and cash equivalents	-	1.106.052.561	63.618.947	1.169.671.508
Financial assets	-	-	282.343.353	282.343.353
Trade receivables	-	401.927.387	-	401.927.387
Due from related parties	-	10.215.524	-	10.215.524
Other receivables	-	8.354.338	-	8.354.338
Financial liabilities	1.156.466.823	1.017.932.252	-	2.174.399.075
Bank borrowings	1.156.466.823	726.467.874	-	1.882.934.697
Financial leasing liabilities	-	2.804.428	-	2.804.428
Trade payables	-	191.368.695	-	191.368.695
Due from related parties	-	85.865.166	-	85.865.166
Other payables	-	11.426.089	-	11.426.089

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Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

38. Financial Instruments and Financial Risk Management

b) Financial Risk Factors

b.3) Market Risk Management

b.3.3) Other price risks

The Group is exposed to market price risk due to its equity share investments. Equity share investments are held for strategic purposes rather than trading purposes. The Group does not trade equity share investments.

Equity price sensitivity

Sensitivity analyses presented below are determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased / decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2016 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

31 December 2016	Financial assets and liabilities are valued using effective interest method	Loans and receivables	Available for sale financial assets	At fair value through profit or loss financial assets and liabilities	Carrying value	Note
Financial assets	1.682.308.914	727.852.677	-	-	2.410.161.591	
Cash and cash equivalents	1.191.571.096	-	-	-	1.191.571.096	6
Trade receivables	-	703.264.743	-	-	703.264.743	10
Due from related parties	-	24.587.934	-	-	24.587.934	37
Derivative financial assets	-	-	-	-	-	12
Financial investments	490.737.818	-	-	-	490.737.818	7
Financial liabilities	2.941.968.295	-	-	-	2.941.968.295	
Financial liabilities	2.368.622.174	-	-	-	2.368.622.174	8
Trade payables	319.070.558	-	-	-	319.070.558	10
Due to related parties	254.275.563	-	-	-	254.275.563	37
Derivative financial liabilities	-	-	-	-	-	12

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 31 December 2016

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

39. Financial Instruments (Fair Value and Hedge Accounting Disclosure)

Categories of Financial Instruments

31 December 2015	Financial assets and liabilities are valued using effective interest method	Loans and receivables	Available for sale financial assets	At fair value through profit or loss financial assets and liabilities	Carrying value	Note
Financial assets	1.169.671.508	412.142.911	282.343.353	-	1.864.157.772	
Cash and cash equivalents	1.169.671.508	-	-	-	1.169.671.508	6
Trade receivables	-	401.927.387	-	-	401.927.387	10
Due from related parties	-	10.215.524	-	-	10.215.524	37
Financial investments	-	-	282.343.353	-	282.343.353	7
Financial liabilities	2.162.972.986	-	-	-	2.162.972.986	
Financial liabilities	1.885.739.125	-	-	-	1.885.739.125	8
Trade payables	191.368.695	-	-	-	191.368.695	10
Due to related parties	85.865.166	-	-	-	85.865.166	37
Derivative financial liabilities	-	-	-	-	-	12

Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as follows:

- Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.
- Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.
- Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

Fair Value of Financial Instruments

31 December 2016				
Financial assets	Total	Category 1	Category 2	Category 3
Held to maturity financial assets	-	-	-	-
31 December 2015				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	282.343.353	282.343.353	-	-

40. Events After Reporting Period

Board of Directors of the Company has decided to amend the validation period of the registered capital ceiling to 2021 which has expired as of 31 December 2016. The application, which amends the 6th article captioned as "Capital", of the Company's Articles of Association is subject to the approval of Capital Markets Board and the Ministry of Customs and Commerce. Upon receiving the necessary authorization from these institution, it has been decided to submit the amendment to the first General Assembly Meeting for the approval of shareholders. The amendment on Company's Articles of Association was submitted to the Capital Market Board as of 24 February 2017 and has been approved.

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 consolidated financial statements as of 31 December 2016 prepared in accordance with the Capital Markets Board's Communiqué Serial: II-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 Finance Director Anıl Karaca and Accounting Manager Nihal Topçuoğlu approved for the public announcement by the Board of Directors on 6 March 2017.

TRAKYA CAM SANAYİİ A.Ş.

PROFIT DISTRIBUTION OF 2016

Dear shareholders,

The company has generated with net profit amount of 546.708.940 TRY in 2016.

Net profit amounting to TRY 546.708.940 that is disclosed in consolidated balance sheet as at 31 December 2016 which has been prepared in accordance with Capital Markets Board Communiqué Series II - 14.1 regarding the "Procedures of Financial Reporting in Capital Markets", has been distinguished in accordance with profit distribution regulations of the Capital Markets Board and the article of 25 of articles of association and the principles of the "Policy of Dividend Distribution" which is published by our company as follows;

1. Net Profit of the period	546,708,940.00
2. First Legal Reserve	(17,303,369.38)
3. Distributable net profit for the period	529,405,570.62
4. Donations in the year	441,509.38
5. Distributable net profit for the period that added donations of the first proportion of dividend	529,847,080.00
6. First proportion of dividend to shareholders	
- Cash	106,000,000.00
- Bonus Share	200,000,000.00
Total Dividend	306,000,000.00
7. Second Legal Reserve	5,950,000.00
8. Extraordinary Legal Reserve	217,455,570.62

Distributing of TRY 106 million gross dividend as cash which is corresponding rate 11,39785% of the capital, distributing of 200 million as bonus share which is corresponding rate 21,50538% of the capital;

Determining of the cash dividend payment date as 30 May 2017 and dividend distribution as bonus share would be done after the legal process finalised.

Submit for your approval and opinions,

Best regards,



PROF. DR. AHMET KIRMAN
Chairman of the Board

TRAKYA CAM SANAYİİ A.Ş. CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

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 Trakya Cam Sanayii 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.

Trakya Cam Sanayii A.Ş., Şişecam Group's company doing business in flat glass field, ranks 5th in the world and 1st in Europe in its sector, in terms of production capacity. Trakya Cam Sanayii A.Ş. conducts activities in four main business lines: architectural glass (flat glass, patterned glass, mirror, laminated glass and coated glass), automotive glass, encapsulated glass and other transportation vehicle glass, energy glass and home appliances glass.

With the facility commissioned in 1981, Trakya Cam Sanayii A.Ş. is the first company in Eastern Europe, Balkans, Middle East and North Africa manufacturing with modern float technology, and has pioneered many practices in its industry since then and has led in the development of the flat glass industry both in Turkey and in the region.

