

**TRAKYA CAM SANAYii A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016  
(ORIGINALLY ISSUED IN TURKISH)**

Contents

	<u>Index</u>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>	<b>1-2</b>
<b>CONSOLIDATED STATEMENTS OF INCOME .....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME.....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS.....</b>	<b>6-7</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>8-83</b>
NOTE 1 GROUP'S ORGANIZATION AND NATURE OF OPERATIONS .....	8-11
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	12-29
NOTE 3 BUSINESS COMBINATIONS .....	30
NOTE 4 INTEREST IN OTHER ENTITIES .....	30
NOTE 5 SEGMENT REPORTING.....	31-33
NOTE 6 CASH AND CASH EQUIVALENTS .....	34
NOTE 7 FINANCIAL ASSETS .....	34-35
NOTE 8 FINANCIAL LIABILITIES.....	35-38
NOTE 9 OTHER FINANCIAL LIABILITIES .....	38
NOTE 10 TRADE RECEIVABLES AND PAYABLES.....	38-39
NOTE 11 OTHER RECEIVABLES AND PAYABLES.....	40
NOTE 12 DERIVATIVE INSTRUMENTS .....	40
NOTE 13 INVENTORIES .....	40-41
NOTE 14 PREPAID EXPENSES AND DEFERRED INCOMES .....	41
NOTE 15 CONSTRUCTION CONTRACTS .....	41
NOTE 16 JOINT VENTURES AND ASSOCIATES .....	42-46
NOTE 17 INVESTMENT PROPERTIES .....	46
NOTE 18 PROPERTY, PLANT AND EQUIPMENT .....	47-48
NOTE 19 INTANGIBLE ASSETS .....	49
NOTE 20 GOODWILL .....	50
NOTE 21 GOVERNMENT GRANTS .....	50
NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	50-52
NOTE 23 COMMITMENTS .....	52
NOTE 24 EMPLOYEE BENEFITS .....	53
NOTE 25 IMPAIRMENT OF ASSETS .....	53
NOTE 26 OTHER ASSETS AND LIABILITIES .....	54
NOTE 27 CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....	54-57
NOTE 28 REVENUE AND COST OF SALES .....	58
NOTE 29 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES.....	58
NOTE 30 EXPENSES BY NATURE .....	58
NOTE 31 OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES .....	59
NOTE 32 INCOME AND EXPENSES FROM INVESTING ACTIVITIES .....	59
NOTE 33 FINANCIAL INCOME AND EXPENSES .....	60
NOTE 34 ASSETS HELD FOR SALE .....	61
NOTE 35 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) .....	61-64
NOTE 36 EARNINGS PER SHARE .....	64
NOTE 37 RELATED PARTY DISCLOSURES .....	65-69
NOTE 38 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT .....	70-81
NOTE 39 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) .....	81-82
NOTE 40 EVENTS AFTER REPORTING PERIOD .....	83
NOTE 41 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS.....	83

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

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

<b>ASSETS</b>	<b>Notes</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Current Assets</b>		<b>2.257.902.269</b>	<b>2.100.402.091</b>
Cash and cash equivalents	6	1.023.252.494	1.169.671.508
Trade receivables	10,37	483.344.677	401.927.387
Other receivables	11,37	171.933.530	17.554.986
- Due from related parties	37	161.589.556	10.215.524
- Other receivables	11	10.343.974	7.339.462
Inventories	13	489.032.365	440.346.096
Prepaid expenses	14	53.502.515	36.483.037
Other current assets	26	36.836.688	34.419.077
		<b>2.257.902.269</b>	<b>2.100.402.091</b>
<b>Non - Current Assets</b>		<b>3.576.224.402</b>	<b>3.526.103.232</b>
Financial assets	7	341.501.008	282.343.353
Other receivables	11	874.678	1.014.876
Investments in associates and joint ventures	16	380.714.994	399.031.105
Tangible assets	18	2.690.842.941	2.679.603.460
Intangible assets	19,20	42.759.674	42.584.102
- Goodwill	20	23.102.822	22.591.024
- Other intangible assets	19	19.656.852	19.993.078
Prepaid expenses	14	25.568.487	27.207.924
Deferred tax assets	35	93.962.620	94.318.412
<b>TOTAL ASSETS</b>		<b>5.834.126.671</b>	<b>5.626.505.323</b>

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

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Current Liabilities</b>		<b>1.029.530.611</b>	<b>767.016.880</b>
Short term borrowings	8	332.980.365	274.483.810
Short term portion of long term borrowings and interests	8	142.533.560	108.093.033
Trade payables	10,37	303.857.027	261.425.282
- Due to related parties	37	127.298.463	70.056.587
- Other trade payables	10	176.558.564	191.368.695
Other Payables	11,37	118.033.688	27.034.696
- Due to related parties	37	106.409.339	15.808.579
- Other payables	11	11.624.349	11.226.117
Deferred income	14	26.023.197	15.009.401
Current income tax liabilities	35	1.652.247	15.877.033
Short term provisions	22,24	48.090.717	28.872.038
- Provisions for employee benefits	24	1.825.824	1.710.580
- Other short term provisions	22	46.264.893	27.161.458
Other current liabilities	26	56.359.810	36.221.587
<b>Non-Current Liabilities</b>		<b>1.640.033.529</b>	<b>1.720.612.403</b>
Long term financial liabilities	8	1.415.532.396	1.503.162.282
Other payables	11	148.474	199.972
Deferred income	14	49.342.603	49.024.557
Long-term provisions	24	62.082.561	60.578.007
Deferred tax liabilities	35	112.927.495	107.647.585
<b>EQUITY</b>	<b>27</b>	<b>3.164.562.531</b>	<b>3.138.876.040</b>
<b>Shareholders' Equity</b>	<b>27</b>	<b>2.921.812.026</b>	<b>2.889.398.302</b>
Paid-in share capital		895.000.000	895.000.000
Adjustment to share capital		5.576.528	5.576.528
Share premium		22.703	22.703
Other comprehensive income / expense not to be reclassified to profit or loss		467.760.542	467.811.588
- Gain on revaluation and remeasurement		468.264.869	468.315.915
- Funds for actuarial gain / (loss) on employee termination benefits		(504.327)	(504.327)
Other comprehensive income / expense to be reclassified to profit or loss		354.305.745	293.663.311
- Currency translation differences		57.566.377	55.493.876
- Financial asset revaluation fund		296.739.368	238.169.435
Restricted reserves		137.116.142	132.433.402
Retained earnings		997.208.030	935.629.817
Net profit for the period		64.822.336	159.260.953
<b>Non - controlling interest</b>	<b>27</b>	<b>242.750.505</b>	<b>249.477.738</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5.834.126.671</b>	<b>5.626.505.323</b>

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

**Trakya Cam Sanayii A.Ş.****Consolidated Statements of Profit or Loss for the Interim Periods Between 1 January and 31 March 2016 and 2015**

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

	Notes	1 January- 31 March 2016	1 January- 31 March 2015
Revenue	28	626.651.687	460.556.403
Cost of sales (-)	28	(440.847.952)	(334.483.564)
<b>Gross profit from trading activities</b>		<b>185.803.735</b>	<b>126.072.839</b>
General and administrative expenses (-)	29	(59.556.517)	(47.154.074)
Marketing expenses (-)	29	(74.837.685)	(48.741.884)
Research and development expenses (-)	29	(8.605.162)	(6.459.318)
Other operating income	31	24.116.872	17.616.176
Other operating expenses (-)	31	(13.402.781)	(8.093.255)
Investments in associates and joint ventures	16	5.769.271	5.667.227
<b>Operating profit</b>		<b>59.287.733</b>	<b>38.907.711</b>
Income from investing activities	32	24.489.849	8.580.789
Expenses from investing activities	32	(147.590)	(61.533)
<b>Operating profit before financial income and expense</b>		<b>83.629.992</b>	<b>47.426.967</b>
Financial income	33	64.609.249	121.997.656
Financial expenses (-)	33	(68.369.311)	(119.105.101)
<b>Profit before tax from continued operations</b>		<b>79.869.930</b>	<b>50.319.522</b>
<b>Tax expense from continuing operations</b>	<b>35</b>	<b>(11.838.271)</b>	<b>(6.750.627)</b>
- Taxes on income	35	(9.020.327)	(10.071.955)
- Deferred tax income	35	(2.817.944)	3.321.328
<b>Profit for the period</b>		<b>68.031.659</b>	<b>43.568.895</b>
<b>Attributable to:</b>			
- Non controlling interest	27	3.209.323	1.195.004
<b>- Equity holders of the parent</b>	<b>27</b>	<b>64.822.336</b>	<b>42.373.891</b>
<b>Earnings per share</b>	<b>36</b>	<b>0,0724</b>	<b>0,0473</b>

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

**Trakya Cam Sanayii A.Ş.****Consolidated Statements of Comprehensive Income for the Interim Periods Between 1 January and 31 March 2016 and 2015**

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

	Notes	1 January- 31 March 2016	1 January- 31 March 2015
<b>Profit for the period</b>	<b>27</b>	<b>68.031.659</b>	<b>43.568.895</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be reclassified to profit</b>	<b>27</b>	<b>(51.046)</b>	<b>-</b>
Revaluation gain / (loss) on tangible assets		(51.046)	-
<b>Items to be reclassified to profit or loss</b>	<b>27</b>	<b>61.955.878</b>	<b>125.989.152</b>
Currency translation differences		3.385.945	53.955.132
Gains on revaluation of available for sale financial assets		61.652.561	75.825.285
Deferred tax gain / (loss)		(3.082.628)	(3.791.265)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>61.904.832</b>	<b>125.989.152</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>129.936.491</b>	<b>169.558.047</b>
<b>Attributable to</b>			
Non-controlling interest		4.522.767	339.967
<b>Equity holders of parent</b>		<b>125.413.724</b>	<b>169.218.080</b>
<b>Earnings per share</b>	<b>36</b>	<b>0,1401</b>	<b>0,1891</b>

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 Interim Periods Between 1 January and 31 March 2016 and 2015**

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

				Other comprehensive income not to be reclassified to profit or loss	Other comprehensive income to be reclassified to profit or loss				Retained Earnings		Equity attributable to the equity holders of the parent	Non controlling interests	Total Equity
	Capital	Adjustment to capital	Share Premium	Revaluation Funds	Actuarial gain/loss revaluation fund	Currency translation differences	Financial asset revaluation fund	Restricted reserves	Retained Earnings	Net Profit for the period			
Balance at 1 January 2015	739.000.000	5.576.528	22.703	53.974.897	(2.671.683)	20.535.520	178.257.848	127.750.662	926.629.896	283.229.115	2.332.305.486	204.795.699	2.537.101.185
Transfers	-	-	-	-	-	-	-	4.682.740	278.546.375	(283.229.115)	-	-	-
Total comprehensive income	-	-	-	-	-	54.810.169	72.034.020	-	-	42.373.891	169.218.080	339.967	169.558.047
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	7.983.138	7.983.138
Dividend paid	-	-	-	-	-	-	-	-	(36.000.000)	-	(36.000.000)	(9.774.375)	(45.774.375)
Balance at 31 March 2015	739.000.000	5.576.528	22.703	53.974.897	(2.671.683)	75.345.689	250.291.868	132.433.402	1.169.176.271	42.373.891	2.465.523.566	203.344.429	2.668.867.995
Balance at 1 January 2016	895.000.000	5.576.528	22.703	468.315.915	(504.327)	55.493.876	238.169.435	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	-	-	-	(51.046)	-	2.072.501	58.569.933	-	-	64.822.336	125.413.724	4.522.767	129.936.491
Dividend paid	-	-	-	-	-	-	-	-	(93.000.000)	-	(93.000.000)	(11.250.000)	(104.250.000)
Balance at 31 March 2016	895.000.000	5.576.528	22.703	468.264.869	(504.327)	57.566.377	296.739.368	137.116.142	997.208.030	64.822.336	2.921.812.026	242.750.505	3.164.562.531

