

**PAŞABAHÇE CAM SANAYİİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2019  
(ORIGINALLY ISSUED IN TURKISH)**

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## CONTENTS

	PAGES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
CONSOLIDATED STATEMENT OF INCOME	3
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6-7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8-87
NOTE 1 GROUP'S ORGANIZATION AND NATURE OF OPERATIONS	8-9
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	10-32
NOTE 3 BUSINESS COMBINATIONS	32
NOTE 4 INTERESTS IN OTHER ENTITIES	33
NOTE 5 SEGMENT REPORTING	34-35
NOTE 6 CASH AND CASH EQUIVALENTS	36
NOTE 7 FINANCIAL ASSETS	36-37
NOTE 8 BORROWINGS	37-40
NOTE 9 OTHER FINANCIAL LIABILITIES	40
NOTE 10 TRADE RECEIVABLES AND PAYABLES	40-42
NOTE 11 OTHER RECEIVABLES AND PAYABLES	42
NOTE 12 DERIVATIVE INSTRUMENTS	43
NOTE 13 INVENTORIES	43
NOTE 14 PREPAID EXPENSES AND DEFERRED INCOME	44-45
NOTE 15 CONSTRUCTION CONTRACTS	45
NOTE 16 JOINT VENTURES AND ASSOCIATES	45
NOTE 17 INVESTMENT PROPERTIES	45
NOTE 18 PROPERTY, PLANT AND EQUIPMENT	46-47
NOTE 19 RIGHT OF USE ASSETS	48
NOTE 20 INTANGIBLE ASSETS	49
NOTE 21 GOODWILL	50
NOTE 22 GOVERNMENT GRANTS	50
NOTE 23 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	50-52
NOTE 24 COMMITMENTS	52
NOTE 25 EMPLOYEE BENEFITS	53
NOTE 26 IMPAIRMENT OF ASSETS	54
NOTE 27 OTHER ASSETS AND LIABILITIES	54
NOTE 28 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	54-57
NOTE 29 REVENUE AND COST OF SALES	58
NOTE 30 GENERAL ADMINISTRATIVE, MARKETING, RESEARCH AND DEVELOPMENT EXPENSES	58
NOTE 31 EXPENSES BY NATURE	59
NOTE 32 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	59-60
NOTE 33 INCOME AND LOSS FROM INVESTING ACTIVITIES	60
NOTE 34 FINANCIAL INCOME AND EXPENSES	61-62
NOTE 35 ASSETS HELD FOR SALE	62
NOTE 36 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	62-65
NOTE 37 EARNINGS PER SHARE	66
NOTE 38 RELATED PARTY DISCLOSURES	66-72
NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	73-84
NOTE 40 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)	85-87
NOTE 41 EVENTS AFTER REPORTING PERIOD	87
NOTE 42 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES, REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS	87

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Consolidated Statement of Financial Position at 30 September 2019 and 31 December 2018

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

ASSETS	Notes	30 September 2019	31 December 2018
<b>Current Assets</b>			
Cash And Cash Equivalents	6	303,695	88,106
Trade Receivables	10,38	728,532	658,130
- <i>Due From Related Parties</i>	38	4,412	5,322
- <i>Trade Receivables From Third Parties</i>	10	724,120	652,808
Other Receivables	11,38	35,503	33,405
- <i>Due From Related Parties</i>	38	30,282	29,382
- <i>Other Receivables From Third Parties</i>	11	5,221	4,023
Derivative Instruments	12	498,256	-
Inventories	13	1,198,090	1,083,503
Prepaid Expenses	14	42,837	23,664
Current Income Tax Assets	36	6,985	8,494
Other Current Assets	27	35,130	39,479
<b>Total Current Assets</b>		<b>2,849,028</b>	<b>1,934,781</b>
<b>Non-Current Assets</b>			
Financial Assets	7	-	164
Other Receivables	11	401	474
- <i>Other Receivables From Third Parties</i>		401	474
Investment Properties	17	8,201	8,201
Property, Plant And Equipment	18	1,980,651	1,901,839
Right of Use Assets	19	124,155	-
Intangible Assets	20	3,210	3,842
Prepaid Expenses	14	3,408	3,048
Deferred Tax Assets	36	106,501	87,833
<b>Total Non-Current Assets</b>		<b>2,226,527</b>	<b>2,005,401</b>
<b>TOTAL ASSETS</b>		<b>5,075,555</b>	<b>3,940,182</b>

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Consolidated Statement of Financial Position at 30 September 2019 and 31 December 2018

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

	Notes	30 September 2019	31 December 2018
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short Term Borrowings	8	774,731	545,550
Short Term Portion of Long Term Borrowings	8	122,866	292,033
Trade Payables	10,38	268,166	271,659
- Due to Related Parties	38	67,196	67,636
- Trade Payables to Third Parties	10	200,970	204,023
Liabilities For Employee Benefits	25	31,105	25,254
Other Payables	11,38	1,908	354,024
- Due to Related Parties	38	1,739	353,708
- Other Payables to Third Parties	11	169	316
Deferred Income	14	4,762	7,824
Current Income Tax Liabilities	36	41	1,418
Short Term Provisions	23,25	66,698	29,778
- Provision For Employee Benefits	25	6,553	8,620
- Other Short Term Benefits	23	60,145	21,158
Other Current Liabilities	27	38,637	33,854
<b>Total Current Liabilities</b>		<b>1,308,914</b>	<b>1,561,394</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	8	908,957	84,325
Derivative Instruments	12	519,424	-
Provisions For Employment Benefits	25	150,324	132,705
Deferred Income	14	1,936	1,907
Deferred Tax Liabilities	36	17,253	18,435
<b>Total Non-Current Liabilities</b>		<b>1,597,894</b>	<b>237,372</b>
<b>Total Liabilities</b>		<b>2,906,808</b>	<b>1,798,766</b>
<b>EQUITY</b>	<b>28</b>		
<b>Equity Holders of The Parent</b>	<b>28</b>	<b>2,145,346</b>	<b>2,119,312</b>
Paid-in Share Capital	28	224,117	224,117
Adjustments to Share Capital	28	70,158	70,158
Impact of Transactions Including Entities			
Under Common Control		(11,529)	(11,529)
Share Premiums		166,419	166,419
Other Comprehensive Income/Expense not to be			
Reclassified to Profit or Loss	28	315,166	314,484
- Currency Translation Differences	28	17,026	16,344
- Fixed Asset Revaluation Fund	28	308,162	308,162
- Funds for Actuarial Gain (Loss) on Employee	28	(10,022)	(10,022)
Other Comprehensive Income/Expense to be Reclassified			
To Profit or Loss	28	386,289	350,061
- Currency Translation Differences	28	404,739	350,061
- Hedging Gain/(Loss)	28	(18,450)	-
Restricted Reserves	28	356,500	341,654
Retained Earnings	28	641,838	518,902
Net Profit/(Loss) For The Year	28	(3,612)	145,046
<b>Non-Controlling Interests</b>	<b>28</b>	<b>23,401</b>	<b>22,104</b>
<b>Total Liabilities</b>		<b>2,168,747</b>	<b>2,141,416</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,075,555</b>	<b>3,940,182</b>

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Consolidated Statements of Income for the Periods between 1 January - 30 September 2019 and 2018

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

	Notes	1 January-30 September 2019	1 January-30 September 2018	1 June-30 September 2019	1 June-30 September 2018
Revenue	29	2,163,164	1,727,127	713,632	630,673
Cost of Sales	29	(1,446,367)	(1,085,028)	(476,296)	(390,255)
<b>Gross Profit (Loss) From Trading Activities</b>		<b>716,797</b>	<b>642,099</b>	<b>237,336</b>	<b>240,418</b>
General Administrative Expenses	30	(142,961)	(123,839)	(50,265)	(47,892)
Marketing Expenses	30	(462,969)	(377,464)	(150,821)	(131,816)
Research and Development Expenses	30	(8,353)	(7,866)	(3,024)	(2,666)
Other Income From Operating Activities	32	86,731	237,252	8,852	155,621
Other Expense From Operating Activities	32	(40,931)	(67,289)	(1,974)	(34,746)
<b>Operating Profit (Loss)</b>		<b>148,314</b>	<b>302,893</b>	<b>40,104</b>	<b>178,919</b>
Income From Investing Activities	3	9,016	9,699	1,485	(695)
Expenses From Investing Activities	3	(3,434)	(2,062)	(990)	986
<b>Operating Profit (Loss) Before Financial Income (Expense)</b>		<b>153,896</b>	<b>310,530</b>	<b>40,599</b>	<b>179,210</b>
Financial Income	34	367,315	30,596	301,877	19,247
Financial Expenses	34	(534,509)	(175,040)	(331,403)	(89,925)
<b>Profit (Loss) Before Tax From Continued Operations</b>		<b>(13,298)</b>	<b>166,086</b>	<b>11,073</b>	<b>108,532</b>
<b>Tax Income (Expense) From Continued Operations</b>		<b>7,119</b>	<b>(23,777)</b>	<b>(412)</b>	<b>(18,687)</b>
- Current Tax Expense for the Period	36	327	(21,340)	3,804	(13,637)
- Deferred Tax Income (Expense)	36	6,792	(2,437)	(4,216)	(5,050)
<b>Profit (Loss) for the Period</b>		<b>(6,179)</b>	<b>142,309</b>	<b>10,661</b>	<b>89,845</b>
<b>Attributable to</b>					
- Non-Controlling Interests	28	(2,567)	(754)	(220)	(397)
<b>- Equity Holders of the Parent</b>	<b>28</b>	<b>(3,612)</b>	<b>143,063</b>	<b>10,881</b>	<b>90,242</b>
<b>Earnings/ (Loss) Per Share</b>	<b>37</b>	<b>(0.0161)</b>	<b>0.6513</b>	<b>0.0486</b>	<b>0.4086</b>

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Consolidated Statements of Comprehensive Income for the Periods between 1 January - 30 September 2019 and 2018

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

	Notes	1 January-30 September 2019	1 January-30 September 2018	1 June-30 September 2019	1 June-30 September 2018
<b>Profit (Loss) for the Period</b>	28	<b>(6,179)</b>	<b>142,309</b>	<b>10,661</b>	<b>89,845</b>
<b>Other Comprehensive Income:</b>					
<b>Items not to be Reclassified to Profit or Loss</b>	28	<b>682</b>	<b>9,126</b>	<b>(2,322)</b>	<b>6,748</b>
Currency Translation Differences		682	9,856	(2,322)	6,748
-Funds for actuarial gain/(loss)		-	(913)	-	-
Taxes Relating to Other Comprehensive Income / (Loss)		-	183	-	1
<b>Items to be Reclassified to Profit or Loss</b>	28	<b>36,228</b>	<b>269,213</b>	<b>(15,599)</b>	<b>177,734</b>
Currency Translation Differences		54,678	269,213	(43,539)	177,734
-Income/(Expense) Relating in Avoidance of Risk of Cash Flow		(23,654)	-	34,333	-
-Tax Effect of Other Comprehensive Income/(Loss) to be Reclassified to Profit or Loss		5,204	-	(6,393)	-
<b>Other Comprehensive Income / (Loss)</b>		<b>36,910</b>	<b>278,339</b>	<b>(17,921)</b>	<b>184,482</b>
<b>Total Comprehensive Income/ (Loss)</b>		<b>30,731</b>	<b>420,648</b>	<b>(7,260)</b>	<b>274,327</b>
<b>Attributable to</b>					
- Non-Controlling Interest		(2,567)	(1,112)	(220)	(396)
<b>- Equity Holders of the Parent</b>		<b>33,298</b>	<b>421,760</b>	<b>(7,040)</b>	<b>274,723</b>
<b>Earnings/ (Loss) Per Share</b>		<b>0.1486</b>	<b>1.8819</b>	<b>(0.1003)</b>	<b>3.9158</b>

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 30 September 2019 and 2018

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

	Paid in Share Capital	Adjustments to Share Capital	Restricted Reserves	Share Premium / (Discount)	Other Comprehensive Income (Expense) not to be Reclassified to Profit or Loss			Other Comprehensive Income (Expense) to be Reclassified to Profit or Loss			Retained Earnings		Equity Holders of the Parent	Non-Controlling Interests	Total
					Funds for Actuarial Gain (Loss) on Employee Termination Benefits	Currency Translation Differences	Funds for Gain on Revaluation and Remeasurement	Hedging Gain/Loss	Currency Translation Differences	Impact of Transactions Including Entities Under Common Control	Retained Earnings	Net Profit (Loss) for the Period			
<b>Balance at 1 January 2018</b>	<b>15,536</b>	<b>70,158</b>	<b>270,663</b>	-	<b>15,529</b>	<b>6,488</b>	<b>206,549</b>	-	<b>199,634</b>	<b>(11,529)</b>	<b>561,148</b>	<b>7,921</b>	<b>1,511,039</b>	<b>15,823</b>	<b>1,526,862</b>
Transfers	-	-	112,945	-	-	-	(15,180)	-	-	-	(89,844)	(7,921)	-	-	-
Capital Increase	8,581	-	-	166,419	-	-	-	-	-	-	-	-	175,000	-	175,000
Effects of Change in TFRS 9 and TFRS 15 (**)	-	-	-	-	-	-	-	-	-	-	(17,735)	-	(17,735)	(108)	(17,843)
Increases / (Decreases) Due to Changes in Ownership Rate of Subsidiaries	-	-	-	-	-	-	-	-	-	-	23,380	-	23,380	-	23,380
Total Comprehensive Income	-	-	-	-	(372)	9,856	-	-	269,213	-	-	143,063	421,760	(1,112)	420,648
<b>Balance at 30 September 2019</b>	<b>224,117</b>	<b>70,158</b>	<b>383,608</b>	<b>166,419</b>	<b>15,901</b>	<b>16,344</b>	<b>191,369</b>	-	<b>468,847</b>	<b>(11,529)</b>	<b>476,949</b>	<b>143,063</b>	<b>2,113,444</b>	<b>14,603</b>	<b>2,128,047</b>
<b>Balance at 1 January 2018</b>	<b>224,117</b>	<b>70,158</b>	<b>341,654</b>	<b>166,419</b>	<b>(10,022)</b>	<b>16,344</b>	<b>308,162</b>	-	<b>350,061</b>	<b>(11,529)</b>	<b>518,902</b>	<b>145,046</b>	<b>2,119,312</b>	<b>22,104</b>	<b>2,141,416</b>
Impact of Accounting Policy Change (**)	-	-	-	-	-	-	-	-	-	-	(7,264)	-	-	(7)	-
<b>Balance at 1 January 2019 (Restated)</b>	<b>224,117</b>	<b>70,158</b>	<b>341,654</b>	<b>166,419</b>	<b>(10,022)</b>	<b>16,344</b>	<b>308,162</b>	-	<b>350,061</b>	<b>(11,529)</b>	<b>511,638</b>	<b>145,046</b>	<b>2,112,048</b>	<b>22,097</b>	<b>2,134,145</b>
Transfers	-	-	14,846	-	-	-	-	-	-	-	130,200	(145,046)	-	-	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	3,871	3,871
Total Comprehensive Income	-	-	-	-	-	682	-	(18,450)	54,678	-	-	(3,612)	33,298	(2,567)	30,731
<b>Balance at 30 September 2019</b>	<b>224,117</b>	<b>70,158</b>	<b>356,500</b>	<b>166,419</b>	<b>(10,022)</b>	<b>17,026</b>	<b>308,162</b>	<b>(18,450)</b>	<b>404,739</b>	<b>(11,529)</b>	<b>641,838</b>	<b>(3,612)</b>	<b>2,145,346</b>	<b>23,401</b>	<b>2,168,747</b>

Disclosures for the changes in the equity is presented in Note 28.

