

TRAKYA CAM SANAYİİ A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2017
(ORIGINALLY ISSUED IN TURKISH)

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Trakya Cam Sanayii A.Ş.**Consolidated Statement of Financial Position
at 30 June 2017 and 31 December 2016**

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

ASSETS	Notes	30 June 2017	31 December 2016
Current Assets			
Cash and cash equivalents	6	1.106.352.852	1.191.571.096
Financial investments	7	24.753.042	24.192.626
Trade receivables	10	630.651.560	703.264.743
Other receivables	11,37	215.294.804	35.508.373
- Due from related parties	37	202.079.078	24.587.934
- Other receivables	11	13.215.726	10.920.439
Inventories	13	632.173.653	548.160.034
Prepaid expenses	14	84.557.765	69.594.195
Other current assets	26	22.771.098	29.411.804
Total Current Assets		2.716.554.774	2.601.702.871
Non - Current Assets			
Financial assets	7	476.802.129	466.545.192
Other receivables	11	219.610	179.770
Investments in associates and joint ventures	16	425.512.763	403.686.099
Tangible assets	18	3.332.732.106	3.282.318.439
Intangible assets	19,20	43.755.235	45.057.414
- Goodwill	20	28.346.886	26.349.387
- Other intangible assets	19	15.408.349	18.708.027
Prepaid expenses	14	59.829.322	29.687.887
Deferred tax assets	35	45.091.725	50.217.011
Total Non - Current Assets		4.383.942.890	4.277.691.812
TOTAL ASSETS		7.100.497.664	6.879.394.683

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

Trakya Cam Sanayii A.Ş.**Consolidated Statement of Financial Position
at 30 June 2017 and 31 December 2016**

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

		30 June 2017	31 December 2016
LIABILITIES	Notes		
Current Liabilities			
Short term borrowings	8	353.043.607	292.634.385
Short term portion of long term borrowings and interests	8	264.513.407	212.564.524
Trade payables	10,37	372.671.583	445.627.532
- Due to related parties	37	86.408.760	126.556.974
- Other trade payables	10	286.262.823	319.070.558
Other Payables	11,37	182.454.221	217.881.787
- Due to related parties	37	123.349.546	127.718.589
- Other payables	11	59.104.675	90.163.198
Deferred income	14	26.603.176	24.493.951
Current income tax liabilities	35	11.203.282	11.081.856
Short term provisions	22,24	44.870.986	20.249.458
- Provisions for employee benefits	24	935.080	939.510
- Other short term provisions	22	43.935.906	19.309.948
Other current liabilities	26	86.795.785	63.604.527
Total Current Liabilities		1.342.156.047	1.288.138.020
Non-Current Liabilities			
Long term financial liabilities	8	1.772.832.283	1.863.423.265
Other payables	11	1.319.269	427.300
Deferred income	14	57.269.745	58.244.732
Long-term provisions	24	72.756.074	66.811.949
Deferred tax liabilities	35	35.821.296	15.628.165
Total Non-Current Liabilities		1.939.998.667	2.004.535.411
Total Liabilities		3.282.154.714	3.292.673.431
EQUITY			
Shareholder's Equity	27	3.514.890.821	3.293.283.425
Paid-in share capital		930.000.000	930.000.000
Adjustment to share capital		5.576.528	5.576.528
Share premium (discounts)		22.703	22.703
Other comprehensive income / expense not to be reclassified to profit or loss		469.556.909	464.097.083
- Gain/(loss) on revaluation and remeasurement		469.556.909	464.097.083
- Increases/decrease in revaluation of tangible assets		468.747.553	463.296.677
- Funds for actuarial gain/(loss) on employee termination benefits		809.356	800.406
Other comprehensive income / expense to be reclassified to profit or loss		313.050.804	253.097.206
Restricted reserves		159.698.693	137.116.142
Retained earnings		1.374.791.212	956.664.823
Net profit for the year		262.193.972	546.708.940
Non - controlling interest	27	303.452.129	293.437.827
TOTAL EQUITY		3.818.342.950	3.586.721.252
TOTAL LIABILITIES AND EQUITY		7.100.497.664	6.879.394.683

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

**Consolidated Statements of Profit and Loss for the Interim Periods
between 1 January - 30 June 2017 and 2016**

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

	Notes	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Revenue	28	2.031.893.654	1.349.749.091	1.075.941.282	723.097.404
Cost of sales (-)	28	(1.368.040.858)	(951.829.238)	(723.907.843)	(510.981.286)
Gross Profit/(Loss)		663.852.796	397.919.853	352.033.439	212.116.118
General administrative expenses	29	(164.365.098)	(127.339.241)	(88.887.764)	(67.782.724)
Marketing expenses	29	(203.764.099)	(150.370.003)	(101.694.352)	(75.532.318)
Research and development expenses	29	(14.969.390)	(18.060.431)	(6.736.280)	(9.455.269)
Other operating income	31	99.363.863	49.262.662	40.542.384	25.145.790
Other operating expenses	31	(49.719.794)	(33.690.317)	(15.624.634)	(20.287.536)
Operating profit/(loss)		330.398.278	117.722.523	179.632.793	64.204.061
Income from investing activities	32	29.530.651	310.864.478	530.470	286.374.629
Expenses from investing activities	32	(11.691.007)	(166.749)	(11.688.705)	(19.159)
Income/(expense) from investments accounted for under equity accounting	16	15.644.864	11.851.954	8.189.876	6.082.683
Operating profit/(loss) before financial income and expense		363.882.786	440.272.206	176.664.434	356.642.214
Financial income	33	135.969.264	106.242.132	41.909.268	41.632.883
Financial expenses	33	(161.216.087)	(125.219.470)	(27.856.364)	(56.850.159)
Profit/(loss) before tax from from continued operations		338.635.963	421.294.868	190.717.338	341.424.938
Tax expense/(income) from continuing operations	35	(65.516.631)	(27.971.273)	(37.404.293)	(16.133.002)
- Taxes on income	35	(41.069.186)	(28.756.046)	(14.740.496)	(19.735.719)
- Deferred tax income	35	(24.447.445)	784.773	(22.663.797)	3.602.717
Profit/(loss) for the period		273.119.332	393.323.595	153.313.045	325.291.936
Attributable to:					
- Non controlling interest	27	10.925.360	7.248.904	5.936.882	4.039.581
- Equity holders of the parent	27	262.193.972	386.074.691	147.376.163	321.252.355
Earnings per share	36	0,2819	0,4151	0,1585	0,3454

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 - 30 June 2017 and 2016**

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

	Notes	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Profit/(loss) for the period	27	273.119.332	393.323.595	153.313.045	325.291.936
Other comprehensive income:					
Items not to be reclassified to profit or loss	27	5.459.826	-	(3.196.951)	51.046
Gains /(loss) on revaluation of tangible fixed assets		5.450.876	-	(3.199.844)	51.046
Other items not to be reclassified to profit or loss on other comprehensive		11.188	-	3.617	-
Items not to be reclassified to profit or loss for income tax on other comprehensive		(2.238)	-	(724)	-
				0	0
Items to be reclassified to profit or loss	27	73.442.540	(212.739.076)	(48.884.715)	(274.694.954)
Currency translation differences		73.442.540	25.430.359	(48.884.715)	22.044.414
Gains/(loss) on revaluation and/or reclassification of available for sale financial assets		-	(250.704.669)	-	(312.357.230)
-Gains/(loss) on revaluation of available for sale		-	36.713.624	-	(24.938.937)
-Reclassification adjustment on available for sale financial assets		-	(287.418.293)	-	(287.418.293)
Items to be reclassified to profit or loss for income tax on other comprehensive		-	12.535.234	-	15.617.862
Other comprehensive income/ (loss)		78.902.366	(212.739.076)	(52.081.666)	(274.643.908)
Total comprehensive income/(loss)		352.021.698	180.584.519	101.231.379	50.648.028
Attributable to:					
- Non-controlling interest		24.414.302	8.071.335	9.587.173	3.548.568
-Equity holders of parent		327.607.396	172.513.184	91.644.206	47.099.460
Earnings per share		0,3523	0,1855	0,0985	0,0506

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 - 30 June 2017 and 2016**

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

	Paid in capital	Adjustment to Capital	Share (Discount)	Premium	Other Compherensive Income/Expense not to be reclassified to profit or loss	Other Compherensive Income/Expense 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 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)	-	-		-	-	(213.561.507)	-	-	386.074.691	172.513.184	8.071.335	180.584.519
Capital Increase	35.000.000	-		-	-	-	-	(35.000.000)	-	-	-	-
Dividends	-	-		-	-	-	-	(93.000.000)	-	(93.000.000)	(11.250.000)	(104.250.000)
Balance at 30 June 2016	930.000.000	5.576.528		22.703	467.811.588	80.101.804	137.116.142	962.208.030	386.074.691	2.968.911.486	246.299.073	3.215.210.559
Balance at January 2017	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	293.437.827	3.586.721.252
Transfers	-	-		-	-	-	22.582.551	524.126.389	(546.708.940)	-	-	-
Total comprehensive income/(loss)	-	-		-	5.459.826	59.953.598	-	-	262.193.972	327.607.396	24.414.302	352.021.698
Dividends	-	-		-	-	-	-	(106.000.000)	-	(106.000.000)	(14.400.000)	(120.400.000)
Balance at 30 June 2017	930.000.000	5.576.528		22.703	469.556.909	313.050.804	159.698.693	1.374.791.212	262.193.972	3.514.890.821	303.452.129	3.818.342.950

Not 27 sets out disclosures for the changes in the equity.