Trakya Cam Sanayii A.Ş. significantly increased its flat glass quality and capacity in 1980's, and entered the global markets through exports, and in the second half of 2000's it has carried its activities outside Turkey with the vision of regional leadership through multifocal production, and has commissioned the Trakya Glass Bulgaria EAD facility in Bulgaria in 2006. In 2009, Trakya Cam Sanayii A.Ş. has taken a strategic step, by deciding to develop the flat glass activities in Egypt and Russia, together with Saint-Gobain, one of the world's largest players of the sector, and has started operations in Bulgaria Autoglass Factory in 2010, and laminated and coated glass facilities in 2013.

In 2013, Trakya Cam Sanayii A.Ş. has become a shareholder in HNG Float Glass Limited (HNG) that produces flat glass in India, and continued its growth by the acquisition of Richard Fritz Holding GmbH, which operates in encapsulation area in Europe, and made two new facility investments in automotive glasses in Russia and Romania.

Finally, in 2016, the company acquired assets of Italian based flat glass producer Sangalli Vetro Porto Nogaro S.P.A. and started production in Italy with a flat line with 220 thousand tonnes/year capacity and laminated line.

As a global company in its business segment Trakya Cam 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 Trakya Cam's success and are the basic foundations of the Trakya Cam of the future. Today, the company is a powerful supplier that has production plants in 10 different countries, partners and expanding product line in construction, automotive, energy and home appliances sectors. Also, the company has satisfied the all client needs with premium products and developed technology. Trakya Cam aims to reinforce its vision of being a global flat glass firm with strong brands, presented innovated solution and rapid growing 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 year that ended 31 December 2016, principles 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 principles that are non-compulsory for the Company are stated in the related sections of the report for the year ended 31 December 2016. The specific activities related with Corporate Governance Principles, which were executed in the reporting period, are stated below:

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.

- 1) Within the scope of "Executive Liability Insurance", an insurance policy has been arranged with Anadolu Anonim Türk Sigorta Şirketi for losses that may be caused on the Company by the members of the board of directors in our Company and our Company's subsidiaries, joint ventures and affiliates.
- 2) 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.

- 3) All related party transactions for 2016 were submitted to the board of directors. There were not any significant or unusual related party transactions, which were not approved by the independent board member and required to be submitted to the general assembly for approval in 2016.

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 the Company, in accordance with the Turkish Commercial Code and Capital Markets Board legislation, the aim to be fulfilled in the framework of legislation and to be continued operations effectively adopted a centralized understanding and established suitable structure for this situation. In this context, mission related with all requirements and responsibilities of Capital Markets Board legislation has been conducted under instructions and coordination of Investor Relations Unit of Community Financial Affairs.

In this context, in accordance with CMB II- 17.1 No. Corporate Governance Communiqué of Article 11, Company Investor Relations Department Manager and supervisor, were appointed as responsible parties, and this mandate was disclosed to the public through the PDP (Public Disclosure Platform) on 30 June 2014.

The investor relations department plays an active role in protection of shareholding rights and in facilitating the use of those rights, particularly the right to a debriefing and the right to analyse. The main activities conducted within this scope are summarized as follows:

- Ensuring that the records relating to the written correspondence with investors and other information are kept in a correct, safe, and updated manner.
- Responding Company shareholders' written information requests related to the Company
- Ensuring that the general assembly meeting is held in accordance with the applicable legislation, articles of association, and other regulations of the Company.
- Preparing documents that may be used by the shareholders in the general assembly meetings.
- Supervising the fulfilment of the obligations related with all corporate governance and public disclosure matters arising from Capital Market Regulation.

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.

In addition to the responsible party from the investor relations department, under management Finance Director of the Company, Accounting Manager Nihal Topçuoğlu, Budget and Financial Controller Manager Bünyamin Arslan and Budget and Financial Controller Specialists Güler Gürses Öztürk and Ufuk Yamak charged with tasks relating to investor relations if it is deemed necessary.

2.2. Shareholders' Exercise of their Rights to Obtain Information

There is no discrimination among shareholders on making use of their right to obtain and evaluate information. Every shareholder has the right to obtain and evaluate information. Articles of association does not contain any provision on restriction of receiving information rights.

In 2016, written and verbal information requests from investors and shareholders were responded to in accordance with capital markets legislation, CMB regulations, and resolutions, and related information and documents, except for confidential information or trade secrets were, conveyed to investors and shareholders as required by the equality principles.

Within the framework of the laws and regulations in effect, the Company's corporate web site is effectively utilized to ensure that the information rights of shareholders are increased and may be used efficiently. Within this scope, the Company's corporate web site, www.sisecamduzcam.com.tr, contains the information for shareholders that is suggested by the corporate governance principles and the regulatory authorities, in both Turkish and English.

Furthermore, for the purpose of supporting the right of shareholders to obtain information, press bulletin given to the press by the Company, presentation about quarterly operating results are disclosed to the shareholders through the corporate website under the "Investor Relations" section.

Company's articles of association has not yet stipulated the request for an appointment of special auditor as an individual right. There was no request for appointment of special auditor in the period.

2.3. General Assembly Meetings

The announcement of a general assembly meeting is made through the Public Disclosure Platform (PDP), the Electronic General Assembly System (EGAS), the corporate website of the Company, and the Turkish Trade Registry Gazette at least

three weeks before the meeting in order to reach the maximum number of shareholders. In addition, before the general assembly meeting, "information documents" regarding agenda items are prepared and announced to the public. All announcements and notifications required by the Turkish Commercial Code (TCC), capital markets legislation, CMB regulations and decisions, and articles of association are made.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting and did not contain any ambiguity about the exact location of the meeting, agenda items of the meeting, the body issuing the invitation to the meeting, or the exact location where the annual report, financial statements, and other meeting documents could be examined. In this context, the annual report, financial reports, other documents forming the basis for agenda items, and the profit distribution proposal from the date of the announcement, were posted on the Company website and at Company headquarters to facilitate easy access by shareholders.

Along with the announcements to be made in accordance with legislation and the announcement of the general assembly meeting, on the Company's corporate website, www.sisecamduzcam.com.tr, the following items are provided to shareholders in the "Information Documents" section under "General Assembly Announcement and Documents" under "Corporate Identity and Management" section, located in the "Investor Relations" section.