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

# PAŞABAŃÇE CAM SANAYİİ ve TİCARET A.Ş.

## Consolidated Statements of Cash Flows for the Periods between 1 January and 30 September 2019 and 2018

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

	Notes	1 January-30 September 2019	1 January-30 September 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net profit (loss) for the period</b>	<b>28</b>	<b>(6,179)</b>	<b>142,309</b>
<b>Adjustments to reconcile net profit / (loss) to net cash</b>		<b>352,579</b>	<b>340,505</b>
- Depreciation and amortization	18,19,20	128,081	87,465
- Impairments / reversals	10,13,18	3,000	5,749
- Changes in provisions	23,25	64,158	66,011
- Interest income and expenses	8,32,33	88,204	99,743
- Unrealized exchange loss /(gain)	32,34	76,564	62,965
- Tax income / (loss)	36	1,148	21,340
- Adjustments of losses / (gains) on disposal of	32,33	(8,575)	(7,637)
- Other adjustments		-	4,869
<b>Changes in net working capital</b>		<b>(577,555)</b>	<b>(524,542)</b>
- (Increases)/decreases in inventories	13	(116,986)	(325,945)
- (Increases)/decreases in trade receivables	10,38	(66,002)	(162,301)
- (Increases)/decreases in other receivables	11,16,38	(2,098)	(41,516)
- Increases/(decreases) in trade payables	10	(4,222)	41,629
- Increases/(decreases) in other payables	11,14,27,38	(349,327)	(16,055)
- Other increases/(decreases) in net working capital	14,27,28	(10,008)	(20,354)
- Increases/(decreases) in derivative liabilities	12,34	(36,338)	-
- Increases/(decreases) in derivative assets	12,34	7,426	-
<b>Cash flows from operating activities</b>		<b>(231,155)</b>	<b>(41,728)</b>
- Interest paid	8,32,34,38	(143,767)	(90,002)
- Interest received	32,34,38	13,917	1,634
- Tax received / (paid)	36	(21,506)	(11,625)
- Employment termination benefits paid	25	(9,696)	(7,681)

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



# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Consolidated Statements of Cash Flows for the Periods between 1 January and 30 September 2019 and 2018

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

	Notes	1 January-30 September 2019	1 January-30 September 2018
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(64,428)</b>	<b>(38,053)</b>
- Cash inflow from purchase of under control of shares in subsidiaries	7,16,33	5,180	-
- Proceeds from sales of tangible and intangible assets	18,20,33	31,167	41,409
- Purchase of property, plant, equipment and intangible assets	18,20	(107,819)	(89,631)
- Advances given	14	(7,145)	(643)
- Cash inflows from borrowings		6,814	-
- Interest received	6,34	6,620	520
- Other cash inflows / outflows	3,10,11,14,27	755	10,292
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>629,735</b>	<b>142,482</b>
- Cash inflows for change in under control of shares in subsidiaries		3,871	-
- Capital increase of the parent company		-	175,000
- Proceeds from borrowings	8	1,781,705	530,618
- Repayments of borrowings	8	(1,133,242)	(563,136)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>173,100</b>	<b>(44,972)</b>
<b>D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>34,227</b>	<b>104,401</b>
<b>NET DECREASE / (INCREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>207,327</b>	<b>59,429</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	6	<b>88,153</b>	<b>40,024</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	6	<b>295,480</b>	<b>99,453</b>

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

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January – 30 September 2019

(Amounts are expressed in thousands of 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 14 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 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 28.

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/Turkey

Telephone: +90 (850) 206 50 50  
Fax: +90 (850) 208 40 40  
Website: <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: 0723000547900018

### Personnel Structure of the Group

	30 September 2019	31 December 2018	30 September 2018
Personnel paid by monthly	1,973	1,959	1,920
Personnel paid by hourly	5,318	5,408	5,345
<b>Total</b>	<b>7,291</b>	<b>7,367</b>	<b>7,265</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### Companies Included in Consolidation

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

Subsidiaries	Nature of Business	Country of Registration
Paşabahçe Bulgaria EAD	Automatic production and sales of glassware	Bulgaria
OOO Posuda	Automatic production and sales of glassware	Russia
Paşabahçe Egypt Glass Manufacturing S.A.E.	Automatic production and sales of glassware	Egypt
Denizli Cam San.ve Tic.A.Ş.	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Paşabahçe Glass GmbH	Marketing and sales	Germany
Paşabahçe USA Inc.	Marketing and sales	United States
Paşabahçe Spain SL	Marketing and sales	Spain
Paşabahçe (Shanghai) Trading Co. Ltd.	Marketing and sales	China
Paşabahçe SRL	Marketing and sales	Italy
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
Istanbul Investment B.V.	Finance and investment company	Netherlands
Nude Design Investment B.V.	Finance and investment company	Netherlands
Nude Glass Investment B.V.	Finance and investment company	Netherlands

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	30 September 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Paşabahçe Bulgaria EAD	100.00	100.00	100.00	100.00
OOO Posuda	100.00	100.00	100.00	100.00
Paşabahçe Egypt Glass Manufacturing S.A.E.	100.00	100.00	100.00	100.00
Denizli Cam San.ve Tic.A.Ş.	51.00	51.00	51.00	51.00
Paşabahçe Mağazaları A.Ş.	100.00	100.00	100.00	100.00
Paşabahçe Glass GmbH	100.00	100.00	100.00	100.00
Paşabahçe USA Inc.	100.00	100.00	100.00	100.00
Paşabahçe Spain SL	100.00	100.00	100.00	100.00
Paşabahçe (Shanghai) Trading Co. Ltd.	100.00	100.00	100.00	100.00
Paşabahçe SRL	100.00	100.00	100.00	100.00
Paşabahçe Investment B.V.	100.00	100.00	100.00	100.00
Istanbul Investment B.V.	100.00	100.00	100.00	100.00
Nude Design Investment B.V.	100.00	100.00	100.00	100.00
Nude Glass Investment B.V.	100.00	100.00	100.00	100.00

There is no difference between the voting rights and the effective shareholding rates of the subsidiaries.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

### 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 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.

According to the article 5 of the Communiqué, interim consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards. In addition, Amendments in TFRS 15 Customer Contracts Revenue and TFRS 16 Leases standards with changes published by the POA on September 2, 2016 with the decision no.30, has been presented in accordance with the current 2019 TFRS and TAS taxonomy published on 15 April 2019.

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 land, buildings and investment properties 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.

#### 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 ("TL"), 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 30 September 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.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.1 Basis of Presentation (continued)

##### Financial Statements of Foreign Subsidiaries

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:

Currency	30 September 2019		31 December 2018		30 September 2018	
	Period end	Period Average	Period end	Period Average	Period end	Period Average
Euro	6.1836	6.3299	6.0280	5.6789	6.9505	5.4797
Bulgarian Lev	3.1616	3.2364	3.0821	2.9036	3.5537	2.8017
Russian Ruble	0.0874	0.0862	0.0753	0.0761	0.0906	0.0740
Chinese Yuan	0.7897	0.8165	0.7620	0.7226	0.8654	0.6999
USD Dollar	5.6591	5.6338	5.2609	4.8301	5.9902	4.6072
Egyptian Pound	0.3489	0.3315	0.2944	0.2719	0.3354	0.2598

##### Consolidation Principles

The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting standards (TFRS) issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). 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 30 September 2019 and 31 December 2018.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.1 Basis of Presentation (continued)

##### Subsidiaries (continued)

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 results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income after the acquisition date or until the date of disposal. Costs related to the acquisition are recognized in profit or loss in the period in which they are incurred.

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.

#### 2.2 Statement of Compliance to TFRS

The Group prepared its consolidated financial statements for the period ended 30 September 2019 in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the formats recommended by POA, including required disclosures.

#### 2.3 Significant Changes in the Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 30 September 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018, except for the new IFRS 16 – Leases which are started to be valid as of 1 January 2019.

##### **Impacts on consolidated financial statements**

The Group applied IFRS 16 – Leases effective from 1 January 2019 and financial statements effects of the these standards are explained below; applied actual accounting policy is explained on Note 2.6.

In the application of IFRS 16 Leases Standard, the Group have benefited from an exemption which allows not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 16 are recognized in retained earnings as of 1 January 2019.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.3 Significant Changes in the Accounting Policies (continued)

The impacts on the statement of financial position of 30 September 2019 and the profit or loss table for the six months period ended for the same date regarding to the adoption of TFRS 16 is as follows:

#### Financial Position

ASSETS	Notes	30 September 2019 Impacts Excluded	IAS 16 Impacts	30 September 2019
<b>Total Current Assets</b>		<b>2,849,028</b>	<b>-</b>	<b>2,849,028</b>
<b>Non-Current Assets</b>				
Usage Right Assets	19	-	124,155	124,155
Deferred Tax Assets	36	103,750	2,751	106,501
Rest Of Non-Current Assets		1,995,871	-	1,995,871
<b>Total Non-Current Assets</b>		<b>2,099,621</b>	<b>126,906</b>	<b>2,226,527</b>
<b>TOTAL ASSETS</b>		<b>4,948,649</b>	<b>126,906</b>	<b>5,075,555</b>
Short Term Portion Of Long Term Borrowings	8	97,744	25,122	122,866
Rest Of Current Liabilities		1,186,048	-	1,186,048
<b>Total Current Liabilities</b>		<b>1,283,792</b>	<b>25,122</b>	<b>1,308,914</b>
Long Term Borrowings	8	795,035	113,922	908,957
Rest Of Non-Current Liabilities		688,937	-	688,937
<b>Total Non-Current Liabilities</b>		<b>1,483,972</b>	<b>113,922</b>	<b>1,597,894</b>
<b>Total Liabilities</b>		<b>2,767,764</b>	<b>139,044</b>	<b>2,906,808</b>
<b>EQUITY</b>				
<b>Equity Holders of the Parent</b>				
Currency Translation Differences	28	421,780	(15)	421,765
Retained Earnings	28	649,072	(7,234)	641,838
Net Profit/(Loss) for the Year	28	(6,503)	2,891	(3,612)
Rest Of Equity	28	1,108,756	-	1,108,756
<b>Non-Controlling Interests</b>	<b>28</b>	<b>23,408</b>	<b>(7)</b>	<b>23,401</b>
<b>Total Equity</b>		<b>2,173,112</b>	<b>(4,365)</b>	<b>2,168,747</b>

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.3. Significant Changes in the Accounting Policies (continued)

##### Income Statement

	Notes	30 September 2019 Impacts Excluded	IAS 16 Impacts	30 September 2019
Revenue	28	2,163,164	-	2,163,164
Accumulated Depreciation and Impairment	29, 30	(102,970)	(25,111)	(128,081)
Cost of Other Sales and Operational expenses	29, 32	(1,970,187)	37,618	(1,932,569)
Other Income/Expense From Operating Activities	16, 32	45,800	-	45,800
<b>Operating Profit (Loss)</b>		<b>135,807</b>	<b>12,507</b>	<b>148,314</b>
Income/Expense, Profit/Loss From Investing Activities and Revaluation	33	5,582	-	5,582
<b>Operating Profit (Loss) Before Financial Income (Expense)</b>		<b>141,389</b>	<b>12,507</b>	<b>153,896</b>
Financial Income	34	367,315	-	367,315
Financial Expenses	34	(518,360)	(16,149)	(534,509)
<b>Profit (Loss) Before Tax From Continued Operations</b>		<b>(9,656)</b>	<b>(3,642)</b>	<b>(13,298)</b>
<b>Tax Income (Expense) From Continued Operations</b>				
- Current Tax Expense for the Period	36	327	-	327
- Deferred Tax Income (Expense)	36	6,042	750	6,792
<b>Profit (Loss) for the Period</b>		<b>(3,287)</b>	<b>(2,892)</b>	<b>(6,179)</b>
<b>Attributable to</b>				
- Non-Controlling Interests	28	(2,560)	(7)	(2,567)
<b>- Equity Holders of the Parent</b>	<b>28</b>	<b>(728)</b>	<b>(2,884)</b>	<b>(3,612)</b>
<b>Earnings/ (Loss) Per Share</b>	<b>37</b>	<b>(0.0032)</b>	<b>(0.013)</b>	<b>(0.0161)</b>



# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 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 September 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

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

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS")

The accounting policies adopted in preparation of the consolidated financial statements as at September 30, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**The new standards, amendments and interpretations which are effective as at January 1, 2019 are as follows:**

##### TFRS 16 – Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset

##### Transition to TFRS 16:

The Group adopted TFRS 16 using the modified retrospective approach.

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. The Group has generally explained the effects on financial position and performance in Note 23.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.5. Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

##### The new standards, amendments and interpretations which are effective as at January 1, 2019 (continued)

##### Amendments to TAS 28 "Investments in Associates and Joint Ventures" (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

These amendments are applied for annual periods beginning on or after 1 January 2019.

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

##### TFRIC 23 Uncertainty over Income Tax Treatments

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

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

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

##### Annual Improvements – 2015–2017 Cycle

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- TAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

# PAŞABAŖE CAM SANAYİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

##### The new standards, amendments and interpretations which are effective as at January 1, 2019 (continued)

The amendments did not have an impact on the financial position or performance of the Group.

##### Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs.

The amendments did not have an impact on the financial position or performance of the Group.

##### Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments did not have an impact on the financial position or performance of the Group.

##### a) Standards issued but not yet effective and not early adopted as of 30 September 2019:

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

##### TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The amendments will not have an impact on the financial position or performance of the Group.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

##### a) Standards issued but not yet effective and not early adopted (continued)

###### TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The amendments will not have an impact on the financial position or performance of the Group.

##### b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 30 September 2019

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

###### Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

# PAŞABAŖE CAM SANAYİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.5 Amendments in Turkish Financial Reporting Standards ("TFRS") (continued)

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

###### Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

#### 2.6 Summary of Significant Accounting Policies

##### Revenue

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfil their performance obligations by transferring them to their customers.

The Group evaluates the transfer of control of the goods or services sold to the customer,

- Ownership of the Group's right to collect goods or services,
- The ownership of the property of the customer,
- Transfer of the possession of the goods or services,
- Ownership of significant risks and rewards arising from the ownership of the goods or services,
- It takes into account the conditions for the customer to accept the goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, 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 recognised on an accrual basis as other operating income.

