

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS  
AT 31 DECEMBER 2016  
TOGETHER WITH AUDITOR'S REPORT  
(ORIGINALLY ISSUED IN TURKISH)**

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

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# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016 AND 31 DECEMBER 2015

ASSETS	Notes	31 December 2016	31 December 2015
<b>Current Assets</b>		<b>29.657.691</b>	<b>28.725.872</b>
Cash and Cash Equivalents	6	56.136	228.745
Trade Receivables	10,37	8.159.731	10.057.605
- <i>Due From Related Parties</i>	37	3.021.248	4.190.737
- <i>Other Trade Receivables</i>	10	5.138.483	5.866.868
Other Receivables	11,37	1.700.714	472.232
- <i>Due From Related Parties</i>	37	1.656.713	417.448
- <i>Other Receivables</i>	11	44.001	54.784
Inventories	13	19.259.971	17.117.227
Prepaid Expenses	14	291.213	835.083
Other Current Assets	26	189.926	14.980
<b>Non-current Assets</b>		<b>67.656.726</b>	<b>59.766.461</b>
Financial assets	7	16.671	706.905
Investments Accounted For Under Equity Accounting	16	9.424.362	9.598.797
Tangible Assets	18	53.585.259	48.197.997
- <i>Other Tangible Assets</i>	18	53.585.259	48.197.997
Intangible Assets	19	80.908	113.914
- <i>Other Intangible Assets</i>	19	80.908	113.914
Deferred Tax Assets	35	4.549.526	1.148.848
<b>TOTAL ASSETS</b>		<b>97.314.417</b>	<b>88.492.333</b>

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

**DENİZLİ CAM SANAYİ VE TİCARET A.Ş.****STATEMENT OF FINANCIAL POSITION AT  
31 DECEMBER 2016 AND 31 DECEMBER 2015**

<b>LIABILITIES</b>	<b>Notes</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>Current Liabilities</b>		<b>37.117.000</b>	<b>17.336.425</b>
Short Term Borrowings	8	621	5.341
Trade Payables	10,37	4.737.058	4.622.895
- <i>Due to Related Parties</i>	37	1.657.216	785.538
- <i>Other Trade Payables</i>	10	3.079.842	3.837.357
Liabilities For Employee Benefits	24	797.038	804.279
Other Payables	11,37	28.619.895	9.060.211
- <i>Due to Related Parties</i>	37	28.574.526	9.016.779
- <i>Other Payables</i>	11	45.369	43.432
Deferred Income	14	688.427	975.672
Short Term Provisions	24	404.309	557.633
- <i>Provisions For Employee Benefits</i>	24	404.309	557.633
Other Current Liabilities	26	1.869.652	1.310.394
<b>Non-current Liabilities</b>		<b>5.314.400</b>	<b>6.886.030</b>
Long-term Provisions For Employment Benefits	24	5.314.400	6.886.030
<b>EQUITY</b>	<b>27</b>	<b>54.883.017</b>	<b>64.269.878</b>
<b>Equity Holders of the Parent</b>	<b>27</b>	<b>54.883.017</b>	<b>64.269.878</b>
Paid-in Share Capital		6.000.000	6.000.000
Adjustments to Share Capital		20.891.542	20.891.542
Share Premium		9.052	9.052
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		32.208.554	32.051.006
- <i>Revaluation gain/(loss) on tangible assets</i>		32.426.686	32.426.686
- <i>Funds for Actuarial Gain/(Loss) on Employee Benefits</i>	(218.132)	(375.680)	
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		-	628.221
- <i>Financial Asset Revaluation Fund</i>		-	628.221
Restricted Reserves		699.583	699.583
Previous Years' Profits		3.990.474	1.805.168
Net Profit for the Period		(8.916.188)	2.185.306
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>97.314.417</b>	<b>88.492.333</b>

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

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
Revenue	28	64.202.412	76.495.859
Cost of Sales (-)	28	(60.865.693)	(61.711.221)
<b>Gross Profit from Trading Activity</b>		<b>3.336.719</b>	<b>14.784.638</b>
General Administrative Expenses (-)	29,30	(10.103.403)	(8.476.853)
Marketing Expenses (-)	29,30	(4.449.479)	(4.717.883)
Research and Development Expenses (-)	29,30	(594.190)	(326.507)
Other Operating Income	31	1.489.554	2.888.522
Other Operating Expenses (-)	31	(794.230)	(1.681.832)
<b>Operating (Loss)/Profit</b>		<b>(11.115.029)</b>	<b>2.470.085</b>
Income From Investing Activities	32	1.003.062	45.980
Expenses From Investing Activities	32	(21.630)	(27.187)
Income from investments in associates	16	(56.190)	1.264.216
<b>Operating Profit/(Loss) Before Financial Income and Expense</b>		<b>(10.189.787)</b>	<b>3.753.094</b>
Financial Income	33	356.655	1.295.276
Financial Expenses (-)	33	(2.490.057)	(2.715.494)
<b>Profit/ (Loss) Before Tax From Continued Operations</b>		<b>(12.323.189)</b>	<b>2.332.876</b>
<b>Tax Income From Continued Operations</b>	<b>35</b>	<b>3.407.001</b>	<b>(147.570)</b>
- Deferred Tax Income	35	3.407.001	(147.570)
<b>Profit/ (Loss) for the Period</b>		<b>(8.916.188)</b>	<b>2.185.306</b>
<b>Term Profit Distribution</b>			
<b>Equity Holders of the Parent</b>	<b>27</b>	<b>(8.916.188)</b>	<b>2.185.306</b>
<b>Profit/Loss per 100 Items Share</b>	<b>36</b>	<b>(1,486)</b>	<b>0,364</b>

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

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
<b>(Loss)/Profit for the Period</b>	<b>27</b>	<b>(8.916.188)</b>	<b>2.185.306</b>
<b>Other Comprehensive Income/(Expenses)</b>			
<b>Items not to be Reclassified to Profit or Loss</b>	<b>27</b>	<b>157.548</b>	<b>32.767.111</b>
Revaluation of Investment Properties Gains/(Losses)		-	34.909.901
Funds for actuarial gain/loss on employee termination benefits		196.935	425.531
Deferred tax loss		(39.387)	(2.568.321)
<b>Items to be Reclassified to Profit/(Loss)</b>	<b>27</b>	<b>(628.221)</b>	<b>146.464</b>
Fair value gain on available for sale financial assets		(661.285)	154.173
Deferred tax loss		33.064	(7.709)
<b>Other Comprehensive Income/ (Loss)</b>		<b>(470.673)</b>	<b>32.913.575</b>
<b>Total Comprehensive (Loss)/Income</b>		<b>(9.386.861)</b>	<b>35.098.881</b>
<b>Attributable to</b>			
- Non-controlling interest		-	-
- Equity holders of the parent		(9.386.861)	35.098.881
<b>Loss per 100 items share</b>	<b>36</b>	<b>(1,564)</b>	<b>5,850</b>

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

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR END 31 DECEMBER 2016 AND 31 DECEMBER 2015

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

	Paid-in Share Capital	Adjustments to Share Capital	Treasury Shares	Share Premium	Other Comprehensive Income not to be Reclassified to Profit or Loss		Other Comprehensive Income to be reclassified to Profit or Loss			Retained Earning		Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
					Revaluation Funds	Other Gains/ (Losses)	Currency Translation Differences	Other Gains/ (Losses)	Restricted Reserves	Previous Years Profits	Net Profits (Loss) of the Period			
<b>Balance at 1 January 2015</b>	<b>6.000.000</b>	<b>20.891.542</b>	-	<b>9.052</b>	-	<b>(716.105)</b>	-	<b>481.757</b>	<b>699.583</b>	<b>536.257</b>	<b>1.268.911</b>	<b>29.170.997</b>	-	<b>29.170.997</b>
Transfers	-	-	-	-	-	-	-	-	-	1.268.911	(1.268.911)	-	-	-
Total comprehensive income	-	-	-	-	32.426.686	340.425	-	146.464	-	-	2.185.306	35.098.881	-	35.098.881
<b>Balance at 31 December 2016</b>	<b>6.000.000</b>	<b>20.891.542</b>	-	<b>9.052</b>	<b>32.426.686</b>	<b>(375.680)</b>	-	<b>628.221</b>	<b>699.583</b>	<b>1.805.168</b>	<b>2.185.306</b>	<b>64.269.878</b>	-	<b>64.269.878</b>

	Paid-in Share Capital	Adjustments to Share Capital	Treasury Shares	Share Premium	Other Comprehensive Income not to be Reclassified to Profit or Loss		Other Comprehensive Income to be reclassified to Profit or Loss			Retained Earning		Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
					Revaluation Funds	Other Gains/ (Losses)	Currency Translation Differences	Other Gains/ (Losses)	Restricted Reserves	Previous Years Profits	Net Profits (Loss) of the Period			
<b>Balance at 1 January 2016</b>	<b>6.000.000</b>	<b>20.891.542</b>	-	<b>9.052</b>	<b>32.426.686</b>	<b>(375.680)</b>	-	<b>628.221</b>	<b>699.583</b>	<b>1.805.168</b>	<b>2.185.306</b>	<b>64.269.878</b>	-	<b>64.269.878</b>
Transfers	-	-	-	-	-	-	-	-	-	2.185.306	(2.185.306)	-	-	-
Total comprehensive income	-	-	-	-	-	157.548	-	(628.221)	-	-	(8.916.188)	(9.386.861)	-	(9.386.861)
<b>Balance at 31 December 2016</b>	<b>6.000.000</b>	<b>20.891.542</b>	-	<b>9.052</b>	<b>32.426.686</b>	<b>(218.132)</b>	-	-	<b>699.583</b>	<b>3.990.474</b>	<b>(8.916.188)</b>	<b>54.883.017</b>	-	<b>54.883.017</b>