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

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

## Consolidated Statements of Cash Flows for the Interim Periods Between 1 January and 31 March 2016 and 2015

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

	Notes	1 January- 31 March 2016	1 January- 31 March 2015
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(123.462.670)</b>	<b>(64.822.152)</b>
<b>Net profit for the period</b>	<b>27</b>	68.031.659	43.568.895
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>		<b>74.330.103</b>	<b>36.567.729</b>
- Depreciation and amortization	18,19	61.560.460	43.264.815
- Adjustments for impairments / reversals	10,11,13	533.679	2.614.224
- Changes in provisions	22,24	23.178.801	5.392.658
- Interest income and expenses	8,31,33	11.256.604	15.254.339
- Unrealized exchange loss / (gain)	31,33	(3.926.182)	(22.478.973)
- Income from associates (net)	16	(5.769.271)	(5.667.227)
- Current income tax accrual	35	11.838.271	6.750.627
- Losses from sales of tangible assets	31,32	103.052	(2.407.928)
- Dividend income	32	(24.445.311)	(6.111.328)
- Changes in other income accruals	26	-	(43.478)
<b>Changes in net working capital</b>		<b>(235.855.595)</b>	<b>(111.453.319)</b>
- Increases / decreases in inventories	13	(49.298.630)	(49.028.403)
- Increases / decreases in trade receivables	10,37	(85.023.475)	(29.674.655)
- Increases / decreases in other receivables	11,37	(154.378.544)	(14.484.255)
- Increases / decreases in trade payables	10,37	42.581.569	(5.214.206)
- Increases / decreases in other payables	11,14,26,37	9.016.783	(12.194.415)
- Other increases / decreases in net working capital	14,26	1.246.702	(857.385)
<b>Cash flows from operating activities</b>		<b>(93.493.833)</b>	<b>(31.316.695)</b>
- Interest paid	8,31,33,37	(8.496.483)	(13.288.680)
- Interest received	31,33,37	4.251.796	1.012.958
- Current income tax paid	35	(23.245.113)	(19.805.506)
- Employment termination benefits paid	24	(2.479.037)	(1.424.229)

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

## Consolidated Statements of Cash Flows for the Interim Periods Between 1 January and 31 March 2016 and 2015

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

	Notes	1 January- 31 March 2016	1 January- 31 March 2015
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>649.749</b>	<b>(28.781.268)</b>
- Cash inflows from the sale of shares in other entities or funds or debt instruments	7,16	2.494.906	-
- Proceeds from the sale of tangible and intangible assets	18,19,32	838.266	4.030.515
- Cash outflows from the purchases of tangible and intangible assets	18,19	(37.735.689)	(37.811.161)
- Advances given	14	(6.033.183)	(23.203.351)
- Proceeds from advances given	14	8.019.476	20.026.881
- Dividends received from associates	16,32	26.617.015	2.571.998
- Interest received	6,33	6.411.304	5.582.979
- Other cash inflows / outflows	3,10,11,26	37.654	20.871
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(9.053.400)</b>	<b>(36.031.713)</b>
- Proceeds from financial borrowings	8	31.633.121	17.880.152
- Repayments of financial borrowings	8	(29.166.186)	(51.808.711)
- Financial leases paid	8	(270.335)	(311.917)
- Dividends paid	27	(11.250.000)	(9.774.375)
- Capital contribution of non - controlling interests	27	-	7.983.138
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>(131.866.321)</b>	<b>(129.635.133)</b>
<b>D. EFFECTS OF UNREALIZED EXCHANGE LOSS / (GAIN) ON CASH AND CASH EQUIVALENTS</b>		<b>(14.592.770)</b>	<b>92.118.928</b>
- Effect of change in the exchange rates on cash and cash equivalents	33	(16.168.509)	92.678.507
- Effect of currency translation difference	27	1.575.739	(559.579)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(146.459.091)</b>	<b>(37.516.205)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>6</b>	<b>1.168.141.407</b>	<b>1.126.423.480</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)</b>	<b>6</b>	<b>1.021.682.316</b>	<b>1.088.907.275</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**1. Group’s Organisation and Nature of Operations**

Trakya Cam Group (the “Group”) consists of a holding company, Trakya Cam Sanayii A.Ş. (“Company”) and 16 subsidiaries, 3 joint managing companies 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), Egypt (Sukhna) and India (Halol).

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

**The Head Office and the Shareholder Structure of the Company**

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

The contact information is as below:

İş Kuleleri Kule 3, 4. Levent 34330, Beşiktaş/ İstanbul/ Türkiye  
Phone : +90 212 350 50 50  
Fax : +90 212 350 50 80  
Web Page : <http://www.trakyacam.com.tr>

**Trade register Information of the Company**

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

**Details of the number of personnel are as follows**

	<b>31 March 2016</b>	<b>31 December 2015</b>	<b>31 March 2015</b>
Personnel charged by monthly pay	1.753	1.747	1.789
Personnel charged by hour	4.513	4.482	4.307
<b>Total</b>	<b>6.266</b>	<b>6.229</b>	<b>6.096</b>

The 588 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 (2015: 590 employees).

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

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

**Consolidated subsidiaries, joint ventures and associates**

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

**Subsidiaries:**

<b>Company Name</b>	<b>Nature of business</b>	<b>Country of incorporation</b>
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
Trakya Investment B.V.	Finance and Investment Company	Netherlands
Trakya Glass Rus AO	Production and Sale of Flat Glass and Mirror	Russia
TRSG Glass Holding B.V.	Finance and Investment Company	Netherlands
Trakya Autoglass Holding B.V. <sup>(2)</sup>	Finance and Investment Company	Netherlands
Automotive Glass Alliance Rus AO	Automotive Glass Company	Russia
Glasscorp S.A	Production and Sale of Automotive Glass and Home Appliances Glass	Romania
Trakya Glass Rus Trading OOO	Import and Sale Services	Russia
Automotive Glass Alliance Rus Trading OOO	Import and Sale Services	Russia
Richard Fritz Holding GMBH <sup>(2)</sup>	Commercial Activity	Germany
Richard Fritz Spol, S.R.O.	Production and Sale of Glass Encapsulation, Plastic Process	Slovakia
Richard Fritz Prototype + Spare Parts GmbH	Production and Sale of Glass Encapsulation	Germany
Richard Fritz Kft	Production and Sale of Glass Encapsulation	Hungary
Trakya Glass Bulgaria EAD <sup>(1)</sup>	Production and Sale of Flat, Coated and Laminated Glass	Bulgaria
Sisecam Automotive Bulgaria EAD <sup>(1)</sup>	Production and Sale of Flat Glass	Bulgaria

**Jointly Managing Companies:**

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

**Associates:**

<b>Company Name</b>	<b>Nature of business</b>	<b>Country of incorporation</b>
Çayirova Cam San. A.Ş. <sup>(3)</sup>	Commercial Activity	Turkey
Camış Elektrik Üretim A.Ş.	Production and Sale of Electricity	Turkey
Saint Gobain Glass Egypt	Production and Sale Flat Glass	Egypt

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

---

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

**Consolidated subsidiaries, joint ventures and associates (continued)**

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

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

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

With the spin-off and transfer transactions, Trakya Cam Sanayi A.Ş. manages its own operational business line in Turkey, flatglass operations indirectly through Trakya Investment B.V. and automotive glass operations indirectly through Trakya Autoglass B.V. companies with %100 partnership.

The Group executed relevant transactions for the purpose of aligning existing operational structure with legal structure, transaction will have no impact on the performance of the Group. Since transaction is a transaction between under common control entities and no cash consideration is paid or received, the effect of the transaction has been accounted under retained earnings. Transaction is accounted retrospectively as of 30 December 2015 considering the constraint with regards to prepare the previous period financial statement of newly established entities which would have required significant estimations and assumptions.

- (2) The legal titles of TRSG Autoglass Holding B.V. and Fritz Holding GmbH, our subsidiaries, was changed as Trakya Autoglass Holding B.V. on 29 June 2015 and as Richard Fritz Holding GmbH on 25 February correspondingly.
- (3) Çayırova Cam San. A.Ş. is a company that leases properties it owns to the Group companies and it has no production and sales activity.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

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

#### Consolidated subsidiaries, joint ventures and associates (continued)

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

##### Subsidiaries:

Company Name	31 March 2016		31 December 2015	
	Direct and Indirect ownership ratio %	Effective ownership ratio %	Direct and Indirect ownership ratio %	Effective ownership ratio %
Trakya Yenisehir Cam Sanayii A.Ş.	85,00	85,00	85,00	85,00
Trakya Polatlı Cam Sanayii A.Ş.	85,00	85,00	85,00	84,90
Trakya Investment B.V.	100,00	100,00	100,00	100,00
Trakya Glass Rus AO	100,00	70,00	100,00	70,00
TRSG Glass Holding B.V.	70,00	70,00	70,00	70,00
Trakya Autoglass Holding B.V.	100,00	100,00	100,00	100,00
Automotive Glass Alliance Rus AO	100,00	100,00	100,00	100,00
Glass Corp S.A	90,00	90,00	90,00	90,00
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
Richard Fritz Holding 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 Prototype + Spare Parts GmbH	100,00	100,00	100,00	100,00
Richard Fritz Kft	100,00	100,00	100,00	100,00
Trakya Glass Bulgaria EAD	100,00	100,00	-	-
Sisecam Automotive Bulgaria EAD	100,00	100,00	-	-

##### Joint ventures:

Company Name	31 March 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Trakya Cam Investment B.V.	-	-	70,00	70,00
Trakya Glass Bulgaria EAD	-	-	70,00	70,00
HNG Float Glass Limited	50,00	50,00	50,00	50,00

##### Associates:

Company Name	31 March 2016		31 December 2015	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Çayırova Cam San. A.Ş.	28,14	28,14	28,13	28,13
Camiş Elektrik Üretim A.Ş.	34,43	34,43	34,43	34,43
Saint Gobain Glass Egypt S.A.E	30,01	30,01	30,00	30,00

## **Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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”).

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.

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

#### Presentation and Functional Currency

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

#### 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 Interim Period Between 1 January and 31 March 2016

(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 Impact of Amendment in TAS 19 "Employee Benefits

In accordance with the amendment in the Standard, which is effective from 1 January 2013, the actuarial gain / (loss) related to employee benefits are required to be accounted for other comprehensive income.

The Group accounted the actuarial gain / (loss) related to employee benefits for under consolidated income statement until 31 December 2012. The Group applied the amendment Standard retrospectively in accordance with the related changes in the accounting policies and the actuarial gain / (loss) disclosed in the related disclosures have been reversed from the consolidated income statement and accounted for under other comprehensive income.

##### 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:

	<b>31 March 2016</b>		<b>31 December 2015</b>		<b>31 March 2015</b>	
<b>Currency</b>	<b>Period End</b>	<b>Period Average</b>	<b>Period End</b>	<b>Period Average</b>	<b>Period End</b>	<b>Period Average</b>
Euro	3,20810	3,24204	3,17760	3,01871	2,83090	2,77094
Bulgarian Lev	1,63110	1,65763	1,62468	1,54344	1,44742	1,41676
Russian Rubles	0,04169	0,03925	0,03961	0,04456	0,04469	0,03904
New Romanian Leu	0,71544	0,71757	0,69730	0,67544	0,63860	0,61886
Egyptian Pounds	0,31793	0,36732	0,37273	0,35348	0,34290	0,32956
Indian Rupee	0,04271	0,04358	0,04384	0,04239	0,04170	0,03949

##### Consolidation Principles

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

---

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

**2.1 Basis of Presentation (continued)**

**Subsidiaries**

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

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

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

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

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

The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

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

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

**Joint Ventures**

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

---

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

**2.1 Basis of Presentation (continued)**

Associates

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

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

Available - for - Sale Investments

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

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

**2.2 Statement of Compliance to TAS / TAS**

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

**2.3 Significant Changes in Accounting Policies**

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

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2015 are based on the appraisal reports prepared by independent valuation firms.

**2.4 Restatement and Errors in the Accounting Policies and Estimates**

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

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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(“TFRS”)

The Group has applied new standards, amendments and interpretations to existing standards published by TASB and IFRIC that are effective as at 1 January 2016 and are relevant to the Group’s operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2016 and in interim periods subsequent to 31 March 2016.

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

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- TFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendments to TAS 27, ‘Separate financial statements’ on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to TFRS 10, ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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)

**a. The new standards, amendments and interpretations which are effective for the financial statements as of 31 March 2016 (continued):**

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
  - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal
  - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
  - TAS 19, 'Employee benefits' regarding discount rates
  - TAS 34, 'Interim financial reporting' regarding disclosure of information.
- TAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements..
- IFRS 10 "Consolidated Financial Statements" and TAS 28 "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities.

**b. The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 March 2016, however interpretations issued but not yet effective:**

- TAS 7 'effective from annual periods beginning on or after 1 January 2017. The improvements are part of the Board's Disclosure Initiative. The amendments require companies to provide information about changes in their financing liabilities and come as a response to requests from investors for information that helps them better understand changes in a company's debt. The amendments will help to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).
- TAS 12 'Income Taxes' effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 16 'leases' effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. New standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same.

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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 and Note 31).