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

**Consolidated Cash Flows Statements for the periods
between 1 January – 30 June 2017 and 2016**

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

	Notes	1 January- 30 June 2017	1 January- 30 June 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		179.107.465	(25.912.007)
Net profit for the period	27	273.119.332	393.323.595
Adjustments to reconcile net profit to net cash provided by operating activities		256.711.683	(103.348.879)
Depreciation and amortization	18,19	153.444.411	121.596.787
Adjustments for impairments /(reversals)	10,13	12.771.543	7.809.205
Changes in provisions	22,24	34.555.798	36.243.484
Adjustments for dividend income/(expense)	32	-	(24.445.311)
Adjustments for interest gain/(loss)	8,31,33	12.473.603	27.522.479
Adjustments for unrealised foreign exchange losses / (gains)	31,33	13.288.242	(1.942.424)
Adjustment for fair value (gain)/loss	7	(12.961.573)	-
Adjustments for undistributed profits of investments accounted for using equity method	16	(15.644.864)	(11.851.954)
Adjustments for tax expense/(income)	35	65.516.631	27.971.273
Adjustments for losses(gains) on disposal of non-current assets	31,32	(4.878.071)	(286.252.418)
Other adjustments to reconcile profit/(loss)	7,26	(1.854.037)	-
Changes in net working capital		(256.349.918)	(247.116.916)
Adjustments for decreases/(increases) in trade receivables	10,37	63.348.425	(291.847.804)
Adjustments for decreases/(increases) in other receivables	11,37	(179.786.431)	(129.087.249)
Adjustments for decreases/(increases) in inventories	13	(89.435.647)	(57.418.911)
Adjustments for decreases/(increases) in trade payables	10,37	(71.142.035)	67.762.045
Adjustments for decreases/(increases) in other payables	11,14,26,37	(33.318.341)	165.137.685
Other Adjustments for decreases/(increases) in net working capital	14,26	53.984.111	(1.662.682)
Cash flows from operating activities		273.481.097	42.857.800
Interest paid	8,31,33,37	(58.987.213)	(44.798.903)
Interest received	31,33,37	9.788.083	6.927.543
Payments for employment termination benefits	24	(4.226.742)	(3.983.689)
Current income tax refunds (paid)	35	(40.947.760)	(26.914.758)

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

**Consolidated Cash Flows Statements for the periods
between 1 January – 30 June 2017 and 2016**

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

	Notes	1 January- 30 June 2017	1 January- 30 June 2016
B. CASH FLOWS FROM INVESTING ACTIVITIES		(57.633.808)	250.723.734
Proceeds from changes in ownership rate of subsidiaries that do not result in control case	7,16	118.283.568	315.880.614
Cash outflows due to purchase of other entities’ or fund’s share	7	(129.140.987)	-
Proceeds from sale of tangible and intangible assets	18,19,32	5.581.772	3.240.690
Cash outflows due to purchases of tangible and intangible assets	18,19	(72.166.819)	(110.859.391)
Proceeds from the sale of the investments properties	17,32	-	51.046
Advances given and payables	14	(158.686.660)	(12.429.655)
Proceeds from advances given and payables	14	127.611.380	14.036.436
Dividends received from associates	16,32	3.035.667	26.617.015
Interest received	6,33	46.996.142	14.478.659
Other inflows (outflows) of cash	3,10,11,26	852.129	(291.680)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(194.630.248)	(138.075.515)
Proceeds from financial borrowings	8	111.514.791	297.514.736
Repayments of financial borrowings	8	(185.408.622)	(330.795.322)
Financial leases repayments	8	(336.417)	(544.929)
Dividends paid	27	(120.400.000)	(104.250.000)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(73.156.591)	86.736.212
D. EFFECTS OF UNREALIZED EXCHANGE LOSS / (GAIN) ON CASH AND CASH EQUIVALENTS		25.888.362	(5.997.433)
Effect of change in the exchange rates on cash and cash equivalents	33	5.918.498	(226.795)
Effect of currency translation difference	27	19.969.864	(5.770.638)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(47.268.229)	80.738.779
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	1.152.390.270	1.168.141.407
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	1.105.122.041	1.248.880.186

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

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

(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 18 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 and since 30 June 2017 they are quoted on the BIST 100 National Index.

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 and trade registry information is as below:

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

Phone : +90 850 206 50 50

Fax : +90 850 206 50 80

Electronic correspondence address: trakyacam@hs03.kep.tr

Registered e-mail address :tymuhasebe@sisecam.com

Web page :www.trakyacam.com.tr
www.sisecamduzcam.com

Trade register Information of the Company

Registered at : Istanbul Trade Registry Office

Registration N : 151415

Central Registration System (Mersis) No : 2953-9497-3752-4526

Details of the number of personnel are as follows

	30 June 2017	31 December 2016	30 June 2016
Personnel charged by monthly pay	1.767	1.770	1.777
Personnel charged by hour	5.396	5.066	4.611
Total	7.163	6.836	6.388

The 606 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 2016: 605 employees).

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

1. Group’s Organisation and Nature of Operations (continued)

Companies Included in the Consolidation

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

	Nature of business	Country of incorporation
Subsidiaries		
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. ⁽¹⁾	Finance and Investment Company	Netherlands
TRSG Glass Holding B.V.	Finance and Investment Company	Netherlands
Trakya Autoglass Holding B.V. ⁽¹⁾	Finance and Investment Company	Netherlands
Sisecam Flat Glass Holding B.V. ⁽¹⁾	Finance and Investment Company	Netherlands
Trakya Glass Bulgaria EAD	Production and Sale of Flat, Coated and Laminated Glass	Bulgaria
Sisecam Automotive Bulgaria EAD	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	Production and Sale of Automotive Glass	Russia
Trakya Glass Rus Trading OOO	Import and Sale Services	Russia
Automotive Glass Alliance Rus Trading OOO	Import and Sale Services	Russia
Sisecam Flat Glass Italy S.R.L.	Production and Sale of Flat and Laminated Glass	Italy
Richard Fritz Holding GmbH	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:		
HNG Float Glass Limited	Production and Sale of Flat Glass, Mirror	India
Associates		
Çayirova Cam San. A.Ş.	Commercial Activity	Turkey
Çamiş Elektrik Üretim A.Ş.	Production and Sale of Electricity	Turkey
Saint Gobain Glass Egypt	Production and Sale Flat Glass	Egypt

- (1) As of January 2017, Trakya Autoglass Holding B.V., located in Bulgaria, is liquidated by spinning-off. The portion regarding to flat glass operations was transferred to Sisecam Flat Glass Holding B.V Company, automotive glass operations was transferred to Trakya Investment B.V. Company.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

Companies Included in the Consolidation (continued)

All consolidated companies of the Group their proportion of ownership interest and the effective interest of the Company in these subsidiaries are as follows:

	30 June 2017		31 December 2016	
	Direct and Indirect ownership ratio %	Effective ownership ratio %	Direct and Indirect ownership ratio %	Effective ownership ratio %
Subsidiaries:				
Trakya Yenışehir 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	100,00	100,00
Trakya Investment B.V. ⁽¹⁾	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. ⁽¹⁾	-	-	100,00	100,00
Sisecam Flat Glass Holding B.V. ⁽¹⁾	100,00	100,00	100,00	100,00
Trakya Glass Bulgaria EAD	100,00	100,00	100,00	100,00
Sisecam Automotive Bulgaria EAD	100,00	100,00	100,00	100,00
Glasscorp S.A.	100,00	100,00	100,00	100,00
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
Sisecam Flat Glass Italy S.R.L.	100,00	100,00	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
Joint ventures:				
HNG Float Glass Limited	50,00	50,00	50,00	50,00
Associates:				
Çayırova Cam San. A.Ş.	28,14	28,14	28,14	28,14
Camiş 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) As of January 2017, Trakya Autoglass Holding B.V., located in Bulgaria, is liquidated by spinning-off. The portion regarding to flat glass operations was transferred to Sisecam Flat Glass Holding B.V Company, automotive glass operations was transferred to Trakya Investment B.V. Company.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations (“IFRIC”). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS framework published by POAASA on 2 June 2016. The entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods.

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.

Functional and Presentation 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.

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.1 Basis of Presentation (continued)

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	30 June 2017		31 December 2016		30 June 2016	
	Period End	Period Average	Period End	Period Average	Period End	Period Average
Euro	4,00300	3,93142	3,70990	3,33755	3,20440	3,25579
Bulgarian Lev	2,04670	2,01010	1,89684	1,70646	1,63838	1,66466
Russian Rubles	0,05907	0,06234	0,05732	0,04506	0,04484	0,04147
Romanian Leu	0,87407	0,86176	0,81310	0,73900	0,70447	0,72020
Egyptian Pounds	0,19451	0,20344	0,19400	0,31914	0,32430	0,34702
Indian Rupee	0,05417	0,05530	0,05179	0,04492	0,04279	0,04343

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 Turkish Financial Reporting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities. Subsidiaries are companies over which the parent company 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 30 June 2017 and 31 December 2016.

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.1 Basis of Presentation (continued)

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

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 30 June 2017 and 31 December 2016. Joint Ventures are accounted for under equity accounting method.

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

The Group prepared the accompanying consolidated financial statements as of 30 June 2017 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 30 June 2017 are consistent with those used in the preparation of financial statements for the year ended 31 December 2016.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.4 Restatement and Errors in the Accounting Policies and 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 30 June 2017 are consistent with those used in the preparation of financial statements for the year ended 31 December 2016.

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

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

The accounting policies adopted in preparation of the interim consolidated financial statements as at June 30, 2017 are consistent with those of the previous financial year. There is no new and amended IFRS or IFRIC interpretation effective as of January 1, 2017.

a. Standards issued but not yet effective and not early adopted:

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 15 Revenue from Contracts with Customers

In September 2016, IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 effective date is January 1, 2018, with early adoption permitted.

Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required.

The Group does not expect that the standard will have significant impact on the financial position or performance of the Group because contracts with customers in which the sale of goods is generally expected to be the only performance obligation thus are not expected to have any impact on the performance of the Group. Besides, currently trade discounts and volume rebates can be reliably measured on a quarterly basis accordingly they are recognised at annual and interim financial statements. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.5 Amendments in Financial Reporting Standards (“TFRS”) (Continued)

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

The Group has performed a high-level impact assessment of TFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of TFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

b. The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

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

b. The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (Continued):

Annual Improvements – 2011–2013 Cycle

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted.

However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IAS 7 Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Company/ Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.6 Amendments in International Financial Reporting Standards (“IFRS”) (Continued)

b. The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (Continued):

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements to IFRSs - 2014-2016 Cycle

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.

IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

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

b. The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (Continued):

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in “IAS 12 Income Taxes” when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

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).

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,
- 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).

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Property, plant and equipment (continued)

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

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

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

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

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

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

Intangible assets

Intangible assets acquired

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

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).

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Property, plant and equipment (continued)

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 (4 years) and carried at cost less accumulated amortization. When an indication of impairment exists, the Customer relationships are subject to impairment testing where there are circumstances that indicate the existence of an impairment. In the case of an impairment, the carrying amount of the customer relationship is taken to its recoverable amount and the related amount is recognized as expense in the period results.

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.

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Leases

The Group as the leasee

Financial Leasing

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

Operating Leases

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

In operating lease, leased assets (except properties, land and investment properties) are classified under tangible assets in consolidated statement of financial position and acquired lease income is recognized at equal amounts in the consolidated statement of income or loss during the lease term. Lease income is reflected in the consolidated statement of income or loss with straight line method.

The Group as the lessor

Operating Leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated 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 Note 33).

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

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

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

Related 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).

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Offsetting

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

Financial assets

Classification

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

Receivables

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 and Note 11).

Available-for-sale financial assets

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

Held to maturity financial assets

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

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Financial assets (continued)

Recognition and measurement (continued)

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

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

Trade 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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

Other financial liabilities

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

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

Trade payables

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

Business combinations and Goodwill

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

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period.

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.

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions

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

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

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

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

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

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.

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).

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

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, energy glass and home appliances glass. The Automotive Glass category contains automotive glass and encapsulated glass.

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

2.6 Summary of Significant Accounting Policies (continued)

Government grants

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

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

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

Current and deferred income tax

The tax expense for the 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.

Statement of cash flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities. Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

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.

**Notes to the Consolidated Financial Statements for the Period
Between 1 January and 30 June 2017**

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

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

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 Turkish Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY 12.656.471 (31 December 2016: TRY 13.783.464) results from temporary differences as of 30 June 2017 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 30 June 2017, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 65.970.616 (31 December 2016: TRY 96.971.185) (Note 35).