##### Interest Income

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

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared. Dividends as a factor of distribution of profits will be reported in the Consolidated Financial Statements after the Board of Directors' approval.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Inventories

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

##### Tangible Assets

Property, plant and equipment except for land and buildings are carried at cost less accumulated depreciation and any impairment in value. Land and buildings are carried at fair value as of revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

The assets used in the production of goods and services or used for administrative purposes and are under construction, are shown by deducting the impairment loss, if any, from the cost values. Legal fees are also included in the cost. In the case of assets that require considerable time to be ready for use or sale, borrowing costs are capitalized in accordance with the Group's accounting policy. Such assets are depreciated when they are ready for use, as in the depreciation method used for other fixed assets.

Cost amounts of tangible assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. There is no depreciation due to the fact that they have unlimited lives for land. The estimated useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimates and they are accounted for on a prospective basis if there is a change in the estimates (Note 18).

Assets held under finance leases are depreciated over the expected economic life and the shorter of the lease term in the same way as other tangible assets.

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

	<u>Useful Life</u>
Land and improvements	5–50 Year
Buildings	10–50 Year
Plant, machinery and equipment	2–25 Year
Vehicles	3–15 Year
Fixtures	2–20 Year
Other Tangible Assets	3–20 Year

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Tangible Assets (continued)

Property, plant and equipment are reviewed for impairment losses. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell. Costs of property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred. Gain or losses on disposal of property, plant and equipment are included in the "Income/Expense from Investing Activities" and are determined as the difference between the carrying value and amounts received. The gain on revaluation on tangible assets presented in the equity is transferred directly to the retained earnings when the asset is retired from use or disposed of or fully depreciated.

##### Intangible Assets

##### Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 15 years based on their economic lives (Note 20).

##### 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 (3-15 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 20).

##### Impairment of Assets

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

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Investment Properties

Land and buildings those are held for long term rental yields or capital appreciation or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements. If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 "Property, Plant and Equipment" up to the date of change in use. The entity treats any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value as a revaluation in accordance with TAS 16 and revaluation differences are accounted for under equity. Fair value of investment property has been calculated at the end of each year by the Capital Market Board (CMB) licensed independent valuation firms that have required professional experience (Note 17). In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss. If the value of the asset is reduced as a result of revaluation, the decrease is accounted as an expense. However, this decrease should be accounted in the scope of other comprehensive income to the extent of any receivables revaluation related to that asset. The corresponding decrease, accounted in other comprehensive income, reduces the amount accumulated in equity under the revaluation surplus heading.

##### Derivative Instruments and Hedging Instruments

Derivative Instruments are initially recognized at acquisition cost which is reflecting the fair value at the date of the contract and are valued at fair value in the periods following their acquisition. The derivative instruments of the Group mainly consist of foreign exchange forward contracts , foreign currency and interest rate swap transactions. These derivative instruments provide an effective protection against economic risks for the Group, but when these instruments do not meet the required conditions from the point of risk accounting, they are recognized as derivative instruments for trading in the consolidated financial statements and the related fair value changes are reflected in the profit or loss statement. The Group's hedging operations, which meet the financial hedging accounting conditions , are accounted for as described below:

##### Cash flow hedge

At the date of the derivative contract, the Group identifies transactions that are protected against changes in cash flows of a registered asset or liability or transactions that may be associated with a particular risk and which are likely to occur as a result of a certain risk and which may affect profit/loss. The group presents gains and losses related to cash flow hedging operations, which are described as effective, as ' hedging gains /(losses) ' in equity. In case that the financial risk -protected commitment or hedged future transaction becomes an asset or liability , the gain or loss related to these transactions tracked among the equity items are taken from these items and included in the acquisition cost or book value of that asset or liability. Otherwise, the amounts recognized under equity items are transferred to the Consolidated statement of income as profit or loss in the period in which the probable future transaction protected from financial risk affects the Consolidated Statement of income.

If the transaction is not expected to occur in the future, the accumulated gains and losses previously accounted for under equity are transferred to the profit or loss statement. In case that the hedging instrument is replaced by another instrument without identifying or extending another instrument, in accordance with the documented hedging strategy, expired, sold, terminated or used, or the hedging definition is cancelled, the gains and losses previously accounted for under other comprehensive income will continue to be classified under equity until the final commitment or estimated transaction affects the profit and loss statement.



# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Hedge Accounting

The Group determined all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Group's financial statements.

##### **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- (a) The amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) Initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

##### **Lease liabilities**

The Group undertakes the leasing liability from the present value of the lease payments that have not been paid at the commencement date.

The lease payments included in the measurement of the lease liability at the commencement date consists of the following payments to be made for the right of use during the lease period of the underlying asset and unpaid at the date of the lease's commencement date

- (a) Fixed payments,
- (b) Variable rent payments based on an index or rate using an index or rate at the time the initial measurement is actually started,
- (c) Amounts expected to be paid by the Company / Group under residual value commitments
- (d) If the Group is reasonably certain to use the purchase option, the strike price and
- (e) If the rental period indicates that the Company / Group will use an option to terminate the lease, the penalty for termination of the lease.

Variable lease payments that are not regarded to an index or rate are recognized as an expense in the period when the event or condition that triggered the payment occurred.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Lease liabilities (continued)

In calculating the present value of lease payments, The Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date of the lease, The group measures the lease obligation as follow:

- (a) The amount of lease liabilities is increased to reflect the accretion of interest, and
- (b) Reduced the book value for reflect the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings (Note 8 and Note 34).

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.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members, in each case together with the companies controlled by/or affiliated with them, are considered and referred to as related parties (Note 38).

##### 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

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

##### Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

# PAŞABAŃÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Recognition and Measurement (continued)

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income. "Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

##### Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

##### Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below ;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

##### **Trade receivables**

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

Group has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

# PAŞABAŃÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Trade receivables (continued)

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 32).

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).

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (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 TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

##### Transactions with non-controlling interests

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

##### Foreign Currency Transactions

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

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Foreign Currency Transactions (continued)

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Revenue and expense items are translated using the average exchange rates for the period when the exchange rates in the period in which the transactions are to be made do not fluctuate significantly (in the case of significant fluctuations, the exchange rates at the transaction date are used). The resulting exchange differences are classified as equity and transferred to the Group's currency translation differences fund. Such conversion differences are recognized in profit or loss in the period in which the foreign operation is derecognized.

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

##### Earnings per Share

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 37).

##### Events after the Reporting Date

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

##### Provisions, Contingent Assets and Liabilities

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

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23).

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Segment reporting

The Group's segment reporting information is reviewed regularly by the Group's chief operating decision maker. Board of Directors is the chief operating decision maker of the Group.

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. The Group's activities consist of chrome products and soda products-energy-other two product lines based on product groups. Geographic segments of the Group are followed as Turkey and Europe. Some incomes and expenses are not included in the segments as they are managed centrally.

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.

##### Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 22).

##### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized directly in equity (Note 36). In such case, the transaction including 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 and 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.

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

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



# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

---

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

#### 2.6 Summary of Significant Accounting Policies (continued)

##### Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees.

According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, 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 changes in equity (Note 25).

The liabilities related to unused vacation days are accrued when they are earned.

##### 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.

The Group has preferred to present the cash inflows and outflows from operating activities (net) in the financial statements by using the indirect method.

#### 2.7 Critical accounting estimates, judgements, and assumptions

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

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS 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.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

### 2.7 Critical accounting estimates, judgments, and assumptions(continued)

Within the framework of Article 32 / A of Corporate Tax Law No. 5520, discounted corporate tax support is received. The Group received an investment incentive certificate amounting to TL 320,516 thousand (31 December 2018: TL 303,005 thousand) regarding the new production lines. Next periods, the Group will be able to discount 55% of the corporate tax calculated from the net income arising from this production line. The right to use the investment allowance is not limited to a certain period within the framework, deferred tax asset amounting to TL 70.513 thousand (31 December 2018: TL 66.661 thousand) has been accounted for under this investment incentive certificate.

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

Increase in value of property, plant and equipment is recognized in "revaluation fund" in equity, impairment losses recognized in. "expenses from investment activities (-)" in profit or loss statement.

Land and buildings are stated at fair value in accordance with TAS 16 revaluation method. Fair values in the financial statements as of 31 December 2015 are based on the appraisal reports prepared by the authorized and licensed independent valuation companies. In the calculation of fair value, the most effective and efficient use assessment was made and the current use purposes were determined to be the most effective and efficient use.

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 reconstruction 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 values that may occur during the execution of the purchase / sale transactions may differ from these values.

The values determined by using the market comparison and cost approach method have been evaluated as to whether there are any impairment indicators according to the provisions of TAS 36 "Impairment of Assets" as of the date of initial recognition and at the end of the related period and the impairment is associated with the period profit or loss statement.

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

### 3. Business Combinations

None (2018: None).

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

### 4. Interests in Other Entities

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

<b>Denizli Cam San. ve Tic. A.Ş.</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Current assets	67,274	53,399
Non-current assets	69,441	70,912
<b>Total assets</b>	<b>136,715</b>	<b>124,311</b>
Current liabilities	58,053	51,803
Non-current liabilities	11,854	9,501
<b>Total liabilities</b>	<b>69,907</b>	<b>61,304</b>
<b>Denizli Cam San. ve Tic. A.Ş.</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
Revenue	96,202	72,433
Net profit/(loss) for the year	(5,253)	(1,539)
Other comprehensive income/(loss)	-	(358)
Total comprehensive income/(loss)	(5,253)	(1,897)
Share of non-controlling interests	49.0%	49.0%
<b>Net profit for the year attributable to non-controlling interest</b>	<b>(2,574)</b>	<b>(754)</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş..

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

### 5. Segment Reporting

1 January-30 September 2019	Turkey	Europe	Russia	Other	Total	Consolidation Adjustments	Consolidated
Net sales - third parties	1,223,300	596,180	232,607	111,077	2,163,164	-	2,163,164
Net sales - intergroup	267,372	78,750	1,014	33,880	381,015	(381,015)	-
<b>Total net sales (*)</b>	<b>1,490,672</b>	<b>674,930</b>	<b>233,621</b>	<b>144,957</b>	<b>2,544,179</b>	<b>(381,015)</b>	<b>2,163,164</b>
Cost of sales	(1,114,724)	(451,976)	(163,870)	(84,936)	(1,815,506)	369,139	(1,446,367)
<b>Gross profit / (loss)</b>	<b>375,948</b>	<b>222,954</b>	<b>69,751</b>	<b>60,021</b>	<b>728,673</b>	<b>(11,876)</b>	<b>716,797</b>
Operating expenses	(419,276)	(130,759)	(49,601)	(29,318)	(628,954)	14,671	(614,283)
Other operating income	68,893	13,402	3,993	443	86,731	-	86,731
Other operating expense (-)	(16,209)	(13,871)	(6,924)	(3,927)	(40,931)	-	(40,931)
<b>Operating profit / (loss)</b>	<b>9,356</b>	<b>91,726</b>	<b>17,219</b>	<b>27,219</b>	<b>145,519</b>	<b>2,795</b>	<b>148,314</b>
Income from investing activities	6,910	1,664	442	-	9,016	-	9,016
Loss from investing activities (-)	(3,434)	-	-	-	(3,434)	-	(3,434)
<b>Operating profit / (loss) before financial income and expense</b>	<b>12,832</b>	<b>93,390</b>	<b>17,661</b>	<b>27,219</b>	<b>151,101</b>	<b>2,795</b>	<b>153,896</b>
Financial income	354,179	12,835	301	-	367,315	-	367,315
Financial expense (-)	(487,291)	(15,054)	(21,488)	(10,676)	(534,509)	-	(534,509)
<b>Profit / (loss) before tax from continued operations</b>	<b>(120,280)</b>	<b>91,171</b>	<b>(3,526)</b>	<b>16,543</b>	<b>(16,093)</b>	<b>2,795</b>	<b>(13,298)</b>
Tax income / (expense) for the period	(1,137)	(117)	-	1,581	327	-	327
Deferred tax asset	1,498	1,298	948	-	3,744	3,048	6,792
<b>Profit / (loss) for the period</b>	<b>(119,919)</b>	<b>92,352</b>	<b>(2,578)</b>	<b>18,124</b>	<b>(12,022)</b>	<b>5,843</b>	<b>(6,179)</b>
Purchases of tangible and intangible assets	59,255	25,081	50,975	16,708	152,019	-	152,019
Depreciation and amortization charges	(64,452)	(37,200)	(17,647)	(8,782)	(128,081)	-	(128,081)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA) (**)</b>	<b>77,284</b>	<b>130,590</b>	<b>35,308</b>	<b>36,001</b>	<b>279,182</b>	<b>2,795</b>	<b>281,977</b>
<b>Statement of financial position (30 September 2019)</b>							
<b>Total assets</b>	<b>3,561,541</b>	<b>1,014,020</b>	<b>183,042</b>	<b>316,952</b>	<b>5,075,555</b>	<b>-</b>	<b>5,075,555</b>
<b>Total liabilities</b>	<b>2,227,314</b>	<b>253,398</b>	<b>111,983</b>	<b>314,113</b>	<b>2,906,808</b>	<b>-</b>	<b>2,906,808</b>

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

(\*\*) EBITDA is not defined by TAS. The Group defined EBITDA as profit before interest, tax depreciation and amortization. EBITDA figures above are disclosed separately with the purpose of a better understanding and measurement of the Group's operational performance by the Group management.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements At 1 January - 30 September 2019

(Amounts Are Expressed In Thousands Of Turkish Lira ("TRY") Unless Otherwise Indicated.)