**Sales of Goods**

Revenue obtained from the sales of the goods is accounted for when the conditions below are met:

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

**Interest Income**

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

**Dividend income**

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared.

**Inventories**

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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)

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

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

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

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

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

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

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

##### Intangible assets

##### 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).

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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)**

**Intangible assets (continued)**

Computer software

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

Customer Relationships

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

**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.

**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 Interim Period Between 1 January and 31 March 2016

(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)

##### 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

##### Financial Leases

- a) The Group as the lease

##### *Financial Leasing*

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

- b) The Group as the lessor

##### *Operating leases*

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

- c) The Group as the lessee

##### *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.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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)

##### **Borrowing costs**

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

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

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

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

##### **Related Party**

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

##### **Offsetting**

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

##### **Financial assets**

###### Classification

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

###### Receivables

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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)**

Available-for-sale financial assets

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

Held to maturity financial assets

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

Recognition and measurement

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

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

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

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.

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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)**

**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).

**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 are initially measured at fair value including the transaction costs which are directly attributable.

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

Equity instruments

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

Other financial liabilities

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

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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)**

**Trade payables**

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

**Business combinations and Goodwill**

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

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Any excess of the cost of acquisition over the acquirer’s interest in the net fair value of the acquirer’s identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. In each acquisition, the non-controlling shares of the acquired company are accounted for on the basis of the share of the net assets of the acquired company. The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognized in the consolidated statements of income. Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

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

**Transactions with non-controlling interest**

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

**Foreign Currency Transactions**

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

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.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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 (continued)

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 Interim Period Between 1 January and 31 March 2016**

(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)**

**Onerous contracts**

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

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

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

**Segment reporting**

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.

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

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

**Government grants**

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

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

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

## **Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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)**

##### **Current and deferred income tax**

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

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

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

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

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

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

##### **Employee benefits**

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

##### **Statement of cash flows**

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

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

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

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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)**

**Dividends**

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

**2.7 Significant Accounting Estimates and Assumptions**

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

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

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY 8.399.488 (31 December 2015: TRY 9.081.785) results from temporary differences as of 31 March 2016 that are arising from the tax allowances and can be used as long as the tax allowances continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 March 2016, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 67.702.275 (31 December 2015: TRY 67.550.093) (Note 35).

Land and buildings are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2015 are based on the appraisal reports prepared by independent valuation firms..

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of 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.

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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**

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

The carrying values do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the The Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the “TAS 36 Impairment of Assets”, and impairment has been recognized in income statement.

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

**3. Business Combinations**

None (2015:None).

**4. Interest in Other Entities**

None (2015:None).

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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 and abroad.

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

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

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 5. Segment Reporting

#### a. Operational Segments

1 January -31 March 2016	Basic glass	Autoglass	Other glass	Total	Consolidation adjustments	Consolidated
Revenue	397.713.470	268.610.949	11.968.043	678.292.462	(51.640.775)	626.651.687
Cost of sales	(259.730.324)	(224.293.273)	(9.808.384)	(493.831.981)	52.984.029	(440.847.952)
<b>Gross profit</b>	<b>137.983.146</b>	<b>44.317.676</b>	<b>2.159.659</b>	<b>184.460.481</b>	<b>1.343.254</b>	<b>185.803.735</b>
Operating expenses	(103.529.222)	(39.394.001)	(1.166.476)	(144.089.699)	1.090.335	(142.999.364)
Other operating incomes	21.466.089	9.332.580	11.375	30.810.044	(6.693.172)	24.116.872
Other operating expenses	(15.899.446)	(3.241.708)	(4.692)	(19.145.846)	5.743.065	(13.402.781)
Income from associates	5.769.271	-	-	5.769.271	-	5.769.271
<b>Operating profit</b>	<b>45.789.838</b>	<b>11.014.547</b>	<b>999.866</b>	<b>57.804.251</b>	<b>1.483.482</b>	<b>59.287.733</b>
Purchases of tangible and intangible fixed asset	37.384.844	30.173.904	350.845	67.909.593	-	37.735.689
Depreciation and amortization on fixed assets	(60.534.213)	(16.597.974)	(1.026.247)	(78.158.434)	-	(61.560.460)
1 January -31 March 2015	Basic glass	Autoglass	Other glass	Total	Consolidation adjustments	Consolidated
Revenue	265.321.654	202.846.006	-	468.167.660	(7.611.257)	460.556.403
Cost of sales	(172.951.350)	(169.168.348)	-	(342.119.698)	7.636.134	(334.483.564)
<b>Gross profit</b>	<b>92.370.304</b>	<b>33.677.658</b>	<b>-</b>	<b>126.047.962</b>	<b>24.877</b>	<b>126.072.839</b>
Operating expenses	(76.562.981)	(26.989.963)	-	(103.552.944)	1.197.668	(102.355.276)
Other operating incomes	17.037.172	7.838.274	-	24.875.446	(7.259.270)	17.616.176
Other operating expenses	(7.301.419)	(3.446.434)	-	(10.747.853)	2.654.598	(8.093.255)
Income from associates	5.667.227	-	-	5.667.227	-	5.667.227
<b>Operating profit</b>	<b>31.210.303</b>	<b>11.079.535</b>	<b>-</b>	<b>42.289.838</b>	<b>(3.382.127)</b>	<b>38.907.711</b>
Purchases of tangible and intangible fixed asset	22.292.490	15.518.671	-	37.811.161	-	37.811.161
Depreciation and amortization on fixed assets	(30.310.368)	(12.954.447)	-	(43.264.815)	-	(43.264.815)

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 5. Segment Reporting (Continued)

#### b. Geographical segments (continued)

1 January -31 March 2016	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
Revenue	387.042.190	264.867.969	26.382.303	678.292.462	(51.640.775)	626.651.687
Cost of sales	(261.210.728)	(204.305.653)	(28.315.600)	(493.831.981)	52.984.029	(440.847.952)
<b>Gross profit</b>	<b>125.831.462</b>	<b>60.562.316</b>	<b>(1.933.297)</b>	<b>184.460.481</b>	<b>1.343.254</b>	<b>185.803.735</b>
Operating expenses	(87.320.303)	(51.944.609)	(4.824.787)	(144.089.699)	1.090.335	(142.999.364)
Other operating incomes	23.787.154	6.442.981	579.908	30.810.043	(6.693.171)	24.116.872
Other operating expenses	(17.884.396)	(264.658)	(996.792)	(19.145.846)	5.743.065	(13.402.781)
Income from associates	5.769.271	-	-	5.769.271	-	5.769.271
<b>Operating profit</b>	<b>50.183.188</b>	<b>14.796.030</b>	<b>(7.174.968)</b>	<b>57.804.250</b>	<b>1.483.483</b>	<b>59.287.733</b>
Purchases of tangible and intangible fixed asset	11.893.913	22.012.719	3.829.057	37.735.689	-	37.735.689
Depreciation and amortization on fixed assets	(28.633.347)	(25.592.533)	(7.334.580)	(61.560.460)	-	(61.560.460)
1 January - 31 March 2015	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
Revenue	357.327.607	100.492.584	10.347.469	468.167.660	(7.611.257)	460.556.403
Cost of sales	(246.231.383)	(82.605.703)	(13.282.612)	(342.119.698)	7.636.134	(334.483.564)
<b>Gross profit</b>	<b>111.096.224</b>	<b>17.886.881</b>	<b>(2.935.143)</b>	<b>126.047.962</b>	<b>24.877</b>	<b>126.072.839</b>
Operating expenses	(78.778.110)	(20.283.002)	(4.491.832)	(103.552.944)	1.197.668	(102.355.276)
Other operating incomes	24.306.763	454.976	113.707	24.875.446	(7.259.270)	17.616.176
Other operating expenses	(10.485.710)	(29.118)	(233.024)	(10.747.852)	2.654.597	(8.093.255)
Income from associates	5.667.227	-	-	5.667.227	-	5.667.227
<b>Operating profit</b>	<b>51.806.394</b>	<b>(1.970.263)</b>	<b>(7.546.292)</b>	<b>42.289.839</b>	<b>(3.382.128)</b>	<b>38.907.711</b>
Purchases of tangible and intangible fixed asset	24.368.080	10.000.210	3.442.871	37.811.161	-	37.811.161
Depreciation and amortization on fixed assets	(31.326.950)	(5.670.281)	(6.267.584)	(43.264.815)	-	(43.264.815)

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 6. Cash and Cash Equivalents

	31 March 2016	31 December 2015
Cash	44.654	49.551
Cash in banks	1.023.133.382	1.169.615.213
- Demand deposits	63.820.185	63.562.652
- Time deposits	959.313.197	1.106.052.561
Other	74.458	6.744
	<b>1.023.252.494</b>	<b>1.169.671.508</b>

#### Time deposits

Currency	Interest Rate (%)	Maturity	31 March 2016	31 December 2015
EUR	1,95-2,10	April 2016	118.589.629	130.777.082
US Dollar	1,60-1,95	April 2016	806.188.615	975.275.479
TRY	9,75-11,50	April 2016	33.059.892	-
Other	7,00	April 2016	1.475.061	-
			<b>959.313.197</b>	<b>1.106.052.561</b>

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

	31 March 2016	31 December 2015	31 March 2015
Cash and cash equivalents	1.023.252.494	1.169.671.508	1.089.830.392
Less: Interest accrual	(1.570.178)	(1.530.101)	(923.117)
	<b>1.021.682.316</b>	<b>1.168.141.407</b>	<b>1.088.907.275</b>

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

None (2015: None).

#### b) Long term financial investments

Available for sale financial assets	31 March 2016	31 December 2015
Financial investments carried at market price	341.501.008	282.343.353

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 7. Financial Assets (Continued)

#### b) Long term financial investments (continued)

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

	31 March 2016	31 March 2015
1 January	282.343.353	219.278.575
Changes in fair value financial assets (*)	59.157.655	75.825.285
	<b>341.501.008</b>	<b>295.103.860</b>

(\*)The amount is related to the fair value changes of Soda Sanayii A.Ş. shares.

Financial investments carried at market price	Share %	31 March 2016	Share %	31 December 2015
Soda Sanayii A.Ş.	10,19	341.501.008	10,19	282.343.353
Financial investments not traded in an active market	Share %	31 March 2016	Share %	31 December 2015
Camiş Madencilik A.Ş.	-	-	<1	-

### 8. Financial Liabilities

Current financial liabilities	31 March 2016	31 December 2015
Short term borrowings	332.980.365	274.483.810
Short term portion of long term borrowings	31 March 2016	31 December 2015
Short term portion of long term borrowings and interests	133.060.941	106.137.267
Due to related parties (Note 37)	9.472.619	1.955.766
<b>Total short term portion of long term borrowings</b>	<b>142.533.560</b>	<b>108.093.033</b>
<b>Total short term financial liabilities</b>	<b>475.513.925</b>	<b>382.576.843</b>
Non - current financial liabilities	31 March 2016	31 December 2015
Long term portion of long term borrowings	706.838.484	775.845.746
Due to related parties (Note 37)	706.130.069	724.512.108
Liabilities for financial leasing	2.563.843	2.804.428
<b>Total long -term financial liabilities</b>	<b>1.415.532.396</b>	<b>1.503.162.282</b>
<b>Total financial liabilities</b>	<b>1.891.046.321</b>	<b>1.885.739.125</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 8. Financial Liabilities (Continued)

	31 March 2016	31 December 2015
<b>Reprising periods for loans</b>		
3 months and shorter	970.902.314	278.121.575
3 - 12 months	201.977.476	878.345.248
	<b>1.172.879.790</b>	<b>1.156.466.823</b>

The debt amounting TRY 715.602.688 that The Group borrowed from T.Şişe ve Cam Fabrikaları will be paid with equal instalments every six months (31 December 2015: TRY 726.467.874). In 2016, financial leasing liabilities amounting TRY 2.563.843 will be paid with equal instalments every six months. (31 December 2015: TRY 2.804.428).

