PAŞABAHÇE CAM SANAYİİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT 1 JANUARY - 31 DECEMBER 2016 TOGETHER WITH AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Paşabahçe Cam Sanayii ve Ticaret A.Ş.

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

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

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

Opinion

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

Other Responsibilities Arising From Regulatory Requirements

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

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

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

Cihan Harman, SMMM
Partner

Istanbul, 6 March 2017

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Consolidated Statements of Financial Position at 31 December 2016 and 31 December 2015
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	**Notes**	**31 December 2016**	**31 December 2015**
Current Assets		**1.393.365.923**	**1.099.474.993**
Cash and cash equivalents	6	29.407.170	64.001.343
Trade receivables	10,37	439.218.536	311.388.099
- *Due from related parties*	*37*	*3.397.451*	2.709.619
- *Other trade receivables*	*10*	*435.821.085*	*308.678.480*
Other receivables	11,37	31.284.224	2.488.973
- *Due from related parties*	*37*	*26.807.145*	*1.608.052*
- *Other receivables*	*11*	*4.477.079*	*880.921*
Inventories	13	785.886.035	659.929.490
Prepaid expenses	14	16.297.929	13.005.827
Current income tax asset	35	9.302.946	7.431
Other current assets	26	81.969.083	48.653.830
Non-current Assets		**1.495.183.809**	**1.279.859.803**
Financial assets	7	416.263	1.625.847
Other receivables	11	320.261	351.365
Property plant and equipment	18	1.429.771.688	1.214.098.699
Intangible assets	19	13.743.500	14.393.885
Prepaid expenses	14	3.106.931	18.233.270
Deferred tax assets	35	47.825.166	31.156.737
TOTAL ASSETS		**2.888.549.732**	**2.379.334.796**

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

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

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

LIABILITIES	**Notes**	**31 December 2016**	**31 December 2015**
Current Liabilities		**1.085.363.268**	**479.006.202**
Short term borrowings	8	408.757.331	137.263.464
Short term portion of long term borrowings	8	255.539.129	21.633.967
Trade payables	10,37	175.649.869	172.712.810
- *Due to related parties*	*37*	*39.361.605*	*30.070.623*
- *Other trade payables*	*10*	*136.288.264*	*142.642.187*
Liabilities for employee benefits	24	*24.132.186*	*11.478.895*
Other payables	11,37	178.135.229	107.465.624
- *Due to related parties*	*37*	*177.714.760*	*107.077.706*
- *Other payables*	*11*	*420.469*	*387.918*
Deferred income	14	11.568.216	11.290.115
Current income tax liabilities	35	2.525.319	582.298
Short-term provisions	22,24	11.344.615	7.826.729
- Provisions for employee benefits	*24*	*3.582.363*	*3.052.262*
- Other short term benefits	*22*	*7.762.252*	*4.774.467*
Other liabilities	26	17.711.374	8.752.300
Non-current Liabilities		**342.938.443**	**520.108.366**
Long term borrowings	8	239.151.354	425.109.393
Provisions for employment benefits	24	95.519.703	89.469.147
Deferred income		2.709.000	-
Deferred tax liabilities	35	5.558.386	5.529.826
EQUITY	**27**	**1.460.248.021**	**1.380.220.228**
Equity holders of the parent	**27**	**1.433.673.370**	**1.348.851.328**
Paid-in share capital		215.535.800	215.535.800
Adjustment to share capital		70.157.501	70.157.501
Impact of transactions including entities under common control		(11.529.200)	(11.996.614)
Other comprehensive income/expense not to be reclassified to profit or loss		226.998.141	224.492.341
- *Currency translation differences*		*3.293.545*	-
- *Funds for gain (loss) on revaluation and remeasurement*		*225.388.777*	*226.430.748*
- *Funds for actuarial gain (loss) on employee termination benefits*		*(1.684.181)*	*(1.938.407)*
Other comprehensive income/expense to be reclassified to profit or loss		*116.864.687*	*24.720.974*
- *Currency translation differences*		*116.864.687*	*24.406.121*
- *Financial asset revaluation fund*		-	*314.853*
Restricted reserves		232.720.190	65.141.742
Retained earnings		594.458.722	743.107.004
Net profit or loss for the period		(11.532.471)	17.692.580
Non-controlling Interests	**27**	**26.574.651**	**31.368.900**
TOTAL LIABILITIES AND EQUITY		**2.888.549.732**	**2.379.334.796**

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

Consolidated Statements of Income for the Years Ended 1 January - 31 December 2016 and 2015
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January-31 December 2016	1 January-31 December 2015
Revenue	28	1.651.624.141	1.349.223.085
Cost of sales (-)	28	(1.134.827.412)	(894.620.732)
Gross profit (loss) from trading activities		**516.796.729**	**454.602.353**
General administrative expenses (-)	29,30	(171.030.578)	(152.236.978)
Marketing expenses (-)	29,30	(331.052.395)	(246.644.100)
Research and development expenses (-)	29,30	(14.719.850)	(16.328.492)
Other income from operating activities	31	137.302.921	149.906.863
Other expense from operating activities (-)	31	(55.749.093)	(123.868.430)
Income (Expense) from investments in associates and joint ventures	16	-	9.755.195
Operating profit (loss)		**81.547.734**	**75.186.411**
Income from investing activities	32	5.070.889	2.230.442
Expenses from investing activities (-)	32	(3.416.498)	(12.915.043)
Operating profit (loss) before financial income and expense		**83.202.125**	**64.501.810**
Financial income	33	34.342.080	221.149.396
Financial expenses (-)	33	(140.104.039)	(274.943.442)
Profit/ (loss) before tax from continued operations		**(22.559.834)**	**10.707.764**
Tax income (expense) from continued operations		**6.569.746**	**7.555.512**
- Taxes on income	35	(2.406.034)	(12.317.919)
- Deferred tax income	35	8.975.780	19.873.431
Profit (Loss) for the period		**(15.990.088)**	**18.263.276**
Attributable to			
- Non-controlling interests	27	(4.457.617)	570.696
- Equity holders of the parent	**27**	**(11.532.471)**	**17.692.580**
Earnings per share	**36**	**(0,0535)**	**0,0821**

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

Consolidated Statements of Comprehensive Income for the Years Ended 31 December 2016 and 2015
(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Profit (Loss) for the period	27	**(15.990.088)**	**18.263.276**
Other Comprehensive Income:			
Items not to be reclassified to profit or loss	27	**3.626.919**	**243.364.757**
Revaluation gain/ (loss) on tangible assets		-	271.436.296
Currency translation differences		3.293.545	-
Funds for actuarial gain (loss) on employee termination benefits		416.717	987.390
Deferred tax loss		(83.343)	(29.058.929)
Items not to be reclassified to profit or loss	27	**91.841.208**	**6.491.437**
Currency translation differences		92.458.566	6.344.973
Fair value gain/ (loss) on financial assets		(649.851)	154.173
Deferred tax loss		32.493	(7.709)
Other Comprehensive Income/ (Loss)		**95.468.127**	**249.856.194**
Total Comprehensive Income/ (Loss)		**79.478.039**	**268.119.470**
Attributable to			
- Non-controlling interest		(4.681.204)	16.733.728
- Equity holders of the parent		**84.159.243**	**251.385.742**
Earnings/ (Loss) per share		**0,3905**	**1,2440**

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

PAŞABAHÇE CAM SANAYİİ VE TİCARET A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2016 and 2015

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

				Other Comprehensive Income not to be reclassified to profit or loss			Other Comprehensive Income to be reclasified to profit or loss			Retained Earnings				
	Paid in Share Capital	Adjustment to Share Capital	Restricted reserves	Funds For Actuarial Loss on employee termination benefits	Funds for gain on revalution and remeasurement	Currency Translation Differences	Financial Asset Revaluation Fund	Currency Translation Differences	Impact of transactions including entities under common control	Retained Earnings	Net Profit for the Period	Equity Holders of the Parent	Non Controlling Interest	Total
Balance at 1 January 2015	**215.535.800**	**70.157.501**	**62.473.619**	**(2.617.354)**	**-**	**-**	**(1.537.551)**	**16.533.396**	**(17.020.277)**	**655.339.478**	**29.671.944**	**1.028.536.556**	**8.989.284**	**1.037.525.840**
Impact of accounting under common controls (*)	-	-	-	(42.551)	-	-	1.578.519	1.527.752		(4.485.403)	(3.229.344)	(4.651.027)	19.320.641	14.669.614
Restated balance at 1 January 2015	**215.535.800**	**70.157.501**	**62.473.619**	**(2.659.905)**	**-**	**-**	**40.968**	**18.061.148**	**(17.020.277)**	**650.854.075**	**26.442.600**	**1.023.885.529**	**28.309.925**	**1.052.195.454**
Transfer	-	-	2.668.123	-	-	-	-	-	-	25.180.644	(27.848.767)	-	-	-
Increase/ (decrease) due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	(312.063)	-	-	199.188	-	-	15.136.944	1.406.168	16.430.237	(16.430.237)	-
Transactions with non-controlling interest (*)	-	-	-	190.816	-	-	-	-	-	(25.534.727)	-	(25.343.911)	2.755.484	(22.588.427)
Impact of the merge including the entities under common control (Note 1)	-	-	-	-	-	-	-	-	5.023.663	77.470.068	-	82.493.731	-	82.493.731
Total comprehensive income	-	-	-	842.745	226.430.748	-	74.697	6.344.973	-	-	17.692.579	251.385.742	16.733.728	268.119.470
Balance at 31 December 2015	**215.535.800**	**70.157.501**	**65.141.742**	**(1.938.407)**	**226.430.748**	**-**	**314.853**	**24.406.121**	**(11.996.614)**	**743.107.004**	**17.692.580**	**1.348.851.328**	**31.368.900**	**1.380.220.228**
Balance at 1 January 2016	**215.535.800**	**70.157.501**	**65.141.742**	**(1.938.407)**	**226.430.748**	**-**	**314.853**	**24.406.121**	**(11.996.614)**	**743.107.004**	**17.692.580**	**1.348.851.328**	**31.368.900**	**1.380.220.228**
Transfer	-	-	167.578.448	-	(1.050.671)	-	-	-	-	(148.835.197)	(17.692.580)	-	-	-
Increase/ (decrease) due to changes in ownership rate of subsidiaries that do not result in control cease	-	-	-	(230)	8.700	-	-	-	-	186.915	-	195.385	(195.385)	-
Transactions with non-controlling interest (**)	-	-	-	-	-	-	-	-	467.414	-	-	467.414	82.340	549.754
Total comprehensive income	-	-	-	254.456	-	3.293.545	(314.853)	92.458.566	-	-	(11.532.471)	84.159.243	(4.681.204)	79.478.039
Balance at 31 December 2016	**215.535.800**	**70.157.501**	**232.720.190**	**(1.684.181)**	**225.388.777**	**3.293.545**	**-**	**116.864.687**	**(11.529.200)**	**594.458.722**	**(11.532.471)**	**1.433.673.370**	**26.574.651**	**1.460.248.021**

(*) On 24 August 2015, the Group acquired 42,30% Denizli Cam Sanayi ve Ticaret A.Ş. ("Denizli Cam") shares, which represent the total of 26,09% and 16,22% of the shares acquired from Türkiye Şişe ve Cam Fabrikaları A.Ş. and Soda Sanayii A.Ş., respectively. This transaction has been considered as a transaction including entities under common control and accounted for in accordance with "Merger of Rights" respecting to announcement of Public Oversight Accounting and Auditing Standards Authority ("POA") as of 21 July 2013. With this respect; the consolidated financial statements as of and for the year ended 31 December 2015 are restated and prepared as the merger issued as of 1 January 2013 to make accurate comparison between prior periods. Prior periods are also restated since the Company changed the accounting policy for transactions including entities under common control in the financial statements as of 31 December 2015 (Note 2 and 3).

(**) Paşabahçe Mağazaları A.Ş. has been merged with Paşabahçe Yatırım ve Pazarlama A.Ş., subsidiary of the Company, which is accounted for under non-current financial assets since it is not material for the financial statements on 28 June 2016 by the transfer of all assets and liabilities. In accordance with the resolution pubslihed by POA in the Official Gazette on 21 July 2013 regarding to "Accounting of the merger of entities under common control", merger of entities under common control should be accounted in accordance with "Merger of Rights" and restated to the financial statements of prior period. The Group has not restated the consolidated financial statements of previous period considering the resolution, the materiality of the consolidated financial statements and the magnitude of the acquired company.