- a. The total number of shares and voting rights reflecting the company's shareholding structure as of the date of disclosure, privileged share groups within company capital, voting rights, and the nature of privileges,
- b. Information on changes in management and activities of the company and its subsidiaries in the previous fiscal year, or changes planned for the upcoming fiscal period which may significantly affect company operations,
- c. Grounds for dismissal and replacement of board members, candidates' backgrounds, posts held in the last decade, the nature and significance of their relationships with the company and related parties, their independence status, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner which would not result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the general shareholders' meeting was related to the agenda items.

Subjects which the shareholders send to the investor relations department of the Company in writing are considered by the board of directors. There were no such requests within this period.

The utmost care is shown to hold general assembly meetings without causing inequality among the shareholders and to organize the meetings so as to make sure shareholders can participate at the lowest possible cost. Within this context, the time of the general assembly meeting is determined by considering traffic, transportation, and similar environmental factors. Electronic general assembly is also considered as an option which may increase the possibility for shareholders to participate in these meetings.

At the general assembly meeting agenda items were expressed in an unbiased and detailed manner and presented clearly and concisely to provide shareholders with the opportunity to express their opinions under equal conditions and raise any questions. The chairman made sure that each question was answered directly, providing the answers did not constitute trade secrets. If the question was not related to the agenda or was so comprehensive that it could not be answered immediately, the question was answered by the investor relations department as soon as possible in writing. No shareholders submitted written questions to the investor relations department on the basis of not having received an answer at the general assembly meeting in 2016.

If controlling shareholders, directors, executives with managerial responsibility and their spouses and blood and affinity relatives up to second degree, enter into a material transaction with the company or subsidiaries that may cause conflict of interest and/or performs a business within the scope of the company's or subsidiaries' field of activity on account of themselves or others, or enters as a general partner into another company engaged in same kind of trade; then such transactions are placed as a separate agenda item and detailed information is given at the general assembly, and entered on the general assembly minutes.

Transactions within the scope of Articles 395 and 396 of Turkish Code of Commerce of board members are disclosed at the general assembly.

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 in accordance with legislation.

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.

In this context, during the period;

At our company's Board of Directors' meeting dated June 24th, 2016; it was resolved that our Company and our holding company Türkiye Şişe ve Cam Fabrikaları A.Ş. be joint and successive guarantor, for our subsidiary, Richard Fritz Holding GmbH domiciled in Germany to borrow 15 Million Euros loan from ING.

At the meeting of the Board of Directors of Company dated 19 October 2016; it was resolved that our Company and our holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. be joint and successive guarantor, for our subsidiary, Şişecam Flat Glass Italy S.r.l. domiciled in Italy to borrow 40 Million Euros loan from ING. As of 31 December 2016, 25.5 Million Euros of the loan was utilized.

These transactions were agreed upon with the unanimous consent of the board of directors.

At the Company's Ordinary General Assembly, stakeholders are informed on the donations made in the period, and approval is obtained for the donation limit applicable in the new period. At the Ordinary General Assembly Meeting held on March 23rd, 2016, the donation limit for the year 2016 is set as 1,975,000 Turkish Liras, and in this context, 441,509 Turkish Liras of donations and benevolent contributions were made in 2016.

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.

In the period;

The ordinary general assembly meeting for 2015 was held 23 March 2016 with a quorum of 81.9%

At the Extraordinary General Assembly Meeting held on 27 June 2016 with a quorum of 78.6%, it was resolved, as the first stage of the goal of gathering auto glass and encapsulated glasses under a single roof, without weakening the group synergy, that auto-glass facility operating under Trakya Cam Sanayii A.Ş. demerged and continued its operations as an affiliate of Trakya Cam Sanayii A.Ş. under newly established legal entity, Şişecam Otomotiv A.Ş. and to be registered as of 30.06.2016.

Announcements and publications for the general assembly meetings mention the followings;

- a. The agenda, place, date, and time of the general assembly, and the principles for arranging letters of attorney and letter of attorney forms for the shareholders who will be represented by their attorneys;
- b. Whether the general assembly meetings will be held in a physical or electronic environment, and the information that assigning attorneys, making suggestions, expressing opinions, and voting during any general assembly meetings in the electronic environment will be done using the Electronic General Assembly System (EGAS) provided by the Central Registry Office (CRO), and that shareholders who would like to participate the general assembly in person or through their attorneys in the electronic environment shall make their preferences known in accordance with the principles of EGAS;
- c. Information regarding the requirement that shareholders who would like to participate in the general assembly must present their identities or letters of attorney in person or through their attorneys if they want to use their rights related to their shares registered in the "Shareholders List" in the Central Registry Office system; and,
- d. That the annual report, including financial statements, independent audit reports, the profit distribution proposal of the board of directors, and the previous and revised versions of the amendment text, if there will be any amendments to the articles of association, will be available for examination by the shareholders on the corporate website of the Company.

2.4. Voting Rights and Minority Rights

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.

Trakya Cam Sanayi 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.

Trakya Cam'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.

Profit Distribution Policy;

The dividend distribution policy of our company has been determined considering the Turkish Commercial Code, the Capital Markets Board Law, tax laws, other legislation the company is subject to, and the provisions of the articles of association.

Accordingly;

- a. The Company has determined that a minimum of 50% of its distributable net profit for each period, calculated at year end within the framework of the legislation on capital markets and other relevant legislation, is distributed in cash and/or in the form of bonus shares; the shareholders' ordinary general assembly may resolve on a distribution which differs from the targeted percentage, taking into consideration matters such as economic conditions, investment plans, and cash position.
- b. The board of directors' profit distribution proposals, which also contain the details stipulated in the arrangements pertaining to the Capital Markets Board and in the corporate governance principles, are, within the relevant statutory periods of time, disclosed to the public through the Public Disclosure Platform, the Company's website, and activity reports.
- c. Cash dividends, which shall be distributed depending on the resolutions taken at the general assembly, are paid on the dates decided upon at the general assembly; the transactions, which are relevant to the dividends that shall be distributed in the form of bonus shares, are completed within the statutory periods of time stipulated in the arrangements pertaining to the Capital Markets Board.
- d. Within the framework of the profit distribution policy the dividends are equally distributed among all the shares existing at the date of distribution, regardless of issuance and acquisition dates.
- e. If the board of directors proposes the general assembly not distribute the profits, the grounds for this proposal and

information on how the undistributed profits shall be utilized are announced to the shareholders at general assembly meetings.