Land and buildings are recognized stated at revalued amounts in accordance with IAS 16 revaluation method. 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.

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.

**Notes to the Consolidated Financial Statements for the Period
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3. Business Combinations

There was no business combination under IFRS 3 in 1 January-30 June 2017 period.

For the 1 January-31 December 2016 period, in accordance with IFRS 3, The Group established a its new company, Sisecam Flat Glass Italy S.R.L in Italy. Sisecam 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	-

Sisecam Flat Glass Italy S.R.L. has contributed by TRY 45.886.620 to consolidated revenues after the purchase date. Had Sisecam Flat Glass Italy S.R.L. been included in the consolidation starting from 1 January 2016, additional net revenue of TRY 274.839.068 would have been recognised.

4. Interest in Other Entities

None (31 December 2016:None).

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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, Europe and other.

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 and income and expenses from investing activities are not allocated to segments, as cash position of the Group is driven by the central finance function of the Group.

Activity-Based Reporting

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.

1 January - 30 June 2017	Basic glass	Autoglass	Total	Consolidation adjustments	Consolidated
Revenue	1.475.064.724	786.799.639	2.261.864.363	(229.970.709)	2.031.893.654
Cost of sales	(933.550.725)	(665.818.562)	(1.599.369.287)	231.328.429	(1.368.040.858)
Gross profit	541.513.999	120.981.077	662.495.076	1.357.720	663.852.796
Operating expenses	(274.714.612)	(112.569.361)	(387.283.973)	4.185.386	(383.098.587)
Other operating incomes	75.338.577	36.721.792	112.060.369	(12.696.506)	99.363.863
Other operating expenses	(48.131.925)	(4.151.077)	(52.283.002)	2.563.208	(49.719.794)
Operating profit	294.006.039	40.982.431	334.988.470	(4.590.192)	330.398.278
Purchases of tangible and intangible fixed asset	33.667.336	38.499.483	72.166.819	-	72.166.819
Depreciation and amortization on fixed assets	(110.726.451)	(42.717.960)	(153.444.411)	-	(153.444.411)
1 January - 30 June 2016	Basic glass	Autoglass	Total	Consolidation adjustments	Consolidated
Revenue	862.837.348	581.275.678	1.444.113.026	(94.363.935)	1.349.749.091
Cost of sales	(560.264.362)	(488.256.251)	(1.048.520.613)	96.691.375	(951.829.238)
Gross profit	302.572.986	93.019.427	395.592.413	2.327.440	397.919.853
Operating expenses	(218.562.822)	(83.707.649)	(302.270.471)	6.500.796	(295.769.675)
Other operating incomes	50.990.561	16.444.654	67.435.215	(18.172.553)	49.262.662
Other operating expenses	(43.845.732)	(3.939.222)	(47.784.954)	14.094.637	(33.690.317)
Operating profit	91.154.993	21.817.210	112.972.203	4.750.320	117.722.523
Purchases of tangible and intangible fixed asset	31.679.698	79.179.693	110.859.391	-	110.859.391
Depreciation and amortization on fixed assets	(84.277.622)	(37.319.165)	(121.596.787)	-	(121.596.787)

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5. Segment Reporting(continued)

Geographical segments

1 January - 30 June 2017	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
Revenue	1.213.498.099	901.191.658	147.174.606	2.261.864.363	(229.970.709)	2.031.893.654
Cost of sales	(773.258.010)	(718.517.898)	(107.593.379)	(1.599.369.287)	231.328.429	(1.368.040.858)
Gross profit	440.240.089	182.673.760	39.581.227	662.495.076	1.357.720	663.852.796
Operating expenses	(218.993.520)	(150.548.354)	(17.742.099)	(387.283.973)	4.185.386	(383.098.587)
Other operating incomes	76.235.596	34.928.633	896.140	112.060.369	(12.696.506)	99.363.863
Other operating expenses	(46.060.394)	(4.800.448)	(1.422.160)	(52.283.002)	2.563.208	(49.719.794)
Operating profit	251.421.771	62.253.591	21.313.108	334.988.470	(4.590.192)	330.398.278
Purchases of tangible and intangible fixed asset	30.563.533	40.741.027	862.259	72.166.819	-	72.166.819
Depreciation and amortization on fixed assets	(63.578.018)	(67.468.781)	(22.397.612)	(153.444.411)	-	(153.444.411)
1 January - 30 June 2016	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
Revenue	828.018.451	549.884.165	66.210.410	1.444.113.026	(94.363.935)	1.349.749.091
Cost of sales	(560.896.213)	(422.283.826)	(65.340.574)	(1.048.520.613)	96.691.375	(951.829.238)
Gross profit	267.122.238	127.600.339	869.836	395.592.413	2.327.440	397.919.853
Operating expenses	(187.959.978)	(103.516.047)	(10.794.447)	(302.270.472)	6.500.797	(295.769.675)
Other operating incomes	48.341.516	18.239.930	853.769	67.435.215	(18.172.553)	49.262.662
Other operating expenses	(37.678.845)	(7.858.241)	(2.247.867)	(47.784.953)	14.094.636	(33.690.317)
Operating profit	89.824.931	34.465.981	(11.318.709)	112.972.203	4.750.320	117.722.523
Purchases of tangible and intangible fixed asset	38.947.072	65.665.542	6.246.777	110.859.391	-	110.859.391
Depreciation and amortization on fixed assets	(57.932.073)	(48.656.953)	(15.007.761)	(121.596.787)	-	(121.596.787)

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6. Cash and Cash Equivalents

	30 June 2017	31 December 2016
Cash	49.956	25.931
Cash in banks	1.106.302.896	1.191.497.830
- Demand deposits	88.134.568	73.360.991
- Time deposits that have maturity less than 3 months	1.018.168.328	1.118.136.839
Other	-	47.335
	1.106.352.852	1.191.571.096

Time deposits

Currency	Interest Rate (%)	Maturity	30 June 2017	31 December 2016
EUR	1,10-1,45	July 2017	103.130.823	157.195.640
US Dollar	1,10-2,80	July 2017	653.255.191	493.155.668
TRY	10,15-12,54	July 2017	204.202.618	442.178.183
Other	0,10-8,70	July 2017	57.579.696	25.607.348
			1.018.168.328	1.118.136.839

Cash and cash equivalents as of 30 June 2017 and 31 December 2016 presented in the consolidated statements of cash flows are as follows:

	30 June 2017	31 December 2016	30 June 2016
Cash and cash equivalents	1.106.352.852	1.191.571.096	1.250.796.887
Less: Interest accrual	(1.230.811)	(1.860.336)	(1.916.701)
Less: Blocked Deposits	-	(37.320.490)	-
	1.105.122.041	1.152.390.270	1.248.880.186

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

a) Short term financial investments	30 June 2017	31 December 2016
Held to maturity financial assets (*)	24.753.042	24.192.626

(*)The long-term, semi-annual fixed-rate US dollar denominated short-term portion of the securities in the currency and TRY denominated commercial paper.

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7. Financial Assets (continued)

b) Long term financial investments (continued)

	30 June 2017	31 December 2016
Held to maturity financial assets		
Private sector bonds	476.802.129	466.545.192
Held to maturity financial assets		
Company that has issuance of securities	30 June 2017	31 December 2016
Türkiye İş Bankası A.Ş.	120.607.953	117.558.075
Türkiye Halk Bankası A.Ş.	99.921.535	99.956.291
Turkcell İletişim Hizmetleri A.Ş.	58.256.859	58.543.281
Türkiye Sınai Kalkınma Bankası A.Ş.	55.476.112	54.333.924
Türkiye Garanti Bankası A.Ş.	50.730.746	50.917.627
Arçelik A.Ş.	50.539.757	50.671.515
Türkiye Vakıflar Bankası A.O.	25.831.888	23.869.095
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	18.014.537	17.968.479
Yapı ve Kredi Bankası A.Ş.	10.879.392	9.512.152
T.C. Ziraat Bankası A.Ş.	6.367.151	-
Türkiye İhracat Kredi Bankası A.Ş.	3.351.078	-
Finansbank A.Ş.	1.578.163	-
Türk Telekomünikasyon A.Ş.	-	7.407.379
	501.555.171	490.737.818

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 denominated in US dollar, have carried in active market and their market value regarding market prices is as follow;

	30 June 2017	31 December 2016
Company that has issuance of securities		
Türkiye İş Bankası A.Ş.	122.257.220	113.500.467
Türkiye Halk Bankası A.Ş.	101.207.435	96.404.810
Turkcell İletişim Hizmetleri A.Ş.	59.612.236	55.506.465
Türkiye Sınai Kalkınma Bankası A.Ş.	55.880.506	51.995.618
Arçelik A.Ş.	52.221.249	49.023.450
Türkiye Garanti Bankası A.Ş.	51.632.594	49.294.778
Türkiye Vakıflar Bankası A.O.	27.288.486	23.929.626
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	18.763.833	17.358.320
Yapı ve Kredi Bankası A.Ş.	11.253.388	9.575.203
T.C. Ziraat Bankası A.Ş.	6.572.332	-
Türkiye İhracat Kredi Bankası A.Ş.	3.587.532	-
Finansbank A.Ş.	1.574.048	-
Türk Telekomünikasyon A.Ş.	-	6.940.099
	511.850.859	473.528.836

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

7. Financial Assets (continued)

Held to maturity financial assets yatırımlar (continued)

Maturity of held to maturity financial assets is as follows:

Collection period	30 June 2017	31 December 2016
Less than 3 months	3.742.045	3.717.876
Between 3-12 months	21.010.997	20.474.750
Between 1-5 years	335.026.096	306.194.936
Exceed 5 years	141.776.033	160.350.256
	501.555.171	490.737.818

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

	30 June 2017	31 December 2016
1 January	490.737.818	-
Addition	129.140.987	-
Disposal	(7.383.568)	-
Principal received in current period	(110.900.000)	-
Interest received in current period	(13.001.639)	-
Revaluation difference	12.961.573	-
	501.555.171	-

Held to maturity financial assets yatırımlar (continued)

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.	XS1188073081	4,750	11.02.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	06.10.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22.04.2020
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3,375	01.11.2022
Arçelik A.Ş.	XS0910932788	5,000	03.04.2023
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 Halk Bankası A.Ş.	XS0882347072	3,875	05.02.2020
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15.10.2025
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13.09.2022
Türkiye Vakıflar Bankası A.O.	XS1508914691	5,500	27.10.2021
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	21.04.2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4,000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5,125	22.10.2019
T.C. Ziraat Bankası A.Ş.	XS1223394914	4,750	29.04.2021
Türkiye İhracat Kredi Bankası A.Ş.	XS1496463297	5,375	24.10.2023
Türkiye İş Bankası A.Ş.	XS1117601796	5,375	30.10.2019
Türkiye İş Bankası A.Ş.	XS1578203462	6,125	25.04.2024
T.C. Ziraat Bankası A.Ş.	XS1605397394	5,125	03.05.2022
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5,750	24.02.2022
Finansbank A.Ş.	XS1613091500	4,875	19.05.2022
Türkiye Vakıflar Bankası A.O.	XS1622626379	5,625	30.05.2022

Effective interest rate of related US dollar denominated securities is 5.44%. (31 December 2016: %5,41).