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

Consolidated Cash Flows Statements for the Years Ended 31 December 2016 and 2015

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

	Notes	1 January-31 December 2016	1 January-31 December 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		**(40.013.539)**	**(14.544.254)**
Net profit for the period	**27**	**(15.990.088)**	**18.263.276**
Adjustments related to reconciliation of net profit		**307.399.969**	**165.435.405**
- Depreciation and amortization	18,19	155.849.360	110.351.604
- Adjustments for impairments/reversals	10,11,13	7.321.179	15.864.533
- Changes in provisions	22,24	26.354.115	22.808.223
- Adjustments for dividend loss/ (gain)	32	(73.007)	-
- Interest income and expenses	8,18,31,33	54.741.653	32.299.092
- Unrealized exchange loss/ (gain) on cash and cash equivalents	31,33	98.005.417	3.130.042
- Income from associates	16	-	(9.755.195)
- Adjustments for tax income/ losses	35	(6.569.746)	(7.555.512)
- Gain/ losses on sale of tangible assets	31,32	(1.581.384)	(68.383)
- Other adjustments		(26.647.618)	(1.638.999)
Changes in net working capital		**(251.317.663)**	**(133.444.458)**
- Increase/decrease in inventories	13	(131.023.265)	(117.188.831)
- Increases/decreases in trade receivables	10,37	(178.013.625)	(19.356.189)
- Increases/decreases in other receivables	11,16,37	(27.814.208)	1.695.927
- Increases/decreases in trade payables	10	2.857.356	6.062.314
- Increases/decreases in other payables	11,14,26,37	83.600.997	22.911.712
- Other increases/decreases in net working capital	14,26,27	(924.918)	(27.569.391)
Cash flows from operating activities		**40.092.218**	**50.254.223**
- Interest paid	8,31,33,37	(61.019.288)	(38.457.700)
- Interest received	31,33,37	6.859.329	5.238.366
- Taxes paid	35	(9.437.119)	(17.018.227)
- Employment termination benefits paid	24	(16.508.679)	(14.560.916)

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

Consolidated Cash Flows Statements for the Years Ended 31 December 2016 and 2015

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

	Notes	1 January-31 December 2016	1 January-31 December 2015
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(229.285.245)**	**(101.830.303)**
- Cash inflows/outflows due to purchase of shares in order to obtain the control of subsidiaries	3	19.745	7.580.623
- Proceeds from sale of tangible and intangible assets	18,19,32	60.110.631	37.535.643
- Cash outflows due to purchases of tangible and intangible assets	18,19	(308.455.035)	(133.144.250)
- Advances given	14	(3.106.931)	(35.853.962)
- Proceeds from advances given	14	17.889.653	18.477.760
- Dividend income	16,32	73.007	1.638.999
- Interest received	6,33	1.099.964	1.985.674
- Other cash inflows/outflows	3,10,11,26	3.083.721	(50.790)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**182.835.664**	**67.992.667**
- Proceeds from borrowings	8	325.731.519	206.378.899
- Repayments of borrowings	8	(143.875.539)	(120.821.468)
- Cash inflows from the sale of shares in other entities or funds or debt instruments	7	979.684	-
- Cash out flows due to purchase of shares in order to obtain the control of subsidiaries		-	(17.564.764)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**(86.463.120)**	**(48.381.890)**
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		**51.886.965**	**20.100.682**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(34.576.155)**	**(28.281.208)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**6**	**63.983.180**	**92.264.388**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**6**	**29.407.025**	**63.983.180**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

1. Group's Organization And Nature Of Operations

Paşabahçe Cam Sanayii ve Ticaret A.Ş. Group (the "Group") consists of Paşabahçe Cam Sanayii ve Ticaret A.Ş. (the "Company"), and seven subsidiaries. The Company was established in 1935 in Turkey. The Company's immediate parent is Türkiye Şişe ve Cam Fabrikaları A.Ş ("Şişecam") and ultimate controlling party is Türkiye İş Bankası A.Ş. The company's actual activity area is the production and marketing of glass.

The Group's main area of activity is production and marketing of glassware products and the production of glassware products made of soda-ash through manual production (hand-made) commenced in 1935, and in 1955 machine production (automatic), which is regarded as the initial phase of current automatic production technology, commenced. In 1974, the production of heat resistant glass was included.

The Head office and Shareholder Structure of the Company

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

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

İçmeler Mahallesi, D-100 Karayolu Caddesi No:44/A 34947 Tuzla/İstanbul/Türkiye

Telefon:	+90 (850) 206 50 50
Faks:	+90 (850) 208 40 40
İnternet adresi:	http://www.pasabahce.com.tr

Trade Register Information of the Company

Registered at:	İstanbul Ticaret Sicil Memurluğu
Registry no:	119071
Central legal entity information system:	4777661583336882

Personnel Structure of the Group	31 December 2016	31 December 2015
Personnel paid by monthly	2.027	1.960
Personnel paid by hourly	4.633	4.612
Total	**6.660**	**6.572**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

Companies included in consolidation

The nature of operations and the operation groups of the companies included in consolidation are presented as follows:

Subsidiaries	Nature of business	Country of registration
Paşabahçe Investment B.V.	Finance and investment company	Holland
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Mağazaları A.Ş.	Sales of glassware	Turkey
Paşabahçe SRL	Marketing and sales company	Italy
Paşabahçe (Shanghai) Trading Co. Ltd.	Marketing and sales company	China
Denizli Cam San.ve Tic. A.Ş.	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Bulgaria EAD	Automatic production and sales of glassware	Bulgaria

The table below sets out all companies included in the Group's consolidation and shows the rates of ownership interest and the effective interest of the Company in these subsidiaries

Subsidiaries	31 December 2016		31 December 2015	
Company's name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership(%)
Paşabahçe Investment B.V.	100,00	100,00	100,00	100,00
Paşabahçe Bulgaria EAD	100,00	100,00	100,00	100,00
Paşabahçe SRL	100,00	100,00	100,00	100,00
Paşabahçe (Shanghai) Trading Co. Ltd.	100,00	100,00	100,00	100,00
Paşabahçe Mağazaları A.Ş.	80,68	90,88	80,00	90,20
OOO Posuda	100,00	100,00	100,00	100,00
Denizli Cam Sanayi ve Ticaret A.Ş.	51,00	51,00	51,00	51,00

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The Company and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC") tax legislations. Subsidiaries have prepared their statutory financial statements in accordance with laws and regulations of the country in which they operate with their functional currency.

The accompanying consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). Turkish Accounting Standards cover Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations.

The Group (and its subsidiaries) 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, have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion.

Additionally, the Group prepared its consolidated financial statements required by TCC in accordance with the accounting policies indicated in Note 2 in order to provide a fair presentation of financial statements. The Group made the required adjustments and reclassifications to conform to the format of financial statements defined in the Financial Table Samples and Manual published by POA.

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

Presentation and Functional Currency

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

Preparation of Financial Statements in Hyperinflationary Periods

Before 1 January 2005, adjustment and classification, that is done for the purpose of the fair presentation in accordance with TFRS to statutory bookings, is involved rearrangement according to the changing in the current purchasing power of Turkish Lira of balance and transactions in accordance with "The Financial Reporting in the Hyperinflationary Economics'' TAS 29. TAS 29 requires that the financial statement of the company, whose functional currency is the currency of a hyperinflationary economy, shall be stated in terms of measuring unit current at the end of reporting period. Since the Turkish Economy is end of hyperinflation economy characteristic since 1 January 2005, the Company has not performed inflation accounting since from this date. Accordingly, the balance that is implied according to the power purchasing as date of 31 December 2004 is based for the value in the financial statements.

Going Concern

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

Comparatives and restatement of prior periods' financial statements

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

Business combinations

In the extraordinary general meeting held on 28 June 2016, it is decided to merge nonconsolidated subsidiary Company Paşabahçe Yatırım ve Pazarlama A.Ş., which is accounted for under non-current financial assets since it is not material for consolidated financial statements, with Paşabahçce Mağazaları A.Ş and registered on 15 July 2016. Increased paid in capital share amounting to TRY 194.253,84 has been given to Paşabahçe Cam Sanayii AŞ. from Paşabahçe Mağazaları AŞ because of the merge. The difference exceeding the net book value of net assets, liabilities and congingent liabilities generated as a result of merger has been accounted under the 'Impact of the merge of the entities under common control'.In addition to this, by taking into consideration the notion of significant monetary, consolidated financial statements have been restated as it was actualized from the beginning of reporting period. (On 24 August 2015, the Group acquired 42,30% of shares of Denizli Cam Sanayi ve Ticaret A.Ş. and increased its ownership rate to 51%. Since this purchase considered as "Transactions Including Entities Under Common Control", difference between consideration paid and net equity amount classified under equity item of "Impact of Transactions Including Entities Under Common Control).

Transactions including entities under common control

On 24 August 2015, the Group acquired 42,30% Denizli Cam Sanayi ve Ticaret A.Ş. shares, which represent the total of 26,09% and 16,22% of the shares acquired from Türkiye Şişe ve Cam Fabrikaları A.Ş. and Soda Sanayii A.Ş., respectively. This transaction has been considered as a transaction including entities under common control in the financial statements as of 31 December 2015 and accounted for in accordance with "Merger of Rights" respecting to announcement of Public Oversight Accounting and Auditing Standards Authority ("POA") as of 21 July 2013. With this respect; the financial statements as of and for the year ended 31 December 2015 are restated and prepared as the merger issued as of 1 January 2013 to make accurate comparison between prior periods. Prior periods are also restated since the Company changed the accounting policy for transactions including entities under common control in the financial statements as of 31 December 2015.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

Financial statements of foreign subsidiaries

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

Foreign currency rates used in the translation of foreign operations included in the consolidation are as follows:

	31 December 2016		31 December 2015	
Currency	**End**	**Average**	**End**	**Average**
Euro	3,7099	3,3376	3,1776	3,0187
Bulgarian Leva	1,7993	1,7065	1,6247	1,5434
Russian Rubles	0,0573	0,0451	0,0396	0,0446
Chinese Yuan	0,0463	0,0418	0,4455	0,4301

Consolidation Principles

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

Subsidiaries

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

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

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

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

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

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

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

Subsidiaries (Continued)

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

The non-controlling interests' shares in the consolidated subsidiaries' net assets are separately disclosed in the equity of the Group. The non-controlling interests represent the sum of the shares issued during the initial business combinations and the non-controlling interests' shares in the equity changes from the date of business combination. When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest.

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

Available-for-sale investments

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

2.2 Statement of Compliance to IAS/TAS

The Group prepared the accompanying consolidated financial statements as of 30 June 2016 in accordance with TAS and the related announcements that recommended by POA.

2.3 Significant changes in the Accounting Policies

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

On 24 August 2015, the Group acquired 42,30% of shares of Denizli Cam Sanayi ve Ticaret A.Ş. and increased its ownership rate to 51%. Since this purchase considered as "Transactions Including Entities Under Common Control", difference between consideration paid and net equity amount classified under equity item of "Impact of Transactions Including Entities Under Common Control ".

2.4 Changes and Errors in the Accounting Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the year ended 30 June 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.

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

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

- Amendments to TAS 16 'Property, plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to TFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

    - TFRS 5, Non-current assets held for sale and discontinued operations' regarding methods of disposal
    - TFRS 7, Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
    - TAS 19, Employee benefits' regarding discount rates
    - TAS 34, Interim financial reporting' regarding disclosure of information.

- TAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements.

- TFRS 10 "Consolidated Financial Statements" and TAS 28 "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities.

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

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

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statementdisclosure can be improved.

- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- 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.Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard

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

- IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Amendments to TFRS 4 'Insurance contracts' regarding the Implementation of IFRS 9 'Financial Instruements', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

  - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and,
  - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.

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

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

- Amendment to TAS 40, 'Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

    - TFRS 1, 'First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
    - TFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
    - TAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

- IFRIC 22,' Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This standard is not expected to have a significant effect on the financial position and performance of the Group.

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).

<u>Sales of Goods</u>

The Group's sales consist of glass ware and glass packaging that cover all the major areas of glass production. 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.

Provisions for sales premium

The customers are provided with sales premium in the case that they meet the sales targets that are pre-defined by the contracts. The provision for the sales premium as of 31 December 2016 has been allocated.

<u>Interest Income</u>

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.

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

Dividend income

Dividend income from the investments on shares is recognized at the date of right of transfer.

Inventories

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

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value. Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost of the property, plant and equipment. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost of the property, plant and equipment. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

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

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

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

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

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

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

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

Intangible assets

Intangible assets acquired

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

Computer software

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

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

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 amortization 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.

Borrowing costs

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

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

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

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

Related Parties

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

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

Offsetting

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

Financial Assets

Classification

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

Receivables

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

Available-for-sale financial assets

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

Held to maturity financial assets

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

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.

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.