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

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

#### 31 March 2016

Bank Borrowings	Capital	Interest	Commission	Total
1 January	1.149.792.349	7.382.920	(708.446)	1.156.466.823
Currency translation differences	12.392.626	116.854	-	12.509.480
Foreign exchange (gain)/loss	(2.014.761)	-	-	(2.014.761)
Additions - accruals for the period	31.633.121	10.286.414	-	41.919.535
Payments - reversals for the period	(29.166.186)	(6.897.370)	62.269	(36.001.287)
<b>31 March 2016</b>	<b>1.162.637.149</b>	<b>10.888.818</b>	<b>(646.177)</b>	<b>1.172.879.790</b>

Bonds issued	Capital	Interest	Discounts on Bonds	Commission	Total
1 January	726.900.000	2.662.348	(2.192.662)	(901.812)	726.467.874
Foreign exchange (gain)/loss	(18.550.000)	-	-	-	(18.550.000)
Additions-accruals for the period	-	7.519.532	-	-	7.519.532
Payments-reversals for the period	-	-	114.236	51.046	165.282
<b>31 March 2016</b>	<b>708.350.000</b>	<b>10.181.880</b>	<b>(2.078.426)</b>	<b>(850.766)</b>	<b>715.602.688</b>

Financial leases	Principal+Interest	Interest (-)	Total
1 January	2.804.428	-	2.804.428
Currency translation differences	29.750	-	29.750
Payments - reversals for the period	(270.335)	-	(270.335)
<b>31 March 2016</b>	<b>2.563.843</b>	<b>-</b>	<b>2.563.843</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**8. Financial Liabilities (Continued)**

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

**31 March 2015**

<b>Bank Borrowings</b>	<b>Capital</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
1 January	655.378.180	6.042.216	(957.531)	660.462.865
Currency translation differences	19.102.456	784.660	-	19.887.116
Foreign exchange (gain)/loss	4.506.625	-	-	4.506.625
Foreign exchange (gain)/loss	17.880.152	10.467.936	-	28.348.088
Additions - accruals for the period	(51.808.711)	(8.107.469)	62.272	(59.853.908)
<b>31 March 2015</b>	<b>645.058.702</b>	<b>9.187.343</b>	<b>(895.259)</b>	<b>653.350.786</b>

<b>Bonds issued</b>	<b>Capital</b>	<b>Interest</b>	<b>Discounts on Bonds</b>	<b>Commission</b>	<b>Total</b>
1 January	579.725.000	1.886.432	(2.637.851)	(1.105.996)	577.867.585
Foreign exchange (gain)/loss	72.825.000	-	-	-	72.825.000
Additions - accruals for the period	-	7.146.718	-	-	7.146.718
Payments - reversals for the period	-	-	108.077	51.046	159.123
<b>31 March 2015</b>	<b>652.550.000</b>	<b>9.033.150</b>	<b>(2.529.774)</b>	<b>(1.054.950)</b>	<b>657.998.426</b>

<b>Financial leases</b>	<b>Principal+Interest</b>	<b>Interest (-)</b>	<b>Total</b>
1 January	3.718.256	-	3.718.256
Currency translation differences	6.695	-	6.695
Payments - reversals for the period	(311.917)	-	(311.917)
<b>31 March 2015</b>	<b>3.413.034</b>	<b>-</b>	<b>3.413.034</b>

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

**31 March 2016**

<b>Currency</b>	<b>Interest rate (%) (*)</b>	<b>Short - term</b>	<b>Long - term</b>
USD	Libor + 2,00 - 3,75	23.921.347	796.510.377
EUR	Euroribor + 0,08 - 3,75	387.814.751	585.474.597
TRY and others	-	63.777.827	33.547.422
		<b>475.513.925</b>	<b>1.415.532.396</b>

**31 December 2015**

<b>Currency</b>	<b>Interest rate (%) (*)</b>	<b>Short - term</b>	<b>Long - term</b>
USD	Libor + 2,00 - 3,75	15.998.044	817.259.262
EUR	Euroribor + 0,08 - 3,75	306.586.809	651.904.437
TRY and others	-	59.991.990	33.998.583
		<b>382.576.843</b>	<b>1.503.162.282</b>

(\*)The weighted average interest rate for EUR is Euribor + 2,42 %, for USD is Libor + 2,82 %.

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**8. Financial Liabilities (Continued)**

The redemption schedule of financial liabilities is as follow:

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Repayment maturities of financial liabilities</b>		
Up to 1 year	475.513.925	382.576.843
Between 1-2 years	251.691.009	220.234.183
Between 2-3 years	176.109.970	203.448.714
Between 3-4 years	142.143.270	158.503.366
Between 4-5 years	758.125.420	819.873.027
Exceed 5 years	87.462.727	101.102.992
	<b>1.891.046.321</b>	<b>1.885.739.125</b>

**9. Other Financial Liabilities**

None (2015: None).

**10. Trade Receivables and Payables**

**Trade receivables**

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Short-term trade receivables</b>		
Trade receivables	498.706.631	418.182.940
Notes receivables	1.721.800	3.807.625
Allowance for doubtful receivables (-)	(17.083.754)	(20.063.178)
	<b>483.344.677</b>	<b>401.927.387</b>

Domestic sales term for flat glass are either in advance or average 90 days maturity. Average domestic sales term for flat glass products is 90 days (2014: 90 days). For overdue payments, 2% interest is charged on a monthly basis (2015: 2 %).

Average sales term for auto glass and glassware products is 45 days (2014: 45 days).

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

The Group has allocated allowance for its doubtful receivables. Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful debts.

TRY 76.412.955 portion of trade receivable is related to the sales that the company's related party Şişecam Dış Ticaret A.Ş. (2015: TRY 68.037.693).

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**10. Trade Receivables and Payables (Continued)**

The movement in the allowance for doubtful receivable is as follows

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
1 January	(20.063.178)	(6.470.730)
Charge for the period	(21.238)	(2.155.179)
Currency translation difference	(92.313)	(2.653)
Collections	3.092.975	-
	<b>(17.083.754)</b>	<b>(8.628.562)</b>

The Group holds the following collaterals for trade receivables::

	<b>31 March 2016</b>	<b>31 December 2015</b>
Letters of guarantees	112.802.648	74.829.561
Notes receivables and cheques received	51.643.445	13.055.114
Mortgages	2.332.572	8.896.413
Direct Debiting System (DBS)	32.491.946	34.891.711
Other	568.575	-
	<b>199.839.186</b>	<b>131.672.799</b>

As of 31 March 2016 97.868.308 TRY (31 December 2015: 66.757.154 TRY) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	<b>31 March 2016</b>	<b>31 December 2015</b>
1 - 30 days overdue	42.668.730	20.114.987
1 - 3 months overdue	23.642.573	24.624.460
3 - 12 months overdue	16.126.356	12.863.418
1 - 5 years overdue	15.430.649	9.154.289
<b>Total overdue receivables</b>	<b>97.868.308</b>	<b>66.757.154</b>
<b>The part under guarantee with collateral, etc.</b>	<b>31.568.851</b>	<b>15.332.309</b>

**Trade Payables**

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Short term trade payables</b>		
Trade payables	176.558.564	191.368.695
Due to related parties (Note 37)	127.298.463	70.056.587
	<b>303.857.027</b>	<b>261.425.282</b>

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**11. Other Receivables and Payables**

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other current receivables</b>		
Due from related parties (Note 37)	161.589.556	10.215.524
Due from personnel	570.695	722.895
Deposits and guarantees given	1.080.194	666.464
Other receivables	8.693.085	5.950.103
	<b>171.933.530</b>	<b>17.554.986</b>

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Long - term other receivables</b>		
Deposits and guarantees given	874.678	1.014.876

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other current payables</b>		
Due to related parties (Note 37)	106.409.339	15.808.579
Due to personnel	9.512.812	10.257.022
Deposits and guarantees received	209.882	219.788
Other payables	1.901.655	749.307
	<b>118.033.688</b>	<b>27.034.696</b>

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other non - current payables</b>		
Deposits and guarantees taken	148.474	199.972

**12. Derivative Instruments**

None. (2015: None).

**13. Inventories**

	<b>31 March 2016</b>	<b>31 December 2015</b>
Finished goods	270.813.110	232.090.006
Raw materials	110.004.345	110.480.733
Trade goods	15.299.573	13.045.147
Work in process	39.507.864	34.814.113
Operating supplies	16.035.185	13.370.513
Other inventories	41.719.595	41.523.329
Provision for impairment of inventory (-)	(4.347.307)	(4.977.745)
	<b>489.032.365</b>	<b>440.346.096</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 13. Inventories (Continued)

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

	1 January- 31 March 2016	1 January- 31 March 2015
1 January	(4.977.745)	(5.580.632)
Currency translation difference	(99.920)	(31.790)
Provision realized during the year	(512.441)	(459.045)
Provision used during the period	1.242.799	822.141
	<b>(4.347.307)</b>	<b>(5.249.326)</b>

### 14. Prepaid Expenses and Deffered Income

	31 March 2016	31 December 2015
<b>Prepaid expenses in current assets</b>		
Order advances given for inventories	40.219.545	30.959.216
Prepaid expenses	13.282.970	5.523.821
	<b>53.502.515</b>	<b>36.483.037</b>

	31 March 2016	31 December 2015
<b>Prepaid expenses in non-current assets</b>		
Given advances	14.120.726	15.656.949
Prepaid expenses	11.447.761	11.550.975
	<b>25.568.487</b>	<b>27.207.924</b>

	31 March 2016	31 December 2015
<b>Short term deferred income</b>		
Order advances received	21.807.484	13.264.079
Other advances received	2.007.275	116
Deferred income	2.208.438	1.745.206
	<b>26.023.197</b>	<b>15.009.401</b>

	31 March 2016	31 December 2015
<b>Long term deferred income</b>		
Deferred income (*)	49.342.603	49.024.557

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

### 15. Construction Contracts

None (2015: None).

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**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:

<b>Joint Ventures</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
HNG Float Glass Limited	159.448.550	159.797.741
<b>Associates</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Camiş Elektrik Üretim A.Ş.	19.960.931	20.714.514
Saint Gobain Glass Egypt S.A.E	102.857.346	119.829.212
Çayırova Cam Sanayii A.Ş	98.448.167	98.689.638
	<b>221.266.444</b>	<b>239.233.364</b>
	<b>380.714.994</b>	<b>399.031.105</b>

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

	<b>31 March 2016</b>	<b>31 March 2015</b>
1 January	399.031.105	617.439.457
Profit / (loss) for the period from associates (net)	5.769.271	5.667.227
Dividend income from associates	(2.171.704)	(2.571.997)
Currency translation differences	(21.913.678)	23.724.644
	<b>380.714.994</b>	<b>644.259.331</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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:

<b><u>Cayırova Cam Sanayii A.Ş</u></b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Current assets	9.654.754	9.102.559
Non - current assets	341.773.292	341.818.187
<b>Total Assets</b>	<b>351.428.046</b>	<b>350.920.746</b>
Current liabilities	1.636.315	271.053
Non - current liabilities	-	-
<b>Total Liabilities</b>	<b>1.636.315</b>	<b>271.053</b>
<b>Net Assets (including goodwill)</b>	<b>349.791.731</b>	<b>350.649.693</b>
<b>Group share</b>		
-Direct and indirect ownership ratio (%)	28,14	28,14
-Effective ownership ratio (%)	28,14	28,14
<b>Group share in net assets (including goodwill)</b>	<b>98.448.167</b>	<b>98.689.638</b>
	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Revenue	-	-
<b>Net profit / (loss) from continuing operations</b>	<b>742.038</b>	<b>568.618</b>
Other comprehensive income loss	-	-
<b>Total comprehensive loss</b>	<b>742.038</b>	<b>568.618</b>
<b>The Group's share in profit / (loss) from continuing operations</b>	<b>208.846</b>	<b>159.952</b>
<b>Dividend distribution from retained earnings</b>	<b>1.600.000</b>	<b>1.800.000</b>
<b>Dividend distributed to company's share</b>	<b>450.317</b>	<b>506.333</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 16. Joint Ventures and Associates (Continued)

<b><u>Camiş Elektrik Üretim A.Ş.</u></b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Current assets	57.306.080	58.964.881
Non - current assets	9.579.186	10.157.258
<b>Total assets</b>	<b>66.885.266</b>	<b>69.122.139</b>
Current liabilities	8.182.360	8.247.993
Non - current liabilities	723.685	706.041
<b>Total liabilities</b>	<b>8.906.045</b>	<b>8.954.034</b>
<b>Net assets (including goodwill)</b>	<b>57.979.221</b>	<b>60.168.105</b>
<b>Group share</b>		
- Direct and indirect ownership ratio (%)	34,43	34,43
- Effective ownership ratio (%)	34,43	34,43
<b>Group share in net assets (including goodwill)</b>	<b>19.960.931</b>	<b>20.714.514</b>
	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Revenue	13.256.111	13.425.751
<b>Net profit / (loss) from continuing operations</b>	<b>2.811.116</b>	<b>2.765.498</b>
Other comprehensive income / (loss)	-	-
<b>Total comprehensive income / (loss)</b>	<b>2.811.116</b>	<b>2.765.498</b>
<b>The Group's share in profit / (loss) from continuing operations</b>	<b>967.804</b>	<b>952.161</b>
<b>Dividend distribution from retained earnings</b>	<b>5.000.000</b>	<b>6.000.000</b>
<b>Dividend distributed to company's share</b>	<b>1.721.387</b>	<b>2.065.664</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 16. Joint Ventures and Associates (Continued)