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7. Financial Assets (continued)

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 2016: TRY 490.737.818).

Held to maturity securities amounting to TRY 501.555171 ,which are calculated by the effective interest rate method, is kept within İş Portföy Yönetimi A.Ş. accounts.

8. Financial Liabilities

	30 June 2017	31 December 2016
Current financial liabilities		
Short term borrowings	353.043.607	292.634.385
	30 June 2017	31 December 2016
Short term portion of long term borrowings		
Short term portion of long term borrowings and interests	260.447.524	208.305.446
Due to related parties (Note 37)	3.010.677	2.987.274
Liabilities for financial leasing	1.055.206	1.271.804
Total short term portion of long term borrowings	264.513.407	212.564.524
Total short term portion of long term borrowings	617.557.014	505.198.909
	30 June 2017	31 December 2016
Non - current financial liabilities		
Long term portion of long term borrowings	896.971.274	984.576.454
Due to related parties (Note 37)	875.415.311	878.094.031
Liabilities for financial leasing	445.698	752.780
Total long -term financial liabilities	1.772.832.283	1.863.423.265
Total financial liabilities	2.390.389.297	2.368.622.174

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8. Financial Liabilities (continued)

	30 June 2017	31 December 2016
Reprising periods for loans		
3 months and shorter	307.696.876	519.031.897
Between 3-12 months	722.176.693	966.484.388
Between 1-5 years	480.588.836	-
	1.510.462.405	1.485.516.285

The debt amounting TRY 878.425.988 that The Group borrowed from T.Şişe ve Cam Fabrikaları will be paid with equal instalments every six months (31 December 2016: TRY 881.081.305). In 2017, financial leasing liabilities amounting TRY 1.500.904 will be paid with equal instalments every month. (31 December 2016: TRY 2.024.584).

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-30 June 2017 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January	1.479.522.129	7.957.761	(1.963.605)	1.485.516.285
Currency translation differences	78.563.347	380.442	(114.708)	78.829.081
Foreign exchange (gain)/loss	23.636.806	-	-	23.636.806
Additions - accruals for the period	111.514.791	20.384.248	-	131.899.039
Payments - reversals for the period	(185.408.622)	(24.361.805)	351.621	(209.418.806)
30 June 2017	1.507.828.451	4.360.646	(1.726.692)	1.510.462.405

Bonds issued	Capital	Interest	Discounts on Bonds	Commission	Total
1 January	879.800.000	3.704.882	(1.725.949)	(697.628)	881.081.305
Currency translation differences	(3.025.000)	-	-	-	(3.025.000)
Additions - accruals for the period	-	18.939.360	-	-	18.939.360
Payments - reversals for the period	-	(18.910.375)	238.606	102.092	(18.569.677)
30 June 2017	876.775.000	3.733.867	(1.487.343)	(595.536)	878.425.988

Financial Leases	Capital+Interest	Interest(-)	Total
1 January	2.024.584	-	2.024.584
Currency translation differences	(187.263)	70.001	(117.262)
Payments - reversals for the period	(336.417)	(70.001)	(406.418)
30 June 2017	1.500.904	-	1.500.904

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8. Financial Liabilities (continued)

Financial liabilities movements for the period between 1 January and 30 June 2016 are summarized as below:

Bank Borrowings	Capital	Interest	Commission	Total
1 January	1.149.792.350	7.382.919	(708.446)	1.156.466.823
Currency translation differences	16.664.320	219.806	-	16.884.126
Foreign exchange (gain)/loss	1.951.297	-	-	1.951.297
Additions - accruals for the period	297.514.736	19.378.152	-	316.892.888
Payments - reversals for the period	(330.795.322)	(21.962.685)	124.541	(352.633.466)
30 June 2016	1.135.127.381	5.018.192	(583.905)	1.139.561.668

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
Currency translation differences	(3.500.000)	-	-	-	(3.500.000)
Additions - accruals for the period	-	15.609.072	-	-	15.609.072
Payments - reversals for the period	-	(15.513.031)	229.442	102.091	(15.181.498)
30 June 2016	723.400.000	2.758.389	(1.963.220)	(799.721)	723.395.448

Financial Leases	Capital+Interest	Interest(-)	Total
1 January	2.804.428	-	2.804.428
Currency translation differences	32.256	-	32.256
Additions - accruals for the period	-	33.179	33.179
Payments - reversals for the period	(544.929)	(33.179)	(578.108)
30 June 2016	2.291.755	-	2.291.755

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

30 June 2017

Currency	Interest rate (%) (*)	Short - term	Long - term
US dollar	Libor + 2,00 - 3,75	22.403.918	966.282.854
EUR	Euribor + 0,08 - 3,75	567.233.142	774.860.834
RUB	9,50	27.919.954	31.688.595
		617.557.014	1.772.832.283

31 December 2016

Currency	Interest rate (%) (*)	Short - term	Long - term
US Dollar	Libor + 2,00 - 3,75	22.448.039	978.922.365
EUR	Euribor + 0,08 - 3,75	452.677.934	847.601.152
RUB	9,50	30.072.936	36.899.748
		505.198.909	1.863.423.265

*) The weighted average interest rate for EUR is Euribor + 2.62 %, for US dollar is Libor + 2.82 %.(December 31,2016: EUR is Euribor + 2.62 %, for US dollar is Libor + 2.82 %).

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8. Financial Liabilities (continued)

The redemption schedule of financial liabilities is as follow:

Repayment maturities of financial liabilities	30 June 2017	31 December 2016
Up to 1 year	617.557.014	505.198.909
Between 1-2 years	341.526.399	324.441.555
Between 2-3 years	1.057.750.627	257.673.798
Between 3-4 years	126.380.305	1.016.998.774
Between 4-5 years	99.849.470	101.870.564
Exceed 5 years	147.325.482	162.438.574
	2.390.389.297	2.368.622.174

9. Other Financial Liabilities

None (31 December 2016: None).

10. Trade Receivables and Payables

Trade receivables

Short-term trade receivables	30 June 2017	31 December 2016
Trade receivables	670.870.165	737.063.039
Notes receivables	5.114.398	6.201.965
Rediscount on notes Receivables (-)	(3.234.375)	(2.856.819)
Allowance for doubtful receivables (-)	(42.098.628)	(37.143.442)
	630.651.560	703.264.743

A portion of domestic sales of flat glass is made on cash. Average Sales term for flat glass are 90 days (31 December 2016: 90 days). A portion of foreign sales are made in cash and the remaining portion receivable has average 45 days maturity. For overdue payments, 2% interest is charged on a monthly basis (31 December 2016: 2 %). Average sales term for auto glass and glassware products is 45 days (31 December 2016: 45 days)

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.

TRY 67.260.610 portion of trade receivable is related to the sales that the company's related party Şişecam Dış Ticaret A.Ş. (31 December 2016: TRY 89.198.459).

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

	1 January- 30 June 2017	1 January- 30 June 2016
1 January	(37.143.442)	(20.063.178)
Charge for the period	(7.563.366)	(7.281.233)
Currency translation difference	(1.396.837)	(84.576)
Collections	4.005.017	8.675.869
	(42.098.628)	(18.753.118)

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10. Trade Receivables and Payables (continued)

As of 30 June 2017 TRY 83.937.782 (31 December 2016: TRY 92.533.670) 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 and collateral information are presented in Note 38.

Trade Payables

	30 June 2017	31 December 2016
Short term trade payables		
Trade payables	287.471.089	319.796.973
Due to related parties (Note 37)	86.408.760	126.556.974
Rediscount on notes payables (-)	(1.208.266)	(726.415)
	372.671.583	445.627.532

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

	30 June 2017	31 December 2016
Other current receivables		
Due from related parties (Note 37)	202.079.078	24.587.934
Due from personnel	832.238	573.351
Deposits and guarantees given	1.190.020	712.645
Other receivables	11.193.468	9.634.443
	215.294.804	35.508.373

	31 June 2017	31 December 2016
Other non-current receivables		
Deposits and guarantees given	219.610	179.770

	30 June 2017	31 December 2016
Other current payables		
Due to related parties (Note 37)	123.349.546	127.718.589
Due to personnel	17.998.765	12.437.284
Deposits and guarantees received	10.900.055	12.580.651
Other payables(*)	30.205.855	65.145.263
	182.454.221	217.881.787

	30 June 2017	31 December 2016
Other non - current payables		
Deposits and guarantees received	1.319.269	427.300

(*) As of 31 December 2016 € 15.318.000 (TRY 59.867.340) portion of other payables is related to the purchase of assets of Sangalli Vetro Porto Nogaro, a company in Italy

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

12. Derivative Instruments

None (31 December 2016: None).

13. Inventories

	30 June 2017	31 December 2016
Finished goods	307.828.817	279.603.633
Raw materials	187.961.955	159.217.467
Trade goods	29.179.589	16.444.915
Work in process	40.670.192	34.084.710
Operating supplies	20.420.439	17.497.000
Other inventories	54.476.190	47.275.696
Provision for impairment of inventory (-)	(8.363.529)	(5.963.387)
	632.173.653	548.160.034

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

	1 January- 30 June 2017	1 January- 30 June 2016
1 January	(5.963.387)	(4.977.745)
Currency translation difference	(213.851)	(101.269)
Provision realized during the year	(5.208.177)	(527.972)
Provision used during the period	3.021.886	3.302.897
	(8.363.529)	(2.304.089)

14. Prepaid Expenses and Deffered Income

	30 June 2017	31 December 2016
Prepaid expenses in current assets		
Order advances given for inventories	64.199.851	59.058.473
Prepaid expenses	20.357.914	10.535.722
	84.557.765	69.594.195

	30 June 2017	31 December 2016
Prepaid expenses in non-current assets		
Given advances	48.639.691	18.508.643
Prepaid expenses	11.189.631	11.179.244
	59.829.322	29.687.887

	30 June 2017	31 December 2016
Short term deferred income		
Order advances received	14.761.230	16.500.837
Other advances received	145	135
Deferred income	11.841.801	7.992.979
	26.603.176	24.493.951

	30 June 2017	31 December 2016
Long term deferred income		
Deferred income (*)	57.269.745	58.244.732

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

**Notes to the Consolidated Financial Statements for the Period
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15. Construction Contracts

None (31 December 2016: 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	30 June 2017	31 December 2016
HNG Float Glass Limited	221.013.943	205.951.944
Associates	30 June 2017	31 December 2016
Camiş Elektrik Üretim A.Ş.	21.067.901	22.017.088
Saint Gobain Glass Egypt S.A.E	76.641.172	69.633.738
Çayırova Cam Sanayii A.Ş.	106.789.747	106.083.329
	204.498.820	197.734.155
	425.512.763	403.686.099