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

Recognition and measurement (Continued)

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

Trade receivables

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

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

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

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

Cash and cash equivalents

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

Financial liabilities

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

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

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

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

Trade payables

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

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

Business combinations and Goodwill

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

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

Legal mergers arising between companies controlled by the Group are not considered within the scope of IFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements. Assets and liabilities subjected to business combination recognized as carrying amount for accounting of share transfers between entitles under common controls. Business Combinations under common control are accounted for using '' Pooling of Interest Method''. Applying this methods, financial statements have been adjusted as if the acquisition was performed as of the beginning at the relevant reporting period in which the common control was carried out and they are presented cooperatively as of the beginning of the relevant reporting period. As a result of these transactions no goodwill or negative goodwill is recognized. Group, evaluates that step-acquisition with transaction under common control is not considered within TFRS 3 scope and differences between fair value and carrying value of shares owned before transaction is not accounted under profit and lost statement. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of subsidiary is accounted for under "Impact of transactions including entities under common control in equity".

Legal mergers with subsidiaries

Legal mergers between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Non-controlling interest accounted under equity before legal merger is classified under retained earnings, and 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.Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

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

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

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

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 balance sheet date

The Group adjusts the amounts recognised 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).

Segment reporting

The Group has three geographical segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are Turkey, Europe and Russia and managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, the chief operating decision-maker, who is Group Management, is utilizing gross profit in the financial statements prepared in accordance with TFRS (Note 5).

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

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

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

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

Current and deferred income tax

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

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

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

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

As deferred tax liability is calculated for all taxable temporary differences, deferred tax assets that consist of deductible temporary differences is calculated as long as the company likely benefit from these differences by means of deriving taxable profit in the future.

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.

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

2.7 Summary of Significant Accounting Policies

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

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS 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 TAS 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.

The Group receives corporate tax allowances (in accordance with Corporate Tax Law No: 5520; article 32/A). The amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 234.959.005 (31 December 2015: TRY 191.737.055). The deferred tax that was accounted for over the amount of corporate tax allowances is TRY 46.991.801
(31 December 2015: TRY 38.347.411).

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

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

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of market reference comparison if not the method of cost approach.

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of market reference comparison if not the method of cost approach.

In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional independent valuation company was utilized.

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

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

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

Summary of Significant Accounting Policies (continued)

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

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

For the period 1 January-31 December 2015, if the value determined in the expert's report was higher/lower by 1%, the comprehensive income of the period would have been TRY 2.714.363 lower/higher.

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

3. Business Combinations

In the extraordinary general meeting held on 28 June 2016, it is decided to merge nonconsolidated subsidiary Company Paşabahçe Yatırım ve Pazarlama A.Ş., which is accounted for under non-current financial assets since it is not material for consolidated financial statements, with Paşabahçce Mağazaları A.Ş and registered on 15 July 2016. Increased paid in capital share amounting to TRY 194.253,84 has been given to Paşabahçe Cam Sanayii AŞ. from Paşabahçe Mağazaları AŞ because of the merge. The difference exceeding the net book value of net assets, liabilities and congingent liabilities generated as a result of merger has been accounted under the 'Impact of the merge of the entities under common control'.In addition to this, by taking into consideration the notion of significant monetary, consolidated financial statements have been restated as it was actualized from the beginning of reporting period. (On 24 August 2015, the Group acquired 42,30% of shares of Denizli Cam Sanayi ve Ticaret A.Ş. and increased its ownership rate to 51%. Since this purchase considered as "Transactions Including Entities Under Common Control", difference between consideration paid and net equity amount classified under equity item of "Impact of Transactions Including Entities Under Common Control).

4. Interest in other entities

Summary financial statements of Paşabahçe Mağazaları A.Ş., whose non-controlling interest amount is material, is as follows:

Paşabahçe Mağazaları A.Ş.	**31 December 2016**	**31 December 2015**
Current assets	80.884.974	76.521.216
Non-current assets	20.537.230	22.199.040
Total assets	**101.422.204**	**98.720.256**
Current liabilities	49.238.507	47.395.512
Non-current liabilities	3.398.306	3.330.758
Total liabilities	**52.636.813**	**50.726.270**

Paşabahçe Mağazaları A.Ş.	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Revenue	169.372.614	168.972.418
Net profit for the period	(290.868)	6.321.078
Dividend paid to non-controlling interests	-	6.000.000
Share of non-controlling interests	9%	10%
Net profit for the period attributable to non-controlling interest	**(27.533)**	**632.108**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

4. Interest in other entities (Continued)

Summary financial statements of Denizli Cam Sanayi ve Ticaret A.Ş., whose non-controlling interest amount is material, is as follows:

Denizli Cam Sanayi ve Ticaret A.Ş.	31 December 2016	31 December 2015
Current assets	29.657.691	28.725.872
Non-current assets	60.246.165	51.564.676
Total assets	**89.903.856**	**80.290.548**
Current liabilities	37.117.000	17.336.425
Non-current liabilities	5.314.400	6.886.030
Total liabilities	**42.431.400**	**24.222.455**

Denizli Cam Sanayi ve Ticaret A.Ş.	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	64.202.412	76.495.859
Net profit for the period	(8.753.185)	1.592.749
Share of non-controlling interests	%49,0	%49,0
Net profit for the period attributable to non-controlling interest	**(4.289.061)**	**780.447**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

5. Segment Reporting

1 January-31 December 2016	Turkey	Asia	Europe	Total	Consolidation adjustment	Consolidated
Net external revenue	1.141.239.446	172.070.617	338.314.078	1.651.624.141	-	1.651.624.141
Inter group revenue	239.589.031	-	-	239.589.031	(239.589.031)	-
Total net revenue (*)	**1.380.828.477**	**172.070.617**	**338.314.078**	**1.891.213.172**	**(239.589.031)**	**1.651.624.141**
Cost of sales	(966.800.826)	(150.581.125)	(245.666.915)	(1.363.048.866)	228.221.454	(1.134.827.412)
Gross profit / (loss) from trading activities	**414.027.651**	**21.489.492**	**92.647.163**	**528.164.306**	**(11.367.577)**	**516.796.729**
Operating expenses	(417.916.298)	(31.213.281)	(76.975.524)	(526.105.103)	9.302.280	(516.802.823)
Other income from operating activities	155.025.539	4.796.282	10.201.828	170.023.649	(32.720.728)	137.302.921
Other expense from operating activities (-)	(129.774.182)	(7.039.130)	(1.957.930)	(138.771.242)	83.022.149	(55.749.093)
Income from investments in associates and joint ventures	-	-	-	-	-	-
Operating profit / (loss)	**21.362.710**	**(11.966.637)**	**23.915.537**	**33.311.610**	**48.236.124**	**81.547.734**
Income from investing activities	1.012.308	-	-	1.012.308	4.058.581	5.070.889
Expenses from investing activities (-)	-	-	-	-	(3.416.498)	(3.416.498)
Operating profit / (loss) before financial income and expense	**22.375.018**	**(11.966.637)**	**23.915.537**	**34.323.918**	**48.878.207**	**83.202.125**
Financial income	8.589.362	318.006	330.194	9.237.562	25.104.518	34.342.080
Financial expenses (-)	(38.912.864)	(18.600.199)	(4.592.966)	x(62.106.029)	(77.998.010)	(140.104.039)
Profit / (loss) before tax from continued operations	**(7.948.484)**	**(30.248.830)**	**19.652.765**	**(18.544.549)**	**(4.015.285)**	**(22.559.834)**
Tax income/expense for the year	(134.173)	-	(2.271.861)	(2.406.034)	-	(2.406.034)
Deferred tax asset	5.710.470	2.875.467	56.978	8.642.915	332.865	8.975.780
Profit / (loss) for the year	**(2.372.187)**	**(27.373.363)**	**17.437.882**	**(12.307.668)**	**(3.682.420)**	**(15.990.088)**
Purchases of tangible and intangible assets	232.061.061	26.337.721	50.056.253	308.455.035	-	308.455.035
Depreciation and amortization charges	(93.612.039)	(23.222.511)	(39.014.810)	(155.849.360)	-	(155.849.360)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**115.987.057**	**11.255.874**	**62.930.347**	**190.173.278**	**48.878.207**	**239.051.485**
Statement of financial position (31 December 2016)						
Total assets	**2.352.349.023**	**418.534.193**	**978.389.153**	**3.749.272.369**	**(860.722.637)**	**2.888.549.732**
- Income from investment accounted for under the equity method	-	-	-	-	-	-
Total liabilities	**984.974.723**	**254.098.428**	**290.927.529**	**1.530.000.680**	**(101.698.969)**	**1.428.301.711**

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

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

5. Segment reporting (Continued)

1 January-31 December 2015	**Turkey**	**Asia**	**Europe**	**Total**	**Consolidation adjustment**	**Consolidated**
Net external revenue	1.185.610.066	139.603.547	28.903.142	1.354.116.755		1.354.116.755
Inter group revenue	120.324.682	-	-	120.324.682	(125.218.352)	(4.893.670)
Total net revenue (*)	**1.305.934.748**	**139.603.547**	**28.903.142**	**1.474.441.437**	**(125.218.352)**	**1.349.223.085**
Cost of sales	(855.662.696)	(124.898.945)	(22.688.312)	(1.003.249.953)	108.629.221	(894.620.732)
Gross profit / (loss) from trading activities	**450.272.052**	**14.704.602**	**6.214.830**	**471.191.484**	**(16.589.131)**	**454.602.353**
Operating expenses	(389.390.042)	(26.578.557)	(9.108.297)	(425.076.896)	9.867.326	(415.209.570)
Other income from operating activities	354.676.647	15.326.871	186.526	370.190.044	(220.283.181)	149.906.863
Other expense from operating activities (-)	(339.975.565)	(34.200.034)	(9.460)	(374.185.059)	250.316.629	(123.868.430)
Income from investments in associates and joint ventures	9.755.195	-	-	9.755.195	-	9.755.195
Operating profit / (loss)	**85.338.287**	**(30.747.118)**	**(2.716.401)**	**51.874.768**	**23.311.643**	**75.186.411**
Income from investing activities	7.796.879	-	-	7.796.879	(5.566.437)	2.230.442
Expenses from investing activities (-)	(195)	-	-	(195)	(12.914.848)	(12.915.043)
Operating profit / (loss) before financial income and expense	**93.134.971**	**(30.747.118)**	**(2.716.401)**	**59.671.452**	**4.830.358**	**64.501.810**
Financial income	6.103.171	370.037	22.371	6.495.579	214.653.817	221.149.396
Financial expenses (-)	(20.093.197)	(21.060.376)	-	(41.153.573)	(233.789.869)	(274.943.442)
Profit / (loss) before tax from continued operations	**79.144.945**	**(51.437.457)**	**(2.694.030)**	**25.013.458**	**(14.305.694)**	**10.707.764**
Tax income/expense for the year	(12.317.919)	-	-	(12.317.919)	-	(12.317.919)
Deferred tax asset	8.837.597	9.348.782	7.523	18.193.902	1.679.529	19.873.431
Profit / (loss) for the year	**75.664.623**	**(42.088.675)**	**(2.686.507)**	**30.889.441**	**(12.626.165)**	**18.263.276**
Purchases of tangible and intangible assets	113.518.002	16.420.376	2.246.226	132.184.604	-	132.184.604
Depreciation and amortization charges	(84.575.474)	(25.476.505)	(299.625)	(110.351.604)	-	(110.351.604)
Earnings before interest, taxes, depreciation and amortization (EBITDA) (**)	177.710.444	(5.270.613)	(2.416.776)	**170.023.056**	4.830.359	**174.853.414**
Statement of financial position (31 December 2015)						
Total assets	**2.064.814.332**	**260.717.137**	**811.617.419**	**3.137.148.888**	**(757.814.092)**	**2.379.334.796**
- Income from investents accounted for under the equity method	-	-	-	-	-	-
Total liabilities	**696.689.857**	**122.398.456**	**236.406.445**	**1.055.494.758**	**(56.380.190)**	**999.114.568**

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

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

6. Cash and Cash Equivalents

	31 December 2016	31 December 2015
Cash on hand	206.587	378.741
Cash at banks	29.200.583	63.622.602
- *Demand deposits*	*27.333.758*	*40.732.356*
- *Time deposits (with maturities of three months or less)*	*1.866.825*	*22.890.246*
	29.407.170	**64.001.343**

Currency	Annual Effective Weighted Interest Rate (%)	Interest Maturity	31 December 2016	31 December 2015
USD	-	January 2017	-	9.723.287
EUR	0,94	January 2017	1.866.825	6.815.496
RUR	-	January 2017	-	6.351.463
			1.866.825	**22.890.246**

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

	31 December 2016	31 December 2015
Cash and cash equivalents	29.407.170	64.001.343
Less: Interest accrual	(145)	(18.163)
	29.407.025	**63.983.180**

7. Financial Assets

Non-current financial assets

Financial assets available for sale

	31 December 2016	31 December 2015
Financial assets not traded in an active market	304.608	304.608
Unconsolidated subsidiaries	111.655	631.005
Financial assets carried at market price	-	690.234
	416.263	**1.625.847**

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

	31 December 2016	31 December 2015
Previously reported - 1 January	-	5.329.381
Impact of accounting under common controls	-	(3.835.093)
1 January	1.625.847	1.494.288
Financial assets sale impact	(690.234)	(22.614)
Change in fair value	-	154.173
Partial secession merger effect	(519.350)	-
	416.263	**1.625.847**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

7. Financial Assets (Continued)

Financial assets available for sale (continued)

Financial assets carried at market price	Rate of Share (%)	31 December 2016	Rate of Share (%)	31 December 2015
Soda Sanayii A.Ş.	-	-	<1	690.234

Financial assets not traded in an active market	Rate of Share (%)	31 December 2016	Rate of Share (%)	31 December 2015
Camiş Limited	30,65	164.198	30,65	164.198
Camiş Ambalaj Sanayii A.Ş. (*)	<1	12.330	<1	123.718
Camiş Elektrik Üretim A.Ş.	<1	16.670	<1	16.670
Eskişehir Oluklu Mukavva Sanayi A.Ş. (*)	<1	111.389	-	-
Other	<1	21	<1	22
		304.608		**304.608**

(*) The spin-off transaction of Camiş Ambalaj Sanayi A.Ş., one of our subsidiary, is approved at the extraordinary general assembly meeting held on 27 December 2016 and Eskişehir Oluklu Mukavva Sanayi A.Ş. was established officially by registering on 2 January 2017.