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

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

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>8.604.966</b>	<b>2.099.029</b>
Net profit	27	(8.916.188)	2.185.306
<b>Adjustments to reconcile net profit</b>		<b>4.436.998</b>	<b>4.573.111</b>
Depreciation and Amortization	18,19	3.328.178	2.754.050
Adjustments for Impairments/Reversals	7,10,11,13,18,19,20	254.598	1.029.716
Changes in Provisions	22,24	2.986.820	1.724.402
Interest Income and Expenses	31,33	1.934.546	1.271.863
Unrealized Exchange Loss/ (Gain) on Cash and Cash Equivalents	31,33	(674.202)	(1.071.481)
Income from associates (net)	16	56.190	(1.264.216)
Adjustments From Tax Income/ Losses	35	(3.407.001)	147.570
Gain/ Losses From Sales of Tangible Assets	32	21.630	947
Adjustments Related to Profit Share (Income)	32	(63.761)	(19.740)
<b>Changes in net working capital</b>		<b>19.452.651</b>	<b>(1.329.648)</b>
Increases/decreases in Inventories	3,13	(2.142.744)	3.646.029
Increases/decreases in Trade Receivables	3,10	2.534.783	4.836.903
Increases/decreases in Other Receivables	3,11,37	(1.228.482)	1.311.887
Increases/decreases in Trade Payables	3,10	95.714	(135.336)
Increases/decreases in Other Payables	3,11,14,26,37	19.265.198	(10.228.093)
Other Increases/Decreases in Net Working Capital	3,14,26	928.182	(761.038)
<b>Cash Flows From Operating Activities</b>		<b>14.973.461</b>	<b>5.428.769</b>
Interest Paid	8,31,33,37	(2.162.714)	(1.337.437)
Interest Received	31,33,37	223.877	65.574
Employment Termination Benefits Paid	24	(4.429.658)	(2.057.877)

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



# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(8.578.290)</b>	<b>(1.677.196)</b>
Proceeds from sale of tangible and intangible assets	18,19,32	(18.820)	125.266
Purchases of tangible and intangible assets	18,19	(8.685.244)	(3.022.202)
Cash inflows from the sale of shares in other entities or funds or debt instruments	7,16,32	62.013	-
Dividend income	16	63.761	1.219.740
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		<b>(4.720)</b>	<b>(379.478)</b>
Proceeds from borrowings	8	621	5.341
Repayments of borrowings	8	(5.341)	(384.819)
<b>NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>			
		<b>21.956</b>	<b>42.355</b>
<b>D, EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS</b>			
		<b>(194.565)</b>	<b>(148.355)</b>
Foreign exchange gain/ (loss) on cash and cash equivalents	31,33	(194.565)	(148.355)
<b>NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>			
		<b>(172.609)</b>	<b>(106.000)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
	<b>6</b>	<b>228.745</b>	<b>334.745</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>			
	<b>6</b>	<b>56.136</b>	<b>228.745</b>

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

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 1. Company’s Organizations and Nature of Operations

Denizli Cam Sanayii ve Ticaret A.Ş. (the “Company”) was established on 9 October 1973 by the participation of 215 real co-founders. The Company produces glass rod used in the production of luster stone, crystal glasswares and handmade (labor-intensive production) style of glasswares produced with soda glass by 2 furnaces established on an indoor space with a size of 26.400 m<sup>2</sup> located in a land with a size of 116.224 m<sup>2</sup>. The Company was acquired by Türkiye Şişe ve Cam Fabrikaları A.Ş. (“Şişecam”) on 2 February 1994.

The Company performs the domestic sale and distribution of most of its products through one of Şişecam group companies, Paşabahçe Cam Sanayi Ticaret A.Ş. (“Paşabahçe Cam”) and the foreign sale and distribution of the products by the agency of another Şişecam group company, Şişecam Dış Ticaret A.Ş. (“Şişecam Dış Ticaret”).

The shares equivalent of 42.32% (2013: 39.91%) of the Company’s paid-in capital are publicly traded on Borsa İstanbul A.Ş. (BİST), formerly named as Istanbul Stock Exchange (“ISE”). The parent of the Company is Şişecam by holding the shares by 26.09% (2013: 26.09%) (Note 27). The ultimate parent of the Company is Türkiye İş Bankası A.Ş. (“İş Bankası”). The Company does not have activities subject to seasonal characteristics that may have significant impact on the Company’s financial statements, due to the sector it operates.

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

Bahçelievler Mahallesi  
4013 Sokak No:10/ Denizli / Türkiye

Telephone Number: + 90 (258) 295 40 00  
Facsimile: + 90 (258) 377 24 79  
<http://www.denizlicam.com.tr>

### Trade Register Information of the Company

Registered at: Denizli Ticaret Sicil Memurluğu  
Registry no: 3407  
Central Legal Entity Information System: 0292001255300010

### Personnel structure of the Company:

	31 December 2016	31 December 2015
Personnel paid by monthly	76	79
Personnel paid by hourly	583	641
<b>Total</b>	<b>659</b>	<b>720</b>

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 1. Company’s Organization and Nature of Operations (Continued)

The financial statements are not subject to consolidation since the Company does not have any subsidiary. Additionally, the associate has been accounted under equity method.

<u>Associate</u>	<u>Nature of business</u>	<u>Country of registration</u>
Paşabahçe Mağazaları A.Ş.	Selling and marketing	Turkey

The table shows interest shares of subsidiaries between 31 December 2016 and 31 December 2015, as below (Note 16):

<u>Company’s Name</u>	<u>31 December 2016</u>		<u>31 December 2015</u>	
	<u>Direct and indirect ownership (%)</u>	<u>Effective ownership (%)</u>	<u>Direct and indirect ownership (%)</u>	<u>Effective ownership (%)</u>
Paşabahçe Mağazaları A.Ş.	19,32	19,32	20,00	20,00

### 2. Basis of Presentation of Financial Statements

#### 2.1 Basis of Presentation

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

The financial statements of the Company are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations

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

The Company 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. The financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

#### Functional Currency

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

#### Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB’s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied in the accompanying financial statements.

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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### 2. Basis of Presentation of Financial Statements

#### 2.1 Basis of Presentation

##### Going Concern

The financial statements including accounts of the Company and its associate have been prepared assuming that the Company 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 Company’s financial statements 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 period financial statements.

##### Associates

The financial statements are not subject to consolidation since the Company does not have any subsidiary. Additionally, the associate has been accounted under equity method. Associates are companies in which the Company has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised.

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

The Company’s associate, Paşabahçe Mağazaları A.Ş. (“Paşabahçe Mağazaları”) operates in retail and marketing of glasswares in the domestic market (Note 1).

Since income/loss from investment in associates and joint ventures is related with the Company’s main operations, they are presented under “Operating Profit” in the statement of profit or loss.

#### 2.2 Statement of Compliance to TAS

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

#### 2.3 Significant Changes in the Accounting Policies

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

**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016**

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

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

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

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these financial statements for the period ended 31 December 2014 are consistent with those used in the preparation of financial statements for the year ended 31 December 2013.

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

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

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

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

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

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

## DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

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

- Amendments to TFRS 10, ‘Consolidated financial statements’ and IAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
  - TFRS 5, Non-current assets held for sale and discontinued operations’ regarding methods of disposal
  - TFRS 7, Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts
  - TAS 19, Employee benefits’ regarding discount rates
  - TAS 34, Interim financial reporting’ regarding disclosure of information.
- TAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements.
- TFRS 10 "Consolidated Financial Statements" and TAS 28 "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities.

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

- Amendments to TAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments TAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016**

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

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

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

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

- Amendments to IFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Amendment to IFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- IFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 16 ‘Leases’, effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendments to IFRS 4 ‘Insurance contracts’ regarding the Implementation of IFRS 9 ‘Financial Instruments’, effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and,
  - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

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

- Amendment to TAS 40, ‘Investment property’ relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:
  - TFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
  - TFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
  - TAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- IFRIC 22, ‘Foreign currency transactions and advance consideration’, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This standard is not expected to have a significant effect on the financial position and performance of the Group.

#### 2.6 Summary of Significant Accounting Policies

##### Revenue recognition

Revenues are recognized on an accrual basis at the fair values of consideration received or receivable incurred or to be incurred. Net sales represent the invoiced value of trading goods and services given, less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as operating income (Note 28 and Note 31).

##### Sales of Goods

The Company’s sales consist of glass rod and household glassware. Revenue obtained from the sales of the goods is accounted for when the conditions below are met:

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

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

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

##### Revenue recognition (Continued)



# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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### Interest Income

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

### Dividend Income

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

### **Inventories**

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, 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 other stocks (Note 13).

### **Property, plant and equipment**

Land, buildings and buildings are accounted for using the net revaluation model. This amendment to accounting policy has been applied starting from the financial statements dated 31 December 2015.