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

	1 January- 30 June 2017	1 January- 30 June 2016
1 January	403.686.099	399.031.105
Income and losses from associates and joint ventures (net)	15.644.864	11.851.954
Dividend income from associates	(3.035.667)	(2.171.704)
Currency translation differences	9.217.467	(19.614.125)
	425.512.763	389.097.230

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

<u>Çayırova Cam Sanayii A.Ş.</u>	30 June 2017	31 December 2016
Current assets	12.321.461	9.041.106
Non - current assets	367.692.026	368.142.762
Total assets	380.013.487	377.183.868
Current liabilities	583.663	263.988
Non - current liabilities	-	-
Total Liabilities	583.663	263.988
Net Assets (including goodwill)	379.429.824	376.919.880
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)	106.789.747	106.083.329

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

16. Joint Ventures and Associates (continued)

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

	1 January- 30 June 2017	1 January- 30 June 2016
Revenue	-	-
Net profit / (loss) from continuing operations	3.509.944	1.015.612
Other comprehensive income loss	-	-
Total comprehensive profit / (loss)	3.509.944	1.015.612
The Group’s share in profit / (loss) from continuing operations	987.866	285.842
Dividend distribution from retained earnings	1.000.000	1.600.000
Dividend distributed to company’s share	281.448	450.317
<u>Camış Elektrik Üretim A.Ş.</u>	30 June 2017	31 December 2016
Current assets	65.283.811	63.694.577
Non - current assets	7.372.818	8.465.210
Total Assets	72.656.629	72.159.787
Current liabilities	10.504.004	7.354.038
Non - current liabilities	958.059	854.143
Total Liabilities	11.462.063	8.208.181
Net Assets (including goodwill)	61.194.566	63.951.606
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)	21.067.901	22.017.088
	1 January- 30 June 2017	1 January- 30 June 2016
Revenue	27.199.009	24.678.507
Net profit / (loss) from continuing operations	5.242.960	5.354.398
Other comprehensive income loss	-	-
Total comprehensive profit / (loss)	5.242.960	5.354.398
The Group’s share in profit / (loss) from continuing operations	1.805.032	1.843.399
Dividend distribution from retained earnings	8.000.000	5.000.000
Dividend distributed to company’s share	2.754.219	1.721.387
<u>Saint Gobain Glass Egypt S.A.E</u>	30 June 2017	31 December 2016
Current assets	89.780.877	79.111.078
Non - current assets	221.466.868	225.807.642
Total Assets	311.247.745	304.918.720
Current liabilities	44.660.642	66.556.959
Non - current liabilities	11.116.529	6.249.300
Total Liabilities	55.777.171	72.806.259
Net Assets (including goodwill)	255.470.574	232.112.461
Group share		
- Direct and indirect ownership ratio (%)	30,00	30,00
- Effective ownership ratio (%)	30,00	30,00
Group share in net assets (including goodwill)	76.641.172	69.633.738

16. Joint Ventures and Associates (continued)

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Saint Gobain Glass Egypt S.A.E

	1 January- 30 June 2017	1 January- 30 June 2016
Revenue	123.306.234	44.794.091
Net profit / (loss) from continuing operations	23.792.283	4.845.345
Other comprehensive income loss	(434.170)	(52.192.994)
Total comprehensive profit / (loss)	23.358.113	(47.347.649)
The Group's share in profit / (loss) from continuing operations	7.137.685	1.454.263

HNG Float Glass Limited

	30 June 2017	31 December 2016
Current assets	105.994.891	119.593.372
- Cash and cash equivalents	1.038.601	613.821
- Trade Receivables	8.644.340	10.435.321
Non - current assets	455.081.111	446.622.843
Total Assets	561.076.002	566.216.215
Current liabilities	42.520.176	81.540.366
- Short Term Financial Liabilities	14.705.940	41.487.965
Non - Current liabilities	76.527.940	72.771.962
- Long Term Financial Liabilities	51.561.830	54.576.101
Total liabilities	119.048.116	154.312.328
Net assets (including goodwill)	442.027.886	411.903.887
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)	221.013.943	205.951.944

	1 January- 30 June 2017	1 January- 30 June 2016
Revenue	138.970.658	113.821.257
Interest income	360.390	30.635
Interest expense	5.101.782	4.935.787
Amortisation expense	6.158.145	10.378.002
Tax	3.570.113	4.067.697
Profit / (loss) from continuing operations	11.428.562	16.536.898
Other comprehensive income/(expense)	18.695.437	(7.898.239)
Total comprehensive profit / (loss)	30.123.999	8.638.659
The Group's share in profit / (loss) from continuing operations	5.714.281	8.268.450

17. Investment Properties

None (31 December 2016: None).

Trakya Cam Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Period Between 1 January and 30 June 2017

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

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	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
Currency translation differences	3.602.428	3.247.925	44.583.395	109.722.118	2.627.018	3.768.834	1.339.622	10.899.208	179.790.548
Additions	-	-	43.981	1.493.655	-	83.445	305.350	69.077.168	71.003.599
Disposals	-	(20.400)	-	(3.302.884)	(117.842)	(1.502.286)	(862.934)	-	(5.806.346)
Transfers from construction in progress	251.899	610.152	447.519	19.965.614	113.463	5.465.998	1.213.624	(28.068.269)	-
Balance at 30 June 2017	424.384.437	116.051.299	1.146.612.638	3.415.283.203	51.292.881	165.872.418	59.474.976	213.991.101	5.592.962.953
Accumulated depreciation and impairment									
1 January	(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)
Currency translation differences	(722.462)	(620.059)	(1.319.125)	(44.324.958)	(1.679.599)	(2.626.754)	(503.447)	-	(51.796.404)
Charge for the period (*)	-	(2.376.248)	(15.214.190)	(118.252.444)	(3.049.241)	(6.041.875)	(2.946.491)	-	(147.880.489)
Disposals	-	2.947	-	3.218.047	23.378	1.456.208	402.179	-	5.102.759
Balance at 30 June 2017	(9.866.998)	(50.974.167)	(56.865.733)	(1.953.064.741)	(36.428.338)	(120.666.783)	(32.364.087)	-	(2.260.230.847)
Net Book Value as of 30 June 2017	414.517.439	65.077.132	1.089.746.905	1.462.218.462	14.864.543	45.205.635	27.110.889	213.991.101	3.332.732.106
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

(*) Current period allocation of depreciation expense is disclosed in Note 28 and Note 30. There is no financial leasing during the period. No mortgage over lands and buildings due to bank borrowings exist (31 December 2016: None).

Trakya Cam Sanayii A.Ş.

**Notes to the Consolidated Financial Statements for the Period
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18. Property, Plant And Equipments (continued)

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	261.210	2.216.086	32.402.556	37.806.161	435.214	810.112	880.265	3.477	74.815.081
Additions	-	-	76.410	1.710.255	116.734	1.271.727	875.119	104.968.578	109.018.823
Disposals	-	-	-	(17.358.580)	(530.420)	(1.272.497)	(803.178)	-	(19.964.675)
Transfers from construction in progress	-	121.469	3.744.754	49.876.432	495.181	8.302.914	3.790.739	(66.331.489)	-
Balance at 30 June 2016	410.754.598	101.294.287	921.772.282	2.692.320.023	42.624.424	143.141.165	48.310.167	217.964.742	4.578.181.688
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	(66.059)	(166.357)	(432.734)	(7.119.659)	(199.584)	(344.290)	(178.973)	-	(8.507.656)
Charge for the period (*)	-	(2.080.784)	(13.214.802)	(92.318.233)	(2.457.649)	(4.985.632)	(2.404.137)	-	(117.461.237)
Disposals	-	-	-	17.157.748	498.465	944.083	144.348	-	18.744.644
Balance at 30 June 2016	(7.898.528)	(44.422.190)	(21.837.393)	(1.610.921.697)	(26.140.185)	(103.781.460)	(26.931.795)	-	(1.841.933.248)
Net Book Value as of 30 June 2016	402.856.070	56.872.097	899.934.889	1.081.398.326	16.484.239	39.359.705	21.378.372	217.964.742	2.736.248.440
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

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

**Notes to the Consolidated Financial Statements for the Period
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19.Intangible Assets

Cost	Rights(*)	Others	Total
1 January	73.553.014	10.819.921	84.372.935
Currency translation differences	4.865.294	753.886	5.619.180
Additions	1.128.238	34.982	1.163.220
Disposals	(114)	-	(114)
Balance at 30 June 2017	79.546.432	11.608.789	91.155.221
Accumulated depreciation			
1 January	(59.012.444)	(6.652.464)	(65.664.908)
Currency translation differences	(4.034.605)	(483.437)	(4.518.042)
Change for the period	(4.667.872)	(896.050)	(5.563.922)
Balance at 30 June 2017	(67.714.921)	(8.031.951)	(75.746.872)
Net book value as of 30 June 2017	11.831.511	3.576.838	15.408.349
Net book value as of 31 December 2016	14.540.570	4.167.457	18.708.027

	Rights	Others	Total
Cost			
1 January	60.876.281	8.010.704	68.886.985
Currency translation differences	672.722	36.594	709.316
Additions	487.124	1.353.444	1.840.568
Disposals	(94.484)	(29.180)	(123.664)
Balance at 30 June 2016	61.941.643	9.371.562	71.313.205
Accumulated depreciation			
1 January	(44.268.262)	(4.625.645)	(48.893.907)
Currency translation differences	(314.566)	(27.359)	(341.925)
Change for the period (*)	(3.523.963)	(611.587)	(4.135.550)
Disposals	94.484	19.009	113.493
Balance at 30 June 2016	(48.012.307)	(5.245.582)	(53.257.889)
Net book value as of 30 June 2016	13.929.336	4.125.980	18.055.316
Net book value as of 31 December 2015	16.608.019	3.385.059	19.993.078

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

20.Goodwill

	1 January- 30 June 2017	1 January- 30 June 2016
1 January	26.349.387	22.591.024
Currency translation differences	1.997.499	223.746
	28.346.886	22.814.770

	30 June 2017	31 December 2016
Fritz Holding GmbH	5.824.365	5.397.905
Glasscorp S.A.	22.522.521	20.951.482
	28.346.886	26.349.387

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21. Government Grants

An agreement for government incentive was signed between Glasscorp S.A and Ministry of Economy 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

	30 June 2017	31 December 2016
Short term provisions		
Provision for litigation	11.207.666	10.286.776
Provision for outsourced services	1.778.775	4.454.629
Provision for personnel allowance	2.628.486	870.443
Bonus provisions	26.347.475	2.318.513
Other	1.973.504	1.379.587
	43.935.906	19.309.948

As of 30 June 2017, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY11.207.666 (2016: TRY10.286.776) and set aside a provision for this amount. The provision amount was recognised under general management expenses.