### 5. Segment Reporting (continued)

1 January-30 September 2018	Turkey	Europe	Russia	Other	Total	Consolidation adjustments	Consolidated
Net external revenue	996,481	474,407	197,279	58,960	1,727,127	-	1,727,127
Inter group revenue	386,279	-	-	-	386,279	(386,279)	-
<b>Total net revenue (*)</b>	<b>1,382,760</b>	<b>474,407</b>	<b>197,279</b>	<b>58,960</b>	<b>2,113,406</b>	<b>(386,279)</b>	<b>1,727,127</b>
Cost of sales	(692,830)	(239,537)	(128,649)	(24,012)	(1,085,028)	-	(1,085,028)
<b>Gross profit / (loss) from trading activities</b>	<b>689,930</b>	<b>234,870</b>	<b>68,630</b>	<b>34,948</b>	<b>1,028,378</b>	<b>(386,279)</b>	<b>642,099</b>
Operating expenses	(364,850)	(98,759)	(37,576)	(18,369)	(519,554)	10,385	(509,169)
Other income from operating activities	222,921	6,884	6,980	(7)	236,778	474	237,252
Other expense from operating activities (-)	(58,528)	(7,674)	(6,792)	917	(72,077)	4,788	(67,289)
<b>Operating profit / (loss)</b>	<b>489,473</b>	<b>135,321</b>	<b>31,242</b>	<b>17,489</b>	<b>673,525</b>	<b>(370,632)</b>	<b>302,893</b>
Income from investing activities	8,568	1,104	27	-	9,699	-	9,699
Expenses from investing activities (-)	(2,062)	-	-	-	(2,062)	-	(2,062)
<b>Operating profit / (loss) before financial income and expense</b>	<b>495,979</b>	<b>136,425</b>	<b>31,269</b>	<b>17,489</b>	<b>681,162</b>	<b>(370,632)</b>	<b>310,530</b>
Financial income	23,906	6,043	647	-	30,596	-	30,596
Financial expenses (-)	(144,383)	(9,554)	(17,212)	(3,891)	(175,040)	-	(175,040)
<b>Profit / (loss) before tax from continued operations</b>	<b>375,502</b>	<b>132,914</b>	<b>14,704</b>	<b>13,598</b>	<b>536,718</b>	<b>(370,632)</b>	<b>166,086</b>
Tax income / (expense) for the year	(21,388)	(822)	(304)	1,174	(21,340)	-	(21,340)
Deferred tax income	(5,781)	(1,496)	3,004	-	(4,273)	1,836	(2,437)
<b>Profit / (loss) for the period</b>	<b>348,333</b>	<b>130,596</b>	<b>17,404</b>	<b>14,772</b>	<b>511,105</b>	<b>(368,796)</b>	<b>142,309</b>
Purchases of tangible and intangible assets	43,801	25,915	13,759	6,075	89,550	81	89,631
Depreciation and amortization charges	(41,193)	(28,722)	(13,640)	(3,885)	(87,440)	(24)	(87,464)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA) (**)</b>	<b>537,172</b>	<b>165,147</b>	<b>44,909</b>	<b>21,374</b>	<b>768,602</b>	<b>(370,608)</b>	<b>397,994</b>
<b>Statement of financial position (30 September 2018)</b>							
<b>Total assets</b>	<b>2,542,182</b>	<b>1,084,426</b>	<b>139,049</b>	<b>229,753</b>	<b>3,995,410</b>	-	<b>3,995,410</b>
<b>Total liabilities</b>	<b>1,323,299</b>	<b>262,867</b>	<b>69,751</b>	<b>211,446</b>	<b>1,867,363</b>	-	<b>1,867,363</b>

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

(\*\*)EBITDA is not defined by TAS. The Group defined EBITDA as profit before interest, tax depreciation and amortization. EBITDA figures above are disclosed separately with the purpose of a better understanding and measurement of the Group's operational performance by the Group management.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 6. Cash and Cash Equivalents

	30 September 2019	31 December 2018
Cash on hand	228	242
Cash at banks	303,375	87,295
- Demand deposits(*)	83,811	81,749
- Time deposits with a maturity of three months or less	219,564	5,546
Other liquid assets	92	569
Provision for impairment	401	51
	<b>303,695</b>	<b>88,106</b>

(\*)The fund provided from the capital increase of TL 8,461, which is included in the amount of demand deposits, is included in blocked deposits in Denizli Cam Sanayii Ticaret A.Ş..

### Time deposits

Currency	Interest rate (%)	Maturity	30 September 2019	31 December 2018
Turkish Lira	14,75%	October 2019	6,025	-
US Dollar	1,80%	November 2019	206,196	-
EUR	3,00%	January 2020	7,343	647
Russian Rubles	9,66%	October 2019	-	4,899
			<b>219,565</b>	<b>5,546</b>

Cash and cash equivalents as of 30 September 2019 and 31 December 2018 presented in the consolidated statement of cash flows are as follows:

	30 September 2019	31 December 2018
Cash and cash equivalents	303,695	88,106
Blocked time deposits	(8,461)	-
Effect of impairment loss	401	51
Less: Interest accrual	(155)	(4)
	<b>295,480</b>	<b>88,153</b>

### 7. Financial Assets

#### Non-current financial assets

Financial assets available for sale	30 September 2019	31 December 2018
Financial investments not traded in an active market	-	164
	<b>-</b>	<b>164</b>

The movement of financial assets at fair value through other comprehensive income are as follows:

	30 September 2019	30 September 2018
Previously reported - 1 January	164	276
Effect of subsidiaries included in consolidation	-	(112)
Financial asset liquidation impact	(164)	-
	<b>-</b>	<b>164</b>

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 7. Financial Assets (continued)

#### Non-current financial assets (continued)

<b>Financial Assets not</b>	<b>Share</b>		<b>Share</b>	
<b>Traded in at Market Price</b>	<b>(%)</b>	<b>30 September 2019</b>	<b>(%)</b>	<b>31 December 2018</b>
Camiş Limited(*)	-	-	30,65	164
		-		<b>164</b>

(\*) Camiş Limited was liquidated as of July 28, 2019.

### 8. Borrowings

<b>Current financial liabilities</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Short term borrowings	774,731	545,550
<b>Total short term liabilities</b>	<b>774,731</b>	<b>545,550</b>

<b>Short term portion of long term borrowings</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Short term portion of long term borrowings and interests	97,436	292,033
Operational leasing borrowings	42,729	-
Bonds issued via Sisecam	2,590	-
Bond issuance costs and commissions via Sisecam	(319)	-
Deferred cost of operational leasing	(19,570)	-
<b>Total short term portion of long term borrowings and interests</b>	<b>122,866</b>	<b>292,033</b>

<b>Total short term portion of long term borrowings</b>	<b>897,597</b>	<b>837,583</b>
---	----------------	----------------

<b>Long term financial liabilities</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Long term portion of long term borrowings	13,528	84,325
Bond issued(*)	792,274	-
Bond issuance costs and commissions	(10,767)	-
Operational leasing borrowings	181,605	-
Deferred cost of operational leasing	(67,683)	-
<b>Total long term financial liabilities</b>	<b>908,957</b>	<b>84,325</b>

<b>Total financial liabilities</b>	<b>1,806,554</b>	<b>921,908</b>
------------------------------------	------------------	----------------

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 8. Borrowings (continued)

(\*) On March 14, 2019 T.Şişe ve Cam Fabrikaları A.Ş. issued bonds amounting to USD 550.000 thousand and nominal value of USD 150 million on March 28, 2019. The due date of these bonds is 14 March 2026 and the principal payment will be made on the due date. The fixed interest rate of coupons is 6.95 with a fixed interest payment in every six months. Following the issuance of these bonds, USD 140.000.000 fund was transferred to the Group and individual guarantees were given for the principal, interest and similar payments as much as the amount provided.

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

Repricing periods for loans	30 September 2019	31 December 2018
3 months and shorter	400,649	679,358
3 - 12 months	374,082	158,225
1 - 5 years	23,855	84,325
More than 5 years	87,109	-
	<b>885,695</b>	<b>921,908</b>

Financing bonds amounting to 805,714 thousand TRY, nominal amount is 140,000 thousand USD coupon interest rate 6.95% (Effective interest rate 7.32%. Coupon interest payments are made in equal installments in every six months. (31 December 2018: None)

Financial liabilities movements for the period between 1 January and 30 September 2019 are summarized as below:

Bank borrowings	Capital	Interest	Total
Beginning at the period - 1 January	917,972	3,936	921,908
Currency translation differences	56,525	293	56,818
Foreign exchange gain / (loss)	7,780	-	7,780
Borrowed - accrued during the period	1,033,881	73,783	1,107,664
Payments - reversals during the period	(1,134,366)	(74,109)	(1,208,475)
<b>As of 30 September 2019</b>	<b>881,792</b>	<b>3,903</b>	<b>- 885,695</b>

Bonds Issued	Capital	Interest	Discount on bonds	Commission	Total
Beginning at the period - 1 January	-	-	-	-	-
Foreign exchange gain / (loss)	32,600	-	-	-	32,600
Borrowed - accrued during the period	759,674	30,026	(10,181)	(1,669)	777,850
Payments - reversals during the period	-	(27,436)	627	137	(26,672)
<b>As of 31 September 2019</b>	<b>792,274</b>	<b>2,590</b>	<b>(9,554)</b>	<b>(1,532)</b>	<b>783,778</b>

Leasing	Capital	Interest	Total
Beginning at the period - 1 January	111,928	77,989	189,917
Currency translation differences	1,292	309	1,601
Foreign exchange gain / (loss)	1,131	-	1,131
Borrowed - accrued during the period	44,200	25,103	69,303
Payments - reversals during the period	(21,469)	(16,149)	(37,618)
<b>As of 30 September 2019</b>	<b>137,082</b>	<b>87,252</b>	<b>224,334</b>



# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 8. Borrowings (continued)

Financial liabilities movements for the period between 1 January and 30 September 2018 are summarized as below:

<b>Bank borrowings</b>	<b>Capital</b>	<b>Interest</b>		<b>Total</b>
Beginning at the period - 1 January	744,438	5,683		750,121
Currency translation differences	212,318	2,753		215,071
Foreign exchange gain / (loss)	62,675	-		62,675
Borrowed - accrued during the period	530,620	46,373		576,993
Payments - reversals during the period	(563,135)	(43,113)		(606,248)
<b>As of 30 September 2018</b>	<b>986,916</b>	<b>11,696</b>	<b>-</b>	<b>998,612</b>

As of 30 September 2019, there is no capitalized financing expenses. (31 December 2018: None ).

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

### 30 September 2019

<b>Currency</b>	<b>Maturity</b>	<b>Annual Effective Weighted Interest Rate(%)</b>	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
US Dollar	2017-2025	4,75%	40,664	781,507	822,171
EUR	2017-2020	1,62%	303,950	-	303,950
Russian Rubles	2019-2021	9,66%	265,486	13,557	279,042
TRY	2019-2020	23,69%	182,890	81,105	263,995
Egyptian Pound	2019-2020	18,62%	101,160	-	101,160
BGL	2017-2019	4,00%	3,447	32,788	36,235
			<b>897,597</b>	<b>908,957</b>	<b>1,806,553</b>

### 31 December 2018

<b>Currency</b>	<b>Maturity</b>	<b>Annual Effective Weighted Interest Rate(%)</b>	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
US Dollar	2017-2020	0.33%	30,310	15,032	45,342
Euro	2017-2020	1.89%	304,048	40,144	344,192
Russian Rubles	2017-2021	10.03%	206,538	29,149	235,687
Turkish Lira	2017-2019	18.25%	250,795	-	250,795
Egyptian Pound	2017-2019	18.62%	45,892	-	45,892
			<b>837,583</b>	<b>84,325</b>	<b>921,908</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 8. Borrowings (continued)

The redemption schedule of the financial liabilities is as follows:

	30 September 2019	31 December 2018
Within 1 year	897,597	837,583
Within 1- 2 years	32,886	78,495
Within 2- 3 years	18,981	5,830
Within 3- 4 years	18,891	-
Within 4- 5 years	10,300	-
More than 5 years	9827,898	-
	<b>1,806,554</b>	<b>921,908</b>

There is no collaterals given for financial liabilities as of 30 September 2019 and 31 December 2018.

### 9. Other Financial Liabilities

None (31 December 2018: None).

### 10. Trade Receivables and Payables

#### Trade Receivables

Short term trade receivables	30 September 2019	31 December 2018
Trade receivables	665,196	603,405
Notes receivables	67,760	63,841
Rediscount of notes receivable (-)	(8,837)	(14,444)
Due to related parties (Note 37)	4,412	5,322
Other trade receivables	23,685	34,404
Provision for doubtful receivables	(23,684)	(34,398)
	<b>728,532</b>	<b>658,130</b>

# PAŞABAŖE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 10. Trade Receivables and Payables (continued)

The 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 2018: 75 days) and a monthly overdue interest rate of 2,00% is applied for the payments made after the due date (31 December 2018: 2,75%).

The Group has no significant concentration risk since the Group has been working with the spread over a large number of counterparties and customers. Accordingly, the management believes that no further allowance is required more than recognized in financial statements.

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

	30 September 2019	30 September 2018
Beginning at the period - 1 January	(34,399)	(40,808)
Charge for the period	(1,117)	(1,649)
Collections	11,922	2,450
Currency translation differences	(91)	(750)
	<b>(23,684)</b>	<b>(40,757)</b>

The Group has received the following collaterals for trade receivables:

	30 September 2019	31 December 2018
Letter of guarantees	65,598	46,687
Direct borrowing systems	110,388	87,148
Mortgages	40,801	29,133
Other	106,039	109,813
	<b>322,826</b>	<b>272,781</b>

As of 30 September 2019: 151,382 thousand TRY (31 December 2018: 108,032 thousand TRY) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	30 September 2019	31 December 2018
1- 30 days overdue	61,312	46,328
1-3 months overdue	32,776	25,497
3-12 months overdue	4,228	36,207
1- 5 years overdue	53,066	-
<b>Total overdue receivables</b>	<b>151,382</b>	<b>108,032</b>
<b>The portion under guarantee with collateral. etc.</b>	<b>33,851</b>	<b>29,099</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 10. Trade Receivables and Payables (continued)

#### Trade Payables

	30 September 2019	31 December 2018
Trade payables	202,120	205,901
Due to related parties (Note 37)	67,196	67,636
Rediscount on notes payable (-)	(1,150)	(1,878)
	<b>268,166</b>	<b>271,659</b>

### 11. Other Receivables and Payables

Other current receivables	30 September 2019	31 December 2018
Other miscellaneous receivables	4,337	3,349
Due from related parties (Note 38)	30,282	29,382
Deposits and guarantees given	249	237
Due from personnel	635	437
	<b>35,503</b>	<b>33,405</b>

Other non-current receivables	30 September 2019	31 December 2018
Deposits and guarantees given	401	474
	<b>401</b>	<b>474</b>

Other current payables	30 September 2019	31 December 2018
Due to related parties (Note 37)	1,739	353,708
Other current payables (*)	169	316
	<b>1,908</b>	<b>354,024</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 12. Derivative Instruments

The Group has signed the cross-currency swap agreements stated below to protect the portion of USD 30 million in cash flow risk from debt instruments with a nominal value of USD 700 million issued abroad and a coupon rate of 6.95% in every six months from the principal payment dated March 14, 2026.(Note 8)

The Group has entered into a participant cross currency swap transaction via HSBC as of April 29, 2019. As a result of transaction for the purchase of USD 100.000 thousand, TL 595.100 thousand was sold due to March 13, 2026. This transaction matched with the Eurobond of the Group amounting to USD 100.000 thousand and adjusted for hedge accounting under IFRS 9. The effective portion of this hedge is accounted for under equity and the ineffective portion is accounted for under profit / loss.

The Group contracted with HSBC on April 17,2019, for swap and purchased USD 30.000 thousand on March 13, 2026 sold EUR 26.525 thousand with interest rates of 4.73% EUR and 6.95 USD every six months from 13 September 2019 to 13 March 2026.

The Group has measured that the hedging process is highly effective in prospective effectiveness tests.The Group made a quantitative assessment at the beginning of the swap agreement and as of the reporting period by using scenario analysis method in the prospective effectiveness test.

The effective portion of the fair value of the swap transaction is recognized under equity due to their high efficiency in the effectiveness tests of the above mentioned swap contracts.

The portion of the hedged item that is recognized in equity and corresponding to the periods in which it affects the profit and loss is classified to profit and loss.