Unconsolidated subsidiaries (*)	Rate of Share (%)	31 December 2016	Rate of Share (%)	31 December 2015
Paşabahçe Yatırım ve Pazarlama A.Ş.	-	-	97	519.350
Paşabahçe Glass GmbH	100	68.699	100	68.699
Paşabahçe Spain SL	100	42.794	100	42.794
Paşabahçe USA Inc.	100	162	100	162
		111.655		**631.005**

(*) Paşabahçe Glass GmbH, Paşabahçe Spain SL, Paşabahçe USA Inc., are subsidiaries incorporated internationally, engaging in the production, marketing and sale operations. The financial statements of these companies and the financial statements of Paşabahçe Yatırım ve Pazarlama A.Ş. and Topkapı Yatırım Holding A.Ş. are not included in consolidation due to their immateriality.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

8. Borrowings

Current financial liabilities	31 December 2016	31 December 2015
Short term borrowings	408.757.331	137.263.464
Short term portion of long term borrowings	**31 Aralık 2016**	**31 Aralık 2015**
Short term portion of long term borrowings and interests	255.539.129	21.633.967
Total short term portion of long term borrowings	**664.296.460**	**158.897.431**
Total non-current financial liabilities	**31 Aralık 2016**	**31 Aralık 2015**
Long term portion of long term borrowings	239.151.354	425.109.393
Total non-current financial liabilities	**239.151.354**	**425.109.393**
Total financial liabilities	**903.447.814**	**584.006.824**

As of balance sheet date, risk of changes in interest rates on loans and contractual reprising dates of the Group are as follows:

Repricing periods for loans	31 December 2016	31 December 2015
3 months and shorter	67.699.503	60.076.267
3 - 12 months	596.596.957	98.821.164
1 - 5 years	234.273.825	360.743.143
More than 5 years	4.877.529	64.366.250
	903.447.814	**584.006.824**

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.

Current and non-current bank borrowings between 1 January and 31 December 2016 are summarized as below:

Bank borrowigns	Capital	Interest	Total
1 January	580.059.205	3.947.619	584.006.824
Currency translation differences	82.028.291	826.888	82.855.179
Foreign exchange gain/(loss)	54.600.411	-	54.600.411
Additions-provisions for the period	325.731.519	32.910.391	358.641.910
Payments during the period	(143.875.539)	(32.780.971)	(176.656.510)
31 December 2016	**898.543.887**	**4.903.927**	**903.447.814**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

8. Borrowings (Continued)

Non capitalized finance expenses as of 31 December 2016 (31 December 2015: None).

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

Bank borrowings	Capital	Interest	Total
Previously reported - 1 January	271.751.657	3.700.635	275.452.292
Impact of accounting under common controls	389.732	(4.912)	384.820
1 January	272.141.390	3.695.722	275.837.112
Currency translation differences	(4.341)	(95.878)	(100.219)
Foreign exchange gain/(loss)	39.197.059	-	39.197.058
Additions-provisions for the period	206.378.899	27.364.243	233.743.142
Payments during the period	(120.821.468)	(27.016.469)	(147.837.936)
Partial secession merger effect	183.167.667	-	183.167.667
31 December 2015	**580.059.205**	**3.947.619**	**584.006.824**

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

31 December 2016

Currency	Maturity	Annual Effective Weighted Interest Rate(%) (*)	Short term	Long term	Total
USD	2017-2020	2,73-Libor + 2,61	109.390.044	50.274.286	159.664.330
EUR	2019-2020	2,25%-2,94%	251.058.495	131.215.877	382.274.372
RUR	2016-2021	%16.66-MosPrime + %3.2	128.582.162	57.661.191	186.243.353
TRY	2016	%10-%10,9	175.265.759	-	175.265.759
			664.296.460	**239.151.354**	**903.447.814**

31 December 2015

Currency	Maturity	Annual Effective Weighted Interest Rate(%) (*)	Short term	Long term	Total
USD	2017-2020	2,73%-Libor + 2,61	887.006	130.842.000	131.729.006
EUR	2019-2020	2,25%-2,94%	105.280.558	242.161.381	347.441.939
RUR	2016-2021	%16.66-MosPrime + %3.2	52.664.885	52.106.012	104.770.897
TRY	2016	Spot	64.982	-	64.982
			158.897.431	**425.109.393**	**584.006.824**

(*) The weighted average interest rate for EUR is Euribor + 2,25%- 2,94%, for USD is Libor + 2,73% - 2,61, RUR is 16,66% - Mosprime + 3,2%. (Average effective annual interest rate for 2015: EUR is 2,25%- 2,94, for USD is 2,73%- 2,61%, and for RUR is 16,66%-MosPrime + 3,2%).

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

8. Borrowings (Continued)

The redemption schedule of the financial liabilities is as follows:

	31 December 2016	31 December 2015
Within 1 year	664.296.460	158.897.431
Within 1- 2 years	91.219.575	231.164.405
Within 2- 3 years	91.219.575	74.585.765
Within 3- 4 years	52.276.728	74.585.765
Within 4- 5 years	4.435.476	41.708.399
More than 5 years	-	3.065.059
	903.447.814	**584.006.824**

There is no collaterals given for financial liabilities as of 31 December 2016 and 31 December 2015.

9. Other financial liabilities

None (31 December 2015: None).

10. Trade receivables and payables

Trade receivables

Current trade receivables	**31 December 2016**	**31 December 2015**
Trade receivables	429.543.311	302.902.312
Notes receivables	9.531.483	7.575.360
Rediscount of notes receivable (-)	(3.253.709)	(1.799.192)
Due from related parties (Note 37)	3.397.451	2.709.619
Other trade receivables	13.551.896	11.047.845
Provision for doubtful receivables	(13.551.896)	(11.047.845)
	439.218.536	**311.388.099**

Sales terms for the Group's domestic sales based on the main product lines are as follows:

The average sales term is 75 days (31 December 2015: 75 days) and a monthly overdue interest rate of 2% is applied for the payments made after the due date (31 December 2015: 2%).

The Group has no significant concentration on credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful receivables.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

10. Trade receivables and payables (Continued)

The movement of the allowance for doubtful receivables is as follows:

	31 December 2016	31 December 2015
Previously reported - 1 January	-	(7.544.040)
Impact of accounting under common controls	-	(475.132)
1 January	(11.047.845)	(8.019.172)
Charge for the period	(3.129.707)	(2.741.431)
Collections	773.729	214.008
Partial secession merger effect	-	(492.836)
Currency translation differences	(148.073)	(8.414)
	(13.551.896)	**(11.047.845)**

The Group holds the following collaterals for trade receivables:

	31 December 2016	31 December 2015
Letters of guarantees	34.536.102	26.252.307
Direct borrowing systems	46.690.080	31.036.686
Mortgages	743.637	577.475
Other	28.144.162	25.698.234
	110.113.981	**83.564.702**

As of 31 December 2016, TRY 45.093.960 (31 December 2015: TRY 34.701.293) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2016	31 December 2015
1- 30 days overdue	19.908.376	13.131.270
1-3 months overdue	13.787.301	14.933.078
3-12 months overdue	6.890.194	2.657.662
1- 5 years overdue	4.508.089	3.979.283
Total overdue receivables	**45.093.960**	**34.701.293**
The part under guarantee with collateral etc.	**6.041.567**	**6.144.381**

Trade payables

	31 December 2016	31 December 2015
Trade payables	136.715.240	143.148.866
Due to related parties (Note 37)	39.361.605	30.070.623
Rediscount on notes payable	(426.976)	(506.679)
	175.649.869	**172.712.810**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

11. Other Receivables and Payables

Other current receivables	31 December 2016	31 December 2015
Other receivables	4.016.987	458.119
Due from related parties (Note 37)	26.807.145	1.608.052
Deposits and guarantees given	194.443	200.097
Due from personnel	265.649	222.705
	31.284.224	**2.488.973**

Other non-current receivables	31 December 2016	31 December 2015
Deposits and guarantees given	320.261	351.365
	320.261	**351.365**

Other current payables	31 December 2016	31 December 2015
Due to related parties (Note 37)	177.714.760	107.077.706
Other current payables	420.469	387.918
	178.135.229	**107.465.624**

12. Derivative Instruments

None (31 December 2015: None).

13. Inventories

	31 December 2016	31 December 2015
Finished goods	588.694.904	498.451.645
Trade goods	96.896.476	67.442.974
Raw materials	92.849.541	86.634.773
Other inventories	19.377.763	16.393.918
Semi finished goods	1.438.114	1.469.310
Provision for inventory write-down (-)	(13.370.763)	(10.463.130)
	785.886.035	**659.929.490**

The movement of provision for inventory write-down is as follows:

	31 December 2016	31 December 2015
Previously reported - 1 January	-	(9.599.326)
Impact of accounting under common controls	-	(850.599)
1 January	(10.463.130)	(10.449.925)
Provision for the period	(4.191.472)	(573.434)
Provision no longer required	2.159.087	2.615.941
Partial secession merger effect	-	(97)
Currency translation differences	(875.248)	(2.055.615)
	(13.370.763)	**(10.463.130)**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

14. Prepaid Expenses and Deferred Income

Prepaid Expenses

Prepaid expenses in current assets	31 December 2016	31 December 2015
Order advances given for inventories	7.239.602	11.355.773
Prepaid expenses	9.058.327	1.650.054
	16.297.929	**13.005.827**

Prepaid expenses in non-current assets	31 December 2016	31 December 2015
Order advances given	3.106.931	18.233.270

Deferred income

	31 December 2016	31 December 2015
Short term deferred income		
Order advances received	10.566.106	8.237.498
Deferred income	1.002.110	3.052.617
	11.568.216	**11.290.115**
Long term deferred income		
Deferred income	2.709.000	-
	2.709.000	**-**

15. Construction Contracts

None. (31 December 2015: None).

16. Joint Ventures and Associates

None. (31 December 2015: None).

17. Investment Properties

None (31 December 2015: None).

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

18. Property, Plant and Equipment

Cost	Land (***)	Land improvements	Buildings (***)	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Leasehold improvement	Construction in progress	Total
Opening balance at 1 January 2016	**229.838.014**	**32.087.131**	**325.083.829**	**1.770.294.413**	**8.551.214**	**151.533.896**	**177.096.622**	**26.895.427**	**37.561.508**	**2.758.942.054**
Currency translation differences	2.695.446	7.769.762	48.100.152	112.081.965	1.057.502	22.830.492	561.343	-	4.653.900	199.750.562
Additions (*)	-	295.706	237.292	29.130.795	199.079	34.678.076	1.446.394	11.459.460	230.239.027	307.685.829
Disposals	-	-	(3.167.932)	(70.029.974)	(139.519)	(16.868.258)	(7.467.473)	(3.565.855)	-	(101.239.011)
Transfers from construction in progress	-	2.837.914	45.916.440	147.944.391	-	2.728.911	21.590.190	-	(221.017.846)	-
Closing balance at 31 December 2016	**232.533.460**	**42.990.513**	**416.169.781**	**1.989.421.590**	**9.668.276**	**194.903.117**	**193.227.076**	**34.789.032**	**51.436.589**	**3.165.139.434**
Accumulated depreciation										
Opening balance at 1 January 2016	**-**	**(16.398.962)**	**(23.697.978)**	**(1.244.010.611)**	**(5.135.292)**	**(97.676.787)**	**(137.884.586)**	**(20.039.139)**	**-**	**(1.544.843.355)**
Currency translation differences	-	(1.858.027)	(5.999.657)	(55.296.523)	(594.328)	(14.234.221)	(127.862)	-	-	(78.110.618)
Charge for the period (**)	-	(1.790.448)	(9.556.075)	(98.690.733)	(642.485)	(22.081.134)	(19.273.869)	(2.149.492)	-	(154.184.236)
Disposals	-	-	197.996	25.493.799	139.518	8.842.464	4.145.666	2.951.020	-	41.770.463
Closing balance at 31 December 2016	**-**	**(20.047.437)**	**(39.055.714)**	**(1.372.504.068)**	**(6.232.587)**	**(125.149.678)**	**(153.140.651)**	**(19.237.611)**	**-**	**(1.735.367.746)**
Net book value as of 31 December 2016	**232.533.460**	**22.943.076**	**377.114.067**	**616.917.522**	**3.435.689**	**69.753.439**	**40.086.425**	**15.551.421**	**51.436.589**	**1.429.771.688**
Closinng balance as of 31 December 2015	**229.838.014**	**15.688.169**	**301.385.851**	**526.283.802**	**3.415.922**	**53.857.109**	**39.212.036**	**6.856.288**	**37.561.508**	**1.214.098.699**

(*) The financial expenses has not been capitalized (31 December 2015: None) (Note 8).
(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.
(***) No mortgage over lands and buildings due to bank borrowings exist (31 December 2015: None).