- f. Under the profit distribution policy a balanced policy is followed which establishes a balance between the interests of the shareholders and the interests of the Company.
- g. There are no privileged shares in terms of acquisition of shares from the profit.
- h. The articles of association do not allow for payment of dividends to members of the board of directors or to employees using the founder's redeemed shares;
- i. In accordance with the articles of association, the board of directors can distribute profit advances, provided this is authorized by the general assembly and complies with the Capital Markets Law and regulations of the Capital Markets Board regarding this subject; the profit advance distribution authority, which is granted by the general assembly to the board of directors, is limited to the related year.

In 2016, a total of 128 Million Turkish Liras of dividend was distributed from profit of 2015, being 93 Million Turkish Liras in cash, and 35 Million Turkish Liras as 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. Corporate Website and Its Content

The corporate website, www.sisecamduzcam.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.sisecamduzcam.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.

Company's shareholding structure is updated at quarter-ends, showing names of real person shareholders a share higher than 5%, by eliminating indirect and mutual shareholdings, their share amount and rates, and disclosed on the Corporate Website.

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 Şişe ve Cam Fabrikaları A.Ş. holds 69.38% of the issued shares of the company, amounting to TRY 930.000.000 as of 31 December 2016. Türkiye Şişe ve Cam Fabrikaları A.Ş. is the controlling shareholder and as of the date of this report there are no individual shareholders who hold more than 5% of the company's shares within its capital structure.

3.2. Annual Report

The annual report is prepared in order to provide complete and accurate information regarding the activities of the company to the public. The annual report for 2016 has been prepared based on the third clause of Article 516 of the Turkish Trade Act and Article 518 of the same act, in accordance with the minimum content specified in Article 8 of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board and the provisions of the "Regulations Regarding the Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs and Trade and the annual report has been independently audited.

The annual report contains the following information;

- a. The period covered by the report, the title of the company, trade registry number, contact information,
- b. The names of the chairman and the members of the board as well as committees and upper management,
- c. The sectors in which the company and its subsidiaries operate and information on its positions in these sectors,
- d. Information about the company's functional units, general explanations related to their activities and performance and yearly developments,
- e. Progress on investments, the eligibility and status of government incentives,
- f. The changes to the articles of association in the current period,
- g. The Corporate Governance Principles Compliance Report,
- h. Information on related party transactions,
- i. Other relevant and beneficial information that is not included in the financial statements,
- j. The company's organizational, capital and ownership structure and any changes made in the related accounting period,
- k. Information on all benefits provided to staff and the number of personnel,
- l. Information about the fact that no board members were involved in any transactions with the company on their own behalf or on someone else's behalf within the framework of permission granted by the general shareholders' meeting along with their activities within the scope of restraint of trade,
- m. The dividend distribution policy,
- n. Basic ratios that explain the company's financial position, profitability and solvency, and,
- o. The company's financing resources and risk management policies,

In addition to the matters specified in the legislation, information on the following matters is included in the annual reports;

- a) The external duties of board members and executives and the declaration of independence of the relevant board members,
- b) The members of the committees within the board and their working principles,
- c) The number of board meetings held during the year,

- d) Any changes to legislation which could significantly affect the company's operations,
- e) Any major court cases against the company and their possible consequences, and,
- f) The benefits provided to employees, vocational training for employees, and other company activities that give rise to social results.

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The company recognizes the rights of stakeholders which were established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation or protected by contracts, the company protects the interest of stakeholders under good faith principles and within the capabilities of the company. Effective and expeditious compensation is provided in case of a violation of rights.

The website of the company is actively used to provide adequate information on policies and procedures that protect stakeholders' rights.

The corporate governance structure of the company ensures that its stakeholders, including its employees and representatives, report their concerns about any illegal or unethical transactions to the management.

The company's employees can convey any transaction that contradicts legislation and is not ethically sound to both audit committee and 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.

Trakya Cam 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 Management

The Company keeps all lines of communication open and eliminates all possible encumbrances in respect to the participation of company employees in management. Practices such as "Ethical Contact Line and Electronic Mail Address", 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

Our Company has a written human resources policy in the context of which procedures has been prepared and made available to employees via the portal.

It is ensured that recruitment and career planning are conducted on the basis of equality and transparency. These activities are carried out in line with the relevant provisions of the "The Policy of Human Resources Systems" and "Recognition Appreciation and Reward System."

Selection and Allocation Department, Which organizes employer brand studies at universities and similar institutions to attract university students, new graduates and other professionals has used all existing hiring methods as well as media.

The Performance Management System works hand in hand with the vision, mission and strategies of Şişecam Group. By modifying the Balance Score Card system, started 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 of an individual employee and the needs of the organization are regularly discussed on yearly basis and strategic career maps as well as Group based career and succession plans are developed. In addition to this, through Evaluation and Development Center Applications, competency maps in accordance with which improvement plans for employees are prepared, are created and communicated to the employees.

While Trakya Cam aims to hire the necessary human resources, it preserve a high level of loyalty among current employees, as well as creating a positive, equal and competitive working environment.

Şişecam aims at hiring the needed human resources, and keeping current employees' commitment high, and establishing a positive, equal and competitive working environment. In 2016, there was no complaint from employees, especially on discrimination. Relations between employees and the Group are coordinated by Human Resources Presidency.

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. Competitive salary and benefit strategies, which are created in accordance with the market conditions, that constantly rewards high performance, constitute

the basis of systems. Salary and benefits management are based on knowledge, skill and experience required for the job, without discrimination as to gender, religion, language or race, etc.

All employees 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.

Şişecam Academy, established in 2015 to contribute in Group's corporate goals, improve human resources' competency and employee loyalty, works with the concept of a business partner with headquarters units and groups; and has enriched and expanded the training and development opportunities for business families and positions in 2016.

In this context, "Leadership School" based on Global Leadership Model has served to employees working as Manager, Chief or Technician/Foreman. Moreover, Sales School, Human Resources Certificate Program and Glass School were created with the aim to increase competency of sales representatives and sales chiefs, human resources staff, and engineers/chiefs respectively in 2016.

"Internal Tutorship Certificate Program" aims at conveying the Group's valuable know-how to new and current employees, and substituting some third party courses outsourced courses with in-house tutors.

To support the development of stakeholders in our ecosystem, dealers have been trained in cooperation with Boğaziçi University, within the scope of applications of Şişecam Academy. In addition to the abovementioned Schools and Programs, "Supply Chain School", "Marketing School" and "Finance Certificate Program" projects have been prepared and are planned to be implemented in the New Year.