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

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

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

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

	<u>Useful Life</u>
Buildings	10-50 years
Land improvements	8-50 years
Machinery and equipment	3-25 years
Motor vehicles	3-15 years
Furniture and fixtures	2-20 years
Other tangible assets	4-15 years

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

##### Property, plant and equipment (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 Company 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 related operating income or expense line item and are determined as the difference between the carrying value and amounts received.

##### Intangible assets

###### Intangible assets acquired

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

###### Computer software

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

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

###### Development Costs

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis in five years. Expense of current period amortisation and depreciation are recognized with cost of goods sold and operational expenses (Note 28 and Note 30).

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

**2.6 Summary of Significant Accounting Policies (Continued)**

**Impairment of Assets**

The carrying amounts of the Company’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 Company 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 financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

**Borrowing costs**

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

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

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

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

**Related Parties**

For the purpose of these financial statements, shareholders, key management personnel and Board members, in each case together with the companies controlled by/or affiliated with them and the companies which has an important activities and the subsidiaries which are nonconsolidated ,are considered and referred to as related parties (Note 37).

**Offsetting**

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are Companyed 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.

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

##### Financial assets

###### Classification

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

###### Receivables

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

###### Available-for-sale financial assets

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

###### Held to maturity financial assets

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

###### Recognition and measurement

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

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

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

**2.6 Summary of Significant Accounting Policies (Continued)**

**Financial assets (Continued)**

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

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

**Trade receivables**

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

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

##### **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).

##### **Foreign Currency Transactions**

The financial statements of Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of financial statements, the results and financial position of company’s are expressed in Turkish Lira (“TRY”), which is the functional currency of the Company.

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

The entities which have been recorded as foreign currency obtained from non-monetary sources and which have been monitored by their real market values, are exchanged into Turkish Liras based on the currency exchange rates on the date of the above mentioned real market value currency exchange rate. The non-monetary sources which are calculated in terms of time value and are set in the foreign currency unit will not be exchanged. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rates.

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

##### Earnings per Share

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

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

##### Events after the Reporting Period

The Company 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 financial statements.

##### Provisions, Contingent Assets and Liabilities

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

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

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

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

##### Segment Reporting

The company which is registered and operating in Turkey is engaged in the production of hand-made crystal ware, glass stick and other hand-made products. Methods utilized in the operations of the Company, qualification of the products and economical features, production processes, classification according to the customers’ risks and distribution of the products are similar. Additionally, organization structure of the Company is established to manage all different operations collectively through only one management instead of managing all different operations through their own management. For that reason, all operations of the company will be evaluated as one operation and the activity reports; sources to be allocated for these different activities and their performances will be evaluated accordingly under these circumstances.

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

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

##### Current and deferred income tax

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

The current period Company's tax income and the activities appreciates with an equity method, are calculated 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 either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

##### Employee Benefits

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

##### Statement of Cash Flows

The Company 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 Company's activities.

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

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



# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

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

##### Dividends

Dividend income is recognized by the Company at the date the right to collect the dividend is realized. Dividend payables are recognized in the period profit distribution is declared.

#### 2.7 Significant Accounting Estimates and Assumptions

##### Deferred Taxes

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

As a result of the assessment, the temporary differences as of 31 December 2016 that are arising from the tax allowances and can be used as long as the tax allowances continue. As of 31 December 2016, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY4.549.526 (2013: TRY1.148.848) (Note 35).

##### Net Realizable Value of Inventories

As mentioned in Note 2, stocks are evaluated according to their net realizable value or lower than their cost value. The administration, in the calculation of value drops has predicted the predicted sales price that will occur within the regular commercial activities and the sales costs required for realizing the sales. In accordance with the predictions, the stocks total value has been decreased to TRY503.579 (2013:TRY503.579) and this amount has been accounted within the sold products' costs (Note 13).

### 3. Business Combinations

None (2015: None).

### 4. Interests in Other Entities

The Company's associate, Paşabahçe Mağazaları, has been accounted under equity method in accordance with TAS-28 "Investments in Associates" and the explanations related to this associate was presented in Note 16. The title of the associate and its nature of business, country of registration and direct ownership were disclosed in Note 1.

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 5. Segment Reporting

The company which is registered and operating in Turkey is engaged in the production of hand-made crystal ware, glass stick and other hand-made products. Methods utilized in the operations of the Company, qualification of the products and economical features, production processes, classification according to the customers' risks and distribution of the products are similar. Additionally, organization structure of the Company is established to manage all different operations collectively through only one management instead of managing all different operations through their own management. For that reason, all operations of the company will be evaluated as one operation and the activity reports; sources to be allocated for these different activities and their performances will be evaluated accordingly under these circumstances.

### 6. Cash and Cash Equivalents

	31 December 2016	31 December 2015
Cash on hand	37	1.877
Cash on hand	56.099	226.868
- Demand deposits	56.099	226.868
	<b>56.136</b>	<b>228.745</b>

#### Demand deposits

Currency	Interest rate (%)	Maturity	31 December 2016	31 December 2015
American Dollar	-	-	6.278	101.435
EURO	-	-	22.728	66.366
British Pound	-	-	857	36.550
TRY	-	-	26.236	22.517
			<b>56.099</b>	<b>226.868</b>

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

	31 December 2016	31 December 2015
Cash and cash equivalents	56.136	228.745
	<b>56.136</b>	<b>228.745</b>

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 7. Financial Assets

Available for Sale Financial Assets	31 December 2016	31 December 2015
Financial investments not traded in an active market	16.671	16.671
Financial investments carried at market price	-	690.234
	<b>16.671</b>	<b>706.905</b>

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

	31 December 2016	31 December 2015
1 January	706.905	552.732
Change in fair value	(40.381)	154.173
Available for sale financial assets	(649.853)	-
	<b>16.671</b>	<b>706.905</b>

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

Financial assets not traded in an active market	Share (%)	31 December 2016	Share (%)	31 December 2015
Camiş Elektrik A.Ş.	<1	16.671	<1	16.671

### 8. Borrowings

Current financial liabilities	31 December 2016	31 December 2015
Short term borrowings	621	5.341
<b>Total current financial liabilities</b>	<b>621</b>	<b>5.341</b>

As of the balance sheet date, risk of changes in interest rates on loans and contractual repricing dates of the Company as follows

Repricing periods for loans	31 December 2016	31 December 2015
3 months and shorter	621	5.341
3 months to 12 months	-	-
	<b>621</b>	<b>5.341</b>

The impact of discounting is not significant due to given interest rates for short-term loans and their carrying values approximate their fair values. The fair values are determined using the weighted average effective annual interest rates.

## DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

#### 8. Borrowings (Continued)

Financial liabilities movements for the period 1 January and 31 December 2016 are summarized as below:

<b>Bank Borrowings</b>	<b>Principal</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
1 January 2016	5.341	-	-	5.341
Additions-provisions for the period	621	-	-	621
Payments-reversed provision for the period	(5.341)	-	-	(5.341)
<b>31 December 2016</b>	<b>621</b>	<b>-</b>	<b>-</b>	<b>621</b>

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

<b>Bank Borrowings</b>	<b>Principal</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
1 January 2015	384.819	-	-	384.819
Additions-provisions for the period	5.341	-	-	5.341
Payments-reversed provision for the period	(384.819)	-	-	(384.819)
<b>31 December 2015</b>	<b>5.341</b>	<b>-</b>	<b>-</b>	<b>5.341</b>

Short term bank borrowings are summarized as below:

#### **31 December 2016**

<b>Currency</b>	<b>Maturity</b>	<b>Interest rate (%)</b>	<b>Short-Term</b>
TRY and others	-	-	621

#### **31 December 2015**

<b>Currency</b>	<b>Maturity</b>	<b>Interest rate (%)</b>	<b>Short-Term</b>
TRY and others	-	-	5.341

#### 9. Other Financial Liabilities

None (31 December 2015: None).

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 10. Trade Receivables and Payables

#### Trade Receivables

<b>Current trade receivables</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Trade receivables	6.186.112	6.899.808
Due to related parties (Note 37)	3.021.248	4.190.737
Provision for doubtful receivables (Note 25)	(1.047.629)	(1.032.940)
	<b>8.159.731</b>	<b>10.057.605</b>

The carrying amounts of short-term trade receivables are considered to approximate their fair values. The average sales term of customer accounts is 30 days (31 December 2013: 30 days).

The Company's receivables mainly arise from the sales of handmade glassware and glass rods. As of 31 December 2016, TRY 5.138.483 (2013: TRY 5.866.868) of trade receivables amount was past due but not impaired.

Since the Company is working with a various independent of customers, the Company has no concentration on credit risk. Therefore, the management believes that no further provision is required in excess of the allowance for doubtful receivables.