<b><u>Saint Gobain Glass Egypt S.A.E</u></b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Current assets	100.511.786	115.969.544
Non - current assets	372.840.270	454.516.657
<b>Total assets</b>	<b>473.352.056</b>	<b>570.486.201</b>
Current liabilities	125.237.847	139.398.223
Non - current liabilities	5.411.951	31.838.500
<b>Total liabilities</b>	<b>130.649.798</b>	<b>171.236.723</b>
<b>Net assets (including goodwill)</b>	<b>342.702.258</b>	<b>399.249.478</b>
<b>Group share</b>		
- Direct and indirect ownership ratio (%)	30,01	30,01
- Effective ownership ratio (%)	30,01	30,01
<b>Group share in net assets (including goodwill)</b>	<b>102.857.346</b>	<b>119.829.212</b>
	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Revenue	44.794.090	39.445.716
<b>Net profit / (loss) from continuing operations</b>	<b>2.486.035</b>	<b>(962.837)</b>
Other comprehensive income / (loss)	(59.033.255)	16.503.523
<b>Total comprehensive income / (loss)</b>	<b>(56.547.220)</b>	<b>15.540.686</b>
<b>The Group's share in profit / (loss) from continuing operations</b>	<b>746.149</b>	<b>(288.851)</b>
<b>Capital increases in the period</b>	<b>-</b>	<b>-</b>
<b>The Group's share in cash capital increase</b>	<b>-</b>	<b>-</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**16. Joint Ventures and Associates (Continued)**

<b><u>HNG Float Glass Limited</u></b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Current assets	53.363.365	54.344.999
- Cash and cash equivalents	950.791	1.634.925
- Trade receivables	17.390.074	14.650.320
Non - current assets	390.131.822	405.148.306
<b>Total assets</b>	<b>443.495.187</b>	<b>459.493.305</b>
Current liabilities	55.948.842	73.618.794
- Short term financial liabilities	42.124.769	44.230.069
Non - current liabilities	68.649.245	66.279.029
- Long term financial liabilities	47.091.491	44.347.974
<b>Total liabilities</b>	<b>124.598.087</b>	<b>139.897.823</b>
<b>Net assets (including goodwill)</b>	<b>318.897.100</b>	<b>319.595.482</b>
<b>Group share</b>		
- Direct and indirect ownership ratio (%)	50,00	50,00
- Effective ownership ratio (%)	50,00	50,00
<b>Group share in net assets (including goodwill)</b>	<b>159.448.550</b>	<b>159.797.741</b>
	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Revenue	59.163.027	45.741.385
Interest income	-	738.098
Interest expense	2.055.591	3.126.557
Depreciation expense	5.062.767	4.518.026
<b>Net profit / (loss) from continuing operations</b>	<b>7.692.942</b>	<b>2.511.376</b>
Other comprehensive income	(8.391.324)	35.597.750
<b>Total comprehensive income</b>	<b>(698.382)</b>	<b>38.109.126</b>
<b>The Group's share in profit / (loss) from continuing operations</b>	<b>3.846.472</b>	<b>1.255.688</b>

**17. Investment Properties**

None (2015: None).

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**18. Property, Plant And Equipments**

<b>Cost</b>	<b>Land</b>	<b>Land improvements</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furnitures and fixtures</b>	<b>Other fixed assets</b>	<b>Construction in progress</b>	<b>Total</b>
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	361.298	1.056.544	15.772.225	22.497.093	358.507	624.193	496.049	711.667	41.877.576
Additions	-	-	394.951	2.614.157	-	962.748	353.260	33.297.576	37.622.692
Disposals	-	-	-	(8.584.462)	(140.531)	(414.903)	(777.586)	-	(9.917.482)
Transfers from construction in progress	-	3.885	1.143.289	7.167.968	-	5.782.390	1.131.213	(15.228.745)	-
<b>Balance at 31 March 2016</b>	<b>410.854.686</b>	<b>100.017.161</b>	<b>902.859.027</b>	<b>2.643.980.511</b>	<b>42.325.691</b>	<b>140.983.337</b>	<b>44.770.158</b>	<b>198.104.674</b>	<b>4.483.895.245</b>
<b>Accumulated depreciation and impairment</b>									
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	(75.179)	(99.163)	(222.996)	(5.460.124)	(184.579)	(309.854)	(96.297)	-	(6.448.192)
Charge for the period (*)	-	(1.030.656)	(6.807.754)	(48.227.189)	(1.234.920)	(2.410.757)	(1.160.001)	-	(60.871.277)
Disposals	-	-	-	8.584.462	108.711	149.708	133.283	-	8.976.164
<b>Balance at 31 March 2016</b>	<b>(7.907.648)</b>	<b>(43.304.868)</b>	<b>(15.220.607)</b>	<b>(1.573.744.404)</b>	<b>(25.292.205)</b>	<b>(101.966.524)</b>	<b>(25.616.048)</b>	<b>-</b>	<b>(1.793.052.304)</b>
<b>Net book value as of 31 March 2016</b>	<b>402.947.038</b>	<b>56.712.293</b>	<b>887.638.420</b>	<b>1.070.236.107</b>	<b>17.033.486</b>	<b>39.016.813</b>	<b>19.154.110</b>	<b>198.104.674</b>	<b>2.690.842.941</b>
<b>Net book value as of 31 December 2015</b>	<b>402.660.919</b>	<b>56.781.683</b>	<b>877.358.705</b>	<b>1.091.644.202</b>	<b>18.126.298</b>	<b>34.633.288</b>	<b>19.074.189</b>	<b>179.324.176</b>	<b>2.679.603.460</b>

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**18. Property, Plant And Equipments (Continued)**

<b>Cost</b>	<b>Land</b>	<b>Land improvements</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furnitures and fixtures</b>	<b>Other fixed assets</b>	<b>Construction in progress</b>	<b>Total</b>
1 January	25.622.894	64.615.413	692.819.455	1.808.575.666	15.301.790	114.389.322	36.460.019	208.529.813	2.966.314.372
Reclassification	-	-	-	-	(379.895)	-	379.895	-	-
Currency translation differences	130.656	1.224.374	20.374.040	28.905.701	71.004	163.017	886.788	636.888	52.392.468
Additions	-	-	-	106.653	-	21.958	164.799	36.505.186	36.798.596
Disposals	-	-	(117.144)	(4.829.669)	-	(553.924)	(862.780)	(88.248)	(6.451.765)
Transfers from construction in progress	-	564.097	6.784.327	95.505.553	175.347	1.747.643	4.374.305	(109.151.272)	-
<b>Balance at 31 March 2015</b>	<b>25.753.550</b>	<b>66.403.884</b>	<b>719.860.678</b>	<b>1.928.263.904</b>	<b>15.168.246</b>	<b>115.768.016</b>	<b>41.403.026</b>	<b>136.432.367</b>	<b>3.049.053.671</b>
<b>Accumulated depreciation and impairment</b>									
1 January	-	(34.061.671)	(170.324.872)	(1.118.658.469)	(7.028.100)	(92.315.419)	(20.945.820)	-	(1.443.334.351)
Currency translation differences	-	(66.537)	(582.668)	(1.769.409)	(35.952)	(111.980)	(45.247)	-	(2.611.793)
Charge for the period (*)	-	(693.232)	(4.265.481)	(32.746.207)	(636.145)	(1.541.891)	(1.249.048)	-	(41.132.004)
Disposals	-	-	111.893	4.275.068	-	2.200	440.017	-	4.829.178
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>(34.821.440)</b>	<b>(175.061.128)</b>	<b>(1.148.899.017)</b>	<b>(7.700.197)</b>	<b>(93.967.090)</b>	<b>(21.800.098)</b>	<b>-</b>	<b>(1.482.248.970)</b>
<b>Net book value as of 31 March 2015</b>	<b>25.753.550</b>	<b>31.582.444</b>	<b>544.799.550</b>	<b>779.364.887</b>	<b>7.468.049</b>	<b>21.800.926</b>	<b>19.602.928</b>	<b>136.432.367</b>	<b>1.566.804.701</b>
<b>Net book value as of 31 December 2014</b>	<b>25.622.894</b>	<b>30.553.742</b>	<b>522.494.583</b>	<b>689.917.197</b>	<b>8.273.690</b>	<b>22.073.903</b>	<b>15.514.199</b>	<b>208.529.813</b>	<b>1.522.980.021</b>

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 19. Intangible Assets

<b>Cost</b>	<b>Rights(*)</b>	<b>Others</b>	<b>Total</b>
1 January	60.876.281	8.010.704	68.886.985
Currency translation differences	589.376	64.356	653.732
Effect of spin-off	-	-	-
Additions	54.601	58.396	112.997
Disposals	(92.267)	-	(92.267)
<b>Balance at 31 March 2016</b>	<b>61.427.991</b>	<b>8.133.456</b>	<b>69.561.447</b>
<b>Accumulated depreciation</b>			
1 January	(44.268.262)	(4.625.645)	(48.893.907)
Reclassification	-	-	-
Currency translation differences	(376.667)	(37.105)	(413.772)
Effect of spin-off	-	-	-
Change for the period	(390.142)	(299.041)	(689.183)
Disposals	92.267	-	92.267
<b>Balance at 31 March 2016</b>	<b>(44.942.804)</b>	<b>(4.961.791)</b>	<b>(49.904.595)</b>
<b>Net book value as of 31 March 2016</b>	<b>16.485.187</b>	<b>3.171.665</b>	<b>19.656.852</b>
<b>Net book value as of 31 December 2015</b>	<b>16.608.019</b>	<b>3.385.059</b>	<b>19.993.078</b>

  

<b>Cost</b>	<b>Rights</b>	<b>Others</b>	<b>Total</b>
1 January	54.513.346	3.441.651	57.954.997
Currency translation differences	370.182	9.978	380.160
Additions	997.422	15.143	1.012.565
Disposals	-	(11.264)	(11.264)
<b>Balance 31 March 2015</b>	<b>55.880.950</b>	<b>3.455.508</b>	<b>59.336.458</b>
<b>Accumulated depreciation</b>			
1 January	(33.712.746)	(1.800.274)	(35.513.020)
Currency translation differences	(157.744)	(6.650)	(164.394)
Charge for the period (*)	(2.015.807)	(117.004)	(2.132.811)
Disposals	-	11.264	11.264
<b>Balance at 31 March 2015</b>	<b>(35.886.297)</b>	<b>(1.912.664)</b>	<b>(37.798.961)</b>
<b>Net book value as of 31 March 2015</b>	<b>19.994.653</b>	<b>1.542.844</b>	<b>21.537.497</b>
<b>Net book value 31 December 2014</b>	<b>20.800.600</b>	<b>1.641.377</b>	<b>22.441.977</b>

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 20. Goodwill

	31 March 2016	31 December 2015
Fritz Holding GmbH	4.667.786	4.623.408
Glasscorp S.A.	18.435.036	17.967.616
	<b>23.102.822</b>	<b>22.591.024</b>
	1 January- 31 March 2016	1 January- 31 March 2015
1 January	22.591.024	20.258.514
Currency translation differences	511.798	339.730
	<b>23.102.822</b>	<b>20.598.244</b>

### 21. Government Grants

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

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

### 22. Provisions, Contingent Assets and Liabilities

#### Provisions

	31 March 2016	31 December 2015
<b>Short term provisions</b>		
Provision for litigation	18.598.443	18.532.614
Provision for outsourced services	1.897.530	292.006
Provision for personnel allowance	3.973.206	3.432.598
Bonus provisions	3.951.411	2.185.128
Other	17.844.303	2.719.112
	<b>46.264.893</b>	<b>27.161.458</b>

As of 31 March 2016, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 18.598.443 (2014: TRY 18.532.614) 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 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
Letters of guarantees given	26.159.838	41.955.119
Promissory notes and securities given	1.181.221.554	1.148.514.804
Other	3.014.391	3.056.904
	<b>1.210.395.783</b>	<b>1.193.526.827</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**22. Provisions, Contingent Assets and Liabilities (Continued)**

The CPM's given by the Company	31 March 2016			
	TRY Equivalent	USD	EUR	Other
<b>A.</b> CPM's given in the name of its own legal personality	27.314.261	3.920.000	4.000.000	3.374.933
<b>B.</b> CPM's given on behalf of the fully consolidated companies	474.731.522	2.765.455	132.290.914	42.493.401
<b>C.</b> CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
<b>D.</b> Total amount of other CPM's given	708.350.000	250.000.000	-	-
<b>i.</b> Total amount of CPM's given on behalf of the majority shareholder	708.350.000	250.000.000	-	-
<b>ii.</b> Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
<b>iii.</b> Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>1.210.395.783</b>	<b>256.685.455</b>	<b>136.290.914</b>	<b>45.868.334</b>

Percentage of CPM's given by the Company to the Company's equities is 23% as of 31 March 2016 (31 December 2015: 23%).