As a result of the investments in training technologies, e-learning modules within the Group were produced. With mixed training methods, training and development activities are largely performed outside classroom, making information available more convenient. Within this framework, class trainings, development sources that support our employees' personal areas of interest, book summaries, and videos are made available through the "Academy Portal". Using game technique, "Agent 4141" training was prepared with achievement of high participation. In 2016, 38 e-learning modules were opened to white collar employees.

Training hours per person in 2016 were 31.6 hours for white collar employees, and 20.7 hours for blue collar employees.

Within the Group while a total of 2 collective agreements have been executed in Turkey, 1 for 4 factories and 1 for the other

factory. 5 collective agreements are signed for Trakya Glass Bulgaria EAD and Şişecam Automotive Bulgaria EAD in Bulgaria, Glass Corp S.A in Romania, Richard Fritz Kft. in Hungary and Şişecam Flat Glass Italy in Italy. Effective terms of these collective agreements vary between 1 to 3 years.

Coordination meetings are held with Kristal-İş Union organized at the Group's workplaces, on application of collective agreement, and industrial relationships and increasing efficiency. Likewise, unions organized at our workplaces abroad are also being coordinated.

Adopting Occupational Health and Safety (OHS) culture is continued with projects that target the change of behaviour, at the factories. Traditional painting contest about the continuity of OHS culture are organized with participation of the families of blue collar personnel each year.

Job accidents monitoring system collects data to perform root cause analyses of all accidents at the factories. Annual "Şişecam Accidents Report" is prepared with the data collected in the system. The OHSAS 18001 system is also available after each job accident with the plan to execute corrective activities to ensure proper rectification covering also the financial dimension of all failures which may cause a risk of workplace accidents determined by internal, external inspections and managerial reasons in a systematic manner. Factory OHS audits coordinated by Group Industry Relationships Directorate since 1995 are being performed with participation of Şişecam "Internal Audit Department".

The system, which covers all workplaces and units, including the management and sales centres, ensures the tracking and control of workplace accidents in a systematic manner integrated with the SAP system. Another phase of the project, the DOF system (corrective/preventive action system) ensures proper rectification covering also the financial dimension of all failures which may cause a risk of workplace accidents, arising from OHSAS 18001, internal and external inspections, managerial reasons, in a systematic manner. The health and safety audits of the factory are carried out together with the Şişecam Internal Audit Department. Factory inspections realized by top management also support health and safety culture within the group. The projects towards changing the attitudes to improve the Şişecam Occupational Health and Safety culture are carried out at the factories in Turkey and abroad.

4.4. Codes of Conduct and Social Responsibility

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. Group's ethical rules are publicly disclosed on the corporate web site. Internal Audit Department audits for the execution of codes of conduct and ensure the realization of code of conduct at Holding level.

Trakya Cam awards an Education Incentive Scholarship to its employees and their children who are student. Within this scope, TRY 890.013 in scholarships were awarded in 2016.

SECTION V. BOARD OF DIRECTORS

5.1. Board of Directors' Organization and Establishment

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. Group General Manager Prof. Dr. Ahmet Kirman is an Executive Member of the Board of Directors. Chairman of the Board and is not the same person with the Group Head. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principles, there exist two independent members in the Board of Directors.

Independent members have been determined in accordance with procedures anticipated in the corporate governance principles and proposed to Board of Directors.

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 2015, held on 23 March 2016. Since the one-year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 29 March 2017, the board members will be elected in the aforementioned ordinary general assembly meeting.

The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows.

INDEPENDENCE STATEMENT

Trakya Cam Sanayii A.Ş.

To the Board of Directors

Trakya Cam Sanayii A.Ş. I herewith declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiqués, 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.

Regards, (Signature)



PROF. DR. ATILLA MURAT DEMİRCİOĞLU

6 March 2017


INDEPENDENCE STATEMENT

Trakya Cam Sanayii A.Ş.

To the Board of Directors

Trakya Cam Sanayii A.Ş. I here with declare that I still bear the "Independent member of Board of Directors" conditions, which are determined by Communiqués, 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.

Regards, (Signature)



HALİT BOZKURT ARAN

6 March 2017

After the general assembly meetings where directors are elected, resolution shall be made on allocation of tasks, and the Chairman and Vice Chairman of the Board are elected. Company's current Board of Directors contains 2 executive and 4 non-executive members named below.

Approval is obtained from the general assembly under articles 395 and 396 of Turkish Code of Commerce, for the Chairman and Members of the Board of Directors to perform the Company's business personally or on behalf of others and to become partner of companies performing such businesses.

Directors can freely convey and express their opinions without any influence. Zeynep Hansu Uçar is the female member of the Company's Board of Directors in accordance with Corporate Governance Principles, and no target rate or target time is specified for the female members of the Board of Directors, being no less than 25%, and no policy has been established to achieve such targets. Company's policy on this matter is assessed periodically and according to necessities. The Company has subsidiaries and affiliates. Considering that having the Company Directors take part in management of such companies would benefit the Group, they are not restricted from assuming such tasks outside the Company; and the Directors' tasks outside the Company are stated below.

Name, Surname	Title	Current tasks outside Trakya Cam
Prof. Dr. Ahmet Kirman	Chairman	Vice Chairman - General Manager of Türkiye Şişe ve Cam Fabrikaları A.Ş., Chairman of the Boards of Trakya Glass Bulgaria EAD, Anadolu Cam San. A.S. Paşabahçe Cam San. ve Tic. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş. Anadolu Cam Investment B.V.OOO, Ruscam Glass, OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, Balsand B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., Şişecam Çevre Sistemleri A.Ş., OOO Posuda, AC Glass Holding B.V.
Dr. Reha Akçakaya	Vice Chairman – Float Glass Group Head	Chairman of the Boards of Şişecam Otomotiv A.Ş., Trakya Glass Bulgaria EAD, Şişecam Automotive Bulgaria EAD, Glasscorp SA, TRSG Glass Holding BV., Trakya Glass Rus AO and Automotive Glass Alliance Rus AO, Vice Chairman of the Board of HNG Float Glass Ltd, Member of the Boards of Saint Gobain Glass Egypt SAE, Şişecam Flat Glass Italy Srl, Şişecam Flat Glass Holding BV, Chairman of the Board of Glass For Europe, Chairman of the Boards of Kalder – Turkish Quality Association, DEIK, Member of the Board of ICG International Cam Commission TC6 Mechanical Specifications
Prof. Dr. Atilla Murat Demircioğlu	Independent Member	Independent Director of Türkiye Şişe ve Cam Fabrikaları A.Ş., Chairman of Alexander von Humboldt Association Scholars, Yıldız Technical University Member of the Board
Halil Bozkurt Aran	Independent Member	Independent Director of Türkiye Şişe ve Cam Fabrikaları A.Ş., TEPAV Trade Studies Center director, The Bretton Woods Committee Member
Zeynep Hansu Uçar	Member	Member of Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Cam San. A.S. Paşabahçe Cam San.ve Tic. A.Ş., Chairman of the Board of Directors at Camış Yatırım Holding A.Ş
Anıl Karaca	Member	Vice Chairman of Trakya Yenişehir Cam Sanayii A.Ş. and Trakya Polatlı Cam Sanayii A.Ş., Board Members of Şişecam Otomotiv A.Ş., Trakya Glass Bulgaria EAD, Şişecam Automotive Bulgaria EAD, TRSG Glass Holding BV, Automotive Glass Alliance Rus AO

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 has to be organized at least once a month.