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

	<b>2016</b>	<b>2015</b>
<b>1 January</b>	<b>1.032.940</b>	<b>475.132</b>
Charge for the year	254.598	682.696
Provisions no longer required	(239.909)	(124.888)
<b>December</b>	<b>1.047.629</b>	<b>1.032.940</b>

As of 31 December 2016, TRY 683.215 (31 December 2016: TRY 2.682.463) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	<b>31 December 2016</b>	<b>31 December 2015</b>
1- 30 days overdue	422.194	1.501.002
1-3 months overdue	246.167	801.673
3-12 months overdue	14.854	379.788
<b>Total overdue receivables</b>	<b>683.215</b>	<b>2.682.463</b>
<b>The part secured with guarantee, etc, (-)</b>	<b>(426.330)</b>	<b>(1.963.238)</b>

#### Trade Payables

<b>Short term trade payables</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Trade payables	3.095.838	3.857.644
Due from related parties (Note 37)	1.657.216	785.538
Discount on trade payables	(15.996)	(20.287)
	<b>4.737.058</b>	<b>4.622.895</b>

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 11. Other Receivables and Payables

<b>Other current receivables</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Due from related parties (Note 37)	1.656.713	417.448
Deposits and guarantees given	35.170	41.254
Due from personnel	2.446	12.549
Other receivables	6.385	981
	<b>1.700.714</b>	<b>472.232</b>

<b>Other current payables</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Due to related parties (Note 37)	28.574.526	9.016.779
Other payables	45.369	43.432
	<b>28.619.895</b>	<b>9.060.211</b>

### 12. Derivative Instruments

None (2013: None).

### 13. Inventories

	<b>31 December 2016</b>	<b>31 December 2015</b>
Finished goods	13.960.839	12.526.132
Raw materials	3.021.799	2.640.459
Semi-finished goods	1.438.114	1.469.311
Other inventories	1.342.798	984.904
Provision for inventory write-down (-) (Note 25)	(503.579)	(503.579)
	<b>19.259.971</b>	<b>17.117.227</b>

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

	<b>2016</b>	<b>2015</b>
1 January	(503.579)	(850.599)
Provisions	-	347.020
<b>December</b>	<b>(503.579)</b>	<b>(503.579)</b>

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 14. Prepaid Expenses and Deferred Income

#### Prepaid Expenses

<u>Prepaid expenses in current assets</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Advances given for inventories	268.616	815.771
Prepaid expenses	22.597	19.312
	<b>291.213</b>	<b>835.083</b>

#### Deferred income

<u>Prepared Expenses</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Order advances received	688.427	975.672
	<b>688.427</b>	<b>975.672</b>

### 15. Construction Contracts

None (31 December 2013: None)

### 16. Joint Ventures and Associates

The share of the Company in the associate accounted under the statement of financial position by equity accounting method is as follow:

	<u>31 December 2016</u>	<u>31 December 2015</u>
<u>Paşabahçe Mağazaları A.Ş.</u>	<u>9.424.362</u>	<u>9.598.797</u>
	<b>9.424.362</b>	<b>9.598.797</b>

Movement of the investment accounted for under equity accounting method during the period is as below:

	<u>31 December 2016</u>	<u>31 December 2015</u>
<b>1 January</b>	<b>9.598.797</b>	<b>9.006.240</b>
Profit / (loss) for the period (net) from associates	(56.190)	1.264.216
Efektif oran değişim etkisi	(118.245)	-
İştiraklerden yeniden değerlendirme ve ölçüm (kayıp) / kazançları (Dipnot 31)	-	528.341
Dividend income from associates	-	(1.200.000)
	<b>9.424.362</b>	<b>9.598.797</b>

## DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

#### 16. Joint Ventures and Associates

The summary of the financial statements of the associate is presented as follows:

##### Paşabahçe Mağazaları A.Ş.

	31 December 2016	31 December 2015
Current assets	80.884.974	76.521.216
Non-current assets	20.537.230	22.199.040
<b>Total assets</b>	<b>101.422.204</b>	<b>98.720.256</b>
Current liabilities	49.238.507	47.395.512
Non-current liabilities	3.398.306	3.330.758
<b>Total liabilities</b>	<b>52.636.813</b>	<b>50.726.270</b>
<b>Net asset of company</b>	<b>48.785.391</b>	<b>47.993.986</b>

##### The Company's share (%)

- Direct and indirect ownership rate (%)	19,32	20,00
- Effective ownership rate (%)	19,32	20,00

<b>The Company's share in net assets</b>	<b>9.424.362</b>	<b>9.598.797</b>
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##### Paşabahçe Mağazaları A.Ş.

	1 January - 31 December 2016	1 January - 31 December 2015
Revenue	169.372.614	168.972.418
<b>(Loss)/Profit from continuing operations</b>	<b>(290.868)</b>	<b>6.321.078</b>
Dividends paid in advance from current year profit	-	-
<b>Profit/(Loss) from continuing operations</b>	<b>(290.868)</b>	<b>6.321.078</b>
Other comprehensive (expense)/income	(7.082.273)	2.641.714
<b>Total comprehensive (loss)/income</b>	<b>(7.373.141)</b>	<b>8.962.792</b>
<b>The Company's share in (loss)/profit from continuing operations</b>	<b>(56.190)</b>	<b>1.264.216</b>
<b>Dividend distribution from retained earnings</b>	<b>-</b>	<b>6.000.000</b>
<b>The Company's share in dividend distributed</b>	<b>-</b>	<b>1.200.000</b>

#### 17. Investment Properties

None (31 December 2015: None).



# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 18. Property, Plant and Equipments

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
<b>1 January 2016</b>	<b>30.407.687</b>	<b>2.411.535</b>	<b>7.035.124</b>	<b>23.183.426</b>	<b>117.773</b>	<b>5.326.819</b>	<b>1.183.197</b>	<b>117.753</b>	<b>69.783.314</b>
Additions	-	15.141	5.092	1.064.279	-	130.625	739.165	6.730.942	8.685.244
Disposals	-	-	-	-	-	(2.810)	-	-	(2.810)
Revaluation	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	6.756.733	-	11.557	80.405	(6.848.695)	-
<b>Balance at 31 December 2016</b>	<b>30.407.687</b>	<b>2.426.676</b>	<b>7.040.216</b>	<b>31.004.438</b>	<b>117.773</b>	<b>5.466.191</b>	<b>2.002.767</b>	<b>-</b>	<b>78.465.748</b>
<b>Accumulated depreciation and impairment</b>									
<b>1 January 2016</b>	<b>-</b>	<b>(1.278.642)</b>	<b>(80.578)</b>	<b>(15.157.223)</b>	<b>(117.773)</b>	<b>(4.317.021)</b>	<b>(634.080)</b>	<b>-</b>	<b>(21.585.317)</b>
Charge for the period (3.295.172)	-	(126.026)	(338.345)	(2.182.587)	-	(216.125)	(432.089)	-	-
Disposals	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>(1.404.668)</b>	<b>(418.923)</b>	<b>(17.339.810)</b>	<b>(117.773)</b>	<b>(4.533.146)</b>	<b>(1.066.169)</b>	<b>-</b>	<b>(24.880.489)</b>
<b>Net book value as of 31 December 2016</b>	<b>30.407.687</b>	<b>1.022.008</b>	<b>6.621.293</b>	<b>13.664.628</b>	<b>-</b>	<b>933.045</b>	<b>936.598</b>	<b>-</b>	<b>53.585.259</b>
<b>Net book value as of 31 December 2015</b>	<b>30.407.687</b>	<b>1.132.893</b>	<b>6.954.546</b>	<b>8.026.203</b>	<b>-</b>	<b>1.009.798</b>	<b>549.117</b>	<b>117.753</b>	<b>48.197.997</b>

No mortgage over lands and buildings due to bank borrowings exist (2013: None).

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 18. Property, Plant and Equipments (Continued)

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
<b>1 January 2015</b>	<b>415.922</b>	<b>2.388.968</b>	<b>7.418.047</b>	<b>21.557.421</b>	<b>184.811</b>	<b>4.757.556</b>	<b>717.867</b>	<b>181.736</b>	<b>37.622.328</b>
Additions	-	21.468	267.424	995.246	-	123.886	466.680	1.147.498	3.022.202
Disposals	-	-	(28.534)	(65.739)	(67.038)	(32.416)	(1.350)	-	(195.077)
Revaluation (*)	29.991.765	-	(657.904)	-	-	-	-	-	29.333.861
Transfers	-	1.099	36.091	696.498	-	477.793	-	(1.211.481)	-
<b>Balance at 31 December 2016</b>	<b>30.407.687</b>	<b>2.411.535</b>	<b>7.035.124</b>	<b>23.183.426</b>	<b>117.773</b>	<b>5.326.819</b>	<b>1.183.197</b>	<b>117.753</b>	<b>69.783.314</b>
<b>Accumulated depreciation and impairment</b>									
<b>1 January 2015</b>	-	(1.154.375)	(5.453.679)	(13.252.444)	(184.811)	(4.112.883)	(350.982)	-	(24.509.174)
Charge for the period	-	(124.267)	(204.765)	(1.904.779)	-	(204.138)	(283.098)	-	(2.721.047)
Disposals	-	-	1.826	-	67.038	-	-	-	68.864
Revaluation (*)	-	-	5.576.040	-	-	-	-	-	5.576.040
<b>Balance at 31 December 2015</b>	-	<b>(1.278.642)</b>	<b>(80.578)</b>	<b>(15.157.223)</b>	<b>(117.773)</b>	<b>(4.317.021)</b>	<b>(634.080)</b>	-	<b>(21.585.317)</b>
<b>Net book value as of 31 December 2015</b>	<b>30.407.687</b>	<b>1.132.893</b>	<b>6.954.546</b>	<b>8.026.203</b>	-	<b>1.009.798</b>	<b>549.117</b>	<b>117.753</b>	<b>48.197.997</b>
<b>Net book value as of 31 December 2014</b>	<b>415.922</b>	<b>1.234.593</b>	<b>1.964.368</b>	<b>8.304.977</b>	-	<b>644.673</b>	<b>366.885</b>	<b>181.736</b>	<b>13.113.154</b>

(\*) As of 31 December 2015, Land and buildings were accounted for under net method in accordance with revaluation method as a result of the results of expert report reports issued by Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated on 30 September 2015. If cost approach were used, TRY 36.692 of amortization expense would be less and net book value of property, plant and equipment would be TRY 13.288.096 as of 31 December 2015.