The distribution of derivative instruments is as follows:

	30 September 2019		31 December 2018	
	Asset	Liability	Asset	Liability
Swap Operations	498,256	519,424	-	-
	<b>498,256</b>	<b>519,424</b>	-	-

The transactions of derivative instruments within the period are as follows

	30 September 2019	31 December 2018
Beginning of the period - 1 January	-	-
Foreign exchange gain/(loss) recognized to statement of profit or loss (*)	(31,657)	-
Cash inflows/outflows due to realized foreign exchange	34,143	-
Interest income/(expense) recognized in equity	(23,654)	-
<b>Net asset/ (liability)</b>	<b>(21,168)</b>	-

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 13. Inventories

	30 September 2019	31 December 2018
Finished goods	959,471	865,052
Work in progress	7,339	7,576
Raw materials and supplies	158,283	142,355
Trade goods	71,437	61,172
Operating supplies	33,824	37,822
Provision for impairment(-)	(32,264)	(30,474)
	<b>1,198,090</b>	<b>1,083,503</b>

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

	30 September 2019	30 September 2018
Beginning at the period - 1 January	(30,474)	(21,005)
Provision for the period	(1,533)	(4,100)
Provision no longer required	609	2,385
Currency translation differences	(866)	(1,875)
	<b>(32,264)</b>	<b>(24,595)</b>

### 14. Prepaid Expenses and Deferred Income

#### Prepaid Expenses

<b>Prepaid expenses in current assets</b>	30 September 2019	31 December 2018
Advances given	24,774	19,080
Prepaid expenses	18,063	4,584
	<b>42,837</b>	<b>23,664</b>

<b>Prepaid expenses in non-current assets</b>	30 September 2019	31 December 2018
Advances given	1,422	3,048
Prepaid expenses	1,986	-
	<b>3,408</b>	<b>3,048</b>

The movement of advances given for tangible and intangible assets is as follows:

	30 September 2019	30 September 2018
Beginning of the period - 1 January	3,048	1,293
Advances given in the period	7,145	11,472
Currency translation differences	-	37
Released	(8,770)	(11,321)
	<b>1,423</b>	<b>1,481</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 14. Prepaid Expenses and Deferred Income (continued)

#### Deferred income

Short term deferred income	30 September 2019	31 December 2018
Deferred income	644	628
Advances received	4.118	7.196
	<b>4.762</b>	<b>7.824</b>

Long term deferred income	30 September 2019	31 December 2018
Deferred Income for future years	1,936	1,907
	<b>1,936</b>	<b>1,907</b>

### 15. Construction Contracts

None (31 December 2018: None).

### 16. Joint Ventures and Associates

None (31 December 2018: None).

### 17. Investment Properties

	Net Book Value	Revaluation Fund	Revaluation Profit/(Loss) Effect	Fair Value
Beginning of the period - 1 January	432	7,769	-	8,201
Transfer from the tangible assets	-	-	-	-
Revaluation gain	-	-	-	-
Revaluation loss	-	-	-	-
<b>30 September 2019 closing balance</b>	<b>432</b>	<b>7,769</b>	<b>-</b>	<b>8,201</b>

The group has classified properties that are not used for operation or administrative purposes as investment property with fair value. The fair value increase from initial classification was recognized in "Gains/losses on revaluation and remeasurement" under equity.

The fair value of investment properties depends on the independent appraiser reports prepared by "Harmoni Gayrimenkul ve Danışmanlık A.Ş." which has a capital market real estate appraisal license and sufficient professional knowledge and current knowledge about the class and location of real estate.

Cost approach, direct capitalization, cash flow and market approach have been used for the fair value of the real estates, for the parcels in which the existing buildings with valid construction plan and / or building permit. The shortage of number of land parcels in the region and region where the real estates subject to appraisal is located, transportation relations and environmental structures, and the ongoing construction plan processes are considered in the determination of results.

All investment properties are located in Turkey.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 18. Property, Plant and Equipment

Cost	Lands(***)	Land Improvements	Buildings(***)	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Leasehold improvements	Construction in progress	Total
Opening balance at 1 January 2019	273,215	54,448	565,024	2,424,218	14,307	114,215	423,437	39,038	34,160	3,942,062
Currency translation differences	7,549	5,873	24,675	82,243	411	1,694	15,280	110	978	138,813
Additions (*)	30	-	2,000	20,196	-	1,405	6,012	507	77,600	107,750
Disposals	-	-	(48)	(8,399)	(1,526)	(509)	(25,156)	(465)	-	(36,103)
Transfers from construction in progress	-	72	2,309	12,853	788	1,344	30,067	-	(47,433)	-
<b>Closing balance at 30 September 2019</b>	<b>280,794</b>	<b>60,393</b>	<b>593,960</b>	<b>2,531,111</b>	<b>13,980</b>	<b>118,149</b>	<b>449,640</b>	<b>39,190</b>	<b>65,305</b>	<b>4,152,522</b>
<b>Accumulated depreciation and impairment</b>										
Opening balance at 1 January 2019	-	(26,203)	(15,830)	(1,634,460)	(9,293)	(73,164)	(254,540)	(26,733)	-	(2,040,223)
Currency translation differences	-	(1,934)	(590)	(27,356)	(237)	(993)	(6,842)	(47)	-	(37,999)
Charge for the period (**)	-	(2,266)	(15,695)	(57,748)	(902)	(5,873)	(17,380)	(2,404)	-	(102,268)
Disposals	-	-	-	1,875	1,526	488	4,682	48	-	8,619
<b>Closing balance at 30 September 2019</b>	<b>-</b>	<b>(30,403)</b>	<b>(32,115)</b>	<b>(1,717,689)</b>	<b>(8,906)</b>	<b>(79,542)</b>	<b>(274,080)</b>	<b>(29,136)</b>	<b>-</b>	<b>(2,171,871)</b>
<b>Net book value as of 30 September 2019</b>	<b>280,794</b>	<b>29,990</b>	<b>561,845</b>	<b>813,422</b>	<b>5,074</b>	<b>38,607</b>	<b>175,560</b>	<b>10,054</b>	<b>65,305</b>	<b>1,980,651</b>
<b>Net book value as of 31 December 2018</b>	<b>273,215</b>	<b>28,245</b>	<b>549,194</b>	<b>789,758</b>	<b>5,014</b>	<b>41,051</b>	<b>168,897</b>	<b>12,305</b>	<b>34,160</b>	<b>1,901,839</b>

(\*) The financial expenses has not been capitalized (31 December 2018: None) (Note 8).

(\*\*) Allocation of depreciation expense is disclosed in Note 29 and Note 31. No mortgage/pledge over lands and buildings due to bank borrowings (31 December 2018: None).

(\*\*\*) As of December 31, 2018, according to valuation results dated September 30, 2018, lands and buildings are accounted by net method according to revaluation model.



# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 18. Property, Plant and Equipment (continued)

Cost	Land		Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixture	Other Fixed Assets	Leasehold Improvements	Construction in Process	Total
	Land	Improvements								
<b>Opening balance at 1 January 2018</b>	<b>225,147</b>	<b>45,262</b>	<b>461,320</b>	<b>2,121,586</b>	<b>11,583</b>	<b>100,086</b>	<b>339,251</b>	<b>35,025</b>	<b>48,295</b>	<b>3,387,555</b>
Effect of subsidiaries included in the scope of consolidation	-	-	-	1,107	-	470	82	754	-	2,413
Currency translation differences	6,773	13,837	128,609	373,788	4,766	14,533	68,345	443	18,007	629,101
Additions (*)	171	-	-	9,046	-	2,418	8,412	2,041	65,280	87,368
Disposals	(18,002)	(30)	(3,126)	(4,265)	(323)	(827)	(17,505)	-	(32)	(44,110)
Transfers from construction in progress	-	2,781	409	25,123	-	2,496	17,018	-	(47,827)	-
<b>Closing balance at 30 September 2018</b>	<b>214,089</b>	<b>61,850</b>	<b>587,212</b>	<b>2,526,385</b>	<b>16,026</b>	<b>119,176</b>	<b>415,603</b>	<b>38,263</b>	<b>83,723</b>	<b>4,062,327</b>
<b>Accumulated depreciation and impairment</b>										
<b>Opening balance at 1 January 2018</b>	-	(21,397)	(53,246)	(1,457,799)	(7,127)	(64,933)	(224,071)	(22,504)	-	(1,851,077)
Effect of subsidiaries included in the scope of consolidation	-	-	-	(81)	-	(325)	(48)	(411)	-	(865)
Currency translation differences	-	(4,834)	(13,483)	(197,131)	(2,658)	(7,446)	(40,743)	(250)	-	(266,545)
Charge for the period (**)	-	(2,026)	(9,585)	(52,714)	(727)	(5,571)	(12,428)	(2,887)	-	(85,938)
Disposals	-	30	293	1,507	323	741	7,465	-	-	10,359
<b>Closing balance at 30 September 2018</b>	-	<b>(28,227)</b>	<b>(76,021)</b>	<b>(1,706,218)</b>	<b>(10,189)</b>	<b>(77,534)</b>	<b>(269,825)</b>	<b>(26,052)</b>	-	<b>(2,194,066)</b>
<b>Net book value as of 30 September 2018</b>	<b>214,089</b>	<b>33,623</b>	<b>511,191</b>	<b>820,167</b>	<b>5,837</b>	<b>41,642</b>	<b>145,778</b>	<b>12,211</b>	<b>83,723</b>	<b>1,868,261</b>
<b>Closing balance at 31 December 2017</b>	<b>225,147</b>	<b>23,865</b>	<b>408,074</b>	<b>663,787</b>	<b>4,456</b>	<b>35,153</b>	<b>115,180</b>	<b>12,521</b>	<b>48,295</b>	<b>1,536,478</b>

(\*) The financial expenses has not been capitalized (31 December 2017: None) (Note 8).

(\*\*) Allocation of depreciation expense is disclosed in Note 29 and Note 31.

No mortgage/pledge over lands and buildings due to bank borrowings (31 December 2017: None).

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 19. Right-of-use Assets

<b>Cost</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
Opening balance at 1 January 2019	-	-	-	-	-
Adjustment on changes in accounting policies	189	117,762	21,032	3,904	142,887
Opening balance at 1 January 2019 (restated)	189	117,762	21,032	3,904	142,887
Currency translation differences	31	906	869	-	1,806
Additions	45	43,465	63	627	44,200
Revaluation	-	890	140	100	1,130
<b>Closing balance at 30 September 2019</b>	<b>265</b>	<b>162,755</b>	<b>22,104</b>	<b>4,631</b>	<b>189,755</b>
<b>Accumulated depreciation and impairment</b>					
Opening balance at 1 January 2019	-	-	-	-	-
Adjustment on changes in accounting policies	156	26,288	11,431	2,081	39,956
Opening balance at 1 January 2019 (restated)	(156)	(26,288)	(11,431)	(2,081)	(39,956)
Currency translation differences	(25)	27	(536)	-	(534)
Charge for the period	(26)	(19,136)	(4,824)	(1,124)	(25,110)
<b>Closing balance at 30 September 2019</b>	<b>(207)</b>	<b>(45,397)</b>	<b>(16,791)</b>	<b>(3,205)</b>	<b>(65,600)</b>
<b>Net book value as of 30 September 2019</b>	<b>58</b>	<b>117,358</b>	<b>5,313</b>	<b>1,426</b>	<b>124,155</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 20. Intangible Assets

Cost	Rights	Other	Total
Opening balance at 1 January 2019	16,376	6,241	22,617
Currency translation differences	50	212	262
Additions	-	69	69
Disposals	(118)	(24)	(142)
<b>Closing balance at 30 September 2019</b>	<b>16,308</b>	<b>6,498</b>	<b>22,806</b>
<b>Accumulated depreciation and impairment</b>			
Opening balance at 1 January 2019	(12,674)	(6,101)	(18,775)
Currency translation differences	(7)	(129)	(136)
Charge for the period	(657)	(46)	(703)
Disposals	18	-	18
<b>Closing balance at 30 September 2019</b>	<b>(13,320)</b>	<b>(6,276)</b>	<b>(19,596)</b>
<b>Net book value as of 30 September 2019</b>	<b>2,988</b>	<b>222</b>	<b>3,210</b>
<b>Net book value as of 31 December 2018</b>	<b>3,702</b>	<b>140</b>	<b>3,842</b>

Cost	Rights	Other	Total
Opening balance at 1 January 2018	15,601	4,876	20,477
Effects of subsidiaries included in the scope of consolidation	31	2	33
Currency translation differences	184	2,703	2,887
Additions	-	2,263	2,263
Disposals	-	(22)	(22)
<b>Closing balance at 30 September 2018</b>	<b>15,816</b>	<b>9,822</b>	<b>25,638</b>
<b>Accumulated amortization</b>			
<b>Opening balance at 1 January 2018</b>	<b>(11,637)</b>	<b>(4,095)</b>	<b>(15,732)</b>
Effect of subsidiaries included in the scope of consolidation	(8)	-	(8)
Currency translation differences	(94)	(1,825)	(1,919)
Charge for the period	(588)	(938)	(1,526)
Disposals	-	-	-
<b>Closing balance at 30 September 2017</b>	<b>(12,327)</b>	<b>(6,858)</b>	<b>(19,185)</b>
<b>Net book value as of 30 September 2018</b>	<b>3,489</b>	<b>2,964</b>	<b>6,453</b>
<b>Closing balance at 31 December 2017</b>	<b>3,964</b>	<b>781</b>	<b>4,745</b>

(\*) Allocation of amortization expense is disclosed in Note 29 and Note 31.

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 21. Goodwill

None (31 December 2018: None)

### 22. Government Grants

#### Reduced Corporate Tax Application

In the line with the article 32 / A of the Corporate Tax Law No.5520, the Group receives tax support for the profits obtained from investments connected to the incentive certificate by Ministry of Economy. The amount of corporate tax to be paid each year until the amount of investment contribution calculated according to the investment contribution rate determined by the Council of Ministers is reached. corporate tax to be paid each year is also utilized by deducting the corporate tax discount rate determined by the Council of Ministers. VAT and customs tax incentives are also utilized according to the investment incentive documents obtained within the scope of the same decision.

#### Turququality

Turququality is a brand support program that aims to increase awareness and awareness of Turkish Brands by supporting them within the framework of the Notification no. 2006/4 for Branding of Turkish Products Abroad, Placement of the image of Turkish goods and Supporting Turququality;

- Expenses related to patent, utility model. Industrial design and trademark registration
- Expenses related to certification.
- Expenses related to fashion / industrial product designer / chef / cook employment.
- Promotion, advertising and marketing activities.
- Expenses related to units in abroad.
- Consulting expenses

are supported within certain limits.

According to the locations in which our Group operates, the brand support program has been utilized.

#### Incentives provided in foreign countries

A memorandum for government incentive was signed between Paşabahçe Bulgaria EAD and Ministry of Economy and Energy on behalf of the Republic of Bulgaria under "Regulation of Investment Incentive and Implementation" of Bulgaria and "Government Incentive Legislation" of European Union.