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

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**22. Provisions, Contingent Assets and Liabilities (Continued)**

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

**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 124.902.084 sm<sup>3</sup> natural gas purchase commitment between 1 April and 31 December 2016 (31 December 2015: 198.788.829 sm<sup>3</sup>).

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 24. Employee Benefits

<b>Short Term</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Unused vacation provisions	1.825.824	1.710.580

#### Long Term (Provision for employment termination benefits)

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of 23 May 2002.

The monthly ceiling of employee termination benefit to be paid as of 31 March 2015 is TRY 4.092,53 (31 December 2015: TRY 4.092,53).

Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the income statement under the cost of sales and operating expenses.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 March 2016 and 31 December 2015 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 5,00% (31 December 2015: 5,00%) and a discount rate of 10,13% (31 December 2014: 10,13%), the real discount rate is approximately 4,89% (31 December 2015: 4,89%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

<b>Long Term</b>	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
1 January	60.578.007	54.781.311
Service cost	3.243.848	1.345.823
Interest cost	716.274	559.387
Currency translation differences	23.469	6.575
Paid during the period	(2.479.037)	(1.424.229)
	<b>62.082.561</b>	<b>55.268.867</b>

### 25. Impairment of assets

	<b>31 March 2016</b>	<b>31 December 2015</b>
Provision for doubtful receivables	17.083.754	20.063.178
Provision for impairment of inventory	4.347.307	4.977.745
	<b>21.431.061</b>	<b>25.040.923</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 26. Other Assets And Liabilities

	31 March 2016	31 December 2015
<b>Other current assets</b>		
Other VAT	34.675.492	32.839.115
Other	2.161.196	1.579.962
	<b>36.836.688</b>	<b>34.419.077</b>
<b>Other current liabilities</b>		
Taxes and funds payables	24.570.529	8.262.111
Social security premiums payable	7.527.259	7.450.021
Social benefit payable	6.379.015	5.457.738
Expense accruals	16.323.158	13.621.057
Other	1.559.849	1.430.660
	<b>56.359.810</b>	<b>36.221.587</b>

### 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 89.500.000.000 (2015: 73.900.000.000) shares issued on bearer with a nominal value of Kr 1 (Kr one) each

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

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

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**27. Capital, Reserves and Other Equity Items (Continued)**

**a) Capital / Treasury Shares**

Ultimate shareholders of the Company, indirectly, are as follows:

Shareholders	31 March 2016		31 December 2015	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	216.413.477	24,17	216.317.149	24,17
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	115.502.245	12,90	115.434.839	12,90
Diğer (Halka Açık)	563.084.278	62,93	563.248.012	62,93
<b>Total</b>	<b>895.000.000</b>	<b>100,00</b>	<b>895.000.000</b>	<b>100,00</b>

**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 31 March 2015 (31 December 2015: 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 be reclassified to profit and loss	31 March 2016	31 December 2015
Fixed assets revaluation fund	468.264.869	468.315.915
Actuarial gain / loss revaluation fund for employee termination provisions	(504.327)	(504.327)
	<b>467.760.542</b>	<b>467.811.588</b>

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:

	1 January- 31 March 2016	1 January- 31 March 2015
1 January	(504.327)	(2.671.683)
Additions	-	-
	<b>(504.327)</b>	<b>(2.671.683)</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**27. Capital, Reserves and Other Equity Items (Continued)**

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

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 1.313.444 of the change in the currency translation difference relates to non-controlling interests (31 December 2014: TRY 17.310.249).

Revaluation fund related to financial assets

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

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Items to be reclassified to profit and loss</b>		
Financial asset revaluation fund	296.739.368	238.169.435
Currency translation differences	57.566.377	55.493.876
	<b>354.305.745</b>	<b>293.663.311</b>

**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

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Restricted reserves attributable to equity holders of the Parent</b>		
Legal reserves	137.116.142	132.433.402

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 27. Capital, Reserves and Other Equity Items (Continued)

#### f) Retained Earnings

Prior periods' income of the Group amounting to TRY 997.208.030 is classified to retained earnings in the consolidated balance sheet as at 31 March 2016 (31 December 2015: TRY 935.629.817).

#### Profit Distribution

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

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

#### Reserves subject to distribution of dividend

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below.

	31 March 2016	31 December 2015
Net profit for the year	108.812.085	75.435.461
I. Legal reserves	(5.440.604)	(3.771.773)
<b>Distributable profit for the period</b>	<b>103.371.481</b>	<b>71.663.688</b>
Extraordinary reserves	524.146.901	460.785.540
Retained earnings	71.663.688	254.150.067
	<b>699.182.070</b>	<b>786.599.295</b>

### 28. Revenue and Cost of Sales

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Sales</b>		
Sales	671.623.462	495.234.856
Sales discount	(39.929.248)	(32.992.500)
Sales returns	(3.752.277)	(1.448.834)
Other sales discounts	(1.290.250)	(237.119)
	<b>626.651.687</b>	<b>460.556.403</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**28. Revenue and Cost of Sales**

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
<b>Cost of sales</b>		
Direct materials	(303.081.787)	(234.374.396)
Direct labor	(37.379.001)	(28.627.382)
General production	(82.114.978)	(66.495.318)
Depreciation	(54.734.717)	(38.887.246)
Change in work - in - progress inventories	4.693.751	4.182.712
Change in finished goods inventories	38.723.104	36.565.532
<b>Cost of goods sold</b>	<b>(433.893.628)</b>	<b>(327.636.098)</b>
Cost of traded goods sold	(3.660.388)	(6.837.991)
Cost of services given	(3.293.936)	(9.475)
	<b>(440.847.952)</b>	<b>(334.483.564)</b>

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

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
General administrative expenses	(59.556.517)	(47.154.074)
Marketing, selling and distribution expenses	(74.837.685)	(48.741.884)
Research and development expenses	(8.605.162)	(6.459.318)
	<b>(142.999.364)</b>	<b>(102.355.276)</b>

**30. Expense by Nature**

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
Indirect material costs	(3.467.689)	(1.914.055)
Employee benefit expenses	(42.369.529)	(35.389.158)
Outsourced services	(65.989.474)	(40.792.647)
Miscellaneous expenses	(24.346.931)	(19.881.847)
Depreciation and amortization	(6.825.741)	(4.377.569)
	<b>(142.999.364)</b>	<b>(102.355.276)</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 31. Other Operating Income And Expenses

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Other Operating Income</b>		
Gain on sales of mould and material	1.225.576	1.271.681
Gain on sales of scrap	428.825	209.187
Rent income	628.453	353.487
Insurance damage indemnity	1.015.850	632.220
Franchise income	5.817	-
Terminated provisions	3.092.975	36.239
Commission income	-	738.753
Finance income related to operating activities	11.852.802	12.457.137
Prior period income and profits	4.170.925	285.320
Investment incentive income	935.836	-
Other	759.813	1.632.152
	<b>24.116.872</b>	<b>17.616.176</b>

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Other operating expenses</b>		
Financing expense related to operating activities	(7.147.085)	(2.532.257)
Provision expenses	(21.238)	(2.155.179)
Commission expenses	(1.394.118)	(1.287.656)
Prior period expenses and losses	(2.993.886)	(1.389.204)
Loss on sales of scrap	(655.664)	(303.318)
Indemnities	(502.272)	(51.648)
Other	(688.518)	(373.993)
	<b>(13.402.781)</b>	<b>(8.093.255)</b>

### 32. Income and Expenses From Investing Activities

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Income from investing activities</b>		
Dividend income	24.445.311	6.111.328
Profit on sales of tangible assets	44.538	2.469.461
	<b>24.489.849</b>	<b>8.580.789</b>

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Expense from investing activities</b>		
Loss on sales of tangible assets	(147.590)	(61.533)

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 33. Financial Income and Expenses

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Financial Income</b>		
Foreign exchange income	53.906.072	114.933.649
- <i>Cash and cash equivalents</i>	25.296.524	105.114.679
- <i>Borrowings</i>	4.935.537	3.022.814
- <i>Bonds issued</i>	18.550.000	-
- <i>Other</i>	5.124.011	6.796.156
Interest income	10.703.177	7.064.007
- <i>Time deposits</i>	6.451.381	6.051.049
- <i>Other</i>	4.251.796	1.012.958
	<b>64.609.249</b>	<b>121.997.656</b>
<b>Financial Expenses</b>		
Foreign exchange expense	(48.964.252)	(96.309.236)
- <i>Cash and cash equivalents</i>	(41.465.033)	(12.436.172)
- <i>Borrowings</i>	(2.920.775)	(7.529.439)
- <i>Bond issued</i>	-	(72.825.000)
- <i>Other</i>	(4.578.444)	(3.518.624)
Interest expense	(19.405.059)	(22.795.865)
- <i>Borrowings</i>	(10.286.414)	(10.467.936)
- <i>Bonds</i>	(7.519.532)	(7.146.718)
- <i>Other</i>	(1.599.113)	(5.181.211)
	<b>(68.369.311)</b>	<b>(119.105.101)</b>
<b>Financial Income Expense (Net)</b>		
Foreign exchange expense	4.941.820	18.624.413
- <i>Cash and cash equivalents</i>	(16.168.509)	92.678.507
- <i>Borrowings</i>	2.014.762	(4.506.625)
- <i>Bond issued</i>	18.550.000	(72.825.000)
- <i>Other</i>	545.567	3.277.532
Interest expense	(8.701.882)	(15.731.858)
- <i>Time deposits and borrowings</i>	(3.835.033)	(4.416.887)
- <i>Bonds</i>	(7.519.532)	(7.146.718)
- <i>Other</i>	2.652.683	(4.168.253)
	<b>(3.760.062)</b>	<b>2.892.555</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**34. Assets Held For Sale and Discontinued Operations**

None. (2015: None)

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

**Deferred Tax Assets and Liabilities**

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

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

	<b>31 March 2016</b>	<b>31 December 2015</b>
Deferred tax assets	93.962.620	94.318.412
Deferred tax liabilities (-)	(112.927.495)	(107.647.585)
<b>Deferred tax assets (net)</b>	<b>(18.964.875)</b>	<b>(13.329.173)</b>

<b>Temporary Differences</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Useful life and valuation differences on tangible and intangible assets	554.027.316	540.609.493
Carry forward tax losses	(166.826.693)	(156.256.566)
Employment termination benefits	(62.082.561)	(60.578.007)
Revaluation of inventories	(628.729)	(4.344.179)
Investment allowance utilized during the period	(338.511.374)	(337.750.467)
Discount on receivables and payables	(4.024.011)	(1.972.157)
Provision for legal exposures	(1.463.150)	(1.560.229)
Doubtful receivables	(8.237.308)	(11.210.000)
Differences in the valuation of financial assets available for sale	326.408.566	267.250.911
Other	(1.872.076)	(229.647)
	<b>296.789.980</b>	<b>233.959.152</b>

<b>Deferred Tax Assets and Liabilities</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Useful life and valuation differences on tangible and intangible assets	93.132.140	91.236.238
Carry forward tax losses	(8.399.488)	(9.081.785)
Employment termination benefits	(12.344.817)	(12.044.589)
Revaluation of inventories	183.008	(224.800)
Investment allowance utilized during the period	(67.702.275)	(67.550.093)
Discount on receivables and payables	(804.802)	(394.432)
Provision for legal exposures	(292.630)	(312.046)
Doubtful receivables	(1.580.378)	(2.175.746)
Differences in the valuation of financial assets available for sale	16.320.428	13.362.546
Other	453.689	513.880
	<b>18.964.875</b>	<b>13.329.173</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

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

**Deferred Tax Assets and Liabilities (continued)**

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

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
1 January	13.329.173	(19.554.204)
Charged to the statement of income	2.817.944	(3.321.328)
Charged to the equity	3.035.280	3.791.264
Currency translation differences	(217.522)	(241.151)
	<b>18.964.875</b>	<b>(19.325.419)</b>

**Corporate tax**

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses and preferred investment allowances) are deducted. The effective tax rate is 20% with the balance sheet date (31 December 2015: 20%).