Collaterals, pledges and mortgages “CPM” given by the Company as of 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017			
The CPM’s given by the Company	TRY Equivalent	US Dollar	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	802.098.052	-	189.291.537	44.364.031
C. CPM’s given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM’s given	876.775.000	250.000.000	-	-
i. Total amount of CPM’s given on behalf of the majority shareholder	876.775.000	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	-	-	-	-
Total	1.678.873.052	250.000.000	189.291.537	44.364.031

Percentage of CPM’s given by the Company to the Company’s equities is 23% as of 30 June 2017 (31 December 2016: 25%).

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22. Provisions, Contingent Assets and Liabilities (continued)

The financial of the Group are met by the parent company, Şişecam Holding 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 US dollar, 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 US dollar with 7-years maturity. As of 30 June 2017,

The Group doesn't give guaraantee in favor of third parties. As of 30 June 2017,there are no CPMs available in favor of third parties.

The CPM's given by the Company	31 December 2016			
	TRY Equivalent	US Dollar	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

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 199.507.647 sm³ natural gas purchase commitment between 1 July and 31 December 2017 (31 December 2016: 362.774.096 sm³).

24.Employee Benefits

Short Term	30 June 2017	31 December 2016
Unused vacation provisions	935.080	939.510
Long Term		
Provision for employee termination benefits	30 June 2017	31 December 2016
Domestic	69.388.133	63.858.170
Foreign	3.367.941	2.953.779
	72.756.074	66.811.949

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24.Employee Benefits (continued)

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 30 June 2017 is TRY 4.732,48 (31 December 2016: TRY 4.426,16).

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.

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 30 June 2017 and 31 December 2016 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 2016: 6.00%) and a discount rate of 11.50% (31 December 2016: 11.50%), the real discount rate is approximately 5.19% (31 December 2016: 5.19%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The movement of the employment termination benefits is as follows:

	1 January- 30 June 2017	1 January- 30 June 2016
1 January	66.811.949	60.578.007
Service cost	8.291.189	5.545.071
Interest cost	1.643.081	1.583.507
Currency translation differences	236.597	17.217
Paid during the period	(4.226.742)	(3.983.689)
	72.756.074	63.740.113

25.Impairment of Assets

	30 June 2017	31 December 2016
Provision for doubtful receivables	42.098.628	37.143.442
Provision for impairment of inventory	8.363.529	5.963.387
	50.462.157	43.106.829

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

26. Other Assets and Liabilities

	30 June 2017	31 December 2016
Other current assets		
Other VAT	19.933.344	19.124.982
Other	2.837.754	10.286.822
	22.771.098	29.411.804
Other current liabilities		
Expense accruals	39.295.492	28.754.693
Taxes and funds payables	18.745.089	10.297.530
Social security premiums payable	14.940.627	13.875.367
Social benefit payable	7.919.794	6.982.032
Other	5.894.783	3.694.905
	86.795.785	63.604.527

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 2016: 93.000.000.000) shares issued on bearer with a nominal value of Kr 1 (Kuruş one) each.

	30 June 2017	31 December 2016
Registered capital ceiling(*)	1.500.000.000	1.500.000.000
Approved and paid-in capital	930.000.000	930.000.000

(*)The amendment of Article 6 in Articles of Association related with capital which contains the increase of registered capital ceiling from TRY 1.500.000.000 to TRY 3.000.000.000 has been approved by the Capital Market Board with the letter dated 2 March 2017 and numbered 2781. Additionally, following to the approval obtained from Turkish Republic Custom and Trade Ministry, the increase of the ceiling has been accepted by the shareholders in the Ordinary General Assembly Meeting held on 29 March 2017 and published on the Trade Registry Gazzetta dated 10 April 2017 and numbered 9302. The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2017-2021 (5 years).

Shareholder structure as of 30 June 2017 and 31 December 2016 is as follows:

	30 June 2017		31 December 2016	
Shareholders	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	645.888.128	69,45	645.234.000	69,38
Publicly traded	284.111.872	30,55	281.046.000	30,22
Şişecam Group companies	-	-	3.720.000	0,40
Paid - in share capital	930.000.000	100,00	930.000.000	100,00
Adjustment to share capital	5.576.528	-	5.576.528	-
Total share capital	935.576.528		935.576.528	

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27. Capital, Reserves and Other Equity Items (continued)

a) Capital / Treasury Shares (continued)

	30 June 2017		31 December 2016	
Shareholders	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	222.977.696	23,98	222.977.696	23,98
Atatürk's Shares (Cumhuriyet Halk Partisi)	118.857.151	12,78	118.857.151	12,78
Other (Publicly traded)	588.165.153	63,24	588.165.153	63,24
Total	930.000.000	100,00	930.000.000	100,00

b) Share Premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 22.703 as of 30 June 2017 (31 December 2016: TRY 22.703).

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 to be reclassified to profit and loss	30 June 2017	31 December 2016
Fixed assets revaluation fund	468.747.553	463.296.677
- Revaluation funds of land and buildings	468.747.553	463.296.677
-Actuarial gain / loss revaluation fund for employee termination provisions	809.356	800.406
	469.556.909	464.097.083

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:

	30 June 2017	30 June 2016
1 January	800.406	(504.327)
Currency translation differences	8.950	-
	809.356	(504.327)

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27. Capital, Reserves and Other Equity Items (continued)

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.

TRY 13.488.942 of the change in the currency translation difference relates to non-controlling interests (31 December 2016: TRY 28.459.834).

	30 June 2017	31 December 2016
Items to be reclassified to profit or loss		
Currency translation differences	313.050.804	253.097.206

e) Restricted Reserves

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

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

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.

	30 June 2017	31 December 2016
Restricted reserves attributable to equity holders of the Parent		
Legal reserves	159.698.693	137.116.142

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27.Capital, Reserves and Other Equity Items (continued)

f) Retained Earnings

Prior periods’ income of the Group amounting to TRY 1.374.791.212 is classified to retained earnings in the consolidated balance sheet as at 30 June 2017 (31 December 2016: TRY 956.664.823).

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.

	30 June 2017	31 December 2016
Net profit for the year	296.610.376	344.527.091
I. Legal reserves	(14.830.519)	(17.226.355)
Distributable profit for the period	281.779.857	327.300.736
Extraordinary reserves	565.675.907	548.877.533
Retained earnings	327.300.736	158.293.122
	1.174.756.500	1.034.471.391

In accordance with the decision taken by Ordinary General Assembly Meeting held on 29 March 2017, the gross dividend amounting to TRY 106.000.000, equivalent of 11,39785 % of paid-in capital was distributed in cash and a gross dividend amounting to TRY 200.000.000, equivalent of 21,50538 % of paid in capital distributed on May 30, 2017.

28.Revenue and Cost of Sales

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Sales				
Sales	2.147.517.192	1.450.682.661	1.135.833.296	779.059.199
Sales discount	(104.605.414)	(90.921.436)	(53.659.675)	(50.992.188)
Sales returns	(10.923.399)	(8.673.230)	(6.137.614)	(4.920.953)
Other sales discounts	(94.725)	(1.338.904)	(94.725)	(48.654)
	2.031.893.654	1.349.749.091	1.075.941.282	723.097.404

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

28.Revenue and Cost of Sales (continued)

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Cost of sales				
Direct materials	(812.792.001)	(612.191.528)	(435.770.343)	(309.109.741)
Direct labor	(139.477.675)	(80.646.165)	(74.474.532)	(43.267.164)
General production	(273.891.420)	(177.133.671)	(145.736.806)	(95.018.693)
Depreciation	(132.268.288)	(105.651.501)	(64.954.096)	(50.916.784)
Change in work - in - progress inventories	6.585.482	8.822.484	1.452.484	4.128.733
Change in finished goods inventories	28.225.184	29.285.264	7.853.361	(9.437.840)
Cost of goods sold	(1.323.618.718)	(937.515.117)	(711.629.932)	(503.621.489)
Cost of traded goods sold	(39.038.449)	(8.334.723)	(9.835.059)	(4.674.335)
Cost of services given	(5.383.691)	(5.979.398)	(2.442.852)	(2.685.462)
	(1.368.040.858)	(951.829.238)	(723.907.843)	(510.981.286)

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

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
General administrative expenses	(164.365.098)	(127.339.241)	(88.887.764)	(67.782.724)
Marketing expenses	(203.764.099)	(150.370.003)	(101.694.352)	(75.532.318)
Research and development expenses	(14.969.390)	(18.060.431)	(6.736.280)	(9.455.269)
	(383.098.587)	(295.769.675)	(197.318.396)	(152.770.311)

30.Expense by Nature

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Indirect material costs	(11.090.942)	(6.571.209)	(4.892.610)	(3.103.520)
Labor and employee salary expense	(106.804.647)	(85.950.708)	(56.924.942)	(43.581.179)
Outsourced services	(154.148.268)	(135.863.419)	(80.442.812)	(69.873.945)
Miscellaneous expenses	(89.878.607)	(51.439.054)	(44.403.620)	(27.092.123)
Depreciation and amortization expenses	(21.176.123)	(15.945.285)	(10.654.412)	(9.119.544)
	(383.098.587)	(295.769.675)	(197.318.396)	(152.770.311)

**Notes to the Consolidated Financial Statements for the Period
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31. Other Operating Income and Expenses

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Other operating income				
Finance income related to operating activities	52.997.261	22.926.892	11.975.380	11.074.090
Terminated provisions	20.901.933	8.675.868	17.160.988	5.582.893
Other income from operations	11.677.969	7.264.343	4.265.136	2.327.788
Gain on sales of raw material	7.071.845	3.102.049	3.415.297	1.876.473
Investment incentive income	3.411.145	1.878.532	2.282.956	942.696
Gain on sales of scrap	1.244.859	2.602.228	859.988	2.173.403
Rent income	546.941	1.153.761	221.835	525.308
Insurance damage indemnity	1.511.910	1.658.989	360.804	643.139
	99.363.863	49.262.662	40.542.384	25.145.791
Other operating expenses				
Financing expense related to operating activities	(34.675.035)	(14.709.263)	(5.885.606)	(7.562.178)
Provision expenses	(7.563.366)	(7.281.233)	(5.740.732)	(7.259.996)
Other expense from operations	(4.143.028)	(6.064.249)	(2.318.451)	(2.381.843)
Loss on sales of scrap	(2.932.145)	(1.344.645)	(1.496.256)	(688.982)
Commission expenses	(223.871)	(3.203.021)	(110.641)	(1.808.903)
Indemnities	(182.349)	(1.087.906)	(72.948)	(585.634)
	(49.719.794)	(33.690.317)	(15.624.634)	(20.287.536)

32. Income or Expenses from Investing Activities

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Income from investing activities				
Valuation difference of financial assets	24.630.276	-	-	-
Gain on sales of tangible assets	4.900.375	2.177.237	530.470	2.132.699
Gain on sale of marketable securities	-	284.241.930	-	284.241.930
Dividend income	-	24.445.311	-	-
	29.530.651	310.864.478	530.470	286.374.629
Expense from investing activities				
Valuation difference of financial assets	(11.668.703)	-	(11.668.703)	-
Loss on sales of tangible assets	(22.304)	(166.749)	(20.002)	(19.159)
	(11.691.007)	(166.749)	(11.688.705)	(19.159)