### 23. Provisions, Contingent Assets and Liabilities

<b>Short term provisions</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Provision for sales premium	32,039	230
Accrual for lawsuit cases	7,231	9,730
Provision for services rendered	341	716
Provision for gift card	6,006	5761
Provision for cost expense	4,169	719
Other	10,360	4,002
	<b>60,145</b>	<b>21,158</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 23. Provisions, Contingent Assets and Liabilities (continued)

Collaterals pledges and mortgages "CPM" given by the Company as of 30 September 2019 and 31 December 2018 are as follows:

The CPMs given by the Company	30 September 2019			TRY Equivalent of TRY and Other Currencies
	TRY Equivalents	USD	Euro	
A. CPM's given in the behalf of own company	216,612	18,833	-	110,034
B. CPM's given on behalf of the fully consolidated subsidiaries	590,360	-	-	590,360
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent (*)	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>806,972</b>	<b>18,833</b>	<b>-</b>	<b>700,394</b>

Percentage of other CPM's given by the Company to the Company's equity is 0 % as of September 30, 2019.

(\*) It expresses the CPM given to the Company by the subsidiaries subject to consolidation.

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 23. Provisions, Contingent Assets and Liabilities (continued)

The CPMs given by the Company	31 December 2018			TRY Equivalent of TRY and Other Currencies
	TRY Equivalents	USD	Euro	
A. CPM's given in the behalf of own company	104,107	-	-	104,107
B. CPM's given on behalf of the fully consolidated subsidiaries	423,961	-	-	423,961
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
iv. Total amount of CPM's given on behalf of the parent (*)	-	-	-	-
v. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
vi. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>528,068</b>	<b>-</b>	<b>-</b>	<b>528,068</b>

Percentage of other CPM's given by the Company to the Company's equity is 0% as of December 31, 2018.

(\*) It expresses the CPM given to the Company by the subsidiaries subject to consolidation.

### 24. Commitments

#### Operating lease agreements

Paşabahçe Mağazaları A.Ş. leases various retail outlets and stores by operating lease contracts. The terms of rental contracts vary from 1 to 10 years. Lease contracts require a certain amount of rent on a monthly basis or a certain percentage of the store house subject to the lease. The lease agreements are issued principally in Turkish Liras, Euros and US Dollars and lease payments increase with the rates close to the inflation rate or inflation rate during the contract period. Under existing debts law, lease agreements may be terminated by the lessor only if the tenant terminates the lease on demand for breach of contract.

Future minimum lease payments for non-cancellable operating leases are as follows:

	30 September 2019	31 December 2018
Up to 1 year	10,182	9,687
1 – 5 years	-	-
More than 5 years	-	-
	<b>10,182</b>	<b>9,687</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 25. Employee Benefits

Short term liabilities for employee benefits	30 September 2019	31 December 2018
Due to personnel	14,694	13,687
Social security deduction	16,411	11,567
<b>Total</b>	<b>31,105</b>	<b>25,254</b>

  

Short term provisions for employee benefits	30 September 2019	31 December 2018
Employee termination benefits	1,455	3,727
Unused vacation provision	5,098	4,893
<b>Total</b>	<b>6,553</b>	<b>8,620</b>

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. Additionally, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments dated 23 May 2002. The amount payable consists of one month's salary limited to a maximum of TRY 6,017,60 for each period of service as of 30 September 2019 (31 December 2018: TRY 5,434,42). TRY 6,379,86 which is effective from 1 July 2019, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2018: TRY 6,017,60 which is effective from 1 January 2019).

Liability of employment termination benefits is not subject to any funding as there is not any obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be used to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under Funds for Actuarial Gain/Loss on Defined Benefit Plans.

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, the liabilities in the accompanying consolidated financial statements as of 30 September 2019 and 31 December 2018 are 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 9.30% (31 December 2018: 9.30%) and a discount rate of 15.20% (31 December 2018: 15.20%). The real discount rate is approximately 5.40% (31 December 2018: 5.40%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered. As of 30 September 2019, estimated probability of not leaving work until retirement is 97.43% (30 September 2018: 98.86%).

The movement of the employment termination benefits is as follows:

	30 September 2019	30 September 2018
1 January	132,705	112,132
Currency translation differences	77	922
Service costs	12,805	17,462
Interest costs	14,433	9,382
Actuarial losses / (gains)	-	(913)
Payments made during the period	(9,696)	(7,681)
	<b>150,324</b>	<b>131,304</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 26. Impairment of Assets

Impairment of assets	30 September 2019	31 December 2018
Provision for doubtful receivables (Note 10)	(23,684)	(34,398)
Provision for inventory impairment (Note 13)	(32,264)	(30,474)
	<b>(55,948)</b>	<b>(64,872)</b>

### 27. Other Assets and Liabilities

Other current assets	30 September 2019	31 December 2018
Other VAT	9,738	23,681
Deductible VAT	25,058	6,179
Income accruals	-	243
Work advances	19	9
VAT Transferred	-	9,127
Other	315	240
	<b>35,130</b>	<b>39,479</b>

Other current liabilities	30 September 2019	31 December 2018
Taxes and charges payable	12,488	15,443
Expense accruals	11,709	6,305
Other	14,440	12,106
	<b>38,637</b>	<b>33,854</b>

### 28. 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".



# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 28. Capital, Reserves and Other Equity Items (continued)

#### a) Capital/Treasury Shares

The Company's issued capital is divided into 224,117,049 bearer shares with a each nominal value of TRY 1 (One Turkish Lira), (31 December 2018: 224,117,049 shares),

	30 September 2019		31 December 2018	
	Amount TRY	Share %	Amount TRY	Share %
<b>Shareholders</b>				
Şişecam	189,646	84,62	189,646	84,62
European Bank for Reconstruction and Development	33,292	14,85	33,292	14,85
Islamic Development Bank	1,179	0,53	1,179	0,53
<b>Nominal capital</b>	<b>224,117</b>	<b>100,00</b>	<b>224,117</b>	<b>100,00</b>
Adjustment to share capital	70,158		70,158	
<b>Total share capital</b>	<b>294,275</b>		<b>294,275</b>	

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

	30 September 2019	31 December 2018
Actuarial loss fund	(10,022)	(10,022)
Currency translation differences	17,026	16,344
Revaluation gain on tangible assets	308,162	308,162
	<b>315,166</b>	<b>314,484</b>

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

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 28. Capital, Reserves and Other Equity Items (continued)

#### 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. Provision for employee termination benefits actuarial gain/loss funds not to be reclassified profit or loss.

#### c) Accumulated Other Comprehensive Income (Expenses) to be reclassified to Profit or Loss

	30 September 2019	31 December 2018
Currency translation differences	404,739	350,061
Financial asset revaluation fund	(18,450)	-
	<b>386,289</b>	<b>350,061</b>

#### 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.

#### Hedging gain / (loss)

The cash flow related to the hedged transaction consists of the effective portion of the cumulative change in the net fair value of the hedging instruments

The change in the hedging fund during the period is as follows;

	30 September 2019	30 September 2018
Opening balance at 1 January 2018	-	-
Effective portion of derivative financial instrument recognized in equity	28,654	-
Deferred tax effect	(5,204)	-
	<b>18,450</b>	<b>-</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 28. 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.

Restricted reserves attributable to equity holders of the Parent	30 September 2019	31 December 2018
Legal reserves	336,591	321,746
Statutory reserves	19,909	19,908
	<b>356,500</b>	<b>341,654</b>

#### e) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to 641.866 thousand TRY (31 December 2018: 518.902 thousand TRY) is 302.483 thousand TRY (31 December 2018: 243.517 thousand TRY).

#### 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:

	30 September 2019	31 December 2018
Net profit/(loss) for the period	(4,063)	105,175
Losses of previous periods	-	(29,208)
Extraordinary reserves	420,023	361,058
Special funds	219,250	207,139
	<b>635,210</b>	<b>644,164</b>

#### 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.

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 29. Revenue and Cost of Sales

Revenue	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Sales	2,388,289	1,892,615	790,924	677,441
Sales discount	(184,424)	(137,020)	(66,348)	(37,856)
Sales returns	(30,355)	(22,036)	(8,367)	(6,871)
Other sales discounts	(13,002)	(8,765)	(3,754)	(3,397)
Other income	2,656	2,333	1,177	1,356
	<b>2,163,164</b>	<b>1,727,127</b>	<b>713,632</b>	<b>630,673</b>
<b>Cost of sales</b>				
Direct materials	(582,878)	(468,505)	(182,714)	(181,191)
Direct labor	(288,422)	(201,472)	(82,855)	(69,428)
Production overheads	(407,305)	(347,413)	(137,215)	(146,308)
Depreciation and amortization	(86,195)	(67,987)	(28,367)	(25,093)
Change in work-in-progress inventories	(237)	401	(520)	766
Change in finished goods inventories	90,802	181,496	692	142,294
<b>Cost of goods sold</b>	<b>(1,274,235)</b>	<b>(903,480)</b>	<b>(430,979)</b>	<b>(278,960)</b>
Cost of trade goods	(132,455)	(142,554)	(31,237)	(98,569)
Cost of services given	(152)	(97)	(65)	(49)
Other costs	(39,525)	(38,896)	(14,015)	(12,677)
	<b>(1,446,367)</b>	<b>(1,085,028)</b>	<b>(476,296)</b>	<b>(390,255)</b>

### 30. General Administrative Expenses, Marketing Expenses, Research and Development Expenses

	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
General administrative expenses	(142,961)	(123,839)	(50,265)	(47,892)
Marketing expenses	(462,969)	(377,464)	(150,821)	(131,816)
Research and development expenses	(8,353)	(7,866)	(3,024)	(2,666)
	<b>(614,283)</b>	<b>(509,169)</b>	<b>(204,110)</b>	<b>(182,374)</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 31. Expenses by Nature

	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Miscellaneous expenses	(174,028)	(148,414)	(51,547)	(47,119)
Personnel expenses	(158,891)	(128,312)	(53,957)	(49,558)
Outsourced services	(224,226)	(198,764)	(80,722)	(74,261)
Depreciation and amortization	(41,886)	(19,477)	(13,142)	(7,102)
Indirect material cost	(9,172)	(6,927)	(3,030)	(2,081)
Duties, taxes and levies	(6,080)	(7,275)	(1,712)	(2,253)
	<b>(614,283)</b>	<b>(509,169)</b>	<b>(204,110)</b>	<b>(182,374)</b>

### 32. Other Income and Expense from Operating Activities

Other operating income	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Foreign exchange gains from	45,744	215,574	(12,567)	148,513
Provisions no longer required	11,922	2,880	4,684	1,258
Rediscount interest income on operating activities	5,608	842	5,477	117
Insurance claim income	4,914	169	4,627	35
Turquality income	4,178	872	4,178	574
R&d incentive	3,288	-	646	-
Salvage sales income	1,459	1,106	885	340
Inventory overages	554	82	554	11
Gain on sale of raw material and supplies	483	-	4	-
Rent income	-	504	-	179
Other	8,581	15,223	363	4,594
	<b>86,731</b>	<b>237,252</b>	<b>8,852</b>	<b>155,621</b>

Other operating expenses	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Foreign exchange loss from other activities	(19,326)	(51,715)	(1,017)	(32,702)
Damage due to the fire claim	(8,465)	-	(39)	-
Raw materials and supplies sales loss	(4,599)	(73)	(648)	(350)
Broken glass expenses	(2,391)	(1,824)	(670)	(402)
Compensation expense	(1,562)	-	(540)	-
Provisions no longer required	(1,468)	(1,649)	759	5,588
Rediscount interest expense on operating activities	(729)	(9,478)	(375)	(5,943)
Commission expenses	-	(265)	-	31
Other	(2,393)	(2,285)	555	(968)
	<b>(40,931)</b>	<b>(67,289)</b>	<b>(1,974)</b>	<b>(34,746)</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 32. Other Income and Expense from Operating Activities (continued)

Other operating income / (expense), net	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Foreign exchange gains (losses) from other activities	26,418	163,859	(13,584)	115,811
Provisions no longer required gains / (losses)	10,454	1,231	5,443	6,846
Inventory overage/shortage gains / (losses)	4,914	169	4,627	35
Rediscount interest income/(expense) on operating activities	4,879	(8,636)	5,102	(5,826)
Turquality income	4,178	872	4,178	574
R&d incentive	3,288	-	646	-
Salvage sales income	1,459	1,106	885	340
Insurance claim gains / (losses)	554	82	554	11
Commission expense /income	-	(265)	-	31
Rent income	-	504	-	179
Raw materials and supplies sales loss	(4,599)	(73)	(648)	(350)
Compensation expense	(1,079)	-	(535)	-
Broken glass expenses	(2,391)	(1,824)	(670)	(402)
Emission quota expense	(8,465)	-	(39)	-
Other income/(expense)	6,190	12,938	919	3,626
	<b>45,800</b>	<b>169,963</b>	<b>6,878</b>	<b>120,875</b>

### 33. Income and Expense from Investing Activities

Income from Investing Activities	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Gain on sale of tangible assets	4,000	9,699	1,485	(695)
Gain on sale of financial assets	5,016	-	-	-
	<b>9,016</b>	<b>9,699</b>	<b>1,485</b>	<b>(695)</b>

### Expenses from Investing Activities

Expenses from Investing Activities	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Loss on sale of tangible assets	(3,434)	(2,062)	(990)	986
	<b>(3,434)</b>	<b>(2,062)</b>	<b>(990)</b>	<b>986</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 34. Financial Income and Expenses

Financial Income	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Foreign exchange income	68,930	14,576	32,981	12,995
- Cash and cash equivalent	63,216	2,523	27,267	1,247
- Bank loans	5,714	12,053	5,714	11,748
Interest income	262,741	2,156	9,356	1,188
- Derivative instruments	242,053	-	236,803	-
- Time deposits	6,771	522	3,374	158
- Intercompany interest income	13,917	1,634	5,982	1,030
Other	35,644	13,864	22,737	5,064
	<b>367,315</b>	<b>30,596</b>	<b>301,877</b>	<b>19,247</b>

Financial Expense	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Foreign exchange expense	(143,780)	(77,541)	(69,227)	(51,886)
- Bonds	(54,286)	-	(8,246)	-
- Cash and cash Equivalent	(34,745)	(2,813)	(30,081)	(1,421)
- Bank loans	(13,494)	(74,728)	(2,880)	(50,465)
- Derivative Instruments	(41,255)	-	(28,020)	-
Interest expense	(355,826)	(93,350)	(236,098)	(37,467)
- Interest accrual	(73,785)	(46,459)	(23,664)	(17,671)
- Intercompany interest expense	(26,073)	(46,891)	(3,466)	(19,796)
- Derivative instruments	(209,029)	-	(189,168)	-
- Accruals of bond interest	(30,790)	-	(13,932)	-
- Operational rent interest	(16,149)	-	(5,868)	-
Other	(34,903)	(4,149)	(26,078)	(572)
	<b>(534,509)</b>	<b>(175,040)</b>	<b>(331,403)</b>	<b>(89,925)</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 34. Financial Income and Expenses (continued)

Financial Income / Expense (Net)	1 January-30 September 2019	1 January-30 September 2018	1 July-30 September 2019	1 July-30 September 2018
Foreign exchange income / (expense)	(74,850)	(62,965)	(36,246)	(38,891)
- Bonds issued	(54,286)	-	(8,246)	-
- Cash and cash equivalents	28,471	(290)	(2,814)	(174)
- Borrowings	(7,780)	(62,675)	2,834	(38,717)
- Derivative instruments	(41,255)	-	(28,020)	-
Interest income / (expense)	(93,085)	(91,194)	10,061	(36,279)
- Interest accrual	(73,785)	(46,459)	(23,664)	(17,671)
- Bank deposit and borrowings	6,771	522	3,374	158
- Intercompany interest expense	(12,156)	(45,257)	2,516	(18,766)
- Derivative instruments	33,024	-	47,635	-
- Accruals of bond interest	(30,790)	-	(13,932)	-
- Operational rent interest	(16,149)	-	(5,868)	-
Other	741	9,715	(3,341)	4,492
	<b>(167,194)</b>	<b>(144,444)</b>	<b>(29,526)</b>	<b>(70,678)</b>

### 35. Assets Held for Sale

None (31 December 2018: None).