The number of decisions made by the Board of Directors during the period is 64 and the decisions are made at the consensus of the available members. There has not been any opponent vote. 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 directors at the Board Meetings in 2016 is 82.8%. Independent Board of Directors have not voted on the election of themselves. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2016 since 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 22 December 2014, published in 26 December 2014 and prepared by the Board of Director's decision no 43 in accordance with the article 367 and 371 of Turkish Commercial Code in 9 December 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.

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, three and two members, respectively.

The Chairman of the Board of Directors and Vice President do not participate in the committee. There exists no executive member in the committees except for the manager and member of the "Department of Investor Relations" participating in the Corporate Governance Committee, in accordance with corporate governance principles. Members of the Board of Directors, who is independent, does not have any responsibility in two committees.

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. Audit Committee has held 4 meetings in year 2016. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to incompliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it traces the activities of "Investor Relations Department. Corporate Governance Committee has held 4 meetings in 2016.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and definition of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes are determined as the duties of the committee.

The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions

related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification Committee has held 8 meetings in 2016.

Board of Directors has been duly notified on the meetings of Audit Committee, Early Risk Identification Committee and Corporate Management Committee.

Due to the fact that all members of Audit Committee and chairmen of other committees and two 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.

Audit Committee;

Chairman Prof. Dr. Atilla Murat Demircioğlu (independent), Halil Bozkurt Aran (independent)

Corporate Management Committee;

Chairman Prof. Dr. Atilla Murat Demircioğlu (independent), Zeynep Hansu Uçar, Anıl Karaca (Mr. Anıl Karaca has been elected as member of the Board of Directors, to be submitted to the approval of first General Assembly to be held, pursuant to Article 363 of Turkish Code of Commerce, to replace the chair vacated by Mrs. Beyza Genç who had resigned as of 10.11.2016) and Kemal Tansu Akalın.

Early Risk Identification Committee;

Chairman Prof. Atilla Murat Demircioğlu (independent), Halit Bozkurt Aran (independent), Zeynep Hansu Uçar

5.4. Internal Control and Risk Management System

Financial crises, intensifying intergovernmental conflicts, security problems triggered by geopolitical factors, technological developments which are also called fourth industry revolution, dramatic results of climate change and social problems have made the world a place that is different from the past, involving political, economic and environmental risks.

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 this context, the efficiency of risk management and internal audit processes were continuously reviewed in 2016 as in the past years, and these two functions, which form important elements of corporate governance, were closely managed. The Group continues its audit activities at a risk-based perspective and evaluates the available and potential risks proactively, under this structure.

At Şişecam Group, risk management and internal audit activities are structured within the parent company. Activities are reported in a coordination with Group Heads managing the Group's primary business segments under the control of parent company. The results of regular and planned meetings held with "Early Risk Identification Committee", "Audit Committee" and "Corporate Governance Committee" in a coordination with Group Heads are reported to the Board of Directors in accordance with the legislation.

During the works performed for having a corporate structure, ensuring assurance to shareholders, protecting tangible and

intangible assets, resources and environments of the Group, minimizing losses from uncertainty and having the maximum benefit from potential opportunities, relationship between the internal audit and risk management is maintained at a high level and aimed to support the decision process and increase the management efficiency.

Risk Management at 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 has focused on increasing the effectiveness of risk management processes in 2016, in order to more effectively manage the uncertainties caused by global developments, and to increase the risk assurance provided to stakeholders in sharp domestic and international competition resulting from these conditions. Accordingly, scope of MicroScope, the integrated risk management platform, has been expanded, to ensure higher coordination of risk management and assurance functions. Fieldworks have been increased to more effectively manage risks and spread the risk culture.

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 Control at 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 vision of the Board of Director based on "the set of Vision/Mission and Values by the Board of Directors".

The Company uses the term of Vision refers to an overall expression of the target and the desired positions that the company intends to arrive at.

The Board of Directors has defined to point of intended in 2020 as follows "To become a global flat glass company which presented innovative solutions and expanded quickly with strong brands".

In the following stage, a series of Project has been defined intended for understanding under which conditions operate for performing needs of visions. Analysis of group levels, the clarifications of priorities and strategic themes have prevented a framework that guide to lower level projects with top management goal validation and approval.

On the next step, strategic analysis recognizes fields of activities level that supported Group Strategic Plan. Strategic analysis, a series of Project has been defined intended for understanding under which conditions operate for performing needs of visions.

Analysis is for in house is called by “ Internal Analysis”, analysis is for a huge area like market, competitors, sectors given and taken inputs, different locations, suppliers and consumers, etc. is called by “External Analysis”. Combination of these factors execute the set of “Opportunities/Treats/Strengths/ Weaknesses” for all activity areas.

On the next step after the analysis, creating and updating of “Strategic Maps” is recognized. Strategic Map determines focusing in which topics of Finance, Customer, Process and Intangible Assets of Group and idealising in which different (strategic) items. Strategic Map is diversified based on business space. In this way, mapping that activities lead in the future is created. To put into practise maps is recognized via Balanced Scorecard. Every strategy that is defined on the Map is a Performance Indicator; success level of this indicator has been related to needed projects for this activity and organizational structure.

Finalized strategic plan in the fields of activity level is detailed on the two major functions (Marketing/Sales and Production) for become applicable. Common services such as Human Resources, Research and Development, Finance, Information Technology is related to process.

Creating Strategic Plan is tested with financial projections. The last finalized plan with all factors is shared with enforcement units in the “Plan Meeting”. Plan which is maturing and supported with projects has supported the Budget Document in the first execution year.

In the end of process, the plan is submitted to the Board of Directors. After the Board of Directors made required corrections, the plan is applied under the leadership of Group President.