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 19. Intangible Assets

<b>Cost</b>	<b>Development Expenses</b>	<b>Other</b>	<b>Total</b>
<b>1 January 2016</b>	<b>164.564</b>	-	<b>164.564</b>
Additions	-	-	-
Disposals	-	-	-
<b>Balance at 31 December 2016</b>	<b>164.564</b>	-	<b>164.564</b>
<b>Accumulated depreciation</b>			
<b>1 January 2016</b>	<b>(50.650)</b>	-	<b>(50.650)</b>
Charge for the period	(33.006)	-	(33.006)
<b>Balance at 31 December 2016</b>	<b>(83.656)</b>	-	<b>(83.656)</b>
<b>Net book value as of 31 December 2016</b>	<b>80.908</b>	-	<b>80.908</b>
<b>Net book value as of 31 December 2015</b>	<b>113.914</b>	-	<b>113.914</b>
<b>Cost</b>	<b>Development Expenses</b>	<b>Other</b>	<b>Total</b>
<b>1 January 2016</b>	<b>164.564</b>	-	<b>164.564</b>
Additions	-	-	-
Disposals	-	-	-
<b>Balance at 31 December 2015</b>	<b>164.564</b>	-	<b>164.564</b>
<b>Accumulated depreciation</b>			
<b>1 January 2015</b>	<b>(17.647)</b>	-	<b>(17.647)</b>
Charge for the period	(33.003)	-	(33.003)
<b>Balance at 31 December 2015</b>	<b>(50.650)</b>	-	<b>(50.650)</b>
<b>Net book value as of 31 December 2015</b>	<b>113.914</b>	-	<b>113.914</b>
<b>Net book value as of 31 December 2014</b>	<b>146.917</b>	-	<b>146.917</b>

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

### 20. Goodwill

None (31 December 2013: None).

### 21. Government Grants

None. (31 December 2015: None).

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 22. Provisions, Contingent Assets and Liabilities

Collaterals, pledges and mortgages (“CPM”) given by the Company as of 31 December 2016 and 31 December 2015 are as follows:

The CPMs given by the Company	31 December 2016				
	TRY Equivalent	USD	EUR	RUR	TRY
A. CPM’s given in the name of own legal personality	49.950	-	-	-	49.950
B. CPM’s given on behalf of the fully consolidated companies	None	None	None	None	None
C. CPM’s given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM’s given					
i. Total amount of CPM’s given on behalf	None	None	None	None	None
ii. The total amount of CPM’s given on behalf of the Company companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM’s given on behalf of third parties which are not in scope of C	None	None	None	None	None
<b>Total</b>	<b>49.950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.950</b>

The CPMs given by the Company	31 December 2015				
	TRY Equivalent	USD	EUR	RUR	TRY
A. CPM’s given in the name of own legal personality	1.799.750	-	-	-	1.799.750
B. CPM’s given on behalf of the fully consolidated companies	None	None	None	None	None
C. CPM’s given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM’s given					
i. Total amount of CPM’s given on behalf TRİ’ lerin Toplam Tutarı	None	None	None	None	None
ii. The total amount of CPM’s given on behalf of the Company companies which are not in scope of B and C	None	None	None	None	None
iii. Total amount of CPM’s given on behalf of third parties which are not in scope of C	None	None	None	None	None
<b>Total</b>	<b>1.799.750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.799.750</b>

### 23. Commitments

According to the agreements made with Enerya Denizli Gaz Dağıtım A.Ş., the Company has a commitment to purchase 10,792,000 m3 of natural gas between 1 January 2017 and 31 December 2017 (31 December 2015: None).

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 24. Employee Benefits (Continued)

The movement of the employment termination benefits is as follows:

	2016	2015
<b>1 January</b>	<b>6.886.030</b>	<b>7.637.973</b>
Service costs	2.727.258	1.423.048
Interest costs	327.705	308.417
Actuarial gain/ (loss)	(196.935)	(425.531)
Payments made during the period	(4.429.658)	(2.057.877)
	<b>5.314.400</b>	<b>6.886.030</b>

### 25. Impairment of Assets

Impairment of assets	31 December 2016	31 December 2015
Provision for doubtful receivables (Note 10)	1.047.629	1.032.940
Provision for inventory write down (Note 13)	503.579	503.579
	<b>1.551.208</b>	<b>1.536.519</b>

### 26. Other Assets and Liabilities

Other current assets	31 December 2016	31 December 2015
Other VAT	189.926	14.980
	<b>189.926</b>	<b>14.980</b>
Other current liabilities	31 December 2016	31 December 2015
Social security premiums	1.253.934	730.120
Taxes and funds payables	497.270	428.048
Expense accruals	59.535	59.548
Other	58.913	92.678
	<b>1.869.652</b>	<b>1.310.394</b>

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 27. Equity

Equity components “Paid-in Share Capital”, “Restricted Reserves” and “Share Premiums”, are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code and are presented with in the statutory financial statements. The differences, that are recognized through the valuation made in accordance with CMB Reporting Standards and cannot be subject to dividend distribution or capital increase as of reporting date (such as inflation adjustment differences) and relevant to the paid-in share capital, are associated with “Adjustments to Share Capital” which is under paid-in share capital and the differences resulting from the “Restricted Reserves” and “Share Premiums” are associated with “Retained Earnings”.

#### a) Capital

The approved and paid-in share capital of the Company consists of 600,000,000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

	31 December 2016		31 December 2015	
	Amount	Share	Amount	Share
	TL	(%)	TL	(%)
Registered capital ceiling	20,000,000		20,000,000	
Approved paid-in capital	6,000,000		6,000,000	
	<b>31 December 2016</b>		<b>31 December 2015</b>	
	<b>Amount</b>	<b>Share</b>	<b>Amount</b>	<b>Share</b>
	<b>TL</b>	<b>(%)</b>	<b>TL</b>	<b>(%)</b>
<b>Shareholders</b>				
Paşabahçe Cam	3.060.000	51,00	3.060.000	51,00
Denizli Cam Mensupları Vakfı	400.000	6,67	400.000	6,67
Diğer (*)	2.540.000	42,33	2.540.000	42,33
<b>Nominal capital</b>	<b>6.000.000</b>	<b>100,00</b>	<b>6.000.000</b>	<b>100,00</b>
Adjustment to share capital	20.891.542		20.891.542	
<b>Adjustment to capital</b>	<b>26.891.542</b>		<b>26.891.542</b>	

(\*) Other includes the publicly traded portion of Company’s shares

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

	31 December 2016		31 December 2015	
	Amount	Share	Amount	Share
	TL	(%)	TL	(%)
<b>Shareholders</b>				
İş Bankası Mensupları Munzam Sosyal	894.503	14,91	890.303	14,84
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	477.987	7,96	475.099	7,92
Denizli Cam San. Vakfı	400.000	6,67	400.000	6,67
Diğer (*)	4.227.510	70,46	4.234.598	70,57
<b>Nominal capital</b>	<b>6.000.000</b>	<b>100,00</b>	<b>6.000.000</b>	<b>100,00</b>

(\*) Other includes various shareholders and the publicly traded portion of İşbank shares.

#### b) Share premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 9,052 as of 31 December 2016 (31 December 2015:TRY 9,052).

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 27. Equity (Continued)

#### c) Other Comprehensive Income not to be Reclassified to Profit or Loss

	31 December 2016	31 December 2015
Revaluation funds	32.426.686	32.426.686
Actuarial gain/loss fund	(218.132)	(375.680)
	<b>32.208.554</b>	<b>32.051.006</b>

The movement of revaluation funds was presented comprehensively in the period income statement and equity financial statement.

#### *Revaluation funds of land and buildings on revaluation*

As of 30 September 2015, the Company has adopted “Revaluation model” for the accounting of its land and buildings located in Denizli province, based on the fair values based on the valuation reports issued by Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated 11 November 2015. As of 31 December 2015, The Company decided to reevaluate the land and buildings in accordance with revaluation method in order to present with fair value, gain on revaluation is accounted for under equity by considering impact of deferred tax.

The movement of the revaluation funds of land and buildings on revaluation is as follows:

	31 December 2016	31 December 2015
End of period	34.909.901	34.909.901
Impact of deferred tax	(2.483.215)	(2.483.215)
	<b>32.426.686</b>	<b>32.426.686</b>

#### *Provision for employee termination benefits actuarial gain / loss funds*

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

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

	2016	2015
Balance at 1 January	(375.680)	(716.105)
Additions	196.935	425.531
Impact of deferred tax	(39.387)	(85.106)
<b>31 December</b>	<b>(218.132)</b>	<b>(375.680)</b>

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 27. Equity (Continued)

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

	31 December 2016	31 December 2015
Financial asset revaluation fund	-	628.221
	-	<b>628.221</b>

#### *Revaluation fund on financial assets*

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

#### e) Restricted Reserves

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

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

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

Legal Reserves “Share Premiums” in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of IFRS 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.