### 36. Taxes on Income

#### 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.

	30 September 2019	31 December 2018
Deferred tax assets	106,501	87,833
Deferred tax liabilities (-)	(17,253)	(18,435)
<b>Deferred tax assets (net)</b>	<b>89,248</b>	<b>69,398</b>



# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 36. Taxes on Income (continued)

#### Deferred tax assets and liabilities (continued)

Temporary Differences	30 September 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	(415,930)	(410,481)
Corporate tax allowance	320,516	303,005
Carry forward tax losses	300,356	224,313
Provision for the cut-off on sales	(3,010)	656
Rediscount of trade receivable and payables and doubtful receivables	4,036	7,197
Employment termination benefits	150,324	132,705
Temporary difference on inventories	77,856	70,695
Other	77,029	52,503
	<b>511,177</b>	<b>380,593</b>

Deferred tax assets and liabilities	30 September 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	(103,469)	(93,897)
Corporate tax allowance	70,513	66,661
Carry forward tax losses	59,993	46,030
Provision for the cut-off on sales	(509)	144
Rediscount of trade receivable and payables and doubtful receivables	888	1,583
Derivative valuation	5,204	-
Employment termination benefits	29,785	25,643
Temporary difference on inventories	16,251	14,569
Other	10,592	8,665
	<b>89,248</b>	<b>69,398</b>

The maturity of carry forward tax losses are as follows:

	30 September 2019	31 December 2018
Within 1 year	-	-
Within 2 years	13,173	2,345
Within 3 years	-	15,611
Within 4 years	37,016	-
Within 5 years	53,089	27,601
Within 10 years	2,741	6,847
Indefinite years	194,336	171,909
	<b>300,356</b>	<b>224,313</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 36. Taxes on Income (continued)

The movements of deferred tax assets and liabilities are as follows:

	30 September 2019	30 September 2018
<b>Beginning of period 1 January</b>	<b>69,398</b>	<b>76,610</b>
Adjustments in accounting policies	2,000	-
Charged to the statement of income	6,792	(2,437)
Charged to other comprehensive statement of income	5,204	183
Currency translation differences	5,854	19,616
	<b>89,248</b>	<b>93,972</b>

### Corporate Tax

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses, if preferred investment allowances and also R&D center incentive) are deducted.

In Turkey, applied corporate tax rate is 22% as of 30 September 2019 (31 December 2018: 22%).

The principal tax rates (%) using to calculate deferred taxes for each country are as follows:

Country	30 September 2019	31 December 2018
Bulgaria	10.0	10.0
Italy (*)	27.9	27.9
Egypt	22.5	22.5
Russia (**)	2.0-20.0	2.0-20.0
Spain	25.0	25.0
America	21.0	21.0
Germany (**)	29.79	15.0
China (***)	25.0	25.0
Netherlands (****)	20.0-25.0	20.0-25.0

(\*) There is a progressive tax rate.

(\*\*) The general tax rate in Russia is 20%, 18% of which is allocated to the "Regional Budget" and 2% to the "General Budget". Since its subsidiaries in Russia's Tatarstan region have been located in Special Economic Zone, so, as a tax, they pay 2% of the profits from their main operations and pay 20% of the profits from the non-core operating income.

(\*\*\*) 15% of tax rate for the profit up to CNY 300.000 and 25% of tax rate for the exceeding portion are applied in China as a tax.

(\*\*\*\*) 20% of tax rate for the profit up to EUR 200.000 and 25% of tax rate for the exceeding portion are applied in Netherlands..

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 36. Taxes on Income (continued)

#### Income Withholding Tax

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

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.

	30 September 2019	31 December 2018
Current tax provision	(327)	17,091
Currency translation differences	1,475	4,252
Prepaid taxes and funds (-)	(1,107)	(19,925)
<b>Tax provision in the financial position</b>	<b>41</b>	<b>1,418</b>

	1 January-30 September 2019	1 January-30 September 2018
Provision for corporate tax for current period	327	(21,340)
Deferred tax income	6,792	(2,437)
<b>Tax provision in the statement of the financial position</b>	<b>7,119</b>	<b>(23,777)</b>

	1 January-30 September 2019	1 January-30 September 2018
Profit before taxation and non-controlling interest	(13,298)	166,086
Effective tax rate	22%	22%
<b>Calculated tax</b>	<b>2,926</b>	<b>(36,539)</b>

#### Tax reconciliation

	1 January-30 September 2019	1 January-30 September 2018
- Non-deductible expenses	(9,032)	(6,770)
- Dividends and other non-taxable income	4,068	6,727
- Carry forward tax losses	5,034	2,766
- Corporate tax allowance	3,852	3,866
- Currency translation differences	(4,436)	(3,686)
- The effect of the foreign companies that have different tax rates	721	9,859
- Other	3,985	-
<b>Tax provision in the statement of income</b>	<b>7,119</b>	<b>(23,777)</b>

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 37. Earnings per Share

<b>Earnings per share</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Average number of shares existing during the period (total value)	224,117	224,117
Net profit for the period attributable to equity holders of the parent	(3,612)	90,242
<b>Earnings per share</b>	<b>0.0161</b>	<b>0.4027</b>
Total comprehensive income attributable to equity holders of the parent	33,298	421,760
<b>Earnings per share obtained from total comprehensive income</b>	<b>0.1486</b>	<b>1.8819</b>

### 38. 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.

As of 30 September 2019, the exact list shows the associated level of our companies that are considered as related parties as listed in alphabetical order as follows:

#### Parent company

<b>Company's name</b>	<b>Registered Company</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 38. Related Party Disclosures (continued)

#### Ultimate parent company's subsidiaries, joint ventures and associates

<u>Company's name</u>	<u>Registered Company</u>
Anadolu Anonim Türk Sigorta A.Ş.	Turkey
Anadolu Hayat Emeklilik Sigorta A.Ş.	Turkey
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	Turkey
Camiş Yatırım Holding A.Ş.	Turkey
Efes Yatırım Holding A.Ş.	Turkey
İş Factoring Finansman Hizmetleri A.Ş.	Turkey
İş Finansal Kiralama A.Ş.	Turkey
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey
İş Koray Tur.Orm.Mad.İnş.Tah.Tic.A.Ş.	Turkey
İş Merkezleri Yönetim Ve İşletim A.Ş.	Turkey
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret Ve İletişim Hizmetleri A.Ş.	Turkey
İş Portföy Yönetimi A.Ş.	Turkey
İş Yatırım Menkul Değerler A.Ş.	Turkey
İş Yatırım Ortaklığı A.Ş.	Turkey
İşbank AG	Turkey
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	Turkey
Kültür Yayınları İş-Türk Ltd. Şti.	Turkey
Milli Reasürans T.A.Ş.	Turkey
Mipaş Mümessillik İth. İhr. Ve Paz. A.Ş.	Turkey
Topkapı Yatırım Holding A.Ş.	Turkey
Trakya Yatırım Holding A.Ş.	Turkey
TSKB Gayrimenkul Değerleme A.Ş.	Turkey
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
Türkiye Sınai Kalkınma Bankası A.Ş.	Turkey
Yatırım Finansman Menkul Değerler A.Ş.	Turkey

#### Subsidiaries' shareholders

<u>Company's name</u>	<u>Registered Company</u>
Denizli Cam San. Vakfı	Turkey
European Bank For Reconstruction and Development ("EBRD")	England

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 38. Related Party Disclosures (continued)

#### Parent company's subsidiaries

Company's name	Registered Company
Anadolu Cam Sanayii A.Ş.	Turkey
Şişecam Bulgaria EOOD	Bulgaria
Şişecam Automotive Bulgaria EAD	Bulgaria
Camiş Ambalaj Sanayii A.Ş.	Turkey
Cam Elyaf Sanayii A.Ş.	Turkey
Şişecam Çevre Sistemleri A.Ş.	Turkey
Çayırova Cam Sanayii A.Ş.	Turkey
Şişecam Dış Ticaret A.Ş.	Turkey
Camiş Elektrik Üretim A.Ş.	Turkey
SC Glass Trading B.V.	Netherlands
Camiş Madencilik A.Ş.	Turkey
OOO Ruscam Glass Packaging Holding	Russia
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey
Şişecam Enerji A.Ş.	Turkey
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Turkey
Şişecam Otomotiv A.Ş.	Turkey
Soda Sanayii A.Ş.	Turkey
Trakya Glass Bulgaria EAD	Bulgaria
Trakya Yenişehir Cam Sanayii A.Ş.	Turkey
Trakya Cam Sanayii A.Ş.	Turkey

#### Deposit and loans from/to related parties:

Deposits held on related parties	30 September 2019	31 December 2018
T. İş Bankası A.Ş.		
- Time deposits	202,786	-
- Demand deposits	30,814	39,507
	<b>233,600</b>	<b>39,507</b>
İşbank AG		
- Demand deposits	42	151
	<b>42</b>	<b>151</b>

#### Due from related parties:

Financial liabilities due to related parties	30 September 2019	31 December 2018
T. Şişe ve Cam Fabr. A.Ş. per financial borrowing	781,507	-
	<b>781,507</b>	<b>-</b>

Trade receivables due from related parties	30 September 2019	31 December 2018
Şişecam Automotive Bulgaria EAD	1,699	825
T. Şişe ve Cam Fabr. A.Ş. per financial borrowing	1,544	1,701
SC Glass Trading B.V.	534	-
Trakya Cam Sanayii A.Ş.	134	-
Anadolu Cam Sanayii A.Ş.	45	690
Other	456	2,106
	<b>4,412</b>	<b>5,322</b>

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 38. Related Party Disclosures (continued)

#### Parent company's subsidiaries ( continued)

Other receivables due from related parties	30 September 2019	31 December 2018
Şişecam Dış Ticaret A.Ş.	29,673	29,260
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	-
Anadolu Cam Sanayii A.Ş.	-	64
Other	609	58
	<b>30,282</b>	<b>29,382</b>

#### Due to related parties:

Trade payables due to related parties	30 September 2019	31 December 2018
Trakya Glass Bulgaria EAD (1)	20,802	23,244
Camiş Ambalaj Sanayii A.Ş.(2)	16,325	19,903
Türkiye Şişe ve Cam Fabrikaları A.Ş.(3)	11,857	8,557
Şişecam Bulgaria EOOD(4)	7,336	6,161
Camiş Elektrik Üretim A.Ş.(5)	4,381	3,980
Şişecam Enerji A.Ş.(6)	2,776	2,431
Camiş Madencilik A.Ş.(8)	1,479	1,140
Anadolu Cam Sanayii A.Ş.(7)	370	-
Other	1,870	2,220
	<b>67,196</b>	<b>67,636</b>

- (1) It consists of purchases of raw material trade payables from Trakya Glass Bulgaria EAD
- (2) It consists of purchases of packaging material trade payables from Camiş Ambalaj Sanayii A.Ş
- (3) It consists of purchases of consultancy service trade payable from Türkiye Şişe ve Cam Fabrikaları A.Ş.
- (4) It consist of purchase of electric trade payables from Camiş Elektrik Üretim A.Ş.
- (5) It consists of purchases of raw material trade payables from Camiş Elektrik Üretim A.Ş.
- (6) It consists of purchases of energy trade payables from Şişecam Enerji A.Ş
- (7) It consists of purchases of raw material trade payables from Anadolu Cam Sanayii A.Ş.
- (8) It consists of purchases of raw material trade payables from Camiş Madencilik A.Ş.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 38. Related Party Disclosures (continued)

<b>Other payables due to related parties (*)</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1,727	353,664
Other	12	44
	<b>1,739</b>	<b>353,708</b>

(\*) 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 30 September 2019, this interest rate has been applied as 1,38% (December 2018: 2.09%).

<b>Interest income from related parties</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	9,561	-
Şişecam Dış Ticaret A.Ş.	4,354	1,601
Anadolu Cam Sanayii A.Ş.	1	31
Other	1	2
	<b>13,917</b>	<b>1,634</b>

<b>Interest expenses to related parties</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	(26,038)	(46,514)
Anadolu Cam Sanayii A.Ş.	(35)	-
Camiş Elektrik Üretim A.Ş.	-	(75)
Camiş Ambalaj Sanayii A.Ş.	-	(125)
Camiş Madencilik A.Ş.	-	(13)
Other	-	(164)
	<b>(26,073)</b>	<b>(46,891)</b>

(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.



# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 38. Related Party Disclosures (continued)

<b>Purchases from related parties</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Camiş Ambalaj Sanayii A.Ş.(1)	(79,799)	(58,434)
Trakya Glass Bulgaria EAD (2)	(85,239)	(57,695)
Soda Sanayii A.Ş.(3)	(11,058)	(3,489)
Camiş Elektrik Üretim A.Ş.(4)	(31,601)	(24,663)
Camiş Madencilik A.Ş.(5)	(20,309)	(16,665)
Şişecam Bulgaria EOOD(6)	(39,849)	(34,708)
Şişecam Enerji A.Ş.	-	(11,017)
Anadolu Cam Sanayii A.Ş.	-	(7,138)
Other	(14,548)	(797)
	<b>(282,403)</b>	<b>(214,606)</b>

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

<b>Net sales to related parties</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Anadolu Cam Sanayii A.Ş.	190	30
Trakya Glass Bulgaria EAD	3,315	135
Şişecam Automotive Bulgaria EAD	2,973	-
Trakya Cam Sanayii A.Ş.	57	31
Şişecam Çevre Sistemleri A.Ş.	513	-
Türkiye Şişe ve Cam Fabrikaları A.Ş.	877	31
Other	41	1,218
	<b>7,966</b>	<b>1,445</b>

<b>Other income from related parties</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	4,006	5
OOO Ruscam	192	-
Trakya Cam Sanayii A.Ş.	106	-
Camiş Ambalaj Sanayii A.Ş.	70	-
Şişecam Otomotiv A.Ş.	78	58
Other	32	-
	<b>4,484</b>	<b>63</b>

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 38. Related Party Disclosures (continued)

<b>Other expense from related parties</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	(41,917)	(28,593)
Şişecam Dış Ticaret A.Ş.	(2,989)	-
Anadolu Cam Sanayii A.Ş.	(2,091)	(2,132)
Trakya Cam Sanayii A.Ş.	(602)	(800)
OOO Ruscam Glass Packaging Holding	(59)	(51)
Çayırova Cam Sanayii A.Ş.	(55)	(269)
Camiş Ambalaj Sanayii A.Ş.	-	(8)
	<b>(47,713)</b>	<b>(31,853)</b>

  

<b>Benefits provided to key management</b>	<b>1 January-30 September 2019</b>	<b>1 January-30 September 2018</b>
Parent company	2,242	2,457
Consolidated entities	3,030	3,946
	<b>5,272</b>	<b>6,403</b>

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 - 30 September 2019 and 1 January - 30 September 2018.