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

<b>Ülke</b>	<b>Vergi oranı (%)</b>
Bulgaria	10,0
Egypt	20,0
Romania	16,0
Russia (*)	2,0 – 20,0
Germany	15,0

(\*) Russia's Tatarstan region is used tax rate of 2,0%, in the other regions are used tax rate 20,0%.

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

---

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

#### Corporate tax (continued)

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 10 years, Romania 7 years, Germany 10 years). Losses cannot be carried back for offset against profits from prior periods.

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

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all Companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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

#### Investment Incentive

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

Law No.6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. However, the determination of the tax base that can be used for %25 of the earnings for the period. 20% corporate tax is calculated on earnings after deducting investment incentives. The arrangements made with the Law No.6009 came into force in 1 August 2010 to be applied on income for the year 2010.

#### Corporate Tax Allowance Practice

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

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

#### Corporate tax (continued)

	31 March 2016	31 December 2015
Current tax provision	9.020.327	49.094.622
Prepaid taxes and funds (-)	(7.368.080)	(33.217.589)
<b>Tax provision in the statement of the financial position</b>	<b>1.652.247</b>	<b>15.877.033</b>

	1 January- 31 March 2016	1 January- 31 March 2015
Provision for Corporate Tax for current period	(9.020.327)	(10.071.955)
Deferred tax income	(2.817.944)	3.321.328
<b>Tax provision in the statement of income</b>	<b>(11.838.271)</b>	<b>(6.750.627)</b>

#### Reconciliation of provision for tax

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Reconciliation of provision for tax</b>		
Profit before taxation and non-controlling interest	79.869.930	50.319.522
Effective tax rate	20,00%	20,00%
<b>Calculated tax</b>	<b>(15.973.986)</b>	<b>(10.063.904)</b>

#### The reconciliation of income tax provision and calculated

- Non-deductible expenses	152.182	743.502
- Reduced Corporate Tax	(682.297)	690.967
- Carry forward tax losses	4.426.078	3.511.677
- The effect of foreign companies subject to different tax rate	(1.607.887)	(1.128.874)
- Other	1.847.639	(503.995)
<b>Tax provision in the statement of income</b>	<b>(11.838.271)</b>	<b>(6.750.627)</b>

### 36. Earnings Per Share

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Earnings per share</b>		
Average number of shares existing during the period (total value)	895.000.000	895.000.000
Net profit for the period attributable to equity holders of the parent	64.822.336	42.373.891
<b>Earnings per share</b>	<b>0,0724</b>	<b>0,0473</b>
Total comprehensive income attributable to equity holders of the parent	125.397.858	169.218.080
<b>Earnings per share from total comprehensive income</b>	<b>0,1401</b>	<b>0,1891</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**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.

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Deposits held from related parties</b>		
T. İş Bankası A.Ş.		
- Time deposits	903.812.379	1.049.282.692
- Demand deposits	8.905.798	33.761.341
	<b>912.718.177</b>	<b>1.083.044.033</b>
İşbank AG		
- Demand deposits	3.936.125	3.868.304
	<b>916.654.302</b>	<b>1.086.912.337</b>

The non-trade receivables and payables of the Group with its related parties consist of financial loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. based on money markets. The monthly interest rate used for 31 March 2016 was 1,09% (December 2015: 0,90%).

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Financial liabilities to related parties</b>		
Şişecam Holding (*)	715.602.688	726.467.874

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 37. Related Party Disclosures (Continued)

<b>Other receivables from related parties</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	122.428.565	-
Soda Sanayii A.Ş. (*)	24.445.311	-
Paşabahçe Bulgaria EAD	5.311.836	-
Saint Gobain Glass Egypt S.A.E.	4.649.423	4.886.036
Camiş Elektrik Üretim A.Ş.	1.358.355	1.308.170
Paşabahçe Cam Sanayii ve Tic. A.Ş.	1.024.929	486.164
Anadolu Cam Yenışehir Sanayi A.Ş.	785.172	235.339
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	744.247	671.943
Paşabahçe Investment B.V.	325.488	322.394
Anadolu Cam Eskişehir Sanayi A.Ş.	260.274	-
Camiş Madencilik A.Ş.	126.657	2.214.227
Anadolu Cam Sanayii A.Ş.	126.097	89.181
Denizli Cam Sanayii ve Tic. A.Ş.	2.412	430
Oxyvit Kimya Sanayii Ve Tic. A.Ş.	790	1.640
	<b>161.589.556</b>	<b>10.215.524</b>

(\*) Consists of dividend payment related to 2015 which will be paid at 29 April 2016.

<b>Trade payables to related parties</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
Soda Sanayii A.Ş.	49.207.035	13.297.273
Şişecam Dış Ticaret A.Ş.	35.015.298	28.024.362
Camiş Madencilik A.Ş.	15.108.756	1.859
Çayırova Cam Sanayii A.Ş.	7.796.601	8.136.001
Şişecam Enerji A.Ş.	6.789.342	8.307.555
Camiş Elektrik Üretim A.Ş.	5.718.979	4.779.891
Şişecam Bulgaria EOOD	4.795.972	4.832.493
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1.884.876	1.127.549
Saint Gobain Glass Egypt S.A.E.	618.949	-
İş Merkezleri Yönetim Ve İşletim A.Ş.	134.254	200.937
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	48.827	48.827
Cam Elyaf Sanayii A.Ş.	37.836	31.070
Anadolu Cam Investment B.V.	36.708	36.359
İş Yatırım Menkul Değerler A.Ş.	27.825	59.553
Camiş Ambalaj Sanayii A.Ş.	23.065	22.321
Anadolu Cam Eskişehir Sanayi A.Ş.	19.558	16.249
Paşabahçe Mağazaları A.Ş.	18.584	51.876
Paşabahçe Bulgaria EAD	8.567	-
OOO Ruscam Glass Packaging Holding	4.051	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	3.380	-
Saint Gobain Glass France S.A.	-	635.158
Camiş Egypt Mining Ltd. Co.	-	270.698
Anadolu Anonim Türk Sigorta A.Ş.	-	176.556
	<b>127.298.463</b>	<b>70.056.587</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**37. Related Party Disclosures (Continued)**

	<b>31 March 2016</b>	<b>31 December 2015</b>
<b>Other payables to related parties</b>		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	13.409.339	15.808.579
Unclaimed dividend (*)	93.000.000	-
	<b>106.409.339</b>	<b>15.808.579</b>

(\*) Consists of passed dividend related to 2015 which will be collected at 29 April 2016.

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
<b>Interest income from related parties</b>		
T. İş Bankası A.Ş.	4.036.851	5.386.028
Türkiye Şişe ve Cam Fabrikaları A.Ş.	2.761.796	1.843
Camiş Elektrik Üretim A.Ş.	42.529	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	19.127	7.840
Anadolu Cam Yenışehir Sanayi A.Ş.	16.674	3.366
Soda Sanayii A.Ş.	10.682	23.409
Camiş Madencilik A.Ş.	9.857	25.795
Anadolu Cam Eskişehir Sanayi A.Ş.	5.529	-
Anadolu Cam Sanayii A.Ş.	3.226	2.015
Şişecam Dış Ticaret A.Ş.	392	443
Trakya Cam Investment B.V.	-	2.380
Paşabahçe Mağazaları A.Ş.	-	683
Denizli Cam Sanayii ve Tic. A.Ş.	-	45
	<b>6.906.663</b>	<b>5.453.847</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**37. Related Party Disclosures (Continued)**

	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
<b>Interest expense to related parties</b>		
T. İş Bankası A.Ş.	959.664	2.858.031
Soda Sanayii A.Ş.	292.666	-
Çayırova Cam Sanayii A.Ş.	260.846	183.835
Camiş Madencilik A.Ş.	241.717	49.742
Türkiye Şişe ve Cam Fabrikaları A.Ş.	184.195	4.640.405
Camiş Elektrik Üretim A.Ş.	138.313	3.017
Şişecam Dış Ticaret A.Ş.	59.569	16.354
Cam Elyaf Sanayii A.Ş.	1.137	138
İşbank AG	956	97.321
Paşabahçe Mağazaları A.Ş.	927	-
Camiş Ambalaj Sanayii A.Ş.	631	225
Anadolu Cam Eskişehir Sanayi A.Ş.	588	-
Anadolu Cam Sanayii A.Ş.	-	4.390
Denizli Cam Sanayii ve Tic. A.Ş.	-	308
	<b>2.141.209</b>	<b>7.853.766</b>
	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
<b>Dividend income from related parties</b>		
Soda Sanayii A.Ş.	24.445.311	6.111.328
	<b>1 January- 31 March 2016</b>	<b>1 January- 31 March 2015</b>
<b>Other income from related parties</b>		
Paşabahçe Bulgaria EAD	11.500.682	-
Anadolu Cam Yenişehir Sanayi A.Ş.	533.854	277.704
Paşabahçe Cam Sanayii ve Tic. A.Ş.	225.748	210.723
Camiş Madencilik A.Ş.	121.281	114.718
Türkiye Şişe ve Cam Fabrikaları A.Ş.	49.804	-
Paşabahçe Mağazaları A.Ş.	36.710	33.986
Çayırova Cam Sanayii A.Ş.	24.600	60.111
Anadolu Cam Sanayii A.Ş.	10.642	11.802
İşbank AG	4.847	147.971
Camiş Elektrik Üretim A.Ş.	2.123	4.344
Denizli Cam Sanayii ve Tic. A.Ş.	1.680	16.193
Şişecam Bulgaria EOOD	235	-
Trakya Glass Bulgaria EAD	-	16.095.616
Saint Gobain Glass Egypt S.A.E.	-	617.722
	<b>12.512.206</b>	<b>17.590.890</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 37. Related Party Disclosures (Continued)

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Other expenses to related parties</b>		
Soda Sanayii A.Ş. <sup>(1)</sup>	37.511.787	30.493.218
Şişecam Enerji A.Ş. <sup>(2)</sup>	17.491.649	21.476.317
Camiş Madencilik A.Ş. <sup>(4)</sup>	16.992.096	14.040.069
Şişecam Bulgaria EOOD	11.802.180	-
Camiş Elektrik Üretim A.Ş.	6.604.961	7.096.534
Camiş Egypt Mining Ltd. Co.	1.287.431	2.054.935
Türkiye Şişe ve Cam Fabrikaları A.Ş.	964.949	417.023
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	813.776	623.996
Saint Gobain Glass Egypt S.A.E.	556.239	-
Şişecam Dış Ticaret A.Ş.	370.122	396.370
İş Merkezleri Yönetim Ve İşletim A.Ş.	237.165	259.720
İş Yatırım Menkul Değerler A.Ş.	45.958	12.000
Anadolu Cam Sanayii A.Ş.	41.068	39.536
Çayırova Cam Sanayii A.Ş.	36.810	17.100
Paşabahçe Bulgaria EAD	31.645	-
İşbank AG	18.514	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	17.946	16.797
OOO Ruscam Glass Packaging Holding	3.232	1.572
Trakya Glass Bulgaria EAD <sup>(3)</sup>	-	14.475.140
Cam Elyaf Sanayii A.Ş.	-	226.629
T. İş Bankası A.Ş.	-	47.021
Paşabahçe Mağazaları A.Ş.	-	2.081
Camiş Ambalaj Sanayii A.Ş.	-	920
	<b>94.827.528</b>	<b>91.696.978</b>

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

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

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

(4) It consists of purchases of sand from Camiş Madencilik

	1 January- 31 March 2016	1 January- 31 March 2015
<b>Benefits provided to key management</b>		
Parent	1.140.679	986.729
Consolidated entities	2.757.854	2.531.935
	<b>3.898.533</b>	<b>3.518.664</b>

Key management personnel are composed of top management, members of board of directors, general manager and general manager assistants and factory directors. The Group did not provide key management with share based payments, severance pay, retirement benefits and other long term benefits in 2016 and 2015.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 38. Financial Instruments and Financial Risk Management

#### a) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Note 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

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

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

	31 March 2016	31 December 2015
Financial liabilities and trade payables	2.194.903.348	2.147.164.407
Less: Cash and cash equivalents	(1.023.252.494)	(1.169.671.508)
<b>Net Debt</b>	<b>1.171.650.854</b>	<b>977.492.899</b>
 <b>Total Equity</b>	 <b>3.164.546.665</b>	 <b>3.138.876.040</b>
 <b>Net debt / total equity ratio</b>	 <b>37%</b>	 <b>31%</b>

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

#### b) Financial Risk Factors

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

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

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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

---

**38. Financial Instruments and Financial Risk Management (Continued)**

**b) Financial Risk Factors**

**b.1) Credit Risk Management**

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group’s management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group’s credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer’s financial position, past experiences and other factors and customer’s credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group’s policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated.