Corporate Performance Programme is used for measuring implementation success of plan and monitoring of plan. Programme is evaluated with major monitoring meeting four times in the year. Besides, execution units monitor monthly with Operating Report (Budget), quarterly with Group Meeting, short term and long term position of plan via Decision Support Units, Management Information System, etc. Independently. If it is needed, strategic priority change in the plan period. All monitoring results is submitted to the Board of Directors review.

The vision in the system of restructured Strategic Planning is a long term text. Internal and External Analysis are repeated every year. Strategic Map is the text that is renewed by updates every year. Balanced Scorecard application is a systematic that is operated annually.

The Vision is usually renewed every five years, the mission is usually renewed every ten years.

Individual Performance Management System is related to Strategic Plan for degrading from corporate level to personnel level of performance.

In this framework, the Company as of financial;

- Organic and inorganic growth,
- Total effective cost management,

- To create profitable portfolio structure by focusing value added goods,

As part of customer value;

- To be solution partner by focusing satisfactions of customers and business partners,
- Rapid transition to high value-added products,
- Fast conversion to high value added goods,
- To increase brand awareness,

As part of process;

- To be in the structure based on market and customer,
- To increase of productivity with quick, simple and flexible process,
- To ensure quality and continuity production,
- To be an innovative company with R&D, P&D and design,
- To recognize all of them with environmentalist idea and sustainably,

As of organizational development and substructure;

- To be a company that prefer the betters, increasing the personnel motivation, adaptable for globalization and come together perfect personnel,
- To manage information ably top level,
- To create corporate culture that learner, adopter the best applications and not ignored traditions at the same time, are the core elements of plan.

5.6. Remuneration

As indicated in the Articles of Association; rights, benefits and wages that are procured to the Members of the Board of Directors are established by the General Assembly. The monthly wages of the Members of the Board of Directors are determined and declared to the public in Ordinary General Assembly Meeting of year 2015 which was held at 23 March, 2016. Wage policy principles for the high level executives of the Company are stated in written form in the Ordinary General Assembly Meeting for Shareholders which was held at April 2, 2013 and are declared to the Shareholders of the company and announced by the website of the Company.

There are no payments done to top level executives, which are directly linked 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 senior 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.

In this context, total payments made to directors and senior executives within the scope of remuneration policy are disclosed to public in notes to the financial statements, and there was no conflict of interest as the benefits were not presented on personal basis.

The Company 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.

No loan is given to directors or executives, and no loan is given to them as personal loan through third parties, and no surety or guarantee is given in their favour.

TRAKYA CAM SANAYİİ A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY AGENDA FOR 2016

1. Election of Presidency Council and Granting Authority to Sign General Assembly Minute to Presidency Council,
2. Reading Summary of Board of Directors' Activity Report and Independent Auditor's Report about activities of our company in 2016,
3. Inspecting, Discussing and Approving Balance Sheet and Income Statements for the year of 2016,
4. Approval of election of board members for the vacant position of the board member, who resigned in 2016,
5. Release of Board Members,
6. Election of Board Members,
7. Determination of Fees of Board Members,
8. Authorizing Board Members in accordance with 395th and 396th Articles of TCC,
9. Resolving about Profit Distribution Form and Date for the year of 2016,
10. Resolving the amendment of the Company's Article of Association in accordance with the " Draft Amendment of Article of Association" text
11. Resolving about Election of Independent Audit Firm in accordance with Turkish Commercial Code and Capital Market Board Regulations,
12. Giving Information about Donations made during the year, to Shareholders and Determination of Limit of Donations to be made in 2016,
13. Giving information about Guarantees, Pledges and Mortgages Provided in favour of Third persons to the Shareholders.

TRAKYA CAM SANAYİİ A.Ş.

ARTICLE OF ASSOCIATION

AMENDMENT DRAFT

Former Text **CAPITAL:** **Article 6:**

The Company has adopted Registered Capital System according to the provisions of Capital Markets Law, and upon the Capital Markets Board's permission dated 9.11.1990 number 825.

Company's registered capital ceiling is 1,500,000,000 Turkish Liras, divided into 150,000,000,000 bearer shares, with a nominal value of 1 (one) Kuruş each.

Company's issued capital is 930,000,000 TL, The capital is divided into a total of 93,000,000,000 bearer shares with a nominal value of 1 (one) Kuruş each.. 930,000,000 Turkish Liras, constituting the issued capital, is fully subscribed and paid-in.

The registered capital ceiling permission given by the Capital Markets Board is valid from 2012 thru 2016 (for 5 years). Even if the registered capital ceiling permitted is not reached as of the end of 2016, it is mandatory to obtain authorization from the general assembly for a new period, by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount, in order for the Board of Directors to resolve on increasing capital after 2016. Upon failure to obtain such authorization, the Company cannot increase capital by the board of directors' decision.

Shares representing the share capital are tracked on account within the framework of dematerialization principles.

New Text **CAPITAL:** **Article 6:**

The Company has adopted Registered Capital System according to the provisions of Capital Markets Law, and upon the Capital Markets Board's permission dated 9.11.1990 number 825.

Company's registered capital ceiling is 3,000,000,000 Turkish Liras, divided into 300,000,000,000 bearer shares, with a nominal value of 1 (one) Kuruş each.

Company's issued capital is 930,000,000 TL, The capital is divided into a total of 93,000,000,000 bearer shares with a nominal value of 1 (one) Kuruş each. 930,000,000 Turkish Liras, constituting the issued capital, is fully subscribed and paid-in.

The registered capital ceiling permission given by the Capital Markets Board is valid from 2017 thru 2021 (for 5 years). Even if the registered capital ceiling permitted is not reached by the end of 2021, it is mandatory to obtain authorization from the general assembly for a new period (not to exceed 5 years), by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount, in order for the Board of Directors to resolve on increasing capital after 2021. Upon failure to obtain such authorization, the Company cannot increase capital by the board of directors' decision.

Shares representing the share capital are tracked on account within the framework of dematerialization principles.

CAPITAL INCREASE, AMENDMENTS ON THE ARTICLES OF ASSOCIATION, PROFIT DISTRIBUTIONS AND OTHER ISSUES IN THE PERIOD

In line with the Shareholders' General Assembly resolution dated 23 March 2016, 93,000,000 Turkish Liras dividends corresponding to 10.39106% of the issued capital has been distributed to the shareholders in cash on 29 April 2016, and 35,000,000 Turkish Liras of gross dividends corresponding to 3.91061% of the issued capital has been distributed to the shareholders pro rata their shares on 14 July 2016.