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

18. Property, Plant and Equipment (Continued)

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Leasehold improvement	Construction in progress	Total
Previously reported Opening balance at 1 January 2015	**4.584.584**	**12.152.167**	**268.341.016**	**1.406.746.614**	**2.775.108**	**75.764.724**	**156.650.342**	**24.626.855**	**43.416.056**	**1.995.057.466**
Impact of accounting under common controls	415.921	2.388.969	7.418.046	23.567.832	122.345	2.636.308	616.023	-	181.733	37.347.177
Opening balance at 1 January 2015	**5.000.505**	**14.541.136**	**275.759.062**	**1.430.314.446**	**2.897.453**	**78.401.032**	**157.266.365**	**24.626.855**	**43.597.789**	**2.032.404.643**
Classification	56.073.052	13.623.610	(93.558.088)	-	-	-	-	-		(23.861.426)
Currency translation differences	(588.429)	(438.390)	(702.515)	(3.207.364)	(1.889)	(402.767)	69.388	-	730.187	(4.541.779)
Additions	-	33.718	405.408	3.236.838	161.183	9.270.540	1.894.961	3.120.778	114.061.178	132.184.604
Disposals	-	-	(20.047.748)	(39.574.211)	(109.430)	(1.345.444)	(9.606.401)	(852.206)	-	(71.535.440)
Partial secession merger effect	2.485.322	2.299.625	87.379.597	294.073.761	5.603.897	64.012.827	1.590.808	-	5.188.748	462.634.585
Revaluation	166.867.564	-	64.789.303	-	-	-	-	-	-	231.656.867
Transfers from construction in progress	-	2.027.432	11.058.810	85.450.943	-	1.597.708	25.881.501	-	(126.016.394)	-
Closing balance at 31 December 2015	**229.838.014**	**32.087.131**	**325.083.829**	**1.770.294.413**	**8.551.214**	**151.533.896**	**177.096.622**	**26.895.427**	**37.561.508**	**2.758.942.054**
Accumulated depreciation										
Previously reported Opening balance at 1 January 2015	**-**	**(9.883.645)**	**(59.021.087)**	**(1.061.826.192)**	**(2.165.738)**	**(48.647.662)**	**(119.958.932)**	**(18.649.991)**	**-**	**(1.320.153.247)**
Impact of accounting under common controls	-	(1.154.374)	(5.453.678)	(15.533.535)	(122.339)	(1.720.960)	(249.138)	-	-	(24.234.024)
Opening balance at 1 January 2015	**-**	**(11.038.019)**	**(64.474.765)**	**(1.077.359.727)**	**(2.288.077)**	**(50.368.622)**	**(120.208.070)**	**(18.649.991)**	**-**	**(1.344.387.271)**
Classification (*)	-	(2.734.780)	26.596.206	-	-	-	-		-	23.861.426
Currency translation differences	-	129.891	(9.574.147)	2.461.335	5.458	623.573	(11.560)		-	(6.365.450)
Charge for the period	-	(1.273.538)	(7.061.478)	(67.949.802)	(215.925)	(10.386.449)	(20.362.838)	(2.128.842)	-	(109.378.872)
Disposals		-	4.052.832	25.120.079	109.430	1.074.320	2.981.075	739.694	-	34.077.430
Impairment	-	-	(12.549.668)	-	-	-	-		-	(12.549.668)
Revaluation (**)	-	-	39.779.429	-	-	-	-		-	39.779.429
Partial secession merger effect	-	(1.482.516)	(466.387)	(126.282.496)	(2.746.178)	(38.619.609)	(283.193)		-	(169.880.379)
Closing balance at 31 December 2015	**-**	**(16.398.962)**	**(23.697.978)**	**(1.244.010.611)**	**(5.135.292)**	**(97.676.787)**	**(137.884.586)**	**(20.039.139)**	**-**	**(1.544.843.355)**
Net book value as of 31 December 2015	**229.838.014**	**15.688.169**	**301.385.851**	**526.283.802**	**3.415.922**	**53.857.109**	**39.212.036**	**6.856.288**	**37.561.508**	**1.214.098.699**
Net book value at 31 December 2014	**5.000.505**	**3.503.117**	**211.284.297**	**352.954.719**	**609.376**	**28.032.411**	**37.058.295**	**5.976.863**	**43.597.789**	**688.017.372**

(*) The Group reconsidered the fully amortized property, plant and equipment and performed reclassifications and offsetting in the related accounts. The aforementioned changes have no impact on profit/ (loss).

(**) As of 31 December 2015, Land and buildings were accounted for under net method in accordance with revaluation method as a result of the results of expert report dated on 30 September 2015. If cost approach were used, TRY 1.971.527 of amortization expense would be less and net book value of property, plant and equipment would be TRY 1.212.127.172 as of 31 December 2015.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

19. Intangible Assets

Cost	Rights	Computer programs	Other	Total
Opening balance at 1 January 2016	**13.238.855**	**9.827.840**	**3.511.873**	**26.578.568**
Currency translation differences	32.253	-	432.402	464.655
Addition	552.988	-	216.218	769.206
Disposal	-	-	-	-
Closing balance at 31 December 2016	**13.824.096**	**9.827.840**	**4.160.493**	**27.812.429**
Accumulated depreciation				
Opening balance at 1 January 2016	**(9.726.953)**	**(524.425)**	**(1.933.305)**	**(12.184.683)**
Currency translation differences	(10.306)	-	(208.816)	(219.122)
Charge for the period	(1.023.226)	-	(641.898)	(1.665.124)
Disposal	-	-	-	-
Closing balance at 31 December 2016	**(10.760.485)**	**(524.425)**	**(2.784.019)**	**(14.068.929)**
Net book value at 31 December 2016	**3.063.611**	**9.303.415**	**1.376.474**	**13.743.500**
Closing balance at 31 December 2015	**3.511.902**	**9.303.415**	**1.578.568**	**14.393.885**

Cost	Rights	Computer programs	Other	Total
Previously reported opening balance at 1 January 2015	12.316.114	9.830.820	1.035.165	23.182.099
Impact of accounting under common controls	-	(2.980)	-	(2.980)
Opening balance at 1 January 2015	**12.316.114**	**9.827.840**	**1.035.165**	**23.179.119**
Currency translation differences	8.816	-	-	8.816
Addition	923.175	-	36.471	959.646
Disposal	(9.250)	-	-	(9.250)
Partial secession merger effect	-	-	2.440.237	2.440.237
Closing balance at 31 December 2015	**13.238.855**	**9.827.840**	**3.511.873**	**26.578.568**
Accumulated depreciation				
Previously reported opening balance at 1 January 2015	(8.961.950)	(502.162)	(1.034.660)	(10.498.772)
Impact of accounting under common controls	176.664	-	(5.419)	171.245
Opening balance at 1 January 2015	**(8.785.286)**	**(502.162)**	**(1.040.079)**	**(10.327.527)**
Currency translation differences	(1.763)	-	(33.005)	(34.768)
Charge for the period (*)	(939.904)	(22.263)	(10.565)	(972.732)
Disposal	-	-	-	-
Partial secession merger effect	-	-	(849.656)	(849.656)
Closing balance at 31 December 2015	**(9.726.953)**	**(524.425)**	**(1.933.305)**	**(12.184.683)**
Net book value at 31 December 2015	**3.511.902**	**9.303.415**	**1.578.568**	**14.393.885**
Closing balance at 31 December 2014	**3.525.408**	**9.321.270**	**4.914**	**12.851.592**

(*) Distribution of depreciation for the period is presented in Note 28 and 30.

20. Goodwill

None (31 December 2015: None).

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

21. Government Grants

None (31 December 2015: None).

22. Provisions, Contingent Assets and Liabilities

Short term provisions	31 December 2016	31 December 2015
Provisions for employee benefit	4.555.289	2.822.534
Accrual for lawsuit cases	2.626.565	1.735.478
Provisions for sales premiums	264.531	-
Other	315.867	216.455
	7.762.252	**4.774.467**

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

	31 December 2016				
The CPMs given by the Company	**TRY Equivalent**	**USD**	**EUR**	**RUR**	**TRY**
A. CPM's given in the name of its own legal personality	22.534.220	-	-	-	22.534.220
B. CPM's given on behalf of the fully consolidated companies	317.762.463	-	-	-	317.762.463
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	-	-	-	-	-
ii Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total	**340.296.683**	**-**	**-**	**-**	**340.296.683**

Percentage of other CPM's given by the Company to the Company's equities is 0% as of 31 December 2016.

(*) The amounts represent the CPMs that are given to the Company by the subsidiaries included in the consolidation.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

22. Provisions, Contingent Assets and Liabilities (Continued)

	31 December 2015				
The CPMs given by the Company	**TRY Equivalent**	**USD**	**EUR**	**RUR**	**TRY**
A. CPM's given in the name of its own legal personality	34.413.170	-	-	-	34.413.170
B. CPM's given on behalf of the fully consolidated companies	157.100.953	-	-	-	157.100.953
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder (*)	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total	**191.514.123**	**-**	**-**	**-**	**191.514.123**

The ratio of other CPM's given by the Company to the Group's equities is 0% as of 31 December 2015.

(*) The amounts represent the CPMs that are given to the Company by the subsidiaries included in the consolidation.

23. Commitments

Shareholding Commitments and Reimbursement Concessions

An agreement was signed between Trakya Glass Bulgaria EAD (the "Company"), IFC, Trakya Cam Sanayii A.Ş., Investment B.V. and Paşabahçe Cam Sanayii A.Ş. on 25 June 2004. In accordance with the agreement, Trakya Cam Sanayii A.Ş. has an obligation of holding at least 75% of Trakya Cam Investment B.V.'s total equity solely or together with Paşabahçe Cam Sanayii A.Ş.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

24. Employee Benefits

Short term liabilities for employee benefits

	31 December 2016	31 December 2015
Due to personnel	9.222.739	5.434.036
Social security premiums payable	14.909.447	6.044.859
Total	**24.132.186**	**11.478.895**

Short term liabilities for employee benefits	31 December 2016	31 December 2015
Unused vacation provision	3.582.363	3.052.262

Long term provisions for employment 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 entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments. Changeover provisions related with pre-retirement service conditions were excluded from the law by changing of the related act on 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 4.297,21 for each period of service as of 31 December 2016 (31 December 2015: TRY 3.828,37). TRY 4.426,16 which is effective from 1 January 2017, is taken into consideration in the calculation of provision for employment termination benefits (invalided between 31 December 2015 and 1 January 2016: 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. IAS 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 for under "Actuarial gain/loss fund" in the statement of other comprehensive income.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2016 and 31 December 2015 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 6,00% (31 December 2015: 5,00%) and a discount rate of 11,5% (31 December 2015: 10,13%), the real discount rate is approximately 5,19% (31 December 2015: 4,89%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2016, turnover rate to estimate the probability of retirement is 98,74% (31 December 2015: 98,92%).

The movement of the employment termination benefits is as follows:

	31 December 2016	31 December 2015
Previously reported opening balance at 1 January	-	75.397.093
Impact of accounting under common controls	-	7.637.973
1 January	**89.469.147**	**83.035.066**
Currency translation differences	139.723	-
Service costs	18.626.427	18.428.141
Interest costs	4.209.802	2.865.196
Actuarial loss/(gain)	(416.717)	(987.390)
Payments made during the year	(16.508.679)	(14.560.916)
Partial secession merger effect	-	689.050
31 December	**95.519.703**	**89.469.147**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

25. Impairment of Assets

Impairment of assets	**31 December 2016**	**31 December 2015**
Provision for doubtful receivables	(13.551.896)	(11.047.845)
Provision for inventories	(13.370.763)	(10.463.130)
	(26.922.659)	**(21.510.975)**

26. Other Assets and Liabilities

Other current assets	**31 December 2016**	**31 December 2015**
Income accruals (*)	63.111.796	36.464.178
Other VAT	12.964.712	8.268.847
Deductible VAT on Exports	4.389.229	1.400.505
Deferred VAT	766.990	2.086.837
Other	736.356	432.512
Work advances	-	951
	81.969.083	**48.653.830**

(*) It is the provision of damage compensation receivable amounting to TRY 59.890.463 (=EUR 16.143.417) as of 31 December 2016 from the insurance company due to fire outbreak in Paşabahçe Cam Sanayii ve Tic. A.Ş. Eskişehir Plant. The Group management accounted for the minimum amount of income accrual with the accounting principle of prudence.