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. 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 28.

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

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

As of 30 September 2019 and 31 December 2018 the Group's net debt / total equity ratios are as follows:

	30 September 2019	31 December 2018
Financial liabilities and trade payables	2,074,720	969,170
Less: Cash and cash equivalents	(303,695)	(88,106)
<b>Net debt</b>	<b>1,771,025</b>	<b>881,064</b>
<b>Total equity</b>	<b>2,168,747</b>	<b>2,141,416</b>
<b>Net debt / total equity ratio</b>	<b>81.7%</b>	<b>41.1%</b>

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

#### b) Financial Risk Factors

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

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

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

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

---

### 39. Financial Instruments and Financial Risk Management (continued)

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

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

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

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

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

Credit risks exposed through types of financial instruments	Receivables				Cash and Cash Equivalents	Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
<b>Maximum credit risk exposed as of balance sheet date 30 September 2019 (*) (A+B+C+D+E)</b>	<b>4,412</b>	<b>724,120</b>	<b>30,282</b>	<b>5,221</b>	<b>303,467</b>	<b>498,256</b>
- The part of maximum risk under guarantee with collaterals, etc	-	(322,826)	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	4,412	572,738	30,282	5,221	303,868	498,256
- The part under guarantee with collaterals, etc	-	(288,975)	-	-	-	-
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	-	151,382	-	-	-	-
- The part under guarantee with collaterals, etc,	-	(33,851)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(401)	-
- Past due (gross carrying amount)	-	23,684	-	-	-	-
- Impairment (-)	-	(23,684)	-	-	(401)	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. 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 cash equivalents	Financial derivatives
	Related parties	Third parties	Related parties	Third parties		
<b>Credit risks exposed through types of financial instruments</b>						
<b>Maximum credit risk exposed as of balance sheet date 31 December 2018 (*) (A+B+C+D+E)</b>	<b>5,322</b>	<b>652,808</b>	<b>29,382</b>	<b>4,023</b>	<b>87,864</b>	<b>-</b>
- The part of maximum risk under guarantee with collaterals, etc.	-	(272,781)	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	5,322	544,776	29,382	4,023	87,864	-
- The part under guarantee with collaterals, etc.	-	(243,682)	-	-	-	-
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	-	108,032	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(29,099)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	34,398	-	-	-	-
- Impairment (-)	-	(34,399)	-	-	-	-
- 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.

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

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

Guarantees received from the customers are as follows:

	30 September 2019	31 December 2018
Letters of guarantee	65,598	46,687
Direct debit system	110,388	87,148
Mortgages	40,801	29,133
Other	106,039	109,813
	<b>322,826</b>	<b>272,781</b>

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

	30 September 2019	31 December 2018
1-30 days overdue	61,312	46,328
1-3 months overdue	32,776	25,497
3-12 months overdue	4,228	6,943
1-5 years overdue	53,066	29,263
<b>Total overdue receivables</b>	<b>151,382</b>	<b>108,031</b>
<b>The part secured with guarantee, etc, (-)</b>	<b>33,851</b>	<b>29,099</b>

##### b.2) Liquidity Risk Management

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

##### Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

#### b.2) Liquidity Risk Management(continued)

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

30 September 2019						
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	885,695	898,944	400,649	261,243	149,942	87,110
Trade payables	200,970	202,120	197,106	3,677	694	643
Operating lease obligations	137,082	224,334	11,991	-	30,764	181,579
Bonds issued	783,778	1,149,552	-	27,532	27,532	1,094,489
Due to related parties	68,935	68,935	48,036	6,896	10,656	3,347
Other payables	169	169	96	47	26	-
<b>Total liabilities</b>	<b>2,076,629</b>	<b>2,544,054</b>	<b>657,878</b>	<b>299,395</b>	<b>219,614</b>	<b>1,367,168</b>

31 December 2018						
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	921,908	944,952	621,083	158,720	165,149	-
Trade payables	204,023	205,901	205,250	-	651	-
Due to related parties	421,344	421,344	131,862	109,135	164,285	16,062
Other payables	316	1,798	752	1,046	-	-
<b>Total liabilities</b>	<b>1,547,591</b>	<b>1,573,995</b>	<b>958,947</b>	<b>268,901</b>	<b>330,085</b>	<b>16,062</b>



# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

---

### 39. Financial Instruments and Financial Risk Management (continued)

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

##### b.3) Market Risk Management

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

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

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:

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

#### b.3) Market Risk Management (continued)

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

		Foreign Currency Position as of 30 September 2019			
		TRY Equivalent	USD	EUR	TRY Equivalent of Other Currencies
1.	Trade receivables	809,536	85,827	34,468	110,696
2a.	Monetary financial assets (cash and bank accounts included)	226,683	36,984	1,840	6,009
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	11,751	610	1,068	1,695
<b>4.</b>	<b>Current Assets (1+2+3)</b>	<b>1,047,970</b>	<b>123,421</b>	<b>37,376</b>	<b>118,400</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
<b>8.</b>	<b>Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total Assets (4+8)</b>	<b>1,047,970</b>	<b>123,421</b>	<b>37,376</b>	<b>118,400</b>
10.	Trade payables	400,617	54,586	9,712	31,654
11.	Financial liabilities	68,519	5,815	5,759	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	2,519	208	217	-
<b>13.</b>	<b>Current Liabilities (10+11+12)</b>	<b>471,655</b>	<b>60,609</b>	<b>15,688</b>	<b>31,654</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	781,505	138,097	-	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-Current Liabilities (14+15+16)</b>	<b>781,505</b>	<b>138,097</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>Total Liabilities (13+17)</b>	<b>1,253,160</b>	<b>198,706</b>	<b>15,688</b>	<b>31,654</b>
19.	Net assets of off balance sheet derivative items / (liability) position (19a-19b)	571.227	130.396	(26.958)	-
19a.	Total amount of assets hedged	737.924	130.396	-	-
19b.	Total amount of liabilities hedged	166.695	-	26.958	-
<b>20.</b>	<b>Net foreign currency asset / (liability) position (9-18+19)</b>	<b>366.037</b>	<b>55.111</b>	<b>(5.270)</b>	<b>86.746</b>
<b>21.</b>	<b>Net foreign currency asset / (liability)/(position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a))</b>	<b>(214.422)</b>	<b>(75.687)</b>	<b>20.837</b>	<b>85.051</b>
22.	Fair value of derivative instruments used in foreign currency hedge	68,667	12,134	-	-
23.	Export	1,428,524	80,305	139,914	108,898
24.	Import	483,694	16,315	39,790	145,320

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

#### b.3) Market Risk Management (continued)

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

		Foreign Currency Position as of 31 December 2018			
		TRY Equivalent	USD	EUR	TRY Equivalents of other currencies
1.	Trade receivables	311,270	23,473	24,276	41,445
2a.	Monetary financial assets (cash and bank accounts included)	25,797	792	1,942	9,924
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	9,123	1,168	295	1,200
<b>4.</b>	<b>Current assets (1+2+3)</b>	<b>346,190</b>	<b>25,433</b>	<b>26,513</b>	<b>52,569</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
<b>8.</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total assets (4+8)</b>	<b>346,190</b>	<b>25,433</b>	<b>26,513</b>	<b>52,569</b>
10.	Trade payables	73,997	7,662	5,170	2,523
11.	Financial liabilities	73,571	5,761	7,177	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	4,220	384	365	-
<b>13.</b>	<b>Current liabilities (10+11+12)</b>	<b>151,788</b>	<b>13,807</b>	<b>12,712</b>	<b>2,523</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	32,252	2,857	2,857	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current liabilities (14+15+16)</b>	<b>32,252</b>	<b>2,857</b>	<b>2,857</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities (13+17)</b>	<b>184,040</b>	<b>16,664</b>	<b>15,569</b>	<b>2,523</b>
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	-	-	-	-
<b>20.</b>	<b>Net foreign currency asset / (liability)position (9-18+19)</b>	<b>162,150</b>	<b>8,769</b>	<b>10,944</b>	<b>50,046</b>
<b>21.</b>	<b>Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>157,247</b>	<b>7,985</b>	<b>11,014</b>	<b>48,846</b>
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	1,559,208	80,366	168,774	119,041
24.	Import	878,135	27,068	67,958	326,082

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

#### b.3) Market Risk Management (continued)

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

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

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

#### Foreign currency sensitivity

	30 September 2019			
	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	(42,832)	42,832	116	(116)
2- USD hedged from risks (-)	73,793	(73,793)	-	-
<b>3- USD net effect (1+2)</b>	<b>30,961</b>	<b>(30,961)</b>	<b>116</b>	<b>(116)</b>
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	12,885	(12,885)	176,739	(176.739)
5- EUR hedged from risks (-)	(16,670)	16.670	-	-
<b>6- EUR net effect (4+5)</b>	<b>(3.785)</b>	<b>3.785</b>	<b>176,739</b>	<b>(176.739)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	17,663	(17,663)	27,143	(27.143)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>17,663</b>	<b>(17,663)</b>	<b>27,143</b>	<b>(27.143)</b>
<b>Total (3+6+9)</b>	<b>44,839</b>	<b>(44,839)</b>	<b>203,998</b>	<b>(203,998)</b>

(\*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

#### b.3) Market Risk Management (continued)

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

##### *Foreign currency sensitivity (continued)*

	31 December 2018			
	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	4,201	(4,201)	56	(56)
2- USD hedged from risks (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>4,201</b>	<b>(4,201)</b>	<b>56</b>	<b>(56)</b>
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	6,639	(6,639)	137,424	(137.424)
5- EUR hedged from risks (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>6,639</b>	<b>(6,639)</b>	<b>137,424</b>	<b>(137.424)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	11,696	(11,696)	22,435	(22.435)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>11,696</b>	<b>(11,696)</b>	<b>22,435</b>	<b>(22.435)</b>
<b>Total (3+6+9)</b>	<b>22,536</b>	<b>(22,536)</b>	<b>159,915</b>	<b>(159,915)</b>

(\*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

#### b.3.2) Interest Rate Risk Management

The Group's exposure to interest rate risk is related to its financial liabilities. Based on floating interest rate of the current balance sheet composition and analysis calculated by the Group, as of 30 September 2019 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 3,877 thousand TRY (31 December 2018: 1,678 thousand TRY).

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

### 39. Financial Instruments and Financial Risk Management (continued)

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

#### b.3) Market Risk Management (continued)

#### b.3.2) Interest Rate Risk Management (continued)

##### Interest rate sensitivity

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

30 September 2019				
	Floating Interest	Fixed Interest	Non-interest Bearing	Total
<b>Financial Assets</b>	<b>3,013</b>	<b>980,987</b>	<b>84,131</b>	<b>1,068,131</b>
Cash and cash equivalents	-	219,564	84,131	303,695
Trade receivables	-	724,120	-	724,120
Due from related parties	-	34,694	-	34,694
Other receivables	3,013	2,609	-	5,622
<b>Financial liabilities</b>	<b>308,699</b>	<b>845,817</b>	<b>2,066</b>	<b>1,155,769</b>
Bank borrowings	308,699	574,947	2,049	885,695
Trade payables	-	200,970	-	200,970
Due to related parties	-	68,935	-	68,935
Other payables	-	152	17	169
31 December 2018				
	Floating Interest	Fixed Interest	Non-interest Bearing	Total
<b>Financial Assets</b>	<b>-</b>	<b>697,555</b>	<b>82,724</b>	<b>780,279</b>
Cash and cash equivalents	-	5,546	82,560	88,106
Financial investments	-	-	164	164
Trade receivables	-	652,808	-	652,808
Due from related parties	-	34,704	-	34,704
Other receivables	-	4,497	-	4,497
<b>Financial liabilities</b>	<b>336,176</b>	<b>1,165,524</b>	<b>45,891</b>	<b>1,547,591</b>
Bank borrowings	336,176	539,841	45,891	921,908
Trade payables	-	204,023	-	204,023
Due to related parties	-	421,344	-	421,344
Other payables	-	316	-	316

# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

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

#### Categories of Financial Instruments

30 September 2019	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
<b><u>Financial assets</u></b>						
Cash and cash equivalents	303,695	-	-	-	303,695	6
Derivative instruments	-	-	498,256	-	498,256	12
Trade receivables	-	724,120	-	-	724,120	10
Due from related parties	-	34,694	-	-	34,694	37
Financial investments	-	-	-	-	-	7
<b><u>Financial liabilities</u></b>						
Financial liabilities	885,695	-	-	-	885,695	8
Derivative instruments	-	-	519,424	-	519,424	12
Trade payables	200,970	-	-	-	200,970	10
Due to related parties	68,935	-	-	-	68,935	37

# PAŞABAĞÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

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

#### Categories of Financial Instruments (continued)

31 December 2018	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial Assets or liabilities fair value through profit or loss	Carrying value	Note
<b><u>Financial assets</u></b>						
Cash and cash equivalents	88,106	-	-	-	88,106	6
Trade receivables	-	652,808	-	-	652,808	10
Due from related parties	-	35,704	-	-	34,704	38
Financial investments	-	-	164	-	164	7
<b><u>Financial liabilities</u></b>						
Financial liabilities	921,908	-	-	-	921,908	8
Trade payables	204,023	-	-	-	204,023	10
Due to related parties	421,344	-	-	-	421,344	38

#### Fair Value of Financial Instruments

##### 30 September 2019

Financial assets	Total	Category 1	Category 2	Category 3
Derivative instruments	498,256	-	498,256	-
<b>Total</b>	<b>498,256</b>	<b>-</b>	<b>498,256</b>	<b>-</b>

##### 30 September 2019

Financial liabilities	Total	Category 1	Category 2	Category 3
Derivative instruments	519,424	-	519,424	-
<b>Total</b>	<b>519,424</b>	<b>-</b>	<b>519,424</b>	<b>-</b>



# PAŞABAHÇE CAM SANAYİİ ve TİCARET A.Ş.

## Notes to the Consolidated Financial Statements at 1 January - 30 September 2019

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

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

#### Categories of Financial Instruments (continued)

Financial assets	31 December 2018			
	Total	Category 1	Category 2	Category 3
Financial assets available for sale	164	-	-	164
<b>Total</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>164</b>

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

Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes;

Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes;

Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

### 41. Events after the Balance Sheet Date

None.

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

None.