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**38. Financial Instruments and Financial Risk Management (Continued)****b) Financial Risk Factors (continued)****b.1) Credit Risk Management**

	Receivables				Cash and cash equivalents	Derivative financial instruments
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Credit risk of financial instruments						
Maximum credit risk exposed as of 31 March 2016 (*) (A+B+C+D+E)	-	483.344.677	161.589.556	11.218.652	1.023.133.382	-
- Hedged part of maximum risk with collateral	-	(199.270.611)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	385.476.369	161.589.556	11.218.652	1.023.133.382	-
- The part of which is under guarantee with collateral	-	(167.701.760)	-	-	-	-
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	-	97.868.308	-	-	-	-
- The part of which is under guarantee with collateral	-	(31.568.851)	-	-	-	-
	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	17.083.754	-	-	-	-
- Impairment (-)	-	(17.083.754)	-	-	-	-
- 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

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

**38. Financial Instruments and Financial Risk Management (Continued)****b) Financial Risk Factors (continued)**b.1) Credit Risk Management

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

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 38. Financial Instruments and Financial Risk Management (Continued)

#### b) Financial Risk Factors (continued)

##### b.1) Credit Risk Management

Guarantees received from the customers are as follows:

	31 March 2016	31 December 2015
Letters of guarantee	112.802.648	74.829.561
Security cheques and bonds	51.643.445	13.055.114
Mortgages	2.332.572	8.896.413
Direct Debiting System (DBS)	32.491.946	34.891.711
Other	568.575	-
	<b>199.839.186</b>	<b>131.672.799</b>

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

	31 March 2016	31 December 2015
Overdue 1-30 days	42.668.730	20.114.987
Overdue 1-3 months	23.642.573	24.624.460
Overdue 3-12 months	16.126.356	12.863.418
1-5 years overdue	15.430.649	9.154.289
<b>Total overdue receivables</b>	<b>97.868.308</b>	<b>66.757.154</b>
<b>The part secured with guarantee, etc. (-)</b>	<b>31.568.851</b>	<b>15.332.309</b>

##### 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.

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 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.

31 March 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	1.172.879.790	1.217.081.645	93.353.946	332.448.129	713.568.518	77.711.052
Due to realted parties (Note 37)	715.602.688	843.821.939	15.052.438	15.052.438	813.717.063	-
Finance lease obligations	2.563.843	2.563.843	-	-	2.563.843	-
Trade payables	176.558.564	177.145.514	176.111.011	1.034.503	-	-
Due to related parties	233.707.802	233.707.802	233.707.802	-	-	-
Other payables	11.772.823	11.772.823	11.624.349	-	148.474	-
<b>Total Liabilities</b>	<b>2.313.085.510</b>	<b>2.486.093.566</b>	<b>529.849.546</b>	<b>348.535.070</b>	<b>1.529.997.898</b>	<b>77.711.052</b>

  

31 December 2015						
Non-derivative financial Liabilities	Carrying value	Total cash outflow in accordance to contract (I+II+III+IV)	Less than 3 months (I)	3-12months (II)	1-5 years (III)	More than 5 years (IV)
Bank borrowings	1.156.466.823	1.332.005.778	28.284.690	250.389.429	950.142.710	103.188.949
Due to realted parties (Note 37)	726.467.874	865.919.625	-	30.893.250	835.026.375	-
Finance lease obligations	2.804.428	2.804.429	-	-	2.804.429	-
Trade payables	191.368.695	191.805.820	187.956.190	3.840.497	9.133	-
Due to related parties	85.865.166	85.865.166	85.865.166	-	-	-
Other payables	11.426.089	11.426.089	11.226.117	-	199.972	-
<b>Total Liabilities</b>	<b>2.174.399.075</b>	<b>2.489.826.907</b>	<b>313.332.163</b>	<b>285.123.176</b>	<b>1.788.182.619</b>	<b>103.188.949</b>

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

##### b.3.1) Foreign Currency Risk Management

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

Foreign Currency Position Statement for 31 March 2016					
	TRY equivalent	USD	EUR	Other	
1. Trade receivables	86.351.239	9.389.093	14.997.280	11.635.409	
2a. Monetary financial assets (included cash and banks account)	934.914.351	287.089.005	36.065.662	5.774.113	
2b. Non-monetary financial assets	-	-	-	-	
3. Other	-	-	-	-	
<b>4. Current Assets (1+2+3)</b>	<b>1.021.265.590</b>	<b>296.478.098</b>	<b>51.062.942</b>	<b>17.409.522</b>	
5. Trade Receivables	-	-	-	-	
6a. Monetary financial assets	-	-	-	-	
6b. Non-monetary financial assets	39.292.234	1.549.043	9.044.925	5.886.152	
7. Other	-	-	-	-	
<b>8. Non-Current Assets (5+6+7)</b>	<b>39.292.234</b>	<b>1.549.043</b>	<b>9.044.925</b>	<b>5.886.152</b>	
<b>9. Total Assets (4+8)</b>	<b>1.060.557.824</b>	<b>298.027.141</b>	<b>60.107.867</b>	<b>23.295.674</b>	
10. Trade payables	47.633.476	1.319.737	9.385.086	13.785.839	
11. Financial liabilities	209.720.605	8.442.630	57.837.752	249.965	
12a. Other monetary liabilities	-	-	-	-	
12b. Other non-monetary liabilities	-	-	-	-	
<b>13. Current Liabilities (10+11+12)</b>	<b>257.354.081,00</b>	<b>9.762.367</b>	<b>67.222.838</b>	<b>14.035.804</b>	
14. Trade payables	-	-	-	-	
15. Financial liabilities	1.019.458.409	281.114.695	69.495.350	-	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	-	-	-	-	
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>1.019.458.409</b>	<b>281.114.695</b>	<b>69.495.350</b>	<b>-</b>	
<b>18. Total Liabilities (13+17)</b>	<b>1.276.812.490</b>	<b>290.877.062</b>	<b>136.718.188</b>	<b>14.035.804</b>	
19. Net foreign currency asset / (liability) position (19a-19b)	-	-	-	-	
19a. Total amount of assets hedged	-	-	-	-	
19b. Total amount of liabilities hedged	-	-	-	-	
<b>20. Net foreign currency position for monetary items (9+18+19)</b>	<b>(216.254.666)</b>	<b>7.150.079</b>	<b>(76.610.321)</b>	<b>9.259.870</b>	
<b>Monetary items net foreign asset/liabilities position (1+2a+5+6a-10-11-12a-14-15-16a)</b>					
<b>21. 15-16a)</b>	<b>(255.546.900)</b>	<b>5.601.036</b>	<b>(85.655.246)</b>	<b>3.373.718</b>	
22. Fair value of derivative instruments used in	-	-	-	-	
23. Export	73.864.237	5.332.129	17.290.105	2.127.768	
24. Import	119.674.482	5.218.301	31.823.222	1.155.824	

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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.3.1) Foreign Currency Risk Management (continued)

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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.3.1) Foreign Currency Risk Management (continued)

The Group is mainly exposed to EUR and USD risks.

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

#### Exchange Rate Risk Sensitivity

	31 March 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	1.586.998	(1.586.998)	-	-
2 - USD risk hedged amount (-)	-	-	-	-
<b>3 - USD net effect (1 +2)</b>	<b>1.586.998</b>	<b>(1.586.998)</b>	<b>-</b>	<b>-</b>
Appreciation of EURO against TRY by 10%				
4 - Euro net asset / liability	(27.479.059)	27.479.059	116.789.158	(116.789.158)
5 - Euro risk hedged amount (-)	-	-	-	-
<b>6 - Euro net effect (4+5)</b>	<b>(27.479.059)</b>	<b>27.479.059</b>	<b>116.789.158</b>	<b>(116.789.158)</b>
Appreciation of other currencies against TRY by 10%				
7 - Other currencies net asset / liability	337.372	(337.372)	67.950.201	(67.950.201)
8 - Other currencies risk hedged amount (-)	-	-	-	-
<b>9 - Other currencies net effect (7+8)</b>	<b>337.372</b>	<b>(337.372)</b>	<b>67.950.201</b>	<b>(67.950.201)</b>
<b>Total (3+6+9)</b>	<b>(25.554.689)</b>	<b>25.554.689</b>	<b>184.739.359</b>	<b>(184.739.359)</b>

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

(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.3.1) Foreign Currency Risk Management (continued)**

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

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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 2.932.199 as of 31 March 2016 (31 December 2015: TRY 2.891.167).

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

31 March 2016				
	Floating interest	Fixed interest	Non interest bearing	Total
<b>Financial assets</b>	-	<b>1.615.466.082</b>	<b>405.440.305</b>	<b>2.020.906.387</b>
Cash and cash equivalents	-	959.313.197	63.939.297	1.023.252.494
Available for sale financials	-	-	341.501.008	341.501.008
Trade receivables	-	483.344.677	-	483.344.677
Due from related parties	-	161.589.556	-	161.589.556
Other receivables	-	11.218.652	-	11.218.652
<b>Financial liabilities</b>	<b>1.172.879.790</b>	<b>1.140.205.720</b>	-	<b>2.313.085.510</b>
Bank borrowings	1.172.879.790	715.602.688	-	1.888.482.478
Financial leasing liabilities	-	2.563.843	-	2.563.843
Trade payables	-	176.558.564	-	176.558.564
Due from related parties	-	233.707.802	-	233.707.802
Other payables	-	11.772.823	-	11.772.823
31 December 2015				
	Floating interest	Fixed interest	Non interest bearing	Total
<b>Financial assets</b>	-	<b>1.526.549.810</b>	<b>345.962.300</b>	<b>1.872.512.110</b>
Cash and cash equivalents	-	1.106.052.561	63.618.947	1.169.671.508
Available for sale financials	-	-	282.343.353	282.343.353
Trade receivables	-	401.927.387	-	401.927.387
Due from related parties	-	10.215.524	-	10.215.524
Other receivables	-	8.354.338	-	8.354.338
<b>Financial liabilities</b>	<b>1.156.466.823</b>	<b>1.017.932.252</b>	-	<b>2.174.399.075</b>
Bank borrowings	1.156.466.823	726.467.874	-	1.882.934.697
Financial leasing liabilities	-	2.804.428	-	2.804.428
Trade payables	-	191.368.695	-	191.368.695
Due from related parties	-	85.865.166	-	85.865.166
Other payables	-	11.426.089	-	11.426.089

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

(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.3.3) Other price risks

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

##### Equity price sensitivity

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

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

- Net profit/loss would not be affected as of 31 March 2016 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY 34.150.101 (Amounting to TRY 28.234.336 increase/decrease in 2015). This change results from the fair value change of equity share investments classified as available for sale

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

#### Categories of Financial Instruments

31 March 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
<b>Financial assets</b>	<b>1.023.252.494</b>	<b>644.934.233</b>	<b>341.501.008</b>	<b>-</b>	<b>2.009.687.735</b>	
Cash and cash equivalents	1.023.252.494	-	-	-	1.023.252.494	6
Trade receivables	-	483.344.677	-	-	483.344.677	10
Due from related parties	-	161.589.556	-	-	161.589.556	37
Derivative financial assets	-	-	-	-	-	12
Financial investments	-	-	341.501.008	-	341.501.008	7
<b>Financial liabilities</b>	<b>2.301.312.687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.301.312.687</b>	
Financial liabilities	1.891.046.321	-	-	-	1.891.046.321	8
Trade payables	176.558.564	-	-	-	176.558.564	10
Due to related parties	233.707.802	-	-	-	233.707.802	37
Derivative financial liabilities	-	-	-	-	-	12

## Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016

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

### 39. Financial Instruments (Fair Value And Hedge Accounting Disclosures) (Continued)

#### Categories of Financial Instruments (continued)

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

#### Fair Value of Financial Instruments

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

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

#### Fair Value of Financial Instruments

31 March 2016				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	341.501.008	341.501.008	-	-
31 December 2015				
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	282.343.353	282.343.353	-	-

**Notes to the Consolidated Financial Statements for the Interim Period Between 1 January and 31 March 2016**

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

---

**40. Events After Reporting Period**

None.

**41. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for The Clear Understanding of Financial Statements**

**Approval of Financial Statements**

The Group’s consolidated financial statements as of 31 March 2015 and the semi annual report 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 Financial Director Beyza Genç and Accounting Manager Nihal Topçuoğlu approved for the public announcement by the Board of Directors on 10 May 2016.