Reserves on retained earnings	31 December 2016	31 December 2015
Legal reserves	366.200	366.200
Other capital reserves	333.383	333.383
<b>Total</b>	<b>699.583</b>	<b>699.583</b>



# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 27. Equity (Continued)

#### f) Retained Earnings

##### Profit Distribution

Dividends are distributed according to Communiqué Serial: IV-27 on “Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law”, principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the statutory books.

##### Reserves subject to dividend distribution

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

	31 December 2016	31 December 2015
Net loss for the year	(13.314.748)	588.743
I. Legal reserves	-	-
<b>Distributable profit for the year (*)</b>	<b>-</b>	<b>-</b>
Extraordinary reserves	-	-

### 28. Sales and Cost of Sales

Sales	1 January- 31 December 2016	1 January- 31 December 2015
Sales	65.419.220	77.615.500
Other sales	-	-
Sales returns	(18.517)	-
Sales discount	(760.641)	(838.658)
Other sales allowances	(437.650)	(280.983)
	<b>64.202.412</b>	<b>76.495.859</b>
<b>Cost of sales</b>		
Direct material expenses	(18.283.832)	(19.527.949)
Direct labor expenses	(24.739.339)	(22.940.374)
Production overheads	(16.085.826)	(12.081.848)
Depreciation and amortization expenses	(3.082.968)	(2.563.207)
Change in semi-finished goods	(31.197)	108.560
Change in finished goods	1.434.706	(4.575.391)
<b>Cost of goods sold</b>	<b>(60.788.456)</b>	<b>(61.580.209)</b>
Cost of trade goods sold	-	-
Other costs	(77.237)	(131.012)
	<b>(60.865.693)</b>	<b>(61.711.221)</b>

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

	1 January - 31 December 2016	1 January - 31 December 2015
General administrative expenses	(10.103.403)	(8.476.853)
Marketing expenses	(4.449.479)	(4.717.883)
Research and development expenses	(594.190)	(326.507)
	<b>(15.147.072)</b>	<b>(13.521.243)</b>

### 30. Operating Expenses by Nature

	1 January - 31 December 2016	1 January - 31 December 2015
Payroll expenses	(7.381.634)	(5.700.896)
Indirect material costs	(558.201)	(426.085)
Depreciation and amortization expenses	(245.209)	(190.843)
Miscellaneous expenses	(6.962.028)	(7.203.419)
	<b>(15.147.072)</b>	<b>(13.521.243)</b>

### 31. Operating Expenses by Nature

	1 January - 31 December 2016	1 January - 31 December 2015
<b>Other income from operating activities</b>		
Foreign exchange gain attributable to trade receivables and payables	1.154.137	2.113.748
Revaluation and measurement gains from associates	-	528.341
Provisions no longer required	239.909	124.888
Rediscount income	4.291	2.119
Other income from operating activities	92.258	119.426
	<b>1.490.595</b>	<b>2.888.522</b>
<b>Other expense from operating activities</b>		
Foreign exchange loss attributable to trade receivables and payables	(285.370)	(893.912)
Provision expenses	(254.598)	(682.696)
Revaluation and measurement losses from associates	(118.245)	-
Other expenses from operating activities	(136.017)	(105.224)
	<b>(794.230)</b>	<b>(1.681.832)</b>

### 32. Income and Expense from Investing Activities

	1 Ocak - 31 December 2016	1 Ocak - 31 December 2015
<b>Income from investing activities</b>		
Gain from sales of tangible assets	-	26.240
Dividend income	63.761	19.740
Gain on sale of financial assets	939.301	-
	<b>1.003.062</b>	<b>45.980</b>
<b>Expense from investing activities</b>		
Loss from sales of tangible assets	(21.630)	(27.187)
	<b>(21.630)</b>	<b>(27.187)</b>

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 33. Financial Income and Expenses

<b>Financial Income</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Foreign exchange gain	132.778	1.229.702
Interest income	223.877	65.574
	<b>356.655</b>	<b>1.295.276</b>
<b>Financial Expenses</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Interest expenses	(2.162.714)	(1.337.437)
Foreign exchange loss	(327.343)	(1.378.057)
	<b>(2.490.057)</b>	<b>(2.715.494)</b>

### 34. Assets Held for Sale

None (31 Aralık 2015: None).

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

#### Deferred Tax Assets and Liabilities

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

	<b>31 December 2016</b>	<b>31 December 2015</b>
Deferred tax assets	4.549.526	1.148.848
Deferred tax liabilities (-)	-	-
<b>Deferred tax assets (net)</b>	<b>4.549.526</b>	<b>1.148.848</b>
<b>Temporary differences subject to deferred tax</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Useful life and valuation differences on tangible and intangible assets	35.757.716	35.402.271
Provision for employee termination benefits	(5.314.400)	(6.886.030)
Carry forward tax losses	(19.586.038)	(5.907.652)
Corporate tax allowance	(8.834.088)	(4.166.930)
Provisions for doubtful trade receivables	(286.666)	(771.250)
Provision for unused vacation	(404.309)	(557.633)
Provision for inventory write-down (-)	(1.270.684)	(458.549)
Other	(315.330)	95.359
	<b>(253.799)</b>	<b>16.749.586</b>

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### Deferred Tax Assets and Liabilities (Continued)

Deferred Tax Assets and Liabilities	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	(2.652.778)	(2.581.689)
Provision for employee termination benefits	1.062.880	1.377.206
Carry forward tax losses	3.917.208	1.181.530
Corporate tax allowance	1.766.818	833.386
Provisions for doubtful trade receivables	57.333	154.250
Provision for unused vacation	80.862	111.527
Inventory write down	254.137	91.710
Other	63.066	(19.072)
	<b>4.549.526</b>	<b>1.148.848</b>

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

	31 December 2016	31 December 2015
Within 1 year	1.830.099	-
Within 2 year	2.704.013	1.830.099
Within 3 year	1.373.540	2.704.013
Within 4 year	-	1.373.540
Within 5 year	13.678.386	-
	<b>19.586.038</b>	<b>5.907.652</b>

Carry forward tax losses can be utilized against corporate income taxes for a period of 5 years in Turkey. Current year losses cannot be used to offset previous year profits.

Movements of deferred tax assets / (liabilities) are as follows:

	31 December 2016	31 December 2015
<b>1 January</b>	<b>1.148.848</b>	<b>3.872.448</b>
Charged to the statement of income or expense	3.407.001	(147.570)
Charged to the equity	(6.323)	(2.576.030)
	<b>4.549.526</b>	<b>1.148.848</b>

#### Corporate Tax

The Company is subject to Turkish corporate taxes. Provisions for taxes as reflected in the accompanying 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 centre incentive) are deducted.

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### Corporate Tax (Continued)

Turkey, corporate tax rate applied is 20% (2015: 20%).

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

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

#### Income Withholding Tax

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

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

#### Investment Allowance

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

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

#### Corporate Tax Allowance Practice

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

There is no current period tax asset (31 December 2015: None).

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

	1 January - 31 December 2016	1 January - 31 December 2015
Current tax provision	-	-
Deferred tax (expense) / income	3.407.001	(147.570)
<b>Tax provision in the statement of income</b>	<b>3.407.001</b>	<b>(147.570)</b>
<b>Reconciliation of provision for tax</b>		
Profit / (Loss) before taxation	(12.323.189)	2.332.876
Effective tax rate	%20	%20
<b>Calculated tax</b>	<b>2.464.638</b>	<b>(466.575)</b>
<b>Ayrılan ile hesaplanan vergi karşılığının mutabakatı</b>		
- Dividends and other non-taxable income	24.642	243.948
- Corporate tax allowance	933.432	45.986
- Non-deductable expenses	(36.507)	(28.184)
- Carry forward tax losses	-	(72.856)
- Other	20.796	130.111
<b>Tax provision in the statement of income or loss</b>	<b>3.407.001</b>	<b>(147.570)</b>

### 36. Earnings per Share

Earnings per Share	1 January - 31 December 2016	1 January - 31 December 2015
Average number of shares existing during the period (total value)	600.000.000	600.000.000
Net profit / (loss) for the period attributable to equity holders of the parent	(8.916.188)	2.185.306
<b>Earnings/ (Losses) per 100 shares</b>	<b>(1,486)</b>	<b>0,364</b>
Total comprehensive income / (loss) attributable to equity holders of the parent	(9.386.861)	35.098.881
<b>Earnings/ (Losses) per 100 share obtained from total comprehensive income (1,564)</b>		<b>5,850</b>

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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### 37. Related Party Disclosures

The summary of significant transactions with related parties and the balances of due to and due from related parties as of 31 December 2016 and 31 December 2015 is as follows:

<b>Deposits hold at related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
İş Bankası		
– Demand deposits	56.099	226.868
	<b>56.099</b>	<b>226.868</b>
<b>Borrowings received from related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
İş Bankası	-	-
	-	-
<b>Trade receivables from related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Paşabahçe Cam	3.020.952	4.190.737
Anadolu Cam Yenişehir	296	-
	<b>3.021.248</b>	<b>4.190.737</b>
Less: Unearned credit finance income	-	-
	<b>3.021.248</b>	<b>4.190.737</b>
<b>Other receivables from related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Paşabahçe Cam	1.603.501	-
Anadolu Cam Yenişehir Sanayi A.Ş.	53.212	-
Paşabahçe Mağazaları	-	417.448
	<b>1.656.713</b>	<b>417.448</b>
<b>Trade payables to related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Şişecam Enerji A.Ş.	719.069	-
Camiş Ambalaj	610.752	527.215
Şişecam	185.114	172.631
Soda Sanayi	114.653	38.451
Şişecam Sigorta Hizmet A.Ş.	4.164	8.395
Other	23.464	38.846
	<b>1.657.216</b>	<b>785.538</b>

As of 31 December 2016 and 31 December 2015, the average maturity date of short-term trade receivables from related parties is 2 months.