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33. Financial Income and Expenses

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Financial Income				
Foreign exchange income	92.816.203	84.449.330	14.541.563	30.543.258
- Cash and cash equivalents	79.197.598	71.460.433	7.476.926	46.163.909
- Borrowings	2.119.144	1.888.048	1.504.307	(3.047.489)
- Bonds issued	3.025.000	3.508.780	3.025.000	(15.041.220)
- Other	8.474.459	7.592.069	2.535.328	2.468.058
Interest income	43.153.061	21.792.802	27.367.705	11.089.625
- Time deposits	33.364.978	14.865.259	20.229.114	8.413.878
- Other	9.788.083	6.927.543	7.138.591	2.675.747
	135.969.264	106.242.132	41.909.268	41.632.883
Financial Expenses				
Foreign exchange expense	(106.177.446)	(82.909.059)	225.929	(33.944.807)
- Cash and cash equivalents	(73.279.100)	(71.525.113)	(24.507.226)	(30.060.080)
- Borrowings	(25.755.950)	(3.839.345)	(2.895.365)	(918.570)
- Bonds issued	-	(8.780)	29.850.000	(8.780)
- Other	(7.142.396)	(7.535.821)	(2.221.480)	(2.957.377)
Interest expense	(55.038.641)	(42.310.411)	(28.082.293)	(22.905.352)
- Borrowings	(20.384.248)	(19.378.152)	(9.425.776)	(9.091.738)
- Bonds	(18.939.360)	(15.609.072)	(9.172.338)	(8.089.540)
- Other	(15.715.033)	(7.323.187)	(9.484.179)	(5.724.074)
	(161.216.087)	(125.219.470)	(27.856.364)	(56.850.159)
Financial Income/ Expense (Net)				
Foreign exchange expense	(13.361.243)	1.540.271	14.767.492	(3.401.549)
- Cash and cash equivalents	5.918.498	(64.680)	(17.030.300)	16.103.829
- Borrowings	(23.636.803)	(1.951.297)	(1.391.055)	(3.966.059)
- Bonds issued	3.025.000	3.500.000	32.875.000	(15.050.000)
- Other	1.332.063	56.248	313.848	(489.319)
Interest expense	(11.885.580)	(20.517.609)	(714.588)	(11.815.727)
-Time deposits and borrowings	12.980.730	(4.512.893)	10.803.338	(677.860)
- Bonds	(18.939.360)	(15.609.072)	(9.172.338)	(8.089.540)
- Other	(5.926.950)	(395.644)	(2.345.588)	(3.048.327)
	(25.246.823)	(18.977.338)	14.052.904	(15.217.276)

34.Assets Held for Sale and Discounted Operations

None (31 December 2016: None).

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

Deferred Tax Assets and Liabilities

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

	30 June 2017	31 December 2016
Deferred tax assets	45.091.725	50.217.011
Deferred tax liabilities (-)	(35.821.296)	(15.628.165)
Deferred tax assets (net)	9.270.429	34.588.846

Temporary Differences	30 June 2017	31 December 2016
Useful life and valuation differences on tangible and intangible assets	555.178.497	547.465.009
Carry forward tax losses	(222.071.313)	(228.855.641)
Employee termination benefits	(72.756.074)	(66.811.949)
Revaluation of inventories	(12.517.423)	(4.740.786)
Investment allowance utilized during the period	(329.853.080)	(484.855.926)
Discount on receivables and payables	(1.280.206)	32.946
Provisions for lawsuit	(8.787.812)	(8.164.713)
Doubtful receivables	(24.958.942)	(18.138.767)
Other	54.878.789	53.563.787
	(62.167.564)	(210.506.040)

Deferred Tax (Assets)/Liabilities	30 June 2017	31 December 2016
Useful life and valuation differences on tangible and intangible assets	92.418.239	91.551.134
Carry forward tax losses	(12.656.471)	(13.783.464)
Employee termination benefits	(14.406.131)	(13.265.400)
Revaluation of inventories	(1.466.487)	(434.122)
Investment allowance utilized during the period	(65.970.616)	(96.971.185)
Discount on receivables and payables	(256.041)	6.589
Provisions for lawsuit	(1.757.562)	(1.632.943)
Doubtful receivables	(4.584.209)	(3.572.752)
Other	(591.151)	3.513.297
	(9.270.429)	(34.588.846)

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

	1 January- 30 June 2017	1 January- 30 June 2016
1 January	(34.588.846)	13.329.173
Charged to the statement of income	24.447.445	(784.773)
Charged to the equity	2.238	(12.535.234)
Currency translation differences	868.734	(976.148)
	(9.270.429)	(966.982)

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

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 tax rate in Turkey is 20% with the balance sheet date (31 December 2016: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 30 June 2017 are as follows:

Country	Tax Rate (%)
Bulgaria	10,0
Egypt	20,0
Romania	16,0
Russia (*)	3,0 – 20,0
Holland (**)	20,0 – 25,0
Germany	15,0
India	30,0
Slovakia	19
Hungary	10,0-19,0
Italy	27,9

(*) Russia’s Tatarstan region is used tax rate of 3,0%, in the other regions are used tax rate 20,0%.

(**) In Holland, tax rate of 20% is used up to amounting EUR 200.000 income, if exceed this amount, tax rate of 25% is used.

In Turkey, advance tax returns are filed on a quarterly basis. In 2017, 20% of temporary tax rate is applied during the taxation of corporate income (31 December 2016: 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 2017 and 2016.

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

Corporate tax (continued)

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: 2012/3305 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.

	30 June 2017	31 December 2016
Current tax provision	41.069.186	63.025.699
Prepaid taxes and funds (-)	(29.865.904)	(51.943.843)
Tax provision in the statement of the financial position	11.203.282	11.081.856
	1 January- 30 June 2017	1 January- 30 June 2016
Provision for Corporate Tax for current period	(41.069.186)	(28.756.046)
Deferred tax income	(24.447.445)	784.773
Tax provision in the statement of income	(65.516.631)	(27.971.273)

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

Reconciliation of provision for tax	30 June 2017	30 June 2016
Profit before taxation and non-controlling interest	338.635.963	421.294.868
Effective tax rate	20,00%	20,00%
Calculated tax	(67.727.193)	(84.258.974)
The reconciliation of income tax provision and calculated		
- Non-deductible expenses	(6.317.272)	(7.128.700)
- Corporate tax allowance	(17.087.627)	2.237.426
- Carry forward tax losses	(1.126.993)	512.611
- Income/(loss) from associates	3.128.973	2.370.391
- The effect of foreign companies subject to different tax rate	4.901.649	5.505.543
- Tax exemptions	-	45.714.925
- Useful life and valuation differences on tangible and intangible assets	14.598.591	15.627.059
-Other	4.113.241	(8.551.554)
Tax provision in the statement of income	(65.516.631)	(27.971.273)

36.Earnings Per Share

	1 January- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2017	1 April- 30 June 2016
Earnings per share				
Average number of shares existing during the period (total value)	930.000.000	930.000.000	930.000.000	930.000.000
Net profit for the period attributable to equity holders of the parent	262.193.972	386.074.691	147.376.163	321.252.355
Earnings per share	0,2819	0,4151	0,1585	0,3454
Total comprehensive income attributable to equity holders of the parent	327.607.396	172.513.184	91.644.206	47.099.460
Earnings per share from total comprehensive income	0,3523	0,1855	0,0985	0,0506

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	30 June 2017	31 December 2016
T. İş Bankası A.Ş.		
- Time deposits	920.020.258	1.031.022.771
- Demand deposits	3.684.585	1.270.244
	923.704.843	1.032.293.015
İşbank AG		
- Demand deposits	3.614.247	18.264.267
	3.614.247	18.264.267
	927.319.090	1.050.557.282

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37.Related Party Disclosures (continued)

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 30 June 2017 was 1,18% (31 December 2016:0,98%)

	30 June 2017	31 December 2016
Financial liabilities to related parties		
Şişecam Holding through(*)	878.425.988	881.081.305

(*) The parent company, T. Şişe ve Cam Fabrikaları A.Ş. issued on 9 May 2013 7 year term, fixed interest bonds amounting to US dollar 500 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 US dollar 250 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.

	30 June 2017	31 December 2016
Other receivables from related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	180.039.612	9.355.196
Paşabahçe Bulgaria EAD	15.732.636	11.036.459
Camiş Elektrik Üretim A.Ş.	3.832.204	281.938
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1.211.701	1.041.028
Saint Gobain Glass Egypt S.A.E.	377.304	1.534.884
Other	885.621	1.338.429
	202.079.078	24.587.934

	30 June 2017	31 December 2016
Trade payables to related parties		
Şişecam Bulgaria EOOD	29.177.176	10.538.488
Soda Sanayii A.Ş.	21.968.298	53.964.622
Şişecam Dış Ticaret A.Ş.	16.366.558	42.909.270
Camiş Madencilik A.Ş.	7.953.903	3.119.024
Çayırova Cam Sanayii A.Ş.	3.549.635	59.374
Camiş Elektrik Üretim A.Ş.	2.503.632	2.326.024
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	2.023.573	1.687.943
Saint Gobain Glass Egypt S.A.E.	1.385.413	-
Şişecam Enerji A.Ş.	-	11.117.461
Other	1.480.572	834.768
	86.408.760	126.556.974

	30 June 2017	31 December 2016
Other payables to related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	123.349.546	127.718.589

Trakya Cam Sanayii A.Ş.