The income that will be and was already generated due to damage compensation is as follows:

	Turkish Lira
The damage occured in 2015	(66.573.248)
Cash inflow in 2015	30.113.945
Benefit in kind received in 2016	42.448.772
Income accrual for the year 2016	59.890.463
Total impact	**65.879.932**

Other current liabilities	**31 December 2016**	**31 December 2015**
Taxes and funds payable	9.090.174	3.734.929
Expense accruals	6.830.095	4.102.591
Other	1.791.105	914.780
	17.711.374	**8.752.300**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

27. Capital, Reserves and Other Equity Items

Equity components "Paid-in Share Capital"and"Restricted Reserves", are presented with the value carried in the statutory financial statements. The differences, that are recognized through the valuation made in accordance with TAS 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" are associated with "Retained Earnings".

a) Capital/ Treasury Shares

The approved and paid-in share capital of the Company consists of 215.535.800 shares issued on bearer with a nominal value of TRY 1 (One TRY), (31 December 2015: 215.535.800 shares).

	31 December 2016		31 December 2015	
Shareholders	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
Şişecam	181.064.468	84,00	181.064.468	84,00
European Bank for Reconstruction and Development	33.292.044	15,45	33.292.044	15,45
İslamic Development Bank A.Ş.	1.179.288	0,55	1.179.288	0,55
Nominal capital	**215.535.800**	**100,00**	**215.535.800**	**100,00**
Adjustment to share capital	70.157.501		70.157.501	
Total share capital	**285.693.301**		**285.693.301**	

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

	31 December 2016		31 December 2015	
Shareholders	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	62.508.252	29,00	62.409.476	28,96
Atatürk Shares (Cumhuriyet Halk Partisi)	33.319.713	15,46	33.319.453	15,46
European Bank for Reconstruction and Development	33.292.044	15,45	33.292.044	15,45
Other	86.415.791	40,09	86.514.827	40,13
Nominal capital	**215.535.800**	**100,00**	**215.535.800**	**100,00**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

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

	31 December 2016	31 December 2015
Actuarial loss fund	(1.684.181)	(1.938.407)
Revaluation gain on tangible assets	225.388.777	226.430.748
	223.704.596	**224.492.341**

The movement of the gain/loss on revaluation and remeasurement is presented in consolidated statement of cash flow and consolidated statement of equity changes.

Provision for employee termination benefits actuarial gain / loss funds

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

The movement of the provision for employee termination benefits actuarial gain / loss funds is as follows:

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

	31 December 2016	31 December 2015
Currency translation differences	116.864.687	24.406.121
Financial asset revaluation fund	-	314.853
	116.864.687	**24.720.974**

Currency translation differences

Currency translation differences are related to 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.

Revaluation fund on financial assets

The revaluation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

The movement of the revaluation fund on financial assets is as follows:

	31 December 2016	31 December 2015
Previously reported – 1 January	-	(1.537.551)
Impact of accounting under common controls	-	1.578.519
1 January	314.853	40.968
Financial assets sales	(331.424)	-
Changes in fair value	-	78.628
Impact of deferred tax	16.571	(3.931)
Increase/ (decrease) of changes in ownership rate of subsidiaries	-	199.188
	-	**314.853**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

27 Capital, Reserves and Other Equity Items (Continued)

d) 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.

"Legal Reserves" 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.

	31 December 2016	**31 December 2015**
Legal reserves	212.811.716	45.233.268
Statutory reserves	19.908.474	19.908.474
	232.720.190	**65.141.742**

e) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 594.458.722 (31 December 2015: TRY 743.107.004) is TRY 243.517.338 (31 December 2015: TRY 204.315.152).

Reserves subject to dividend distribution

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

	31 December 2016	**31 December 2015**
Net profit for the year	-	17.692.580
Extraordinary reserves	284.208.849	204.315.152
Special funds	200.948.746	200.834.521
	485.157.595	**422.842.253**

f) Non-controlling Interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components. Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit / (loss) section of the consolidated statement of income.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

28. Revenue and Cost of Sales

Revenue	1 January-31 December 2016	1 January-31 December 2015
Sales	1.828.513.926	1.504.548.340
Sales discounts	(115.350.203)	(100.573.446)
Sales returns	(28.622.095)	(22.394.214)
Other sales discounts	(35.903.026)	(32.357.595)
Other income	2.985.539	-
	1.651.624.141	**1.349.223.085**

Cost of sales	1 January-31 December 2016	1 January-31 December 2015
Direct materials	(432.750.560)	(272.812.078)
Direct labor	(206.016.896)	(202.418.368)
Production overheads	(335.184.004)	(272.682.567)
Depreciation and amortization	(136.622.510)	(94.127.963)
Change in semi finished goods inventories	(31.197)	108.560
Change in finished goods inventories	90.243.260	59.817.445
Cost of goods sold	**(1.020.361.907)**	**(782.114.971)**
Cost of trade goods sold	(88.688.180)	(79.272.432)
Cost of services given	(650.909)	(553.153)
Other costs	(25.126.416)	(32.680.176)
	(1.134.827.412)	**(894.620.732)**

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

	1 January-31 December 2016	1 January-31 December 2015
General administrative expenses	(171.030.578)	(152.236.978)
Marketing expenses	(331.052.395)	(246.644.100)
Research and development expenses	(14.719.850)	(16.328.492)
	(516.802.823)	**(415.209.570)**

30. Expenses by Nature

	1 January-31 December 2016	1 January-31 December 2015
Miscellaneous expenses	(177.531.826)	(140.412.589)
Employee expenses	(158.218.115)	(144.218.639)
Outsourced services	(144.064.658)	(100.861.123)
Depreciation and amortization	(19.226.850)	(16.223.641)
Indirect material cost	(9.298.123)	(8.724.027)
Duties, taxes and levies	(8.463.251)	(4.769.551)
	(516.802.823)	**(415.209.570)**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

31. Other Income and Expense from Operating Activities

Other operating income	1 January-31 December 2016	1 January-31 December 2015
Foreign exchange income from other operating activities	50.846.030	64.533.579
Insurance claims (*)	67.956.610	7.668.456
Government incentive income	4.152.651	2.471.574
Inventory overages	3.434.640	3.157.719
Gain on sales of raw materials	1.033.251	551.060
Provisions no longer required	813.663	2.001.099
Rent income	690.943	315.683
Incapacity payments	681.316	-
Fire damage compensation	365.546	66.573.248
Income and profit relating to previous period	186.122	160.136
Rediscount interest income on operating activities	48.998	103.966
Other	7.093.151	2.370.343
	137.302.921	**149.906.863**

Other operating expenses	1 January-31 December 2016	1 January-31 December 2015
Prior period expenses and losses	(17.874.511)	-
Foreign exchange loss from other operating activities	(14.703.474)	(45.450.891)
Loss on sales of tangible assets	(8.889.615)	-
Provision expenses	(3.129.707)	(2.780.922)
Rediscount interest expense on operating activities	(1.583.218)	(821.742)
Loss from sales of raw materials	(450.975)	(77.304)
Fire damage expenses	(318.744)	(195.200)
Commission Expenses	(123.101)	(252.545)
Damage due to the fire outbreak	-	(66.573.248)
Other	(8.675.748)	(7.716.578)
	(55.749.093)	**(123.868.430)**

(*) The major part of aforementioned amount is regarding to the receivables due to damage compensation from the insurance company due to fire outbreak in in Paşabahçe Cam Sanayii ve Tic. A.Ş. Eskişehir Plant. The detailed information is disclosed in the Note 26.

32. Income and Expense from Investing Activities

Income from Investing Activities	1 January-31 December 2016	1 January-31 December 2015
Profit on sales of tangible assets	4.058.581	433.563
Gain on sales of marketable securities	939.301	157.880
Dividend income	73.007	1.638.999
	5.070.889	**2.230.442**

Expenses from Investing Activities	1 January-31 December 2016	1 January-31 December 2015
Loss on sales of tangible assets	(3.416.498)	(195)
Impairment of plant, property and equipment	-	(12.549.668)
Loss on sales of marketable securities	-	(365.180)
	(3.416.498)	**(12.915.043)**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

33. Financial Income and Expenses

Financial Income	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Foreign exchange income	26.400.805	213.925.237
- *Cash and cash equivalents*	7.787.965	154.720.117
- *Borrowings*	18.612.840	59.205.120
Interest income	1.276.494	2.159.389
- *Time deposits*	1.081.946	1.985.793
- *Intercompany interest income*	194.548	173.596
Other	6.664.781	5.064.770
	34.342.080	**221.149.396**

Financial Expense	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Foreign exchange expense	(78.955.331)	(236.137.967)
- *Cash and cash equivalents*	(5.742.081)	(137.735.789)
- *Borrowings*	(73.213.250)	(98.402.178)
Interest expense	(60.631.057)	(38.222.597)
- *Interest accrual*	(32.910.391)	(27.364.242)
- *Intercompany interest expense*	(27.720.666)	(10.858.355)
Other	(517.651)	(582.878)
	(140.104.039)	**(274.943.442)**

Financial Income / Expense (Net)	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Foreign exchange income / (expense)	(52.554.526)	(22.212.730)
- *Cash and cash equivalents*	2.045.884	16.984.328
- *Borrowings*	(54.600.410)	(39.197.058)
Interest income/(expense)	(59.354.563)	(36.063.208)
- Interest accrual	*(32.910.391)*	*(27.364.242)*
- Bank deposit and borrowings	*1.081.946*	*1.985.793*
- *Intercompany interest expense*	(27.526.118)	(10.684.759)
Other	6.147.130	4.481.892
	(105.761.959)	**(53.794.046)**

34. Assets Held for Sale

None (31 December 2015: None).

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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 TAS and its tax base of statutory financial statements, These differences usually result in the recognition of revenue and expense items in different periods for TAS and statutory tax purposes

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

	31 December 2016	31 December 2015
Deferred tax assets	47.825.166	31.156.737
Deferred tax liabilities (-)	(5.558.386)	(5.529.826)
Deferred tax assets (net)	**42.266.780**	**25.626.911**

Temporary Differences	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	(402.454.766)	(388.631.561)
Corporate tax allowance	234.959.005	191.737.055
Carry forward tax losses	143.458.784	73.866.618
Provision for the cut-off on sales	10.321.566	7.454.516
Rediscount of trade receivable and payables and doubtful receivables	2.610.199	1.208.636
Employment termination benefits	95.519.703	89.469.147
Temporary difference on inventories	18.191.844	12.538.688
Other	(22.485.538)	2.837.388
	80.120.797	**(9.519.513)**

Deferred tax assets and liabilities	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	(53.618.678)	(50.854.037)
Corporate tax allowance	46.991.801	38.347.411
Carry forward tax losses	28.691.757	14.773.324
Provision for cut off on sales	2.064.313	1.490.903
Rediscount of trade receivable and payables and doubtful receivables	522.040	241.727
Employment termination benefits	19.003.051	17.824.924
Temporary difference on inventories	3.386.970	2.302.177
Other	(4.774.474)	1.500.482
	42.266.780	**25.626.911**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

The expiry dates of carry forward tax losses that are utilized are as follows:

	31 December 2016	31 December 2015
Within 2 years	1.830.099	-
Within 2 years	2.704.013	-
Within 3 years	1.373.540	-
Within 4 years	-	-
Within 5 years	17.489.766	-
Within 6 years	-	-
Within 7 years	-	-
Within 8 years	-	5.916.114
Within 9 years	-	34.602.755
Within 10 years	120.061.366	33.347.749
	143.458.784	**73.866.618**

Carry forward tax losses can be carried for 5 years in Turkey, 7 years in Romania, indefinite in Russia and Ukraine if will be offset from taxable profit in the future. (It has been indefinite in Russia since 30 November 2016). However, loss cannot be deducted retrospectively from retained earnings.

There are no carry forward tax losses that are not subject to deferred tax calculation (31 December 2015: None).