In the period, our Company's issued capital was increased from 895,000,000 Turkish Liras to 930,000,000 Turkish Liras within the registered capital ceiling of 1,500,000,000 Turkish Liras, where the increased 35,000,000 Turkish Liras was funded from the profit of the year 2015 in line with the Shareholders' Ordinary General Assembly resolution dated 23 March 2016, and the legal procedure for capital increase processes have been completed and registered on 1 July 2016.

Other Issues

Conclusion section of "Commitment Report" prepared in accordance with article 199 of Turkish Code of Commerce:

All transactions of our Company in 2016 with our controlling company and the subsidiaries of our controlling company have complied with the provisions of the legislation on concealed profit distribution through transfer pricing, and there was no situation requiring loss balancing in 2016 due to the abovementioned transactions.

Legal Basis of the Annual Report:

Our Company's Annual Report for the account year 2016 has been prepared in accordance with the provisions of 3rd para, article 516 of Turkish Code of Commerce, the "Regulation on the Minimum Content of Companies' Annual Reports" published by the Ministry of Customs and Trade based on article 518, and the Capital Markets Board's "Communiqué on Financial Reporting Principles in Capital Markets".

Basis of Preparation of the Annual Report:

Annual report reflects the flow of business and activities of the Company in the relevant account period, and its financial status in every aspect, accurately, completely, fairly and honestly, considering the Company's rights and benefits. Annual report does not contain any misleading, exaggerated or untrue statement that might cause any misreading.

Endeavour has been spent to prepare the annual report in detail to make available to the shareholders, all the information about Company's activities, fully and accurately.

Approval of the Annual Report:

Our Company's annual report for the account year 2016 has been signed and approved by Company's Directors on 06 March 2017.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH



To the Board of Directors of Trakya Cam Sanayii A.Ş.

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Trakya Cam Sanayii A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2016.

Board of Directors' responsibility for the Annual Report

2. Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué whether or not the financial information included in this annual report is consistent with the Company's Group's consolidated financial statements that are subject to independent auditor's report dated 6 March 2017 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

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

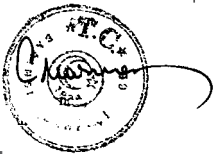
Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Trakya Cam Sanayii 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 Trakya Cam Sanayii A.Ş. to continue its operations for the foreseeable future.

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



CİHAN HARMAN SMMM
Partner

Istanbul, 6 March 2017

DIRECTORY

Trakya Cam Sanayii A.Ş.**Yönetim ve Satış Merkezi****Şişecam Headquarters**

İçmeler Mahallesi, D-100 Karayolu Caddesi, No: 44A
34947 Tuzla/İstanbul/Turkey
Tel: +90 850 206 50 50
Fax: +90 850 208 40 00
www.sisecamduzcam.com

Trakya Cam Sanayii A.Ş.**Trakya Plant**

Büyükkarıştıran Mevkii, P.K. 98
39780 Lüleburgaz/Kırklareli/Turkey
Tel: +90 288 400 80 00
Fax: +90 288 400 77 99

Trakya Cam Sanayii A.Ş.**Mersin Plant**

Mersin Tarsus Organize Sanayi
Bölgesi, Atatürk Caddesi No: 1
33100 Akdeniz/Mersin/Turkey
Tel: +90 324 676 40 70
Fax: +90 324 676 40 73

Şişecam Otomotiv A.Ş.

E-5 Karayolu Üzeri Büyükkarıştıran Mevkii P.K.28
39780 Lüleburgaz/Kırklareli/Turkey
Tel: +90 288 400 85 31
Fax: +90 288 400 83 58

Trakya Yenışehir Cam Sanayii A.Ş.

Organize Sanayii Bölgesi
16900 Yenışehir/Bursa/Turkey
Tel: +90 224 280 12 05
Fax: +90 224 773 27 55

Trakya Polatlı Cam Sanayii A.Ş.

Polatlı Organize Sanayi Bölgesi 212. Cad. No: 1 06900
06900 Polatlı/Ankara/Turkey
Tel: +90 850 206 26 46
Fax: +90 850 206 23 02

Richard Fritz Holding GmbH

Gottlieb-Daimler-Str. 4
74354 Besigheim/Germany
Tel: +49 7143 379 0

Richard Fritz Holding GmbH - Aurach

Auf der Frankenhöhe 1
91589 Aurach-Weinberg/Germany
Tel: +49 9804 915 0

Richard Fritz SPOL, sr.o

Tovarenska 15
Malacky 901 14/Slovakia
Tel: +421 347 9611 0

Richard Fritz Prototype+Spare Parts GmbH

Gottlieb-Daimler-Str. 4
74354 Besigheim/Germany
Tel: +49 7143 379 0

Richard Fritz KFT.

Pesti út 19/A
2170 Aszód/Hungary
Tel: +36 36 285 011 0

Trakya Glass Bulgaria EAD

District "Vabel" Industrial Area,
7700 Targovishte/Bulgaria
Tel: +359 601 4 78 01
Fax: +359 601 4 77 97

Şişecam Automotive Bulgaria EAD

District "Vabel" Industrial Area,
7700 Targovishte/Bulgaria
Tel: +359 601 4 79 25
Fax: +359 601 4 79 26

Glass Corp S.A.

1BIS, Industriilor Alley
120068 Buzău/Romania
Tel: +40 0754 076 698
Fax: +40 0238 710 552

Trakya Glass Rus AO

423600, Republic of Tatarstan,
Elabuga Municipal District,
Special Economic Zone (SEZ),
"Alabuga" Sh-2 Street Building
4/1, Office/Russian Federation
Tel: +7 85557 5 33 01

Automotive Glass Alliance Rus AO

423600, Republic of Tatarstan, Yelabuga City,
Territory of SEZ «Alabuga»,
st. Sh-2, bldg. 15/5/Russian Federation
Tel: +7 85557 5 32 01

Şişecam Flat Glass Italy S.R.L

Via Jacopo Linussio,
2 S. Giorgio Di Nogaro (UD) 33058/Italy
Tel: +90 850 206 50 50
Fax: +90 850 208 40 40

HNG Float Glass Limited

Registered Office: 2, Red Cross Place,
Kolkata-700001/India
Tel: +91 (033) 22543100
Fax: +91 (033) 22543130

Saint Gobain Glass Egypt

66 Cornish El Nile, Elzahraa Building,
Floor No. 38 Maadi Cairo/Egypt
Tel: +202 2528 80 75
Fax: +202 2528 55 35