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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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### 37. Related Party Disclosures (Continued)

<b>Other payables to related parties</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Şişecam	27.923.678	2.824.271
Şişecam Dış Ticaret	595.771	186.428
Soda Sanayii A.Ş.	50.714	102.096
Camiş Ambalaj Sanayii A.Ş.	2.879	464.485
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	836	-
Camiş Madencilik A.Ş.	291	-
Cam Elyaf Sanayii A.Ş.	239	-
Paşabahçe Mağazaları	118	-
Paşabahçe Cam	-	5.439.069
Trakya Cam Sanayii A.Ş.	-	430
	<b>28.574.526</b>	<b>9.016.779</b>

The Company has non-trade payables to Şişecam, amounting to TRY 27.923.678 (31 December 2015: TRY 2.824.271) as of 31 December 2016, and the average interest rate for the related payables is 0,9% (31 December 2015: 0,9%).

<b>Interest income attributable related parties</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Paşabahçe Cam	200.892	37.101
Paşabahçe Mağazaları A.Ş.	22.797	11.729
Anadolu Cam Yenişehir A.Ş.	188	85
Camiş Ambalaj Sanayii A.Ş.	-	10.720
Soda Sanayii A.Ş.	-	4.333
Camiş Madencilik A.Ş.	-	773
Trakya Cam Sanayii A.Ş.	-	308
Camiş Elektrik Üretim A.Ş.	-	264
Anadolu Cam Eskişehir Sanayi A.Ş.	-	259
	<b>223.877</b>	<b>65.572</b>

<b>Interest expense attributable related parties</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Şişecam	1.888.317	520.835
Paşabahçe Cam	128.140	793.599
Camiş Ambalaj Sanayii A.Ş.	90.584	8.840
Şişecam Dış Ticaret	35.212	11.848
Soda Sanayii A.Ş.	16.565	1.903
Anadolu Cam Eskişehir Sanayi A.Ş.	1.804	-
Cam Elyaf Sanayii A.Ş.	948	-
Şişecam Enerji	898	-
Camiş Madencilik A.Ş.	247	-
Trakya Cam Sanayii A.Ş.	-	411
	<b>2.162.715</b>	<b>1.337.436</b>



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## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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### 37. Related Party Disclosures (Continued)

#### Related Party Disclosures (Continued):

<b>Dividends from related parties</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Soda Sanayi A.Ş.	59.761	14.940
Camiş Elektrik Üretim A.Ş.	4.000	4.800
	<b>63.761</b>	<b>19.740</b>
<b>Sales to related parties</b>	<b>1 January - 31 Aralık 2016</b>	<b>1 January - 31 Aralık 2015</b>
Paşabahçe Cam	33.952.588	43.298.283
Anadolu Cam Yenişehir Sanayi A.Ş.	48.851	10.209
Paşabahçe Mağazaları	-	206.896
Şişecam	-	20.752
Anadolu Cam Eskişehir Sanayi A.Ş.	-	17.450
	<b>34.001.439</b>	<b>43.553.590</b>
<b>Purchases from related parties</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Şişecam Enerji A.Ş.	8.463.313	-
Camiş Ambalaj Sanayii A.Ş.	2.957.245	2.910.121
Soda Sanayii A.Ş.	508.820	402.438
Paşabahçe Cam	266.843	1.080.990
Cam Elyaf Sanayii A.Ş.	43.827	-
Trakya Cam Sanayii A.Ş.	1.680	16.193
Paşabahçe Mağazaları	100	8.910
Other	16.454	240
	<b>12.258.282</b>	<b>4.418.892</b>
<b>Sales commission expense to related parties</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Paşabahçe Cam	502.577	603.086
Şişecam Dış Ticaret	143.533	164.137
	<b>646.110</b>	<b>767.223</b>
<b>Benefits provided to key management</b>	<b>1 January - 31 December 2016</b>	<b>1 January - 31 December 2015</b>
Salaries and short-term benefits provided to employees	963.429	749.856
Provisions for employee termination benefits	1.843	147.499
	<b>965.272</b>	<b>897.355</b>

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

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

### 38. Financial Instruments and Financial Risk Management

#### a) Capital Risk Management

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

The management of the Company considers the cost of capital and the risks associated with each class of capital. The management of the Company 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 Company 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, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents.

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

	31 December 2016	31 December 2015
Financial liabilities and trade payables	4.737.679	4.628.236
Less: Cash and cash equivalents	(56.136)	(228.745)
<b>Net debt</b>	<b>4.681.543</b>	<b>4.399.491</b>
<b>Total equity</b>	<b>54.883.017</b>	<b>64.269.878</b>
<b>Net debt / total equity ratio</b>	<b>9%</b>	<b>7%</b>

The Company’s general strategy is in line with prior periods

#### b) Financial Risk Factors

The Company’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 Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Company’s financial performance.

The Company manages its financial instruments centrally in accordance with the Company’s risk policies. The Company’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 Company’s Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Company’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.

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### **b) Financial Risk Factors (Continued)**

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Company’s management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Company’s credit risks mainly arise from its trade receivables. The Company manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Company 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 Company’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.

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### b) Financial Risk Factors (Continued)

Credit risks exposed through types of financial instruments	Receivables				Cash and cash equivalents	Financial Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposed as of	balance	sheet date	31	December	2016	(*)
(A+B+C+D+E)	3.021.248	5.138.483	1.656.713	44.001	56.099	-
- The part of maximum risk under guarantee with collaterals, etc,	-	(3.684.296)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	3.021.248	4.455.268	44.001	56.099	-	-
- The part under guarantee with collaterals, etc,	-	(3.257.966)	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-
- The part under gurantee with collaterals, etc	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	683.215	1.656.713	-	-	-
- The part under guarantee with collaterals, etc,	-	(426.330)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	1.047.629	-	-	-	-
- Impairment (-)	-	(1.047.629)	-	-	-	-
- The part under guarantee with collaterals, etc,	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- 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.

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### b) Financial Risk Factors (Continued)

Finansal araç türleri itibarıyla maruz kalınan kredi riskleri	Receivables				Cash and cash equivalents	Financial Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposed as of balance sheet date 31 December 2015 (*) (A+B+C+D+E)		4.190.737	5.866.868	417.448		
54.784	226.868	-	-	-	-	-
- The part of maximum risk under guarantee with collaterals, etc.			(4.483.409)			
-						
A. Net book value of financial assets that are neither past due nor impaired	4.190.737	3.184.405	-	54.784	226.868	
- The part under guarantee with collaterals, etc.			(2.520.171)			
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired						
- The part under gurantee with collaterals, etc.						
C. Carrying value of financial assets that are past due but not impaired		2.682.463	417.448			
- The part under guarantee with collaterals, etc.		(1.963.238)				
D. Net book value of impaired assets						
- Past due (gross carrying amount)		1.032.940				
- Impairment (-)		(1.032.940)				
- The part under guarantee with collaterals, etc.						
- Not past due (gross carrying amount)						
- 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.

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### b) Financial Risk Factors (Continued)

Guarantees received from the customers are as follows:

	31 December 2016	31 December 2015
Letters of guarantee	563.510	515.834
Mortgages	685.000	700.000
Security cheques and bonds	247.550	500.550
Cash	45.369	43.432
	<b>1.541.429</b>	<b>1.759.816</b>

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

	31 December 2016	31 December 2015
1-30 days overdue	422.194	1.501.002
1-3 months overdue	246.167	801.673
3-12 months overdue	14.854	379.788
<b>Total overdue receivables</b>	<b>683.215</b>	<b>2.682.463</b>
<b>The part secured with guarantee, etc, (-)</b>	<b>(426.330)</b>	<b>(1.963.238)</b>

#### b.2) Liquidity Risk Management

The Company 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.

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.

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### b) Financial Risk Factors (Continued)

##### *Liquidity risk tables (Continued)*

The following table presents the Company's maturities for its financial liability. The tables below have been prepared by considering the earliest repricing dates and the amounts have not been discounted. Amount of interest that will be paid for the related liabilities is included in the table below.

Non derivative financial liabilities	31 December 2016					
	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	621	621	621	-	-	-
Bond issued	-	-	-	-	-	-
Financial Leases	-	-	-	-	-	-
Trade Payables	3.079.842	3.095.838	3.046.824	49.014	-	-
Due to related parties	30.231.742	30.231.742	30.230.897	845	-	-
Other financial liabilities	45.369	45.369	-	45.369	-	-
<b>Total liabilities</b>	<b>33.357.574</b>	<b>33.373.570</b>	<b>33.278.342</b>	<b>95.228</b>	-	-

There is no derivative financial asset and liability as of 31 December 2016.