Movements of deferred tax assets and liabilities are as follows:

	31 December 2016	31 December 2015
1 January	**25.626.911**	**35.285.438**
Charged to the statement of income	8.975.780	19.873.431
Charged to other comprehensive statement of income	(50.850)	(29.066.638)
Currency translation differences	7.714.939	(465.320)
31 December	**42.266.780**	**25.626.911**

Corporate Tax

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

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

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

Country	31 December 2016 Tax Rate (%)	31 December 2015 Tax Rate (%)
Bulgaria	10,0	10,0
Russia	20,0	20,0
İtaly	31,4	31,4
China	25,0	25,0

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

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

Income Withholding Tax

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

An advance taxation of 19.8% has to be made on the investment allowance amount benefited basing on the investment incentive certificates received before 24 April 2003. Out of the investment expenses without incentive certificate made after this date, 40% of the ones directly related to the companies' production activities can be deducted from the taxable revenue. Any advance tax deduction is not made from the investment expenses without investment incentive.

Investment Allowance

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

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

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.. The company has the investment incentive certificate amounting to TRY 234.959.005 (2015: TRY 191.737.055) in accordance with the new production lines for production. The company will be able to reduce proportion of 55% calculated corporate tax consist of net revenue the period used the new production line during the period. Deferred tax assets were recognized amounting to TRY 46.991.801 (2015: TRY 38.347.411).

	31 December 2016	**31 December 2015**
Current tax provision	2.406.034	12.317.919
Currency translation differences	253.458	-
Prepaid taxes and funds (-)	(134.173)	(11.735.621)
Tax provision in the statement of the financial position	**2.525.319**	**582.298**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

Corporate Tax Allowance Practice (continued)

	1 January- 31 December 2016	1 January- 31 December 2015
Provision for corporate tax for current period	(2.406.034)	(12.317.919)
Deferred tax income	8.975.780	19.873.431
Tax provision in the statement of income	**6.569.746**	**7.555.512**

Reconciliation of provision for tax

Profit before taxation and non-controlling interest	(22.559.834)	10.707.764
Effective tax rate	%20	%20
Calculated tax	**4.511.967**	**(2.141.553)**

Tax reconciliation

- Non-deductible expenses	(13.473.780)	(4.585.700)
- Dividends and other non-taxable income	6.277.231	6.497.286
- Carry forward tax losses to be utilized	6.567.195	(1.361.004)
- Corporate tax allowance	8.644.390	8.086.594
- The effect of the foreign companies that have different tax rates	1.790.174	966
- Currency translation differences	(7.747.431)	1.058.923
Tax provision in the statement of income	**6.569.746**	**7.555.512**

36. Earnings per Share

Earnings per share	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Average number of shares existing during the period (total value)	215.535.800	215.535.800
Net profit for the period attributable to equity holders of the parent	(11.532.471)	17.692.580
Earnings per share	**(0,0535)**	**0,0821**
Total comprehensive income attributable to equity holders of the parent	84.159.243	251.385.742
Earnings per share obtained from total comprehensive income	**0,3905**	**1,2440**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

37. Related Party Disclosures

T. İş Bankası A.Ş. is the ultimate parent of the Group. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated in consolidation and not disclosed in this Note.

The details of transactions between the Group and other related parties are disclosed below.

Deposits held on related parties	**31 December 2016**	**31 December 2015**
T. İş Bankası A.Ş.		
- Time deposits	1.866.679	21.150.768
- Demand deposits	1.390.072	6.930.089
	3.256.751	**28.080.857**
İşbank AG		
- Time deposits	-	1.928.722
- Demand deposits	350.668	11.061
	350.668	**1.939.783**

Trade receivables due from related parties	**31 December 2016**	**31 December 2015**
Paşabahçe Usa Inc.	2.846.703	2.417.933
Paşabahçe Glass Gmbh	200.357	139.833
Other	350.391	151.853
	3.397.451	**2.709.619**

Other receivables due from related parties (*)	**31 December 2016**	**31 December 2015**
Şişecam Dış Ticaret A.Ş.	26.617.619	276.142
Anadolu Cam Yenişehir Sanayi A.Ş.	88.448	3.454
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	48.918	-
Anadolu Cam Eskişehir Sanayi A.Ş.	30.040	44.080
Şişecam Otomotiv A.Ş.	13.349	-
Soda Sanayii A.Ş.	-	1.145.633
Other	8.771	138.743
	26.807.145	**1.608.052**

(*) The non-trade related party payables and receivables of the Group consist of loans given and utilized by the Group and other companies under its parent, Türkiye Şişe ve Cam Fabrikaları A.Ş. for the purposes of financing. These non-trade payables and receivables are not subject to any predetermined payment terms, but based on Türkiye Şişe ve Cam Fabrikaları A.Ş.'s considerations of the economy and events within the money markets, a monthly interest is accrued using a monthly current interest rate. As of 31 December 2016, this interest rate has been applied as 0.90% (December 2015: 0.90%).

Trade payables due to related parties	**31 December 2016**	**31 December 2015**
Şişecam Dış Ticaret A.Ş.	11.036.459	-
Trakya Glass Bulgaria EAD	8.438.969	-
Camiş Ambalaj Sanayii A.Ş. (1)	6.455.957	18.870.198
Soda Sanayii A.Ş.	2.763.168	2.241.066
Camiş Elektrik Üretim A.Ş.	768.346	2.676.617
Şişecam Enerji A.Ş.	516.970	1.173.474
Türkiye Şişe ve Cam Fabrikaları A.Ş.	376.400	2.590.087
Other	9.005.336	2.519.181
	39.361.605	**30.070.623**

(1) It consists of purchases of packaging material trade payables from Camiş Ambalaj Sanayii A.Ş.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

37. Related Party Disclosures (Continued)

Other payables due to related parties (*)	**31 December 2016**	**31 December 2015**
Türkiye Şişe ve Cam Fabrikaları A.Ş.	133.829.852	80.907.696
Şişecam Dış Ticaret A.Ş.	32.254.262	-
Camiş Elektrik Üretim A.Ş.	4.688.221	1.395.200
Soda Sanayii A.Ş.	3.273.595	-
Camiş Madencilik A.Ş.	2.138.540	4.929.550
Denizli Cam San. Vakfı	649.454	-
Anadolu Cam Sanayii A.Ş.	375.323	732.500
Trakya Cam Sanayii A.Ş.	184.189	450.504
Camiş Ambalaj Sanayii A.Ş.	37.724	15.828.814
Cam Elyaf Sanayii A.Ş.	26.113	-
Other	257.487	2.833.442
	177.714.760	**107.077.706**

(*) The non-trade related party payables and receivables of the Group consist of loans given and utilized by the Group and other companies under its parent, Türkiye Şişe ve Cam Fabrikaları A.Ş. for the purposes of financing. These non-trade payables and receivables are not subject to any predetermined payment terms, but based on Türkiye Şişe ve Cam Fabrikaları A.Ş.'s considerations of the economy and events within the money markets, a monthly interest is accrued using a monthly current interest rate. As of 31 December 2016, this interest rate has been applied as 0.90% (December 2015: 0.90%).

Income and expenses from/ to related parties:

Interest income from related parties	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Camiş Ambalaj Sanayii A.Ş.	87.730	10.720
Anadolu Cam Yenişehir Sanayi A.Ş.	17.546	4.547
Soda Sanayii A.Ş.	9.110	109.102
Şişecam Dış Ticaret A.Ş.	9.074	12.790
Camiş Madencilik A.Ş.	40	27.453
Anadolu Cam Sanayii A.Ş.	10	4.334
Other	71.038	4.650
	194.548	**173.596**

Interest expenses to related parties	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Türkiye Şişe ve Cam Fabrikaları A.Ş. (1)	(23.738.812)	(9.067.316)
Camiş Ambalaj Sanayii A.Ş.	(926.174)	(1.282.246)
Camiş Madencilik A.Ş.	(919.126)	(129.794)
Şişecam Enerji A.Ş.	(167.607)	(49.031)
Other	(1.968.947)	(329.968)
	(27.720.666)	**(10.858.355)**

(1) It consists of intercompany interest invoices that issued during year obtained unpaid borrowings by Türkiye Şişe ve Cam Fabrikaları A.Ş. in order to finance.

Dividend income from related parties	**1 January- 31 December 2016**	**1 January- 31 December 2015**
Soda Sanayii A.Ş.	59.761	14.940
Camiş Ambalaj Sanayii A.Ş.	9.246	10.271
Camiş Elektrik Üretim A.Ş.	4.000	-
Anadolu Cam Yenişehir Sanayi A.Ş.	-	18.518
Other	-	11.269
	73.007	**54.998**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

37. Related Party Disclosures (Continued)

Purchases from related parties	1 January- 31 December 2016	1 January- 31 December 2015
Camiş Ambalaj Sanayii A.Ş. (1)	(88.027.053)	(75.369.429)
Trakya Glass Bulgaria EAD (5)	(54.113.828)	(27.604.211)
Camiş Elektrik Üretim A.Ş. (3)	(26.440.428)	(25.206.982)
Soda Sanayii A.Ş. (2)	(26.342.741)	(13.182.832)
Camiş Madencilik A.Ş. (4)	(21.376.372)	(20.603.175)
Other	(46.707.608)	(17.141.333)
	(263.008.030)	**(179.107.962)**

(1) It consists of purchases of packaging material from Camiş Ambalaj Sanayii A.Ş.
(2) It consists of purchases of raw material from Soda Sanayii A.Ş.
(3) It consists of purchases of energy from Camiş Elektrik Üretim A.Ş.
(4) It consists of purchases of raw material from Camiş Madencilik A.Ş
(5) It consists of cost of machineries and equipments that are sold to Trakya Glass Bulgaria EAD.

Net sales to related parties	1 January- 31 December 2016	1 January- 31 December 2015
Anadolu Cam Yenişehir Sanayi A.Ş.	430.310	465.559
Trakya Glass Bulgaria EAD (1)	355.166	39.825.703
Trakya Cam Sanayii A.Ş.	66.184	58.593
Other	186.435	397.960
	1.038.095	**40.747.815**

(1) It consists of sales of machineries and equipment to Trakya Glass Bulgaria EAD.

Income and expenses from/ to related parties:

Other income from related parties	1 January- 31 December 2016	1 January- 31 December 2015
Türkiye Şişe ve Cam Fabrikaları A.Ş.	2.000.000	-
Trakya Cam Sanayii A.Ş.	30.813	57.587
OOO Ruscam	19.756	81.668
Şişecam Otomotiv A.Ş.	15.407	-
	2.065.976	**139.255**

Other expense to related parties	1 January- 31 December 2016	1 January- 31 December 2015
Anadolu Cam Sanayii A.Ş.	(4.263.083)	(1.616.108)
Şişecam Dış Ticaret A.Ş. (1)	(3.403.093)	(3.169.940)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	(1.936.259)	(1.622.536)
Trakya Cam Sanayii A.Ş.	(854.854)	(958.388)
Camiş Ambalaj Sanayii A.Ş.	(701.935)	(846.085)
Şişecam Enerji A.Ş.	(446.321)	(433.380)
Çayırova Cam Sanayii A.Ş.	(331.200)	(144.120)
OOO Ruscam Glass Packaging Holding	(46.800)	(19.910)
Glass Corp S.A.	(26.867)	-
OOO Ruscam	(10.912)	(4.634)
Other	-	(16.216)
	(12.021.324)	**(8.831.317)**

(1) It consists of marketing, sales and distribution expenses from Şişecam Dış Ticaret A.Ş..

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

37. Related Party Disclosures (Continued)

Key management compensation	1 January- 31 December 2016	1 January- 31 December 2015
Parent (Company)	3.362.795	3.428.294
Consolidated entities	3.170.812	3.370.346
	6.533.607	**6.798.640**

Key management personnel are composed of top management, members of board of directors, general manager and vice general managers and factory directors. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits between 1 January – 31 December 2016 and 1 January - 31 December 2015.

38 Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is the calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities and trade payables as presented in the balance sheet) less cash and cash equivalents.