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37.Related Party Disclosures (continued)

	1 January- 30 June 2017	1 January- 30 June 2016
Interest income from related parties		
T. İş Bankası A.Ş.	26.491.525	9.650.077
Türkiye Şişe ve Cam Fabrikaları A.Ş.	6.221.162	5.252.159
Other	161.131	334.341
	32.873.818	15.236.577
Interest expense to related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	10.134.769	2.117.119
Soda Sanayii A.Ş.	1.044.553	940.060
Şişecam Dış Ticaret A.Ş.	936.351	147.934
Camiş Madencilik A.Ş.	603.044	729.276
Other	495.884	798.412
T. İş Bankası A.Ş.	46.172	1.965.343
	13.260.773	6.698.144
Dividend income from related parties		
Soda Sanayii A.Ş.	-	24.445.311
	1 January- 30 June 2017	1 January- 30 June 2016
Other income from related parties		
Paşabahçe Bulgaria EAD	10.299.161	15.931.075
Anadolu Cam Yenışehir Sanayi A.Ş.	1.473.498	807.176
Türkiye Şişe ve Cam Fabrikaları A.Ş.	513.366	49.804
Paşabahçe Cam Sanayii ve Tic. A.Ş.	393.549	393.880
Camiş Madencilik A.Ş.	259.832	239.624
Paşabahçe Mağazaları A.Ş.	69.943	72.737
Şişecam Dış Ticaret A.Ş.	9.478	-
HNG Float Glass Limited	-	24.125
Other	85.131	111.619
	13.103.958	17.630.040
	1 January- 30 June 2017	1 January- 30 June 2016
Other expenses to related parties		
Soda Sanayii A.Ş.	51.038.282	79.000.299
Şişecam Bulgaria EOOD	52.498.839	23.533.410
Camiş Madencilik A.Ş.	46.458.800	34.840.948
Türkiye Şişe ve Cam Fabrikaları A.Ş.	42.754.977	539.794
Camiş Elektrik Üretim A.Ş.	12.193.071	12.646.657
Camiş Egypt Mining Ltd. Co.	4.789.419	3.570.997
Şişecam Dış Ticaret A.Ş.	1.142.189	697.348
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1.051.187	1.627.551
Anadolu Anonim Türk Sigorta A.Ş.	824.314	1.429.496
Şişecam Enerji A.Ş.	-	34.255.125
Other	18.845.819	1.572.629
	231.596.897	193.714.254

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

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

	1 January- 30 June 2017	1 January- 30 June 2016
Benefits provided to key management		
Parent	2.771.749	2.828.145
Consolidated entities	8.894.085	6.054.479
	11.665.834	8.882.624

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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 30 June 2017 and 31 December 2016 the Group's net debt / total equity ratios are as follows:

	30 June 2017	31 December 2016
Financial liabilities and trade payables	2.763.060.880	2.814.249.706
Less: Cash and cash equivalents	(1.106.352.852)	(1.191.571.096)
Net Debt	1.656.708.028	1.622.678.610
Total Equity	3.818.342.950	3.586.721.252
Net debt / total equity ratio	43%	45%

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

a) 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 (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

	Receivables					Cash and Cash Equivalents	Derivative Financial Intruments
	Trade Receivable		Other Receivable				
	Related Party	Third Party	Related Party	Third Party			
Credit risk of financial instruments							
Maximum credit risk exposed as of 30 June 2017 (*) (A+B+C+D+E)	-	630.651.560	202.079.078	13.435.336	1.106.302.896	-	
- Hedged part of maximum risk with collateral	-	(217.238.762)	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired	-	546.713.777	202.079.078	13.435.336	1.106.302.896	-	
- The part of which is under guarantee with collateral	-	(184.460.682)	-	-	-	-	
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	-	83.937.783	-	-	-	-	
- The part of which is under guarantee with collateral	-	(32.778.080)	-	-	-	-	
	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	
- Past due (gross carrying amount)	-	42.098.628	-	-	-	-	
- Impairment (-)	-	(42.098.628)	-	-	-	-	
- 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.

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38. Financial Instruments and Financial Risk Management (continued)

c) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

	Receivables				Cash and Cash Equivalents	Derivative Financial Intruments
	Trade Receivable		Other Receivable			
	Related Party	Third Party	Related Party	Third Party		
Credit risk of financial instruments						
Maximum credit risk exposed as of 31 December 2016 (*) (A+B+C+D+E)	-	703.264.743	24.587.934	11.100.209	1.191.497.830	-
- Hedged part of maximum risk with collateral	-	(301.961.899)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	610.731.073	24.587.934	11.100.209	1.191.497.830	-
- The part of which is under guarantee with collateral	-	(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	-	92.533.670	-	-	-	-
- The part of which is under guarantee with collateral	-	(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	-	-	-	-	-	-
E. 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 (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk Management (continued)

Guarantees received from the customers are as follows:

	30 June 2017	31 December 2016
Letters of guarantee	144.353.363	145.465.117
Direct Debiting System	45.909.691	56.223.925
Security cheques and bonds	24.734.762	93.856.097
Mortgages	1.892.440	6.416.760
Other	348.506	-
	217.238.762	301.961.899

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

	30 June 2017	31 December 2016
Overdue 1-30 days	52.614.086	48.371.102
Overdue 1-3 months	14.925.350	15.945.540
Overdue 3-12 months	12.165.327	10.040.358
1-5 years overdue	4.233.019	18.176.670
Total overdue receivables	83.937.782	92.533.670
The part secured with guarantee, etc. (-)	32.778.080	35.253.462

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.

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38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.2) Liquidity Risk Management (continued)

Liquidity risk tables (continued)

The 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.

30 June 2017						
Non-derivative financial Liabilities	Carrying value	Total cash outflow in accordance to contract (I+II+III+IV)	Less than 3 months (I)	3-12months (II)	1-5 years(III)	More than 5 years(IV)
Bank borrowings	1.510.462.405	1.570.317.636	79.272.482	428.592.149	914.109.864	148.343.141
Due to realted parties (Note 37)	878.425.988	988.563.813	-	37.262.938	951.300.875	-
Finance lease obligations	1.500.904	1.500.903	342.730	712.475	445.698	-
Trade payables	286.262.823	287.471.089	273.864.458	13.606.631	-	-
Due to related parties	209.758.306	209.758.306	209.758.306	-	-	-
Other payables	60.423.944	60.423.944	59.104.675	-	1.319.269	-
Total Liabilities	2.946.834.370	3.118.035.691	622.342.651	480.174.193	1.867.175.706	148.343.141
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)	3-12months (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

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38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

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 30 June 2017					
	TRY equivalent	US Dollars	EUR	Other	
1. Trade receivables	101.492.853	9.241.063	8.709.033	34.221.262	
2a. Monetary financial assets (included cash and banks account)	787.192.314	187.030.206	30.682.297	8.437.444	
2b. Non-monetary financial assets	-	-	-	-	
3. Other	-	-	-	-	
4. Current Assets (1+2+3)	888.685.167	196.271.269	39.391.330	42.658.706	
5. Trade Receivables	-	-	-	-	
6a. Monetary financial assets	501.555.171	143.011.369	-	-	
6b. Non-monetary financial assets	48.597.783	2.494.838	9.758.906	783.237	
7. Other	-	-	-	-	
8. Non-Current Assets (5+6+7)	550.152.954	145.506.207	9.758.906	783.237	
9. Total Assets (4+8)	1.438.838.121	341.777.476	49.150.236	43.441.943	
10. Trade payables	41.905.986	901.344	9.510.735	673.410	
11. Financial liabilities	173.107.418	6.388.161	37.647.639	-	
12a. Other monetary liabilities	-	-	-	-	
12b. Other non-monetary liabilities	-	-	-	-	
13. Current Liabilities (10+11+12)	215.013.404	7.289.505	47.158.374	673.410	
14. Trade payables	-	-	-	-	
15. Financial liabilities	1.271.024.584	275.521.900	76.128.336	-	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	-	-	-	-	
17. Non-Current Liabilities (14+15+16)	1.271.024.584	275.521.900	76.128.336	-	
18. Total Liabilities (13+17)	1.486.037.988	282.811.405	123.286.710	673.410	
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)	(47.199.867)	58.966.071	(74.136.474)	42.768.533	
Monetary items net foreign asset/liabilities position (1+2a+5+6a-10-11-12a-14-15-16a)					
21.	(95.797.650)	56.471.233	(83.895.380)	41.985.296	
22. Fair value of derivative instruments used in	-	-	-	-	
23. Export	230.004.382	21.517.944	37.594.045	3.975.981	
24. Import	393.338.299	6.073.878	93.082.413	5.310.109	

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38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

		Foreign Currency Position Statement for 31 December 2016			
		TRY equivalent	US Dollars	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
Monetary items net foreign asset/liabilities position (1+2a+5+6a-10-					
21.	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

b.3.1) Foreign Currency Risk Management (continued)

The Group is mainly exposed to EUR and US dollar risks..

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially US dollar 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.

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38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.1) Foreign Currency Risk Management (continued)

Exchange Rate Risk Sensitivity

	30 June 2017			
	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	19.805.026	(19.805.026)	-	-
2 - USD risk hedged amount (-)	-	-	-	-
3 -USD net effect (1 +2)	19.805.026	(19.805.026)		
Appreciation of EURO against TRY by 10%				
4 - Euro net asset / liability	(33.583.321)	33.583.321	176.514.856	(176.514.856)
5 - Euro risk hedged amount (-)	-	-	-	-
6 - Euro net effect (4+5)	(33.583.321)	33.583.321	176.514.856	(176.514.856)
Appreciation of other currencies against TRY by 10%				
7 - Other currencies net asset / liability	4.198.530	(4.198.530)	125.468.827	(125.468.827)
8 - Other currencies risk hedged amount (-)	-	-	-	-
9 - Other currencies net effect (7+8)	4.198.530	(4.198.530)	125.468.827	(125.468.827)
Total (3+6+9)	(9.579.765)	9.579.765	301.983.683	(301.983.683)
	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)

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased/ decreased by 0,25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and non-controlling interest would decrease / increase by TRY 3.776.156 as of 30 June 2017 (31 December 2016: TRY 3.713.791).

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

30 June 2017				
	Floating interest	Fixed interest	Non interest bearing	Total
Financial assets	-	2.365.889.473	88.184.524	2.454.073.997
Cash and cash equivalents	-	1.018.168.328	88.184.524	1.106.352.852
Financial assets	-	501.555.171	-	501.555.171
Trade receivables	-	630.651.560	-	630.651.560
Due from related parties	-	202.079.078	-	202.079.078
Other receivables	-	13.435.336	-	13.435.336
Financial liabilities	1.510.462.405	1.436.089.215	282.750	2.946.834.370
Bank borrowings	1.510.462.405	878.143.238	282.750	2.388.888.393
Financial leasing liabilities	-	1.500.904	-	1.500.904
Trade payables	-	286.262.823	-	286.262.823
Due from related parties	-	209.758.306	-	209.758.306
Other payables	-	60.423.944	-	60.423.944
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

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

38. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (continued)

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 30 June 2017 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

30 June 2017	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	1.607.908.023	832.730.638	-	-	2.440.638.661	
Cash and cash equivalents	1.106.352.852	-	-	-	1.106.352.852	6
Trade receivables	-	630.651.560	-	-	630.651.560	10
Due from related parties	-	202.079.078	-	-	202.079.078	37
Derivative financial assets	-	-	-	-	-	12
Financial investments	501.555.171	-	-	-	501.555.171	7
Financial liabilities	2.886.410.426	-	-	-	2.886.410.426	
Financial liabilities	2.390.389.297	-	-	-	2.390.389.297	8
Trade payables	286.262.823	-	-	-	286.262.823	10
Due to related parties	209.758.306	-	-	-	209.758.306	37
Derivative financial liabilities	-	-	-	-	-	12

**Notes to the Consolidated Financial Statements for the Period
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

Categories of Financial Instruments (continued)

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
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

40. Events After Reporting Period

After the negotiations held from 1 January to 31 December 2019 with Kristal-İş Union, Our associated Trakya Polatlı Cam Sanayii A.Ş. agreed with Kristal-İş Union for Collective Labor Agreement as of 20 July 2017.

In our Ordinary General Meeting held in 29 March 2017, it has been resolved that our company's issued capital amounting to TRY 930.000.000 shall be increased to TRY 1.130.000.000 in accordance with the CMB's approval dated 7 July 2017 and numbered 26/865.

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 30 June 2017 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 Budget and Financial Controlling Manager Bünyamin Arslan approved for the public announcement by the Board of Directors on 17 August 2017.