Non derivative financial liabilities	31 December 2015					
	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	5.341	5.341	5.341	-	-	-
Bond issued	-	-	-	-	-	-
Financial Leases	-	-	-	-	-	-
Trade Payables	4.622.895	4.643.182	4.643.182	-	-	-
Due to related parties	9.016.779	9.016.779	9.016.779	-	-	-
Other financial liabilities	43.432	43.432	43.432	-	-	-
<b>Total liabilities</b>	<b>13.688.447</b>	<b>13.708.734</b>	<b>13.708.734</b>	-	-	-

There is no derivative financial assets and liabilities as of 31 December 2015.

#### b.3) Market risk management

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

# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### b) Financial Risk Factors (Continued)

##### b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The Company has accepted the currencies which are not accessible and functional within the economies of the countries within which it has joint ventures and investments to be foreign currencies.

The breakdown of the Company's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

	<b>Foreign Currency Position as of 31 December 2016</b>			
	<b>TRY Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
1. Trade receivables	5.110.266	281.029	1.100.666	37.908
2a. Monetary financial assets, (cash and banks accounts included)	29.863	1.784	6.126	857
2b. Non monetary financial assets	-	-	-	-
3. Other	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>5.140.129</b>	<b>282.813</b>	<b>1.106.792</b>	<b>38.765</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>5.140.129</b>	<b>282.813</b>	<b>1.106.792</b>	<b>38.765</b>
10. Trade payables	(557)	-	(150)	-
11. Financial liabilities	-	-	-	-
12a. Other monetary liabilities	(688.427)	(73.546)	(115.799)	-
12b. Other non monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>(688.984)</b>	<b>(73.546)</b>	<b>(115.949)</b>	<b>-</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>(688.984)</b>	<b>(73.546)</b>	<b>(115.949)</b>	<b>-</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. Net foreign assets / (liability) position (9-18+19)</b>	<b>4.451.145</b>	<b>209.267</b>	<b>990.843</b>	<b>38.765</b>
<b>21. Net foreign currency asset / (liability)/ position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>4.451.145</b>	<b>209.267</b>	<b>990.843</b>	<b>38.765</b>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	25.034.286	2.639.661	5.017.606	321.040
24. Import	8.545.843	219.317	2.360.625	5.221



# DENİZLİ CAM SANAYİİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

#### b) Financial Risk Factors (Continued))

		<b>Foreign Currency Position as of 31 December 2015</b>			
		<b>TRY Equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
1.	Trade receivables	5.700.330	690.923	1.127.603	108.332
2a.	Monetary financial assets, (cash and banks accounts included)	204.351	34.886	20.885	36.550
2b.	Non monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
<b>4.</b>	<b>Current assets (1+2+3)</b>	<b>5.904.681</b>	<b>725.809</b>	<b>1.148.488</b>	<b>144.882</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>5.904.681</b>	<b>725.809</b>	<b>1.148.488</b>	<b>144.882</b>
10.	Trade payables	(557)	-	(175)	-
11.	Financial liabilities	-	-	-	-
12a.	Other monetary liabilities	(975.671)	(139.318)	(179.566)	-
12b.	Other non monetary liabilities	-	-	-	-
<b>13.</b>	<b>Current liabilities (10+11+12)</b>	<b>(976.228)</b>	<b>(139.318)</b>	<b>(179.741)</b>	<b>-</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities (13+17)</b>	<b>(976.228)</b>	<b>(139.318)</b>	<b>(179.741)</b>	<b>-</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 assets / (liability) position (9-18+19)</b>	<b>4.928.453</b>	<b>586.491</b>	<b>968.747</b>	<b>144.882</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>4.928.453</b>	<b>586.491</b>	<b>968.747</b>	<b>144.882</b>
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	32.640.951	4.664.385	6.542.215	209.111
24.	Import	3.398.988	649.609	540.845	-

# DENİZLİ CAM SANAYİ VE TİCARET A.Ş.

## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### b) Financial Risk Factors (Continued)

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

The table below presents the Company's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Company when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Company'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*

	31 December 2016			
	Profit / (Loss)		Equity	
	foreign currency appreciation	foreign currency devaluation	foreign currency appreciation	foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	73.645	(73.645)	-	-
2- USD hedged from risks (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>73.645</b>	<b>(73.645)</b>	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	367.593	(367.593)	-	-
5- EUR hedged from risks (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>367.593</b>	<b>(367.593)</b>	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	3.877	(3.877)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>3.877</b>	<b>(3.877)</b>	-	-
<b>Total (3+6+9)</b>	<b>445.115</b>	<b>(445.115)</b>	-	-

#### *Foreign currency sensitivity (Continued)*

	31 December 2015			
	Profit / (Loss)		Equity	
	foreign currency appreciation	foreign currency devaluation	foreign currency appreciation	foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	170.528	(170.528)	-	-
2- USD hedged from risks (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>170.528</b>	<b>(170.528)</b>	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	307.829	(307.829)	-	-
5- EUR hedged from risks (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>307.829</b>	<b>(307.829)</b>	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	14.488	(14.488)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>14.488</b>	<b>(14.488)</b>	-	-
<b>Total (3+6+9)</b>	<b>492.845</b>	<b>(492.845)</b>	-	-

#### b.3.2) Interest rate risk management

As of 31 December 2016, the Company has no financial commitments because of the interest rate risk (31 December 2015: None).

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## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

#### b) Financial Risk Factors (Continued)

##### *Interest rate sensitivity*

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

	31 December 2016			Total
	Floating Interest	Fixed Interest	Non-interest bearing	
<b>Financial assets</b>	-	<b>9.860.445</b>	<b>72.807</b>	<b>9.933.252</b>
Cash and cash equivalents	-	-	56.136	56.136
Financial investments	-	-	16.671	16.671
Trade receivables	-	5.138.483	-	5.138.483
Receivables from related parties	-	4.677.961	-	4.677.961
Other receivables	-	44.001	-	44.001
<b>Financial liabilities</b>	-	<b>33.356.953</b>	<b>621</b>	<b>33.357.574</b>
Bank borrowings	-	-	621	621
Trade payables	-	3.079.842	-	3.079.842
Due to related parties	-	30.231.742	-	30.231.742
Other payables	-	45.369	-	45.369
	31 December 2015			Total
	Floating Interest	Fixed Interest	Non-interest bearing	
<b>Financial assets</b>	-	<b>10.529.837</b>	<b>935.650</b>	<b>11.465.487</b>
Cash and cash equivalents	-	-	228.745	228.745
Financial investments	-	-	706.905	706.905
Trade receivables	-	5.866.868	-	5.866.868
Receivables from related parties	-	4.608.185	-	4.608.185
Other receivables	-	54.784	-	54.784
<b>Financial liabilities</b>	-	<b>13.683.106</b>	<b>5.341</b>	<b>13.688.447</b>
Bank borrowings	-	-	5.341	5.341
Trade payables	-	3.837.357	-	3.837.357
Due to related parties	-	9.802.317	-	9.802.317
Other payables	-	43.432	-	43.432

#### b.3.3) Other price risks

The Company does not disclose sensitivity analysis of share prices since it sold all of Soda Sanayii shares.

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## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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

#### Categories of Financial Instruments

31 December 2016	Assets and liabilities at amortized cost	Loans and receivables	Available for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	<b>56.136</b>	<b>9.816.444</b>	<b>16.671</b>	-	<b>9.889.251</b>	
Cash and cash equivalents	56.136	-	-	-	56.136	6
Trade receivables	-	5.138.483	-	-	5.138.483	10
Receivables from related parties	-	4.677.961	-	-	4.677.961	37
Financial investments	-	-	16.671	-	16.671	7
<b>Financial liabilities</b>	<b>33.312.205</b>	-	-	-	<b>33.312.205</b>	
Financial liabilities	621	-	-	-	621	8
Trade payables	3.079.842	-	-	-	3.079.842	10
Due to related parties	30.231.742	-	-	-	30.231.742	37

31 December 2015	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>Finansal varlıklar</b>	<b>228.745</b>	<b>10.475.053</b>	<b>706.905</b>	-	<b>11.410.703</b>	
Cash and cash equivalents	228.745	-	-	-	228.745	6
Trade receivables	-	5.866.868	-	-	5.866.868	10
Receivables from related parties	-	4.608.185	-	-	4.608.185	37
Financial investments	-	-	706.905	-	706.905	7
<b>Financial liabilities</b>	<b>13.645.015</b>	-	-	-	<b>13.645.015</b>	
Financial liabilities	5.341	-	-	-	5.341	8
Trade payables	3.837.357	-	-	-	3.837.357	10
Due to related parties	9.802.317	-	-	-	9.802.317	37

#### Fair Value of Financial Instruments

Financial assets	31 December 2016			
	Total	Category 1	Category 2	Category 3
Available for sale financial assets	16.671	-	-	16.671
<b>Total</b>	<b>16.671</b>	<b>-</b>	<b>-</b>	<b>16.671</b>

Financial assets	31 December 2015			
	Total	Category 1	Category 2	Category 3
Available for sale financial assets	706.905	690.234	-	16.671
<b>Total</b>	<b>706.905</b>	<b>690.234</b>	<b>-</b>	<b>16.671</b>

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

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

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## NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2016

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

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### 40. Events after the Balance Sheet Date

None.

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

#### Approval of Financial Statements

The Company's financial statements as of 31 December 2016 and the annual report prepared in accordance with the Capital Markets Board's Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the General Accountant Chef Mehmet Rabuř, and the Accounting Manager, Nihat Zencir and approved for the public announcement by the Board of Directors on 1 March 2017.

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