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

	31 December 2016	31 December 2015
Financial liabilities and trade payables	1.079.097.683	756.719.634
Less: Cash and cash equivalents	(29.407.170)	(64.001.343)
Net debt	**1.049.690.513**	**692.718.291**
Total equity	**1.460.248.021**	**1.380.220.228**
Net debt / total equity ratio	**71,9%**	**50,2%**

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

38 Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors

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

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

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

b.1) Credit Risk Management

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

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

(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 (Continued)

	Receivables					
	Trade Receivables		Other Receivables			
Credit risks exposed through types of financial instruments	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	Financial Derivatives
Maximum credit risk exposed as of balance sheet date 31 December 2016 (*) (A+B+C+D+E)	**3.397.451**	**435.821.085**	**26.807.145**	**4.797.340**	**29.407.170**	**-**
- The part of maximum risk under guarantee with collaterals, etc	**-**	**(110.113.981)**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due or impaired	3.397.451	390.727.125	26.807.145	4.797.340	29.407.170	-
- The part under guarantee with collaterals, etc		(104.072.414)		-		
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	45.093.960	-	-	-	-
- The part under guarantee with collaterals, etc	-	(6.041.567)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	13.551.896	-	-	-	-
- Impairment (-)	-	(13.551.896)	-	-	-	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
- Not due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
E. Off-balance sheet items without credit risk	-	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

(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 (Continued)

	Receivables					
	Trade Receivables		Other Receivables		Cash and	
Credit risks exposed through types of financial instruments	Related Parties	Third Parties	Related Parties	Third Parties	Cash Equivalents	Financial Derivatives
Maximum credit risk exposed as of balance sheet date 31 December 2015 (*) (A+B+C+D+E)	**2.709.619**	**308.678.480**	**1.608.052**	**1.232.286**	**64.001.343**	**-**
- The part of maximum risk under guarantee with collaterals, etc	**-**	**(79.146.484)**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due or impaired	2.709.619	273.977.187	1.608.052	1.232.286	64.001.343	-
- The part under guarantee with collaterals, etc		(73.002.103)	-	-	-	-
B Netbook value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc						
C. Carrying value of financial assets that are past due but not impaired	-	34.701.293	-	-	-	-
- The part under guarantee with collaterals, etc	-	(6.144.381)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	11.047.845	-	-	-	-
- Impairment (-)	-	(11.047.845)	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
- Not due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
E. Off-balance sheet items without credit risk	-	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

(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 (continued)

Guarantees received from the customers are as follows:

	31 December 2016	31 December 2015
Letters of guarantee	34.536.102	26.252.307
Direct debit system	46.690.080	31.036.686
Mortgages	743.637	577.475
Other	28.144.162	25.698.234
	110.113.981	**83.564.702**

	31 December 2016	31 December 2015
1-30 days overdue	19.908.376	13.131.270
1-3 months overdue	13.787.301	14.933.078
3-12 months overdue	6.890.194	2.657.662
1-5 years overdue	4.508.089	3.979.283
Total overdue receivables	**45.093.960**	**34.701.293**
The part secured with guarantee, etc,	**6.041.567**	**6.144.381**

b.2) Liquidity Risk Management

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.
Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.

b.2) Liquidity Risk Management

The following table details the Group's expected maturity for its financial liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table.

Non derivative financial liabilities	Carrying Value	Total Cash Outflows in accordance with contracts (I + II +III + IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Bank loans	903.447.814	941.751.029	67.699.502	553.379.162	315.794.836	4.877.529
Trade payables	136.288.264	136.715.240	129.614.899	7.100.341	-	-
Due to related parties	217.076.365	217.076.365	216.628.147	448.218	-	-
Other payables	420.469	420.469	375.100	45.369	-	-
Total liabilities	**1.257.232.912**	**1.295.963.103**	**414.317.648**	**560.973.090**	**315.794.836**	**4.877.529**

(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)

			31 December 2015			
Non derivative financial liabilities	**Carrying Value**	**Total Cash Outflows in accordance with contracts (I + II +III + IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Bank loans	584.006.824	626.160.319	19.582.506	109.433.750	493.941.904	3.202.159
Trade payables	142.642.187	142.586.029	138.282.321	4.303.708	-	-
Due to related parties	137.148.329	196.071.381	175.034.900	21.036.481	-	-
Other payables	387.918	950.753	907.321	43.432	-	-
Total liabilities	**864.185.258**	**965.768.482**	**333.807.048**	**134.817.371**	**493.941.904**	**3.202.159**

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

Transactions denominated in foreign currency cause the formation of exchange rate risk. The Group, its subsidiaries and associates acknowledge the currencies other than the functional currencies of countries in which they operate, as foreign currency.

The Group, its subsidiaries and associates acknowledge the currencies other than the functional currencies of countries in which they operate, as foreign currency.

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3.1) Foreign Currency Risk Management (continued)

		Foreign Currency Position as of 31 December 2016			
		TRY Equivalent	**USD**	**Euro**	**TRY Equivalents of her currencies**
1.	Trade receivables	149.930.480	21.915.725	14.395.541	19.398.643
2a.	Monetary financial assets (cash and bank accounts included)	25.156.682	204.374	1.404.296	19.227.651
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets (1+2+3)**	**175.087.162**	**22.120.099**	**15.799.837**	**38.626.294**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**175.087.162**	**22.120.099**	**15.799.837**	**38.626.294**
10.	Trade payables	44.762.158	2.672.190	2.725.014	25.248.658
11.	Financial liabilities	234.928.851	31.083.784	33.838.863	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	**Current liabilities (10+11+12)**	**279.691.009**	**33.755.974**	**36.563.877**	**25.248.658**
14.	Trade payables	-	-		
15.	Financial liabilities	171.533.760	14.285.714	17.142.857	57.661.190
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**171.533.760**	**14.285.714**	**17.142.857**	**57.661.190**
18.	**Total liabilities (13+17)**	**451.224.769**	**48.041.688**	**53.706.734**	**82.909.848**
19.	Net assets of off balance sheet derivative items / (liability) position (19a-19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	**Net foreign currency asset / (liability)position (9-18+19)**	**(276.137.607)**	**(25.921.589)**	**(37.906.897)**	**(44.283.554)**
21.	**Net foreign currency asset / (liability / (position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**(276.137.607)**	**(25.921.589)**	**(37.906.897)**	**(44.283.554)**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	1.155.345.428	102.094.627	167.825.729	173.437.345
24.	Import	583.215.414	14.845.439	74.785.007	253.526.448

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3.1) Foreign Currency Risk Management (Continued)

		Foreign Currency Position as of 31 December 2015			
		TRY Equivalent	**USD**	**Euro**	**TRY Equivalents of her currencies**
1.	Trade receivables	132.632.147	19.126.184	18.195.605	19.202.502
2a.	Monetary financial assets (cash and bank accounts included	59.636.768	4.010.388	2.733.502	39.290.187
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets (1+2+3)**	**192.268.915**	**23.136.572**	**20.929.107**	**58.492.689**
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9.	**Total assets (4+8)**	**192.268.915**	**23.136.572**	**20.929.107**	**58.492.689**
10.	Trade payables	35.263.993	1.318.663	3.572.925	20.076.522
11.	Financial liabilities	4.102.354	305.065	1.011.879	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	**Current liabilities (10+11+12)**	**39.366.347**	**1.623.728**	**4.584.804**	**20.076.522**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	291.900.926	45.000.000	50.685.714	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	**Non-current liabilities (14+15+16)**	**291.900.926**	**45.000.000**	**50.685.714**	**-**
18.	**Total liabilities (13+17)**	**331.267.273**	**46.623.728**	**55.270.518**	**20.076.522**
19.	Net assets of off balance sheet derivative items / (liability) position (19a-19b)		-	- -	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	**Net foreign currency asset / (liability)position (9-18+19)**	**(138.998.358)**	**(23.487.156)**	**(34.341.411)**	**38.416.167**
21.	**Net foreign currency asset / (liability /(position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)**	**(138.998.358)**	**(23.487.156)**	**(34.341.411)**	**38.416.167**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	688.213.201	102.875.453	101.882.443	100.934.095
24.	Import	188.037.489	24.379.007	35.690.745	14.009.253

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3.1) Foreign Currency Risk Management (continued)

The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

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

Foreign currency sensitivity

	Foreign Currency Position as of 31 December 2016			
	Profit / (Loss)		**Equity**	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(9.122.326)	9.122.326	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	**(9.122.326)**	**9.122.326**	**-**	**-**
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(14.063.080)	14.063.080	41.367.722	(41.367.722)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	**(14.063.080)**	**14.063.080**	**41.367.722**	**(41.367.722)**
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	(4.428.355)	4.428.355	43.746.159	(43.746.159)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(4.428.355)**	**4.428.355**	**43.746.159**	**(43.746.159)**
Total (3+6+9)	**(27.613.761)**	**27.613.761**	**85.113.881**	**(85.113.881)**

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3.1) Foreign Currency Risk Management (continued)

Foreign currency sensitivity (continued)

	Foreign Currency Position as of 31 December 2015			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(6.829.125)	6.829.125	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	**(6.829.125)**	**6.829.125**	**-**	**-**
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(10.912.327)	10.912.327	35.077.289	(35.077.289)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	**(10.912.327)**	**10.912.327**	**35.077.289**	**(35.077.289)**
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	3.841.617	(3.841.617)	36.278.537	(36.278.537)
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	**3.841.617**	**(3.841.617)**	**36.278.537**	**(36.278.537)**
Total (3+6+9)	**(13.899.835)**	**(13.899.835)**	**71.355.826**	**(71.355.826)**

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, as of 31 December 2016 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 144.153 (December 2015: TRY 130.265).

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3.1) Foreign Currency Risk Management (continued)

Interest rate sensitivity

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

	31 December 2016			
	Floating Interest	**Fixed Interest**	**Non-interest Bearing**	**Total**
Financial Assets	**-**	**472.689.846**	**27.956.608**	**500.646.454**
Cash and cash equivalents	-	1.866.825	27.540.345	29.407.170
Financial assets	-	-	416.263	416.263
Trade receivables	-	435.821.085	-	435.821.085
Due from related parties	-	30.204.596	-	30.204.596
Other receivables	-	4.797.340	-	4.797.340
Financial liabilities	**268.540.396**	**988.692.516**	**-**	**1.257.232.912**
Bank borrowings	268.540.396	634.907.418	-	903.447.814
Trade payables	-	136.288.264	-	136.288.264
Due to related parties	-	217.076.365	-	217.076.365
Other payables	-	420.469	-	420.469

	31 December 2015			
	Floating Interest	**Fixed Interest**	**Non-interest Bearing**	**Total**
Financial Assets	**-**	**337.118.683**	**42.736.944**	**379.855.627**
Cash and cash equivalents	-	22.890.246	41.111.097	64.001.343
Financial assets	-	-	1.625.847	1.625.847
Trade receivables	-	308.678.480	-	308.678.480
Due from related parties	-	4.317.671	-	4.317.671
Other receivables	-	1.232.286	-	1.232.286
Financial liabilities	**247.533.917**	**616.651.341**	**-**	**864.185.258**
Bank borrowings	247.533.917	336.472.907	-	584.006.824
Trade payables	-	142.642.187	-	142.642.187
Due to related parties	-	137.148.329	-	137.148.329
Other payables	-	387.918	-	387.918

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

38. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b.3.3) Other price risks

Equity Price Sensitivity

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

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

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

Group's sensitivity to equity share price has not changed materially when compared to the prior year.

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

Categories of Financial Instruments

31 December 2016	Assets and liabilities at amortized cost	Loans and receivables	Financial asset available for sale	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
Financial Assets						
Cash and cash equivalents	29.407.170	-	-	-	29.407.170	6
Trade receivables	-	435.821.085	-	-	435.821.085	10
Due from related parties	-	30.204.596	-	-	30.204.596	37
Financial assets	-	-	416.263	-	416.263	7
Financial liabilities						
Financial liabilities	903.447.814	-	-	-	903.447.814	8
Trade payables	-	136.288.264	-	-	136.288.264	10
Due to related parties	-	217.076.365	-	-	217.076.365	37

31 December 2015	Assets and liabilities at amortized cost	Loans and receivables	Financial asset available for sale	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
Financial Assets						
Cash and cash equivalents	64.001.343	-	-	-	64.001.343	6
Trade receivables	-	308.678.480	-	-	308.678.480	10
Due from related parties	-	4.719.363	-	-	4.719.363	37
Financial assets	-	-	1.625.847	-	1.625.847	7
Financial liabilities						
Financial liabilities	584.006.824	-	-	-	584.006.824	8
Trade payables	-	143.030.106	-	-	143.030.106	10
Due to related parties	-	137.148.329	-	-	137.148.329	37
Other payables	-	387.918	-	-	387.918	10

(Amounts expressed in Turkish Lira (''TRY'') unless otherwise indicated)

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

Fair Value of Financial Instruments

	31 December 2016			
Financial Assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	416.263	-	-	416.263
Total	**416.263**	**-**	**-**	**416.263**

	31 December 2015			
Financial Assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	1.625.847	690.234	-	935.613
Total	**1.625.847**	**690.234**	**-**	**935.613**

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

40. Events after the Balance Sheet Date

The spin-off transaction of Camiş Ambalaj Sanayi A.Ş., one of our subsidiary, is approved at the extraordinary general assembly meeting held on 27 December 2016 and Eskişehir Oluklu Mukavva Sanayi A.Ş. was established officially by registering on 2 January 2017. According to the resolution taken at the Company's Board of Director's meeting held on 28 February 2017, the shares of Eskişehir Oluklu Mukavva Sanayi A.Ş. have been transferred to Mosburger GmbH, which is an associate of Austria-based Prinzhorn Holding company operating under the name of Dunapack Packaging.

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

The Group's audited consolidated financial statements as of 31 December 2016 and the year-end report prepared in accordance with the Turkish Accounting Standards 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 and approved for the public announcement by the Board of Directors on 6 March 2017. Board of Directors have authorization to change contents of the accompanying financial statements.

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